

# Midas Income & Growth Trust PLC

Annual Report and Accounts 30 April 2011



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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take or about the contents of this document, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (or, in the case of recipients outside the United Kingdom, a stockbroker, bank manager, solicitor, accountant or other independent financial adviser).

If you have sold or otherwise transferred all of your shares in Midas Income & Growth Trust PLC, please pass this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# Corporate Summary

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## Midas Income & Growth Trust PLC (the “Company”)

The Company is an investment trust and its Ordinary shares are listed on the London Stock Exchange. The Company is a member of the Association of Investment Companies (the “AIC”).

## Investment Objective

The Company’s investment objective is to seek to achieve an absolute return with low volatility through investment in a multi-asset portfolio with the aim of achieving both income and capital returns.

## Investment Policies

The Company will not:

- (i) invest more than 55 per cent. (calculated at the time of any relevant investment) of its gross assets in UK equities;
- (ii) invest more than 25 per cent. (calculated at the time of any relevant investment) of its gross assets in overseas equities;
- (iii) invest more than 45 per cent. (calculated at the time of any relevant investment) of its gross assets in fixed interest securities;
- (iv) invest more than 25 per cent. (calculated at the time of any relevant investment) in alternative assets;
- (v) invest more than 20 per cent. (calculated at the time of any relevant investment) in property;
- (vi) invest more than 7.5 per cent. (calculated at the time of any relevant investment) in unquoted securities;
- (vii) hold more than 25 per cent. of its gross assets in cash;
- (viii) invest more than 10 per cent., in aggregate, of the value of its gross assets at the time the investment is made in other investment trusts or investment companies admitted to the Official List, provided that this restriction does not apply to investments in any such investment trusts or investment companies which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other investment trusts or investment companies admitted to the Official List;
- (ix) invest, either directly or indirectly, or lend more than 20 per cent. (calculated at the time of any relevant investment or loan) of its gross assets (consolidated where appropriate) to any single underlying issuer (including the underlying issuer’s subsidiaries or affiliates) provided that this restriction does not apply to cash deposits awaiting investment;
- (x) invest in physical commodities;
- (xi) take legal or management control of any of its investments;

- (xii) conduct any significant trading activity;
- (xiii) invest more than 20 per cent. (calculated at the time of any relevant investment) of its gross assets in one or more collective investment undertakings which may invest in excess of 20 per cent. of their gross assets in other collective investment undertakings (open-ended or closed-end); and
- (xiv) allow gearing to exceed 25 per cent. of net assets at any time.

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the actions to be taken by the Manager by an announcement issued through a Regulatory Information Service or a notice sent to shareholders at their registered addresses in accordance with the Articles.

The Company may borrow to gear the Company’s returns when the Board believes it is in shareholders’ interests to do so. The Company’s existing borrowing policy allows gearing up to 25 per cent. of the Company’s net assets. The Company’s current credit facilities comprise the existing £7.0 million Bank Facility which was drawn down as at 30 April 2011 (equivalent to 13.6 per cent. of its net assets). The Board believes these levels are appropriate for the Company at the present time.

## Investment Approach

The Company seeks to achieve its investment objective through a policy of investing in a diversified portfolio principally comprising UK equities and fixed interest securities but also other asset classes. By investing in overseas equities as well as diversifying into property, alternative assets (such as private equity, commodity funds and funds of hedge funds) and structured products, the Company aims to take advantage of a wide range of investment opportunities and reduce the risk profile of the Company’s portfolio.

Midas Capital Partners Limited (the “Manager”) endeavours to construct a balanced portfolio of assets with both market and non-market correlation with an emphasis on reducing volatility and risk and on achieving absolute returns. This is done by using a predominantly “top down” approach to portfolio construction. The Manager assesses the risk/return characteristics of the main asset classes represented within the Company’s portfolio on an ongoing basis, taking into account current valuations, expected returns and the major long-term themes driving investment markets.

The asset classes included within the portfolio are UK and overseas equities, fixed interest securities, property, alternative assets and structured products. The Manager varies the asset allocation of the portfolio around a core long-term position for each asset class with a view to adding value through tactical asset allocation.

Individual investments are selected as the Manager's best ideas through which to implement top down thematic decisions. Each investment, regardless of asset class, is expected to make a clear contribution to the achievement of one or more of the portfolio's aims, whether absolute return, income, capital growth, capital preservation or reduced volatility.

The equity element of the Company's portfolio is principally focused on companies in the FTSE 350 Index with strong balance sheet, cash flow and dividend growth characteristics. In addition, a significant proportion of the equity portfolio is also invested in overseas markets. This exposure is used to broaden the diversification of the Company's portfolio and to reduce dependence on UK equities in addressing the growth and income elements of the portfolio's objectives. Ordinarily, exposure to overseas companies is achieved through the use of specialist collective investment schemes and products.

The equity portfolio is complemented by a spread of investments in fixed interest securities, alternative investments, property and structured products. These are included as non-equity correlated assets and serve to diversify further the Company's portfolio and correspondingly reduce volatility. The alternative assets and structured products, in particular, add an element of absolute return to the portfolio while the property and fixed interest elements provide a degree of income security and further capital preservation.

The Manager gains exposure to certain sectors by investing a proportion of the Company's portfolio in other investment funds where specialised management skills are necessary or where it would be uneconomic for the Company to invest directly.

The majority of the Company's investments are in listed securities. However, with the prior consent of the Board, the Manager may invest in unquoted securities where it believes there exists a specific investment opportunity. Unquoted investments will not represent more than 7.5 per cent. of the portfolio by value, measured at the time of investment. Additionally, a number of investments may be made in unlisted collective investment schemes, such as unit trusts, in order to gain exposure to specialist sectors. Currently there are two unquoted holdings in the portfolio, representing 4.5 per cent. of the gross assets.

Generally, the Manager seeks to invest no more than 5 per cent. of the Company's total assets in any one security and to hold no more than 10 per cent. of the equity of any one company (although it may deviate from any such guidelines from time to time).

The Manager expects the Company's assets will normally be fully invested. However, during periods in which changes in economic conditions or other factors so warrant, the Manager may, with the Board's consent, reduce the

Company's exposure to one or more asset classes and increase its position in cash and money market instruments.

The Company does not directly invest in, or use, derivative strategies (for efficient portfolio management or otherwise); however, certain of the Company's investments may incorporate derivatives. In the event of adverse market movements this may result in the Company being exposed to the full value of such negative movements. The Manager seeks to minimise this risk, and to achieve the Company's investment objective of targeting absolute returns, by investing in a diversified range of assets, including assets with a low correlation to equity markets.

The Company does not currently intend to enter into any direct currency hedging arrangements. Most of the overseas holdings within the portfolio are sterling denominated. In some instances, local currency returns may be hedged into sterling within the individual holding. The Manager regards this range of currency exposure as part of the diversification of risk within the portfolio.

## Investment Manager

The Company is managed by Midas Capital Partners Limited ("Midas", "Manager" or "Investment Manager"), a fund management company formed in early 2002 by Simon Edwards and Alan Borrows, the investment team who were responsible for the £3 billion Merseyside Pension fund from 1995 to 2002. The Midas investment team of six investment managers has in aggregate 101 years of investment experience and boasts a pension fund track record which is 8th percentile over 10 years.

In March 2008 Midas merged with iimia MitonOptimal plc, to form Midas Capital PLC, an AIM traded company encompassing fund management, wealth management and corporate services. The company changed its name to MAM Funds Plc in July 2010. In February 2011 the company appointed a new senior management team and carried out a placing, which raised £20 million, leaving it with net cash on the balance sheet. The company had assets under management of circa £1.7 billion at 30 April 2011.

## Capital Structure

As at 30 April 2011 the Company had a capital structure comprising 40,046,361 Ordinary shares of 25p and bank borrowings of £7.0 million which rank for repayment ahead of any capital return to shareholders.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, an Annual General Meeting of the Company. On a show of hands, every member present or represented and voting has one vote and on a poll every member present or represented and voting has one vote for every share of which that member is a holder.



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## Total Assets and Net Asset Value

The Company had total assets<sup>A</sup> of £58.3 million and a basic net asset value of 128.12p per Ordinary share at 30 April 2011.

<sup>A</sup> Total assets less current liabilities (excluding bank debt).

## Website

[www.mamfundsplc.com/migt/index.asp](http://www.mamfundsplc.com/migt/index.asp).

## Company Secretary

Aberdeen Asset Management PLC, Bow Bells House,  
1 Bread Street, London EC4M 9HH

Email: [company.secretary@invtrusts.co.uk](mailto:company.secretary@invtrusts.co.uk)

## Principal Risks and Uncertainties

**Investment and Market Risks:** Managing a portfolio of shares and debt security investments necessarily involves certain risks, the more important of which are set out on pages 42 to 46 of this Report. A significant proportion of the assets of the Company may be invested in debt security investments and overseas equities. Whilst this broader spread of investments is intended to reduce the volatility and risk profile of the Company's portfolio this cannot be assured.

**Shares:** The market value of the Ordinary shares, as well as being affected by the net asset value, also takes into account their supply and demand. The market value of an Ordinary share can fluctuate and may not always reflect its underlying net asset value. Investment in the Company should be regarded as long term in nature. There can be no guarantee that appreciation in the value of the Company's investments will occur and investors may not get back the full value of their original investment.

**Investment Objective:** There is no guarantee that the investment policy adopted by the Company will provide the returns sought by the Company.

**Borrowings:** The Company currently utilises gearing in the form of bank borrowings (see 'Capital Structure' on page 2 and note 11 on page 40). Gearing has the effect of exacerbating market falls and market gains.

**Currency:** A proportion of the Company's portfolio may be invested in assets denominated in currencies other than sterling. This will increase the currency risk that the Company is exposed to as a result in fluctuations in the exchange rate between the denomination of the investments and the sterling denomination of the Company's base currency.

**Dividends:** The ability of the Company to pay dividends in respect of the Ordinary shares and any future dividend growth will depend on the level of income received from its investments. Accordingly, the amount of dividends paid to shareholders may fluctuate.

**Discount:** While the Board intends to implement an active discount management policy, the ability to implement such a policy is dependent on a number of factors including; the ability to buy back shares in the market, the ability to fund share buybacks, the authority to buy back shares being renewed annually and the Board's discretion over the making and timing of any buybacks.

**Key Individuals:** The Company is substantially dependent on the services of key individuals working for its Manager, namely Alan Borrows and Simon Callow. The loss of either or both of these individuals could have an adverse effect on the Company's performance.

**Taxation:** Any change in the Company's tax status or in taxation legislation (including the tax treatment of dividends or other investment income received by the Company) or failure to satisfy the conditions of Sections 1158 - 1159 of the Corporation Tax Act 2010 (including the requirement for a listing) could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post tax returns to shareholders.

## Duration

The Company was originally launched in 1996 with an initial life of 15 years. In April 2010 the Directors were released from their obligation to convene a General Meeting of the Company in 2011 at which an ordinary resolution would be proposed to wind up the Company.

Under the Company's Articles of Association, the Directors are obliged to put winding up proposals to shareholders in 2016 and every five years thereafter, unless they are previously released from such obligation at the Company's Annual General Meeting to be held in 2015.

## Management Agreement

The Company has an agreement with Midas for the provision of management services, details of which are shown in note 3 to the financial statements and on page 36 of the Directors' Report. Under the terms of the Management Agreement, the Investment Manager is entitled to receive an annual management fee of 1.0 per cent. of net assets and a performance fee equivalent to 10 per cent. of the out-performance above a total return of 8 per cent. per annum from a base date of 14 February 2006. The performance fee is calculated on an annual basis and is subject to a high-watermark based on the higher of the total return above 8 per cent. per annum and the previous highest NAV on which a performance fee was paid. The Manager has agreed to cap the total expense ratio for the Company at 3 per cent. per annum. The Management Agreement is terminable on 12 months' notice.

## Corporate Summary continued

The Directors have reviewed the terms of the Management Agreement and evaluated the performance of the Manager and the Board confirms that it is satisfied that the continuing appointment of the Manager on the terms agreed is in the interests of the shareholders as a whole. In arriving at this view, the Board considered the investment strategy and process of the Investment Manager and the support the Company receives from Midas Capital PLC.

### Discount Management and Treasury

In order to sustain the rating of the Ordinary shares, the Board applies an active discount management policy by buying back Ordinary shares if the market price is at a discount greater than 5 per cent. to the NAV per Ordinary share. The Company is currently authorised to buyback up to 14.99 per cent. of its current issued Ordinary shares through the market which expires at the Annual General Meeting in

2011 and will seek annual (or, if required, more frequent) renewal of this authority. In the year ended 30 April 2011 no Ordinary shares were purchased for cancellation. Subsequent to the year end 150,000 Ordinary shares have been purchased for cancellation. The Company is seeking to renew its buyback authority at the AGM.

The making and timing of any buyback is at the absolute discretion of the Board. Any Ordinary shares bought back may be cancelled or, subject to a limit of up to 10 per cent. of the issued Ordinary shares, held in treasury. Ordinary shares held in treasury may be subsequently cancelled or, subject to shareholder approval at the relevant time, sold for cash. The Directors do not intend to sell any Ordinary shares held in treasury at a discount to the prevailing NAV per Ordinary share.

## Financial Calendar

21 June 2011	Publication of Annual Financial Report announcement for year ended 30 April 2011
25 August 2011	Annual General Meeting in London at 12.30pm
September 2011	First interim dividend payable for year ending 30 April 2012
December 2011	Publication of Half-Yearly Report for six months ending 31 October 2011
December 2011	Second interim dividend payable for year ending 30 April 2012
March 2012	Third interim dividend payable for year ending 30 April 2012
June 2012	Fourth interim dividend payable for year ending 30 April 2012

# Your Board

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The Directors, all of whom are non-executive and independent of the Investment Manager, supervise the management of Midas Income & Growth Trust PLC and represent the interests of shareholders.

## Hubert Valentine Reid

Independent Non-Executive Chairman

**Age:** 70

**Length of service:** 15 years 3 months, appointed a Director on 19 March 1996, appointed Chairman on 15 September 2004

**Experience:** formerly managing director and then chairman of the Boddington Group plc, and a non-executive director and then chairman of Ibstock PLC, Bryant Group plc and the Royal London Group

**Last re-elected to the Board:** 7 September 2010

**Committee membership:** Audit Committee, Management Engagement Committee and Nomination Committee

**Remuneration:** £22,500 per annum

**All other public company directorships:** Chairman of Enterprise Inns PLC, deputy chairman of Majedie Investments PLC and a non-executive director of Michael Page International PLC

**Employment by the Manager:** None

**Other connections with Manager:** None

**Shared Directorships with any other Trust Directors:** None

**Shareholding in Company:** 110,000 Ordinary shares

## Adam David Cooke

Independent Non-Executive Director

**Age:** 51

**Length of service:** 5 years 10 months, appointed a Director on 19 August 2005

**Experience:** formerly a global partner of AMVESCAP PLC, one of the world's largest independent investment management organisations where he worked for INVESCO UK. His experience includes the UK institutional business including investment trusts and collective investments. Mr Cooke is a member of the Chartered Institute of Bankers and is a non-executive director of City Natural Resources High Yield Trust PLC and Premier Energy and Water Trust PLC

**Last re-elected to the Board:** 7 September 2010

**Committee membership:** Audit Committee, Management Engagement Committee and Nomination Committee

**Remuneration:** £18,000 per annum

**All other public company directorships:** City Natural Resources High Yield Trust PLC and Premier Energy and Water Trust PLC

**Employment by the Manager:** None

**Other connections with Manager:** None

**Shared Directorships with any other Trust Directors:** None

**Shareholding in Company:** 50,000 Ordinary shares

## Ian Richard Davis

Independent Non-Executive Director and Chairman of the Audit Committee

**Age:** 51

**Length of service:** 6 years 8 months, appointed a Director on 1 November 2004 and Chairman of the Audit Committee on 15 December 2004

**Experience:** formerly a director of Corporate Finance with Hoare Govett Limited until 2002 having previously worked in Equity Capital Markets at De Zoete Bevan Limited and corporate finance at Baring Brothers & Co. Limited. Prior to this he qualified as a chartered accountant with Price Waterhouse

**Last re-elected to the Board:** 8 September 2009

**Committee membership:** Audit Committee, Management Engagement Committee and Nomination Committee

**Remuneration:** £20,000 per annum

**All other public company directorships:** None

**Employment by the Manager:** None

**Other connections with Manager:** None

**Shared Directorships with any other Trust Directors:** None

**Shareholding in Company:** 64,866 Ordinary shares

# Highlights

	30 April 2011	30 April 2010	% change
Total assets <sup>A</sup>	£58,307,000	£54,484,000	+7.0
Total equity shareholders' funds (net assets)	£51,307,000	£47,484,000	+8.1
Share price (mid market)	115.88p	117.75p	-1.6
Net asset value per share <sup>B</sup>	128.12p	123.40p	+3.8
Actual gearing	1.12	1.13	-0.9
Potential gearing	1.14	1.15	-0.9
Total expense ratio	1.71%	1.70%	
<b>Dividend and earnings</b>			
Total return per share	11.28p	30.93p	-63.5
Revenue return per share	5.37p	5.63p	-4.6
Dividends per Ordinary share	6.52p	6.52p	–
Revenue reserves	£790,000	£1,223,000	

<sup>A</sup> Total assets less current liabilities (excluding bank debt).

<sup>B</sup> Due to all outstanding Warrants being exercised in the latest period the net asset value disclosed at 30 April 2010 is the diluted net asset value. This has been done to ensure the true uplift in the period is reflected.

## Performance (total return)

	1 year % return	3 year % return	5 year % return	Since 19/08/05 % return
Share price	+4.3%	-0.1%	-8.5%	+6.9%
Basic net asset value	+8.6%	-2.1%	-1.5%	+8.3%
Diluted net asset value	+9.6%	-0.5%	+2.2%	+15.0%
Benchmark (8% pa)	+8.0%	+26.0%	+46.9%	+55.1%

## Dividends

	Rate	xd date	Record date	Payment date
First interim 2011	1.63p	25 August 2010	27 August 2010	17 September 2010
Second interim 2011	1.63p	24 November 2010	26 November 2010	15 December 2010
Third interim 2011	1.63p	23 February 2011	25 February 2011	18 March 2011
Fourth interim 2011	1.63p	25 May 2011	27 May 2011	17 June 2011
<b>Total</b>	<b>6.52p</b>			
First interim 2010	1.63p	26 August 2009	28 August 2009	18 September 2009
Second interim 2010	1.63p	25 November 2009	27 November 2009	15 December 2009
Third interim 2010	1.63p	24 February 2010	26 February 2010	19 March 2010
Fourth interim 2010	1.63p	26 May 2010	28 May 2010	18 June 2010
<b>Total</b>	<b>6.52p</b>			

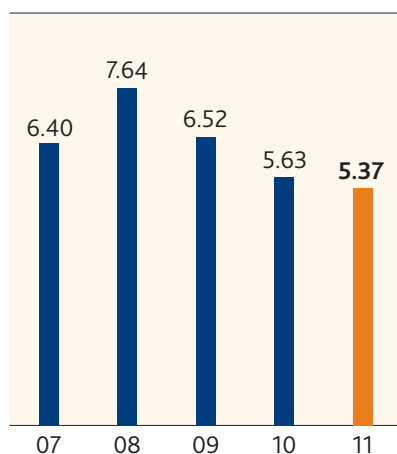


## Five Year Financial Record

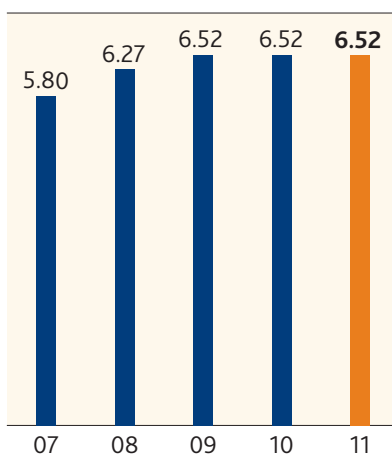
	Total return per share (basic) p	Net dividends paid per share p	Basic net asset value per share p	Equity shareholders' funds £'000
2007	21.44	5.80	176.10	81,456
2008	(16.20)	6.27	154.94	67,614
2009	(51.01)	6.52	100.12	38,374
2010	30.93	6.52	124.59	47,484
2011	11.28	6.52	128.12	51,307

The figures for net dividends paid have not been restated in accordance with FRS 21 'Events after the Balance Sheet Date' and still reflect the dividends for the years to which they relate.

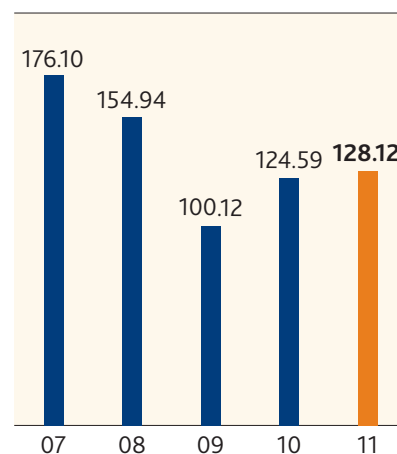
**Revenue return per share**  
(pence)



**Dividends per share**  
(pence)



**NAV per share**  
(pence)



# Chairman's Statement

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## Highlights

- Net asset value total return of 9.6%
- Share price total return of 4.3%
- Share price discount to net asset value widened to 9.5%
- Quarterly dividends maintained at 1.63p

I am pleased to report that the Company's net asset value total return for the period (including dividends) was 9.6%. This compares favourably with the benchmark return of 8%. The share price total return (with dividends reinvested) gave a total return of 4.3%, which is a little disappointing and was due to the widening of the discount to net asset value towards the end of the year.

Financial markets fell sharply early in the period, but have since made steady progress. This improvement has been made against a background of generally better profits from the corporate sector, helped in no small part by re-stocking rather than a major shift in demand. However, investor sentiment has regularly been tested due to growing uncertainties regarding the debt and economic position of several peripheral European countries; political unrest in the Middle East; and the tragic events surrounding the earthquake and subsequent tsunami in Japan. In addition investors have had to cope with concerns regarding the slowdown in the Chinese economy, as the authorities increased interest rates to attempt to control inflation. The prospects for growth in the UK domestic economy have also given cause for concern as the coalition Government's austerity measures begin to take effect.

Equity markets have outperformed bonds over the course of the year, as the period has largely been positive for risk assets. Equity leadership has changed somewhat with developed markets coming more into favour as the period progressed, at the expense of emerging markets. This shift in sentiment was caused by mounting social and political tensions in North Africa and the Middle East. Fears of a 'hard landing' for the important Chinese economy have also undermined confidence in the short term prospects for the emerging economies.

## Gearing

The Company's £7 million rolling debt facility remained fully drawn over the year. End of year gearing (pre cash) was 14%, down from 15% at 30 April 2010. Gearing has remained well within the Board's stated maximum of 25% throughout the year.

## Exercise of Warrants

The Company's Warrants expired on 31 August 2010 with all Warrants being exercised. Any Warrant holders not taking up their right to exercise should by now have received a payment of 10.4p per Warrant held, being the price (less costs) received on the sale through the market of the shares resulting from their Warrants. The full exercise of Warrants led to an increase in net assets of £1,929,000.

## Dividends

Three interim dividends of 1.63p were declared during the year, which together with the 4th interim dividend of 1.63p announced on 11 May 2011 (paid on 17 June 2011), give total dividends of 6.52p, the same level as paid last year representing a yield of 5.6% at the year end. The revenue position of the Company has continued to improve over the course of the year, despite the cut in dividends paid by BP following their much publicised problems in the Gulf of Mexico. However, it has again been necessary to utilise part of the Company's revenue reserves to maintain dividend payments this year. Your Board remains fully aware of the importance of the quarterly payments to many of the Company's shareholders and will continue to closely monitor the revenue position.

## Repayment of VAT and Related Interest on Management Fees

On 19 November 2010 the Company received a payment of £49,016 from Aberdeen Asset Managers Limited (the former manager), representing the full and final settlement of the VAT paid on management fees in respect of (i) 1990 to 1996 and (ii) 2001 to 2007. The cumulative amount repaid by Aberdeen is £222,837. In addition further payments of £48,164 and £2,322 were made by Aberdeen in February and May 2011 in respect of simple interest claimed from HMRC on VAT paid between 1 January 1990 to 4 December 1996 ('the Fleming period') and 1 January 2001 onwards ('the Claverhouse period').

## Share Buy Backs

There were no share buy backs during the financial year. However, 150,000 shares were bought back for cancellation on 19 May 2011 as the share price discount to net asset value widened to over 11%. Your Board and Manager remain committed to supporting the level of discount at which the Company's shares trade and will be seeking a renewal of the share buyback facility at the Annual General Meeting in August 2011.

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## Annual General Meeting

This year's Annual General Meeting will be held at 12.30 p.m. on 25 August 2011 at the offices of Aberdeen Asset Management PLC, Bow Bells House, 1 Bread Street, London EC2M 9HH. I would be delighted if shareholders were to take this opportunity to meet with Board members and the Investment Manager over a post AGM buffet lunch.

## Outlook

This year has been one of steady progress for the Company. Your Manager has increasingly felt that a cautious approach is warranted, given the myriad of potential problems and headwinds which may yet impede economic recovery and destabilise markets. Whilst there remain good reasons to retain exposure to risk assets, emphasis has been placed on providing some protection against the build up of inflationary pressures and consequent interest rate increases. Your Manager firmly believes that investing for income will be important in determining the level of investment returns over the next few years and as such the Company's mandate is well suited to what may prove a fairly difficult period for investors.

**Hubert Reid**  
Chairman

21 June 2011

# Manager's Review

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## Market Background

Markets have recovered from early sharp falls in May 2010, which were largely caused by concerns over the sovereign debt problems in the peripheral European countries. The recovery from the low levels in early June has been punctuated by periods of weakness. Investors have grappled with the prospect of a slowdown in economic growth in China, as monetary conditions have been tightened to control inflation and mixed economic data emerging from the developed economies. The most significant event over the latter part of the period was the earthquake and subsequent tsunami which so tragically hit Japan. The effects of this event are still being felt by global manufacturers linked into the Japanese supply chain. Nonetheless the year has been mainly a period of 'risk on' with investor sentiment proving resilient in the face of some quite powerful headwinds.

## Performance

Against this background the Company's net asset value has made steady progress, whilst the income position within the portfolio has continued to improve. The net asset value has also demonstrated a degree of resilience to market setbacks and finished the year at the highest levels achieved during the period.

The Company's net asset value total return of 9.6% over the year was evenly split between contributions from capital growth and income. This return has continued to build on the very strong performance achieved in the previous financial year. It is disappointing to report that the share price total return of 4.3% was lower due to a widening of the discount on the Company's shares, which moved from a 4.6% discount at the start of the year to end the period trading at a 9.5% discount.

The defensive stance towards equity positions has acted as something of a drag on performance. However, we believe that the strong recovery in equity markets seen over the past two years may now give way to a period of more directionless trading. Whilst we believe that equities offer selectively better value than other assets in the current environment, emphasis within the portfolio has been placed on producing a healthy and growing dividend stream. We believe this strategy is best served by concentrating on blue chip, internationally exposed holdings within the UK element of the portfolio. Portfolio exposure has also been increased to managers whose investment strategies can deliver positive returns in less buoyant market conditions. Several new holdings have been introduced to provide protection against inflation and a consequent higher interest rate environment.

The revenue account has continued to recover from the stresses of 2008, although not helped by the suspension in dividends made by BP following the catastrophe in the Gulf of Mexico. Whilst the Trust's dividend will again not be

fully covered this year, we are increasingly confident that the combination of dividend growth within the Company's equity holdings, coupled with other income improvements building within the portfolio, should lead to a covered position over the next two years.

## Asset Allocation

The Company's exposure to equities has been gradually reduced over the course of the year as markets recovered from the sharp falls experienced in May/June 2010. Our preference for equity related exposure within the portfolio has been emphasised through the private equity holdings, which still offer potential for recovery from relatively depressed levels.

The poor outlook for the domestic economy has led us to concentrate the UK equity portfolio towards large multi-national companies able to take advantage of better economic conditions in other parts of the world. Emphasis remains centred on well financed, cash generative businesses with the ability to grow dividends over the medium term. UK equity holdings have moved more towards defensive sectors such as pharmaceuticals and consumer staples, whilst potential for long term developments within emerging markets has been emphasised through two specialist fund management groups. Exposure to UK equities has fallen by 4% over the course of the year.

Overseas equity exposure has also been reduced and there has been a shift away from some of the closed ended vehicles held previously, particularly those trading at a premium to net asset value. We have sought to hedge currency exposure to some degree in Europe and more particularly in Japan, in the belief that both currencies are likely to come under pressure after prolonged periods of outperformance. Some use is being made within the overseas equity portfolio of managers utilising 'covered call' strategies to enhance income generation. Whilst this may restrict capital gains to some degree, the consistency of returns is likely to be higher than would otherwise be the case.

Fixed interest exposure has been reduced slightly, with investment grade corporate debt now looking to have fully recovered from the severe dislocations seen in late 2008 and early 2009. Emphasis has been increased on shorter maturity corporate issues, which offer less interest rate risk (and indeed in some areas may benefit from rises in borrowing costs). Sub-investment grade corporate bonds exposure has been retained, with yields still appearing relatively attractive, particularly so when compared to Gilts.

Alternative asset exposure increased over the period, due in part to strong returns from the private equity and hedge fund holdings. A new structured product was also commissioned early in the year, replacing a similar product which successfully matured in the previous financial year.

Property exposure has been increased, although this has been achieved through the introduction of two new very specific, defensively structured investments with good income potential.

The asset allocation across the portfolio at 30 April 2011 is shown in the table below.

Asset Class	Portfolio Weight %	Core Allocation %	Range %
UK Equities	28.1 (31.9)	35	20-55
Overseas Equities	17.6 (19.7)	15	10-25
<b>Total Equities</b>	<b>45.7 (51.6)</b>	<b>50</b>	<b>30-80</b>
<b>Fixed Interest (inc Cash)</b>	<b>21.1 (22.8)</b>	<b>25</b>	<b>15-45</b>
<b>Alternative Assets</b>	<b>22.4 (17.7)</b>	<b>15</b>	<b>10-25</b>
<b>Property</b>	<b>10.8 (7.9)</b>	<b>10</b>	<b>0-25</b>

All figures are expressed as a percentage of gross assets. 30 April 2010 figures are shown in brackets.

## UK Equities

The UK equity weighting reduced over the year, in most part due to slightly disappointing relative performance, particularly over the first 3 quarters. The portfolio's emphasis on blue chip, defensive companies (such as Tesco, GlaxoSmithKline, AstraZeneca and Unilever) and an underweight stance in more cyclical sectors, proved costly to performance. However, there were signs towards the end of the period that investors had shifted attitude. The concerns over the outlook for growth in China and political tensions in the Middle East dampened sentiment, highlighting the attractions of the more defensive sectors of the market.

The UK portfolio benefitted from strong dividend growth over the period, with the only disappointment being the decision by BP to suspend dividend payments following the events in the Gulf of Mexico. Despite some price recovery, BP remained the biggest drag on performance over the period, with part of the holding eventually being sold into the price recovery. Elsewhere strong performance was recorded by Ashmore Group, the specialist emerging market asset manager, which offers an attractive combination of strong management, healthy cash-flows and dividends, together with exposure to the growth and development of capital markets in the developing economies. Other major contributions to performance came from Legal & General, Scottish & Southern Energy and Vodafone.

The latest addition to the UK portfolio was Reckitt & Benckiser, which has been substantially de-rated over the past two years. The company offers potential to benefit from the growth in consumer spending in the developing

economies, has a strong balance sheet and should deliver healthy dividend growth. Profits have been taken on Royal Dutch Shell and BHP Billiton to reduce commodity exposure following a period of strong performance.

## Overseas Equities

Exposure to overseas equity markets also reduced, as holdings proved too defensive in the risk on environment prevalent for most of the period. Additional capital was allocated to emerging markets through the acquisition of the Somerset Emerging Market Income Fund, an open ended fund investing across a wide range of developing markets. Asian equity exposure has also been increased, although this was achieved by allocating new investment to the Schroder Asian Income Maximiser Fund, which operates a covered call strategy to enhance income returns and dampen volatility. A new investment was made in the Newton Asian Income Fund, which has achieved top decile returns over a long period despite its income mandate. These investments were partly funded by a reduction of the Schroder Oriental Income Fund holding and the sale of the Aberdeen Asian Income Fund, both being closed-ended vehicles trading at a premium to net asset value. We have also taken steps to hedge currency exposure within the Japanese and European equity holdings by switching into hedged shares classes within the Lindsell Train Japanese Equity Fund and Ignis Argonaut Enhanced Income Fund. European exposure was reduced with the sale of the European Assets Trust following a period of strong performance. In addition the holding in the Merrill Lynch DJ Eurostoxx structured product was sold, also after a very strong recovery.

The move towards reducing commodity exposure was furthered by the partial sale of the Company's holding in the BlackRock Commodities Income Fund, which had performed well and had moved to trading consistently at a premium to net asset value.

## Fixed Interest

Exposure to fixed interest markets has been reduced, although this has largely been achieved by relative capital movements, together with limited selling over the period. The fixed interest holdings have performed satisfactorily overall, although quite naturally not making the same level of contribution as in the previous year.

The most significant acquisition during the year was the AXA US Short Duration High Yield Fund, which invests in sub-investment grade bonds with an average maturity of three years. This investment should benefit from rising interest rates as the bonds held mature, being then refinanced at higher prevailing rates. The manager has an enviable record in avoiding defaults due to the extensive credit analysis undertaken.



A further commitment was made to the European Loan market via the acquisition of the HarbourVest Senior Loans Europe Fund, which invests in senior secured loans in private equity backed mid-market companies. We would expect the loans portfolio to benefit from a rising interest rate environment as the interest received is linked to LIBOR rates. In addition the pricing of mid-market loans remains, we feel, attractive when compared to the wider market.

Profit was taken on part the Royal London Sterling Extra Yield Bond Fund, which had been bought in the depths of the credit crisis and where the Fund had seen a substantial recovery in value. This Fund remains one of the larger investments in the Company's portfolio, generating a yield of over 8% and has produced further capital appreciation over the year. The preference share holdings were reduced with the sale of the Bellway 9.5% 2014, where the yield to redemption had fallen to a less attractive level following a period of strong price recovery. However, advantage was taken of a new issue of stock to add to the Company's holding in Ecclesiastical Insurance preference shares at a highly attractive yield of 8.45%.

The Company's holding in City Merchants High Yield Trust was reduced at a significant profit, prompted by the shares trading on a premium to net asset value. The extremely disappointing investment in the CQS Rig Finance Fund was sold following a strong recovery, which at least recovered some of the original value.

### Alternative Assets

Alternative asset allocations increased over the period through a combination of strong relative performance and new capital allocation.

Private equity holdings have performed particularly well over the period, with Standard Life European Private Equity Fund and Partners Group Global Opportunities Fund (PGGO) benefitting from the better equity and credit market environment. Holdings written down in the depths of the credit crises are now seeing positive trends again, which has enabled the managers to revalue positions. The more buoyant IPO market in the United States has also been beneficial for realisations from their portfolio companies, helping to improve their financial position. An element of profit was taken on the Standard Life European position during the period, as the strong returns achieved so far were protected. Meanwhile, the discount at which PGGO had been carried (due to lack of liquidity) since its acquisition in late 2009, was reviewed late in the period. This review led to the discount being reduced to 20% (previously 30%), in anticipation of the agreed lock in period coming to an end during 2011.

The Company's unquoted investment in A J Bell Holdings has remained at a carried value of 400p per share throughout the period, in the absence of any third party transactions. However, recent trading updates from the company have been very positive and the carried value will be reviewed again following interim results, which are due to be issued by the company in mid June. A J Bell is the largest holding in the portfolio and we remain confident that further significant value will accrue from this investment.

Hedge fund holdings have given satisfactory returns over the period, with quoted holdings delivering solid net asset value uplifts, together with a narrowing of their discounts, as both Acencia Debt Strategies and Signet Global Fixed Income embarked on significant buy-back programmes. The funds offer exposure to the distressed credit cycle, which should begin to unfold over the next 12 to 24 months. Importantly both have put in place wind up procedures which offer a further potential source of return over the next 2 to 3 years. Acencia also made a welcome return to the dividend list, when it was announced that they intended to resume payment of dividends, although part of the Acencia holding had already been switched into Signet prior to this dividend announcement.

Structured product positions performed well, with lower volatility and firm credit markets helping pricing. Exposure was increased in the early part of the year (when volatility last showed a significant spike) with the introduction of a Merrill Lynch FTSE product which offers a return of 8.8% with distributions paid quarterly. This product offers high levels of capital protection. The second product held is a defensive autocall issued by CitiBank, which has performed well and still offers an attractive potential return. The product looks likely to mature in November 2011. Whilst this product pays no income, it should mature having given an annualised capital return of 12.5%.

### Property

The Company's property holdings have been increased over the period. This has been achieved through investment in two very specific opportunities, rather than due to a re-assessment of the merits of property as an asset class.

Returns from the portfolio have been mixed with positive returns from the holding in the Celsius Asian Real Estate Income Fund (which was added to over the period) and the Threadneedle Property Unit Trust. Less positive were the developments at Speymill Deutsche Immobilien, the German residential property company, where the shares have been suspended since late in November following a decision by the Company's debt providers to place its operating units into receivership. We remain hopeful that significant value can be salvaged from the company and we are monitoring the ongoing negotiations aimed at a third party refinancing of the business.

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The problems caused by the deleveraging of the banking sector, and in particular the need to reduce exposure to the property market, have produced an attractive opportunity to bridge this gap in financing. This led us to invest in the Duet Real Estate Finance Fund, which specialises in providing mezzanine finance to large, high quality property deals. We would expect to receive a running yield of around 7% from this vehicle, with a total return of circa 15% pa over the four year life of the Fund. The desire to introduce further protection against inflation into the portfolio led us to commit to the HSBC Infrastructure Fund. This vehicle operates in the UK PFI market where the majority of its investments are leasehold assets that have RPI and CPI linked revenues which are guaranteed by the UK Government.

## Outlook

Periods of volatility are likely to remain a feature in markets, as concerns over sovereign debt defaults in Europe, stubbornly high inflation and the slow pace of economic recovery jostle to unsettle investor sentiment. Banks are set to continue to deleverage for a further protracted period and the end to Quantitative Easing measures (and long term outcomes of this strategy) are yet to be truly understood. A further period of economic opacity lies ahead, we fear.

The corporate sector is in a much better position than at the time of the credit crisis, although pockets of highly leveraged balance sheets still sit within the private equity buyouts financed in the heady environment of 2006/07. Any pick up in end demand or reduced unemployment figures will rightly be seized upon as good news. However, the longer term positive demographics trends emanating from growth in the emerging economies may take longer than some might hope to fully materialise.

Although equity market valuations do not look overly expensive, we feel that returns are likely to be muted for a period. We are encouraged by the financial strength of the corporate sector, but remain wary of the over exuberance being demonstrated in other assets. The excessively loose monetary conditions prevalent over the past three years is now giving way to a period of interest rate tightening to control inflationary pressures building within the developed and developing economies. This period of tightening is going to put pressure on economic growth prospects. In addition investors have managed to digest a series of negative economic developments over recent months, appearing to be immunised to such events. This attitude may yet be further tested. We feel that a cautious approach remains warranted.

The portfolio remains well positioned, we believe, to deliver capital appreciation together with a high level of income, which should grow over time. Whilst prospects for market returns may be less marked following two years of recovery, we are still able to identify a number of opportunities to enhance returns, some of which will be as a result of the gradual unwinding of previous financial excesses.

Alan Borrows  
Simon Callow  
**Midas Capital Partners Limited**

21 June 2011

# Investment Portfolio

As at 30 April 2011

Company	Sector	Asset Class	Valuation 2011 £'000	Total assets <sup>A</sup> %
Bell AJ <sup>B</sup>	Special & Other Finance	Alternative Assets	2,600	4.46
Partners Group Global Opportunities <sup>C</sup>	Unit Trusts & OEICS	Alternative Assets	2,450	4.20
Celsius Fund Asian Real Estate Income <sup>C</sup>	Unit Trusts & OEICS	Property	1,663	2.85
Royal London Sterling Extra Yld Bond A Acc <sup>C</sup>	Unit Trusts & OEICS	Fixed Interest	1,556	2.67
Threadneedle Property Fund <sup>C</sup>	Unit Trusts & OEICS	Property	1,452	2.49
Harewood Structured Inv US Enhanced Hedge Pref Cls 'A'	Investment Companies	Overseas Equities	1,412	2.42
AXA Investment Managers US Short Duration High Yield	Unit Trusts & OEICS	Fixed Interest	1,407	2.41
GlaxoSmithKline	Pharmaceuticals & Biotechnology	UK Equities	1,371	2.35
Ecclesiastical Insurance Office 8 5/8% Net Cum Irred Pref	Fixed Interest	Preference Shares	1,360	2.33
Merrill Lynch 2.2% 16/05/13	Fixed Interest	Alternative Assets	1,291	2.21
<b>Top ten investments</b>			<b>16,562</b>	<b>28.39</b>
Scottish & Southern Energy	Electricity	UK Equities	1,290	2.21
Signet Global Fixed Income Fund	Fixed Interest	Alternative Assets	1,260	2.16
Ashmore Group	Financial Services	UK Equities	1,206	2.07
Legal & General Group	Life Insurance	UK Equities	1,136	1.95
City Merchants High Yield Trust	Investment Companies	Fixed Interest	1,120	1.92
Hill (William)	Travel & Leisure	UK Equities	1,117	1.92
Symphony Structured Products Jersey 0% 20/12/13	Structured Products	Alternative Assets	1,104	1.89
Reckitt Benckiser Group	Household Goods & Home Construction	UK Equities	1,080	1.85
Unilever	Food Producers	UK Equities	1,068	1.83
AstraZeneca	Pharmaceuticals & Biotechnology	UK Equities	1,046	1.79
<b>Top twenty investments</b>			<b>27,989</b>	<b>47.98</b>
Vodafone Group	Mobile Telecommunications	UK Equities	1,030	1.77
Duet Real Estate Finance	Investment Companies	Property	1,012	1.74
Tesco	Food & Drug Retailer	UK Equities	1,009	1.73
Policy Selection Assured GBP 'C' <sup>C</sup>	Unit Trusts & OEICS	Alternative Assets	990	1.70
Royal Dutch Shell EURO.07 'B'	Oil & Gas Producers	UK Equities	989	1.70
Macau Property Opportunities	Investment Companies	Property	975	1.67
BP	Oil & Gas Producers	UK Equities	971	1.67
Schroder Unit Trusts Asian Inc Maximiser <sup>C</sup>	Unit Trusts & OEICS	Overseas Equities	962	1.65
Elders Investment 17A Merrill Lynch Japan High Income <sup>C</sup>	Structured Product	Overseas Equities	943	1.62
Invesco Leveraged High Yield Fund	Investment Companies	Fixed Interest	942	1.62
<b>Top thirty investments</b>			<b>37,812</b>	<b>64.85</b>

Company	Sector	Asset Class	Valuation 2011 £'000	Total assets <sup>A</sup> %
Somerset Cap Emerging Markets Dividend Growth	Unit Trusts & OEICS	Overseas Equities	917	1.58
Schroder Oriental Income	Investment Companies	Overseas Equities	899	1.54
Ignis Enhanced Argonaut European Income Fund <sup>C</sup>	Unit Trusts & OEICS	Overseas Equities	886	1.52
HSBC Holdings	Banks	UK Equities	885	1.52
M&G European Loan 'C' <sup>C</sup>	Unit Trusts & OEICS	Fixed Interest	859	1.47
BNY Mellon Fund Manager Newton Asian Income Institutional <sup>C</sup>	Unit Trusts & OEICS	Overseas Equities	842	1.44
Ignis AM Argonaut European Income Fund <sup>C</sup>	Unit Trusts & OEICS	Overseas Equities	838	1.44
General Accident 8.875% Cum Pref	Fixed Interest	Preference Shares	833	1.43
Phaunos Timber Fund	Investment Companies	Alternative Assets	829	1.42
Thames River Traditional High Income Fund <sup>C</sup>	Unit Trusts & OEICS	Fixed Interest	827	1.42
Royal & Sun Alliance Insurance Group 7.375% Cum Pref	Fixed Interest	Preference Shares	800	1.37
Acencia Debt Strategies 'C'	Special & Other Finance	Alternative Assets	797	1.37
Lindsell Train Japanese Eqty 'B' <sup>C</sup>	Unit Trusts & OEICS	Overseas Equities	787	1.35
BlackRock Commodities	Investment Companies	Overseas Equities	778	1.33
BHP Billiton	Mining	UK Equities	757	1.30
LBG Capital No.1 7.975% 15/09/24	Fixed Interest	UK Preference Share	757	1.30
Man Group	Financial Services	UK Equities	749	1.28
HICL Infrastructure	Investment Companies	Property	737	1.26
Liontrust European Absolute Return Acc <sup>C</sup>	Unit Trusts & OEICS	Alternative Assets	649	1.11
Standard Life European Private Equity Trust	Equity Investment Instruments	Alternative Assets	634	1.09
Ecofin Water & Power Opportunities	Investment Companies	Overseas Equities	622	1.07
HarbourVest Senior Loans Europe C	Special & Other Finance	Fixed Interest	550	0.94
Hotel Corp	Travel & Leisure	UK Equities	415	0.71
Canyon Resources 10% 31/12/13 <sup>C</sup>	Fixed Interest	Fixed Interest	412	0.71
PSource Structured Debt	Investment Companies	Alternative Assets	406	0.70
Harewood Structured Inv US High Sterling Hedge Fund 'A'	Investment Companies	Overseas Equities	388	0.67
Dolphin Capital Investors	Real Estate	Property	380	0.65
Harbourvest Senior Loans Europe	Special & Other Finance	Fixed Interest	340	0.58
Standard Life	Life Insurance	UK Equities	339	0.58
Real Estate Opportunities 7.5% Cnv 31/05/11	Fixed Interest	Convertible Bonds	60	0.10
Barclays Bank Floating Rate Note 30/04/12	Fixed Interest	Alternative Assets	56	0.10
Speymill Deutsche Immobilien	Real Estate	Property	51	0.09
Altus Capital Japan Opportunities II B <sup>B</sup>	Investment Companies	Property	49	0.08
Aberdeen Development Capital	Investment Companies	Alternative Assets	26	0.04
<b>Total investments</b>			<b>57,966</b>	<b>99.41</b>
<b>Net current assets<sup>A</sup></b>			<b>341</b>	<b>0.59</b>
<b>Total assets<sup>A</sup></b>			<b>58,307</b>	<b>100.00</b>

With the exception of those companies' shares marked with a specific share class above, all investments are in the ordinary shares of the investee company.

<sup>A</sup> Excluding bank loan of £7,000,000.

<sup>B</sup> Unquoted.

<sup>C</sup> Unlisted.

## Top Ten Holdings Comparative Value

Company	Sector	Asset Class	2011 £'000	2010 £'000
Bell AJ <sup>B</sup>	Special & Other Finance	Alternative Assets	2,600	2,600
Partners Group Global Opportunités <sup>C</sup>	Unit Trusts & OEICS	Alternative Assets	2,450	1,525
Celsius Fund Asian Real Estate Income <sup>C</sup>	Unit Trusts & OEICS	Property	1,663	939
Royal London Sterling Extra Yld Bond A Acc <sup>C</sup>	Unit Trusts & OEICS	Fixed Interest	1,556	1,930
Threadneedle Property Fund <sup>C</sup>	Unit Trusts & OEICS	Property	1,452	1,457
Harewood Structured Inv US Enhanced Hedge Pref Cls 'A'	Investment Companies	Overseas Equities	1,412	1,419
AXA Investment Managers US Short Duration High Yield	Unit Trusts & OEICS	Fixed Interest	1,407	–
GlaxoSmithKline	Pharmaceuticals & Biotechnology	UK Equities	1,371	1,272
Ecclesiastical Insurance Office 8 5/8% Net Cum Irred Pref	Fixed Interest	Preference Shares	1,360	1,115
Merrill Lynch 2.2% 16/05/13	Fixed Interest	Alternative Assets	1,291	–

<sup>B</sup> Unquoted.

<sup>C</sup> Unlisted.

### A J Bell Holdings PLC - Unquoted Investment

A J Bell Holdings (A J Bell) is one of the leading providers of pension administration services in the United Kingdom. The company offers online, low cost Self Invested Personal Pension (SIPP) services, together with offering third party SIPP administration solutions.

In the company's financial year 30 September 2010, revenues fell by 8% to £35.4 million, whilst pre-tax profits were £16.1 million, a fall of 2%. The company paid dividends of 18.5p, an increase of 1% over the previous year. Net assets attributable to the company were £20.7 million (£17.2 million), whilst assets under administration increased by 22% to £13.7 billion.

The holding of 650,000 A J Bell shares represents 1.64% of the shares in issue. These shares have a book value of £672,848 and were valued at £2,600,000 based on the most recent Director's valuation on 3 June 2011.



## Classification of Investment Portfolio

As at 30 April	2011 %	2010 %
UK Equities	28.17	31.94
Alternative Assets	22.40	17.72
Overseas Equities	17.58	19.65
Fixed Interest	13.71	19.18
Property	10.81	7.87
UK Preference Shares	6.42	1.27
Convertible Bonds	0.10	0.40
Cash	0.81	1.97
	<b>100.00</b>	<b>100.00</b>

## Analysis of Investment Portfolio

As at 30 April	2011		2010	
	Valuation £'000	Total fixed assets %	Valuation £'000	Total fixed assets %
AIM	465	0.80	902	1.69
Unquoted	2,649	4.57	2,646	4.95
Unlisted	18,441	31.82	13,660	25.54
Listed	36,411	62.81	36,260	67.82
	<b>57,966</b>	<b>100.00</b>	<b>53,468</b>	<b>100.00</b>

# Your Company's Capital History

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40,046,361 Ordinary shares of 25p as at 30 April 2011

## Capital History

19 March 1996	Offer of up to 40,000,000 Ordinary shares of 25p with up to 8,000,000 Warrants attached
4 April 1996	Dealings commence in units comprising 5 Ordinary shares and 1 Warrant per unit
15 May 1996	Dealings commence separately in Ordinary shares and Warrants
7 September 1999	88,000 Ordinary shares of 25p issued following the exercise of 88,000 Warrants in the period to 31 August 1999
19 August 2005	Name changed from The Taverners Trust PLC to Midas Income & Growth Trust PLC
13 September 2005	3,900 Ordinary shares of 25p issued following the exercise of 3,900 Warrants in the period to 31 August 2005
27 February 2006	26,776,127 C shares of 100p each issued in connection with a Placing and Offer at 100p per share
28 April 2006	The C shares of 100p were converted into 16,649,636 new Ordinary shares of 25p each on the basis of 0.621809 new Ordinary shares for each C share held
31 August 2006	1,043,589 Ordinary shares of 25p issued following the exercise of 1,043,589 Warrants in the period to 31 August 2006
8 March 2007	21,647,145 new C shares of 100p each issued in connection with a Placing and Offer at 100p per share
27 April 2007	The C shares of 100p were converted into 12,622,125 new Ordinary shares of 25p each on the basis of 0.583085 new Ordinary shares for each C share held
17 September 2007	99,700 Ordinary shares of 25p issued following the exercise of 99,700 Warrants in the period to 31 August 2007
Year to 30 April 2008	During the year to 30 April 2008 a total of 2,715,000 Ordinary shares were purchased in the market and cancelled.
Year to 30 April 2009	During the year to 30 April 2009 a total of 5,313,000 Ordinary shares were purchased in the market and cancelled.
Year to 30 April 2010	During the year to 30 April 2010 a total of 215,000 Ordinary shares were purchased in the market and cancelled.
6 September 2010	1,934,411 Ordinary shares of 25p issued following the final subscription date for the Warrants on 31 August 2010

# Directors' Report

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The Directors present their Report and the audited financial statements for the year ended 30 April 2011.

## Business Review

A review of the Company's activities is given in the Corporate Summary on pages 1 to 4, the Chairman's Statement on pages 8 and 9 and the Manager's Review on pages 10 to 13. This includes a review of the business of the Company and its principal activities, recommended dividends, likely future developments of the business and details of the Company's policy on share capital management. The principal risks and uncertainties associated with the Company are detailed in the Corporate Summary on page 3 and in note 18 to the financial statements. The Company has exposure to financial instruments, details of which are disclosed in note 18 to the financial statements. Further details of the risk management objectives and policies are provided in the Statement on Corporate Governance on pages 23 to 26.

The Key Performance Indicators (NAV movements together with details of the share price performance and total expense ratio (TER)) for the Company are shown in the Highlights on page 6.

The Company makes no political donations or expenditures or donations for charitable purposes and, in common with most investment trusts, the Company has no employees.

## Results and Dividends

Details of the Company's results and dividends paid are shown on page 6 of this Report.

## Principal Activity

The business of the Company is that of an investment trust investing in a diversified portfolio principally comprising UK and overseas equities and fixed interest securities but also other asset classes. By investing in overseas equities as well as diversifying into property, bonds, alternative assets and structured products, the Company seeks to take advantage of a wide range of investment opportunities and reduce the risk profile of the Company's portfolio.

## Status

The Company is registered as a public limited company, and is an investment company as defined by Section 833 of the Companies Act 2006 and is registered in England and Wales with registered number 03173591. The Company is also a member of the Association of Investment Companies ("AIC").

The Company has been approved by HMRC as an investment trust for the purposes of Section 1159 of the Corporation Tax Act 2010 for the year ended 30 April 2010. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 April 2011 so as to be able to continue

to obtain approval as an investment trust under Sections 1158 - 1159 of the Corporation Tax Act 2010 for that year, although approval for that year would be subject to review were there to be any enquiry under the Corporate Tax Self Assessment regime.

The Company intends to manage its affairs so as to be a qualifying investment for inclusion in a stocks and shares Individual Savings Account ("ISA") and it is the Directors' intention that the Company should continue to qualify.

## Significant Contracts

The Company has an Investment Management Agreement with Midas Capital Partners Limited, further details of which are provided in note 3 to the financial statements. There is also an Administration Agreement with Aberdeen Asset Managers Limited (with administration delegated to Aberdeen Asset Management PLC) and further details are disclosed in note 4 to the financial statements.

## Share Capital

On 6 September 2010 the Company allotted 1,934,411 Ordinary shares of 25p each following the final exercise of 1,934,411 Warrants to subscribe for Ordinary shares in the period to the Final Exercise Date on 31 August 2010.

## Section 992 Companies Act 2006

The following further information is disclosed in accordance with Section 992 of the Companies Act 2006:

- The Company's capital structure and voting rights are summarised on page 2;
- Details of the substantial shareholders in the Company are listed on page 20;
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 20;
- Amendment of the Company's Articles of Association and powers to issue or buy back the Company's shares require a special resolution to be passed by shareholders;
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid; and
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

# Directors' Report continued

## Corporate Governance

The Statement of Corporate Governance forms part of this Directors' Report and covers the Company's compliance with the Combined Code and is shown on pages 23 to 26.

## Directors

Details of the current Directors of the Company are shown on page 5.

In accordance with the Articles of Association, Directors must offer themselves for re-election at least once every three years. Mr I R Davis will retire by rotation and offer himself for re-election at the Annual General Meeting ("AGM") to be held on 6 September 2011. Having served on the Board for more than nine years, Mr H V Reid submits himself for annual re-election in accordance with the principles of the Combined Code.

The Directors at 30 April 2011 and at 1 May 2010 had no interest other than those interests, all of which are beneficial interests, shown below in the share capital of the Company:

	At 30 April 2011	At 1 May 2010
	Ordinary shares	Ordinary shares
H V Reid (Chairman)	110,000	88,336
A D Cooke	50,000	50,000
I R Davis	64,866	64,322

Mr Davis is a member of the Aberdeen Investment Trust Share Plan and has elected to reinvest his dividends. Consequently his beneficial interests have increased since 30 April 2011 by 140 shares as at 21 June 2011, being the latest practicable date prior to the signing of this Report. There were no other changes to report at this date. Mr Alan Borrows is beneficially interested in 200,000 Ordinary shares.

No Director has a service contract with the Company. No Directors were interested in any contracts with the Company.

## Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

## Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued share capital of the Company at 21 June 2011, being the nearest practicable date prior to the signing of this Report.

Shareholder	Number of shares held	% held
Brewin Dolphin, stockbrokers	6,283,240	15.7
MAM Funds Plc	4,989,989	12.5
Midas Investment Management	3,238,931	8.1
HIM Capital	2,594,283	6.5
Jupiter Asset Management	2,400,000	6.0
Alliance Trust Savings	1,639,834	4.1
Philip J Milton, stockbrokers	1,468,536	3.7
Corporation of Lloyds	1,274,140	3.2

## Annual General Meeting

The Notice of Annual General Meeting is contained on page 49.

## Directors' Authority to Allot Relevant Securities

Among the Resolutions being put to the Annual General Meeting as Special Business, Resolution 6, which is an Ordinary Resolution, will, if passed, renew the Directors' existing general power to allot securities but will also provide a further authority (subject to certain limits) to allot shares pursuant to fully pre-emptive rights issues. Resolution 6 authorises the Directors to generally allot shares up to an aggregate nominal amount of £6,674,394 representing approximately two-thirds of the existing issued capital, of which a maximum nominal amount of £3,337,197 (approximately one-third of the existing issued share capital) may only be applied to fully pre-emptive rights issues.

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Resolution 7, which is a Special Resolution, will, if passed, renew the Directors' existing authority until the conclusion of the next Annual General Meeting to make limited allotments of shares for cash other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders. The authority to allot includes shares that the Company sells or transfers from treasury (if any) pursuant to the authority conferred by Resolution 6. Since the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 on 1 December 2003, a listed company is able to hold shares that it has repurchased in treasury rather than cancel them (provided they do not exceed 10% of the Company's issued share capital). Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly or, pursuant to the proposed authority above, may be held in treasury (provided such number does not exceed 10% of the Company's issued share capital).

### Purchase of the Company's Shares

Resolution 8 will be proposed to renew the Directors' authority to make market purchases of the Company's shares in accordance with the provisions contained in the Companies Act 2006 and the Listing Rules of the Financial Services Authority. The minimum price to be paid per Ordinary share shall be not less than 25p per share (being the nominal value). Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The Directors do not intend to use this authority to purchase the Company's shares unless to do so would result in an increase in net asset value per share and would be in the interests of shareholders generally. It is possible that the issued share capital of the Company will change between the date of this document and the Annual General Meeting and therefore the authority sought will be in respect of 14.99% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document. The authority being sought shall expire at the conclusion of the Annual General Meeting in 2012 unless such authority is renewed prior to such time. These powers will give Directors additional flexibility going forward and the Board considers that it will be in the interest of the Company that such powers be available. Such powers will only be implemented when, in the view of the Directors, to do so will be for the benefit of all shareholders.

If Resolutions 6, 7 and 8 are passed then an announcement will be made on the date of the Annual General Meeting which will detail the exact number of Ordinary shares to which each of these authorities relates.

### Notice of Meeting

Resolution 9, which is a Special Resolution, will be proposed to authorise the Directors to call general meetings of the Company (other than Annual General Meetings), on 14 days' notice as permitted by the Companies Act 2006 and as amended by the Companies (Shareholders' Rights) Regulations 2009.

### Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. The Directors do not consider any creditors to represent trade creditors (2010: nil).

### Discount Management Policy

In order to sustain the rating of the Company's shares, the Board will apply an active discount management policy, buying back shares if the market price is at a discount greater than 5.0 per cent. to the diluted net asset value per share. However, the making and timing of any share buybacks will be at the absolute discretion of the Board.

### Going Concern

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Directors are mindful of the principal risks and uncertainties disclosed on page 3 and have reviewed revenue forecasts and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report.

### Recommendation

Your Board in its opinion considers Resolutions 6, 7, 8 and 9 to be in the best interests of the Company and its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of Resolutions 6, 7, 8 and 9 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 225,006 Ordinary shares.



### Accountability and Audit

The respective responsibilities of the Directors and Auditors in connection with the financial statements are set out on pages 27 and 30.

Each Director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Additionally, there are no significant events since the year end. The Directors in office at the year end were Messrs H V Reid, A D Cooke and I R Davis. The Directors' interests in the share capital of the Company together with any changes that have been reported up to the date of this Report are disclosed on page 20.

### Independent Auditors

Ernst & Young LLP have indicated their willingness to continue in office. The Directors will place a Resolution before the Annual General Meeting for the reappointment of Ernst & Young LLP as independent auditors of the Company for the ensuing year, and to authorise the Directors to determine their remuneration.

Bow Bells House  
1 Bread Street  
London EC4M 9HH

21 June 2011

By order of the Board  
**Aberdeen Asset Management PLC**  
Secretaries

# Statement of Corporate Governance

## Introduction

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the Combined Code on Corporate Governance (the Combined Code") as appended to the UK Listing Authority Listing Rules. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

For the reasons set out below and in the AIC Code, and in the preamble to the Combined Code, the Board considers that the following provisions are not relevant to the position of the Company, being an externally managed investment company:

- The role of the chief executive (A 1.2)
- Executive directors' remuneration (B 2.1)
- The need for an internal audit function (C 3.5)

## The Board

The Board currently consists of a non-executive Chairman and two non-executive Directors. All Directors are considered by the Board to be independent of the Investment Manager and free of any material relationship with the Investment Manager. Each Director has the requisite level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Manager, under the terms of the Investment Management Agreement. Mr H V Reid has been identified as the Senior Independent non-executive Director, to whom any concerns can be conveyed by the other Directors. Given the size and composition of the Board it is not felt necessary to separate the roles of Chairman and Senior Independent Director. Mr H V Reid has served on the Board as a Director with effect from 19 March 1996 and as Chairman from 15 September 2004 and submits himself for annual re-election as a Director. The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength.

During the year ended 30 April 2011 the Board met six times. In addition, there were two Audit Committee meetings, one Management Engagement Committee, a Nomination Committee meeting and five other ad hoc Committee meetings (to approve dividends and the Half Yearly and Annual Reports). Between meetings the Board maintains regular contact with the Investment Manager.

Directors have attended Board and Committee meetings during the year ended 30 April 2011 as follows (with their eligibility to attend the relevant meeting in brackets):

Director	Board Meetings	Audit and Management Engagement Committee Meetings	Other Committee Meetings
H V Reid (Chairman)	6(6)	3(3)	6(6)
I R Davis	6(6)	3(3)	6(6)
A D Cooke	6(6)	3(3)	5(6)

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Investment Manager. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole, the individual Directors and the Board Committees. The appraisals are undertaken by way of a questionnaire. The Board has reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. The Directors have reviewed the proposed re-election of Mr H V Reid and Mr I R Davis and are of the opinion that both Directors bring a significant range of business, financial and management skills and experience to the Company and the Board supports their re-election. The annual evaluation of the Board and the Directors has been completed and the Directors have concluded that the Board continues to function effectively and individually the Directors remain independent and there are no relationships or circumstances which are likely to affect the judgement of the Directors.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, Aberdeen Asset Management PLC, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

## Board Committees

### Audit Committee

An Audit Committee has been established with written terms of reference and comprises three independent Directors, Mr I R Davis (Chairman), Mr H V Reid and Mr A D Cooke. The Audit Committee members have recent and relevant financial experience. The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis and are disclosed on the Company's website. Further copies are available on request.

A summary of the Committee's main audit review functions is shown below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and Administrator;
- to meet with the external Auditor to review their proposed audit programme of work and their findings. The Board shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services. (During the period under review, fees amounting to £5,600 ex VAT were paid to the Auditor in respect of non audit services in connection with the review of the Interim Report (2010: £5,500) - the Board will review any future fees in the light of the requirement to maintain the Auditor's independence);
- to review an annual statement from the Manager and Administrator detailing the arrangements in place whereby the staff of the Manager and of the Administrator may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor; and,
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification. At its June meeting the Audit Committee confirmed its view that the Auditor remained independent and objective.

### Management Engagement Committee

A separate Management Engagement Committee has been established. The Management Engagement Committee annually reviews matters concerning the management contract which exists between the Company and the Investment Manager. Details of the Management Agreement are shown in note 3 to the financial statements.

### Stewardship Code

The Financial Reporting Council (FRC) published "the UK Stewardship Code" for institutional shareholders on 2 July 2010. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has delegated responsibility for actively monitoring the activities of investee companies to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights. The Manager's policy is to assess each voting opportunity individually and to vote only in cases where it is believed that the Company's best interests need to be protected. The Board has reviewed, and endorses, the Manager's Statement of Compliance with the Code, which appears on the Manager's website, at [www.mamfundsplc.com](http://www.mamfundsplc.com). The Board will also receive from the Manager regular reports on the exercise by the Manager of the Company's voting rights.

### Nomination Committee

Appointments to the Board of Directors are considered by the Nominations Committee which comprises the entire Board and whose Chairman is the Chairman of the Company. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. The Terms of Reference of the Nomination Committee are available on the Company's website and further copies are available on request. External search consultants may be used to assist in the appointment of new Directors should it be considered expedient. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles of Association require that one third of the Directors retire by rotation at each Annual General Meeting.

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## Remuneration Committee

Under the UK Listing Rules, where an investment trust has only non-executive directors, the Combined Code principles relating to directors' remuneration do not apply. The full Board acts as the Remuneration Committee whose Chairman is the Chairman of the Company.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on page 28.

## Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's "Internal Control: Revised Guidance for Directors on the Combined Code" (the FRC guidance) the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational; and
- compliance.

The key components designed to provide effective internal control are outlined below:

- Aberdeen Asset Management as Company Secretary and Administrator together with the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Investment Manager as appropriate;
- as a matter of course the Investment Manager's compliance department continually reviews the Investment Manager's operations and reports to the Board on a six monthly basis;

- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager, administrator and other third party service providers;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Investment Manager and the Administrator, has decided to place reliance on the Investment Manager's and the Administrator's systems and internal audit procedures.

At its June meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 April 2011 by considering documentation from the Investment Manager and the Administrator, including the internal audit and compliance functions and taking account of events since 30 April 2011. The results of the assessment were then reported to the Board at the next Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

The principal risks and uncertainties affecting the Company are disclosed on page 3.

## Exercise of Voting Powers

The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights in respect of investee companies. The underlying aim of exercising such voting rights is to protect the return from an investment.

## Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Manager's website. The Company responds to letters from shareholders on a wide range of issues.

The Notice of the Annual General Meeting included within the Annual Report and Accounts is sent out 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or Manager, either formally at the Company's Annual General Meeting or at the subsequent buffet luncheon for shareholders. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

## Statement of Corporate Governance continued

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### Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective however is to deliver superior investment returns for its shareholders. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

Bow Bells House  
1 Bread Street  
London EC4M 9HH

By order of the Board  
**Aberdeen Asset Management PLC**  
Secretaries

21 June 2011



# Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company 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 Statement of Corporate Governance that comply with that law and those regulations. The financial statements are published on [www.mamfundsplc.com/migt/index.asp](http://www.mamfundsplc.com/migt/index.asp) which is a website maintained by the Company's Manager. 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.

The Directors confirm that to the best of our knowledge:

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

For Midas Income & Growth Trust PLC

Hubert Reid

Chairman

21 June 2011

# Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Section 421 of the Companies Act 2006. An ordinary resolution for the approval of this Report will be put to the members at the forthcoming Annual General Meeting. As the Board of Directors is comprised solely of non-executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The determination of the Directors' fees is a matter dealt with by the whole Board. This Report has been divided into separate sections for unaudited and audited information.

## Unaudited Information

### Remuneration Policy

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £100,000 per annum. Subject to this overall limit, 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 in respect of Board and Committee responsibilities, and the time committed to the Company's affairs. It is intended that this policy will continue for the year ending 30 April 2012 and subsequent years. The Chairman receives fees of £22,500 per annum, the Audit Committee Chairman receives fees of £20,000 per annum and £18,000 is payable to other Directors. The Board reviews fees from time to time.

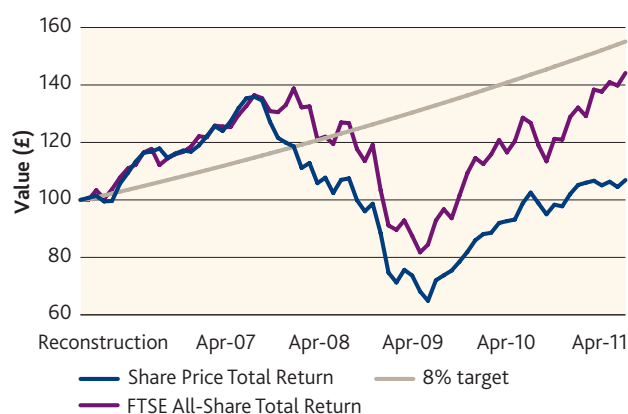
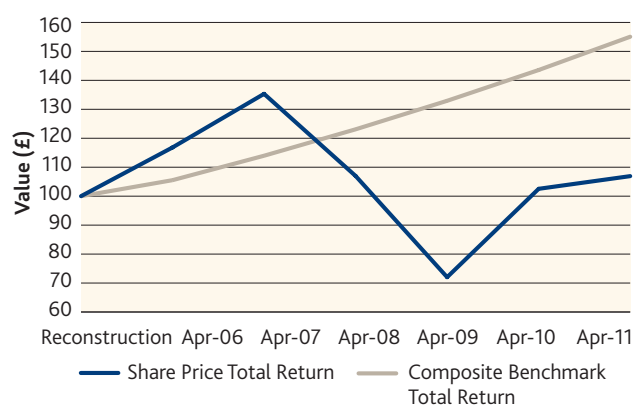
No Director has a service contract with the Company. Letters of appointment are in place under which the Directors are appointed to the Board subject, inter alia, to reappointment in accordance with the Articles of Association.

The Directors have not had any interests in contractual arrangements with the Company either during the period or subsequently.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. The Company's Articles of Association indemnify each of the Directors out of the assets of the Company against any liabilities incurred by them as a Director of the Company in defending proceedings or in connection with any application to the Court in which relief is granted and separate deeds of indemnity exist in this regard between the Company and each Director.

The first chart shown below illustrates the total shareholder return for a holding in the Company's shares as compared to the notional annualised return of 8% from 19 August 2005 when the Manager assumed responsibility for the portfolio. The second chart illustrates the shareholder return for a holding in the Company's Ordinary shares held since the appointment of Midas Capital Partners as investment manager on 19 August 2005. This is compared to the total return on the FTSE All-Share Index and the Company's benchmark of 8% per annum.



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## Audited Information

### Directors' Emoluments

The Directors who served in the year received the following fees:

	2011	2010
Director	£'000	£'000
Hubert V Reid (Chairman and highest paid Director)	22.5	22.5
Ian R Davis	20	20
Adam D Cooke	18	18
<b>Totals</b>	<b>60.5</b>	<b>60.5</b>

The amounts paid by the Company to the Directors were for services as non-executive Directors.

By order of the Board

**Aberdeen Asset Management PLC**

Secretaries

21 June 2011

# Independent Auditor's Report to the Members of Midas Income & Growth Trust PLC

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We have audited the financial statements of Midas Income & Growth Trust PLC for the year ended 30 April 2011 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## Respective Responsibilities of Directors and Auditors

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

## Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

## Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2011 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and,
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information we require for our audit.

## Under the Listing Rules we are required to review:

- The Directors' statement on page 21 in relation to going concern;
- The part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review; and,
- Certain elements of the report to the shareholders by the Board on Directors' remuneration

Julian Young  
(Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
(Statutory Auditor)  
London

21 June 2011

# Income Statement

	Notes	Year ended 30 April 2011			Year ended 30 April 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	-	2,597	2,597	-	9,981	9,981
Income	2	2,796	50	2,846	2,779	-	2,779
Investment management fee	3	(240)	(240)	(480)	(213)	(213)	(426)
Performance fee	3	-	-	-	-	-	-
VAT recovered on investment management fees		25	25	50	40	40	80
Administrative expenses	4	(344)	-	(344)	(319)	-	(319)
Exchange gains/(losses)	15	-	14	14	-	(20)	(20)
<b>Net return on ordinary activities before interest payable and taxation</b>		<b>2,237</b>	<b>2,446</b>	<b>4,683</b>	<b>2,287</b>	<b>9,788</b>	<b>12,075</b>
Finance costs	5	(119)	(119)	(238)	(144)	(144)	(288)
<b>Net return on ordinary activities before taxation</b>		<b>2,118</b>	<b>2,327</b>	<b>4,445</b>	<b>2,143</b>	<b>9,644</b>	<b>11,787</b>
Taxation	6	(3)	-	(3)	2	-	2
<b>Return on ordinary activities after taxation</b>		<b>2,115</b>	<b>2,327</b>	<b>4,442</b>	<b>2,145</b>	<b>9,644</b>	<b>11,789</b>
<b>Return per share (pence):</b>	<b>8</b>						
<b>Basic</b>		<b>5.37</b>	<b>5.91</b>	<b>11.28</b>	<b>5.63</b>	<b>25.30</b>	<b>30.93</b>
<b>Diluted</b>		<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>5.62</b>	<b>25.27</b>	<b>30.89</b>

The total column of this statement represents the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

The accompanying notes are an integral part of the financial statements.

# Balance Sheet

	Notes	As at 30 April 2011 £'000	As at 30 April 2010 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	9	57,966	53,468
<b>Current assets</b>			
Debtors and prepayments	10	551	386
Cash and short term deposits		472	1,077
		1,023	1,463
<b>Creditors: amounts falling due within one year</b>	11		
Bank loan		(7,000)	(7,000)
Other creditors		(682)	(447)
		(7,682)	(7,447)
<b>Net current liabilities</b>		(6,659)	(5,984)
<b>Net assets</b>		<b>51,307</b>	<b>47,484</b>
<b>Capital and reserves</b>			
Called-up share capital	12	10,012	9,528
Share premium account		1,445	-
Special reserve		41,954	41,954
Warrant reserve		-	616
Capital redemption reserve		2,061	2,061
Capital reserve	13	(4,955)	(7,898)
Revenue reserve		790	1,223
<b>Equity shareholders' funds</b>		<b>51,307</b>	<b>47,484</b>
<b>Net asset value per share (pence):</b>	17		
<b>Basic</b>		<b>128.12</b>	<b>124.59</b>
<b>Diluted</b>		<b>n/a</b>	<b>123.40</b>

The financial statements were approved by the Board of Directors and authorised for issue on 21 June 2011 and were signed on its behalf by:

**H V Reid**  
Chairman

The accompanying notes are an integral part of the financial statements.



## Reconciliation of Movements in Shareholders' Funds

### For the year ended 30 April 2011

	Share capital £'000	Share premium account £'000	Special reserve £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2010	9,528	-	41,954	616	2,061	(7,898)	1,223	47,484
Exercise of Warrants	484	1,445	-	(616)	-	616	-	1,929
Return on ordinary activities after taxation	-	-	-	-	-	2,327	2,115	4,442
Dividends paid (see note 7)	-	-	-	-	-	-	(2,548)	(2,548)
<b>Balance at 30 April 2011</b>	<b>10,012</b>	<b>1,445</b>	<b>41,954</b>	<b>-</b>	<b>2,061</b>	<b>(4,955)</b>	<b>790</b>	<b>51,307</b>

### For the year ended 30 April 2010

	Share capital £'000	Share premium account £'000	Special reserve £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2009	9,582	-	42,149	616	2,007	(17,542)	1,562	38,374
Purchase of Ordinary shares for cancellation	(54)	-	(195)	-	54	-	-	(195)
Return on ordinary activities after taxation	-	-	-	-	-	9,644	2,145	11,789
Dividends paid (see note 7)	-	-	-	-	-	-	(2,484)	(2,484)
<b>Balance at 30 April 2010</b>	<b>9,528</b>	<b>-</b>	<b>41,954</b>	<b>616</b>	<b>2,061</b>	<b>(7,898)</b>	<b>1,223</b>	<b>47,484</b>

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the financial statements.

# Cash Flow Statement

		Year ended 30 April 2011		Year ended 30 April 2010	
	Notes	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	14		1,997		2,499
<b>Servicing of finance</b>					
Bank and loan interest paid			(219)		(288)
<b>Taxation</b>					
Tax (payable)/refundable on non UK income			(3)		2
<b>Financial investment</b>					
Purchases of investments		(15,359)		(15,665)	
Sales of investments		13,584		16,523	
<b>Net cash (outflow)/inflow from financial investment</b>			(1,775)		858
<b>Equity dividends paid</b>			(2,548)		(2,484)
<b>Net cash (outflow)/inflow before financing</b>			(2,548)		587
<b>Financing</b>					
Buyback of shares		-		(195)	
Exercise of Warrants		1,929		-	
<b>Net cash inflow/(outflow) from financing</b>			1,929		(195)
<b>(Decrease)/increase in cash</b>			<b>(619)</b>		<b>392</b>
<b>Reconciliation of net cash flow to movements in net debt</b>					
(Decrease)/increase in cash as above			(619)		392
Exchange movements			14		(20)
<b>Movement in net debt in the year</b>			(605)		372
Net debt at 1 May			(5,923)		(6,295)
<b>Net debt at 30 April</b>	15		<b>(6,528)</b>		<b>(5,923)</b>

The accompanying notes are an integral part of the financial statements.

# Notes to the Financial Statements

For the year ended 30 April 2011

## 1 Accounting policies

### (a) Basis of preparation and going concern

The financial statements have been prepared in accordance with the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 21.

### (b) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured as fair value. Subsequent to initial recognition, investments are valued at fair value. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Unlisted investments held are not quoted on a recognised stock exchange, however there is a quoted price available, and is considered by the Directors to approximate fair value. The unquoted investments held (see note 9) are valued by the Directors using primary valuation techniques, such as earnings multiples, recent transactions and net assets, which equate to their fair values. Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement.

### (c) Income

Income from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex dividend. Special dividends are credited to capital or revenue, according to the circumstances. The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares. Interest receivable on short term deposits is treated on an accruals basis.

### (d) Expenses

All expenses are accounted for on an accrual basis. Expenses are charged to revenue within the Income Statement except as follows:

- transaction costs on the acquisition or disposal of investments are charged to capital;
- expenses are charged to the capital reserve where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fee and loan interest on the £7.0m bank loan have been allocated 50% to capital and 50% to revenue within the Income Statement;
- loan break costs and performance fees are charged 100% to the capital reserve within the Income Statement.

### (e) Capital reserve

Gains or losses on realisation of investments and changes in fair values of investments which are readily convertible to cash, without accepting adverse terms, are transferred to the capital reserve.

Also, expenses and finance costs, together with the related taxation effect, are charged to this reserve in accordance with (d) above.

### (f) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in future against which the deferred tax asset can be offset.

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

### (g) Foreign currency

Transactions involving foreign currencies are converted to sterling, being the Company's functional currency, at the rate ruling at the date of the transaction.

Translation of all other foreign currency balances including foreign assets and foreign liabilities is at the middle rates of exchange at the year end. Differences arising from translation are treated as a gain or loss to capital or revenue within the Income Statement depending upon the nature of the gain or loss.

## Notes to the Financial Statements continued

	2011 £'000	2010 £'000
<b>2 Income</b>		
<b>Income from investments</b>		
UK franked income	1,354	1,537
UK unfranked dividend income	400	232
UK unfranked interest income	291	255
Overseas dividends	700	728
	<b>2,745</b>	<b>2,752</b>
<b>Other income</b>		
Deposit interest	3	25
Interest from HM Revenue & Customs (see page 8)	48	-
Other commission	-	2
	<b>51</b>	<b>27</b>
<b>Total income</b>	<b>2,796</b>	<b>2,779</b>
<b>Income from investments</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Listed UK	1,631	1,929
Listed overseas	311	287
Unlisted	803	536
	<b>2,745</b>	<b>2,752</b>

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
<b>3 Investment management and performance fees</b>						
Investment management fee	<b>240</b>	<b>240</b>	<b>480</b>	<b>213</b>	<b>213</b>	<b>426</b>

Midas Capital Partners Limited ('Midas') were appointed the Investment Manager on 19 August 2005 (formerly Aberdeen Asset Managers Limited) and the management fee payable to Midas during the year was 1% of net assets. The fee is chargeable 50% to capital and 50% to revenue within the Income Statement. The agreement is terminable by either party on twelve months notice. The balance due to Midas at the year end was £43,000 (2010 - £40,000).

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT. HMRC has announced its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company have been processed.

The Manager and Aberdeen Asset Managers Limited (the former Manager) have refunded £497,000 to the Company for VAT charged on investment management fees for the period 1 January 2001 to 30 September 2007. The sum of £367,000 less charges of £10,000, for the period from 1 January 2004 to 30 September 2007, was reflected in the 2009 financial statements. The sum of £80,000, for the period from 1 January 2001 to 31 December 2003, was reflected in the previous financial statements. The sum of £50,000 has been reflected in these financial statements for the periods 1 January 1990 to 3 December 1996 and 1 January 2001 to 31 December 2003. These repayments have been allocated to capital and revenue in line with the accounting policy of the Company for the periods in which the VAT was charged.

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
Performance fee	-	-	-	-	-	-

The performance fee is calculated based on a comparison of the net asset value at the start of the calculation period and the net asset value at the period end. Where there has been an increase of greater than the benchmark of 8% per annum then a performance fee of 10% of the excess is applicable. The balance due to Midas at the year end in respect of the performance fee was £nil (2010 - £nil).

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
<b>4 Administrative expenses</b>						
Administration fees	110	-	110	110	-	110
Directors' fees	60	-	60	60	-	60
Printing and stationery	14	-	14	10	-	10
Auditors' remuneration:						
- audit (inclusive of VAT)	27	-	27	25	-	25
- for review of Interim Report (inclusive of VAT)	7	-	7	6	-	6
Other	126	-	126	108	-	108
	<b>344</b>	<b>-</b>	<b>344</b>	<b>319</b>	<b>-</b>	<b>319</b>

The Company has an agreement with Aberdeen Asset Managers Limited ("AAM") which is delegated to Aberdeen Asset Management PLC for the provision of administration services with fees based on the following basis:

- £90,000 per annum plus VAT where the Company's net asset value is less than £50 million;
- £110,000 per annum plus VAT where the Company's net asset value exceeds £50 million;

The net asset position is assessed at 1 August for each year the agreement is in place. At this date the fee will also be increased, but not decreased, by the movement in RPI over the twelve month period.

The agreement is terminable by either party on three months' notice. No sum was due to AAM at the year end (2010 - £nil).

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
<b>5 Finance costs</b>						
On bank loans and overdrafts	<b>119</b>	<b>119</b>	<b>238</b>	<b>144</b>	<b>144</b>	<b>288</b>

Finance costs relate to interest charge on the revolving loan facility, details of which are disclosed in note 11.

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
<b>6 Taxation</b>						
<b>(a) Analysis of charge for the year</b>						
Overseas withholding tax	<b>3</b>	<b>-</b>	<b>3</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>

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

The tax assessed for the year is lower than the standard rate of corporation tax in the UK.

	Revenue £'000	2011 Capital £'000	Total £'000	Revenue £'000	2010 Capital £'000	Total £'000
<b>Net profit on ordinary activities before taxation</b>	<b>2,118</b>	<b>2,327</b>	<b>4,445</b>	<b>2,143</b>	<b>9,644</b>	<b>11,787</b>
Corporation tax at 27.83% (2010: 28%)	589	648	1,237	600	2,700	3,300
Effects of:						
Non-taxable UK dividends	(376)	-	(376)	(430)	-	(430)
Non-taxable overseas dividends	(260)	-	(260)	(272)	-	(272)
Movement in unutilised management expenses	47	80	127	74	89	163
Income taxable in different years	3	-	3	26	-	26
Gains on investments not taxable	-	(728)	(728)	-	(2,789)	(2,789)
<b>Current tax payable/(recoverable)</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>

## (c) Factors that may affect future tax charges

There was no provision for deferred taxation made for either this year or the previous year. The Company has not recognised a deferred tax asset of £1,294,000 (2010 - £1,320,000) arising as a result of non-trading deficits and eligible unrelieved foreign tax. These deficits will only be utilised if the Company has profits chargeable to corporation tax in future accounting periods. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

7 Dividends	2011 £'000	2010 £'000
Amounts recognised as distributions to equity holders in the period:		
Fourth interim dividend for 2010 - 1.63p (2009 - 1.63p)	621	621
First interim dividend for 2011 - 1.63p (2010 - 1.63p)	621	621
Second interim dividend for 2011 - 1.63p (2010 - 1.63p)	653	621
Third interim dividend for 2011 - 1.63p (2010 - 1.63p)	653	621
	<b>2,548</b>	<b>2,484</b>

A fourth dividend has been declared for the year of 1.63p (2010 - 1.63p) per share, amounting to £653,000 (2010 - £621,000). There is no final dividend proposed for the year (2010 - nil).

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158-1159 of the Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988) are considered. The revenue available for distribution by way of dividend for the year is £2,115,000 (2010 - £2,145,000).

	2011 £'000	2010 £'000
First interim dividend for 2011 - 1.63p (2010 - 1.63p)	621	621
Second interim dividend for 2011 - 1.63p (2010 - 1.63p)	653	621
Third interim dividend for 2011 - 1.63p (2010 - 1.63p)	653	621
Fourth interim dividend for 2011 - 1.63p (2010 - 1.63p)	653	621
	<b>2,580</b>	<b>2,484</b>

## 8 Return per Ordinary share

The return per Ordinary share is based on the following figures:

	2011			2010		
	Revenue P	Capital P	Total P	Revenue P	Capital P	Total P
Basic	5.37	5.91	11.28	5.63	25.30	30.93
Diluted	n/a	n/a	n/a	5.62	25.27	30.89

The basic revenue return per Ordinary share is calculated on net revenue on ordinary activities after taxation for the year of £2,115,000 (2010 - £2,145,000) and on 39,394,491 (2010 - 38,120,197) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The basic capital return per Ordinary share is calculated on net capital returns for the year of £2,327,000 (2010 - £9,644,000) and on 39,394,491 (2010 - 38,120,197) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.



The basic total return per Ordinary share is calculated on the total return for the year of £4,442,000 (2010 – returns of £11,789,000) and on 39,394,491 (2010 – 38,120,197) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The calculation of the diluted returns per Ordinary share is carried out in accordance with Financial Reporting Standard No. 22, 'Earnings per Share' ('FRS 22'). For the purposes of calculating diluted returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Warrants by reference to the average share price of the Ordinary shares during the year. As all warrants were exercised in the year, there is no dilutive impact on the returns per ordinary share for 2011. The calculations for the year ended 30 April 2010 indicated that the exercise of Warrants would result in an increase in the weighted average number of Ordinary shares of 1,934,411, to a total of 40,054,608 Ordinary shares.

9 Investments	Listed in UK £'000	Unquoted and unlisted £'000	Total £'000
<b>Fair value through profit or loss:</b>			
Opening book cost	41,378	18,315	59,693
Opening fair value losses on investments held	(4,216)	(2,009)	(6,225)
Opening valuation	37,162	16,306	53,468
Movements in year:			
Purchases at cost	8,966	6,588	15,554
Sales – proceeds	(10,767)	(2,886)	(13,653)
– losses on sales	(1,673)	(396)	(2,069)
Movement in fair value of investments held	3,188	1,478	4,666
Closing fair value of investments held	<b>36,876</b>	<b>21,090</b>	<b>57,966</b>
Closing book cost	37,904	21,621	59,525
Closing fair value losses on investments held	(1,028)	(531)	(1,559)
	<b>36,876</b>	<b>21,090</b>	<b>57,966</b>

	2011 £'000	2010 £'000
Losses on sales	(2,069)	(2,975)
Increase in fair value of investments held	4,666	12,956
	<b>2,597</b>	<b>9,981</b>

#### Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	2011 £'000	2010 £'000
Purchases	24	58
Sales	20	23
	<b>44</b>	<b>81</b>

## Notes to the Financial Statements continued

10 Debtors: amounts falling due within one year	2011 £'000	2010 £'000
Dividends and interest receivable	438	335
Prepayments and other debtors	5	12
Amounts due from brokers	108	39
	<b>551</b>	<b>386</b>

11 Creditors: amounts falling due within one year	2011 £'000	2010 £'000
Bank loan	7,000	7,000
Amounts due to brokers	550	355
Interest payable	22	3
Other creditors	110	89
	<b>7,682</b>	<b>7,447</b>

The Company has a £7,000,000 revolving loan facility in place with The Royal Bank of Scotland, of which at 30 April 2011 £7,000,000 had been drawn down at an all in rate of 3.444%. Subsequent to the year end on 31 May 2011 the loan was rolled over until 3 August 2011 at an all-in-rate of 3.4676%.

The termination date of the facility is 3 August 2011. The Company anticipates refinancing the facility through a similar arrangement.

12 Called-up share capital	2011 £'000	2010 £'000
<b>Authorised</b>		
390,000,000 (2010 - 390,000,000) Ordinary shares of 25p	<b>97,500</b>	<b>97,500</b>
<b>Called-up, allotted and fully paid</b>		
40,046,361 (2010 - 38,111,950) Ordinary shares of 25p	<b>10,012</b>	<b>9,528</b>

As at 30 April 2011, there were no Warrants in issue (30 April 2010 - 1,934,411).

During the year, 1,934,411 (2010 - nil) Warrants were exercised at a price of 100p each, creating 1,934,411 new Ordinary shares (2010 - purchase of 215,000 Ordinary shares for immediate cancellation) which were issued for a total consideration of £1,934,411 (2010 - cost of £195,000).

13 Capital reserve	2011 £'000	2010 £'000
<b>Year ended 30 April</b>		
At 30 April 2010	(7,898)	(17,542)
Movement in fair value gains	2,597	9,981
Foreign exchange movement	14	(20)
Exercise of Warrants	616	-
VAT recovered on capitalised investment management fees	25	40
Capitalised expenses	(359)	(357)
Capitalised income	50	-
<b>At 30 April</b>	<b>(4,955)</b>	<b>(7,898)</b>

The capital reserve includes investment holding losses amounting to £1,559,000 (2010 - £6,225,000), as disclosed in note 9.

<b>14 Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Net return before finance costs and taxation	4,683	12,075
Adjustments for:		
Gains on investments	(2,597)	(9,981)
Exchange (gains)/losses	(14)	20
(Increase)/decrease in accrued income	(103)	17
Decrease in other debtors	7	371
Increase/(decrease) in other creditors	21	(3)
Net cash inflow from operating activities	<b>1,997</b>	<b>2,499</b>

<b>15 Analysis of changes in net debt</b>	<b>1 May 2010 £'000</b>	<b>Cash flow £'000</b>	<b>Exchange movements £'000</b>	<b>30 April 2011 £'000</b>
Cash and short term deposits	1,077	(619)	14	472
Debt due in less than one year	(7,000)	-	-	(7,000)
	<b>(5,923)</b>	<b>(619)</b>	<b>14</b>	<b>(6,528)</b>

#### **16 Commitments and contingencies**

As at 30 April 2011 there were no contingent liabilities (2010 - nil.)

As at 30 April 2011 there was no commitment fee payable to The Royal Bank of Scotland as the bank loan was fully drawn down (2010 - nil).

<b>17 Net asset value per equity share</b>	<b>2011</b>	<b>2010</b>
<b>Basic</b>		
Net assets attributable	£51,307,000	£47,484,000
Number of Ordinary shares in issue	40,046,361	38,111,950
Net asset value per Ordinary share	128.12p	124.59p
<b>Diluted</b>		
Net assets attributable	£51,307,000	£49,418,000
Number of Ordinary shares if Warrants converted	n/a	40,046,361
Net asset value per Ordinary share	n/a	123.40p

On 1 September 2010, 1,934,411 Warrants were exercised and converted in Ordinary shares and, as a result, no Warrants remain and therefore there is no longer any dilution.

The comparative diluted net asset value per Ordinary shares has been calculated on the assumption that at 30 April 2010, 1,934,411 Warrants in issue were exercised on the first day of the financial year at 100p per share, giving a total of 40,046,361 Ordinary shares at 30 April 2010.

## 18 Risk management, financial assets and liabilities

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The Company's financial instruments comprise:

- Equities and debt security investments that are held in accordance with the Company's investment objectives, which are set out on page 1 of this Report;
- Term loans and bank overdrafts, the main purpose of which are to raise finance for the Company's operations; and
- Cash and liquid resources that arise directly from the Company's operations.

The main risks arising from the Company's financial instruments are market price risk, interest rate risk and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the inception of the Company.

### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not considered to be significant as the Company's assets comprise of mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

### **Market price risk**

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

To mitigate the risk the Board's investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis, with the emphasis on long term investments. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

A list of the investments held by the Company at 30 April 2011 is shown in the 'Investment Portfolio' table on pages 14 and 15. All investments are stated at fair value.

### **Interest rate risk**

#### **Financial assets**

Prices of bonds, Open Ended Investment Companies and floating rate notes together with preference share yields, are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee company.

Returns from bonds, floating rate notes and preference shares are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond the market price at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

#### **Financial liabilities**

The Company finances its operations through the use of a loan facility. The Board sets borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

The interest rate profile of the Company (excluding short term debtors and creditors) at 30 April 2011 and 30 April 2010 was as follows:

Type	Total £'000		Floating rate £'000		Fixed rate £'000		Financial assets on which no interest is paid £'000		Weighted average interest rate <sup>A</sup> %		Weighted average period for which rate is fixed <sup>B</sup> years	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>Assets</b>												
Equities	31,560	32,415	-	-	-	-	31,560	32,415	-	-	-	-
OEICs	17,085	11,480	-	-	-	-	17,085	11,480	-	-	-	-
Corporate Bonds	3,564	2,232	-	-	3,564	2,232	-	-	6.01	7.06	6.19	6.95
Floating Rate Notes	56	565	56	565	-	-	-	-	-	-	-	-
Preference Shares	2,992	3,913	-	-	2,992	3,913	-	-	7.08	8.03	2.94	3.94
Convertible Bonds	60	217	-	-	60	217	-	-	107.14	29.41	0.08	1.08
Unquoted	2,649	2,646	-	-	-	-	2,649	2,646	-	-	-	-
Cash at bank	472	1,077	472	1,077	-	-	-	-	0.27	0.27	-	-
	58,438	54,545	528	1,642	6,616	6,362	51,294	46,541	n/a	n/a	n/a	n/a
<b>Liabilities</b>												
Bank loan	(7,000)	(7,000)	-	-	(7,000)	(7,000)	-	-	3.42	3.35	-	-
<b>Total</b>	<b>51,438</b>	<b>47,545</b>	<b>528</b>	<b>1,642</b>	<b>(384)</b>	<b>(638)</b>	<b>51,294</b>	<b>46,541</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

<sup>A</sup> The 'weighted average interest rate' is based on the current yield of each asset, weighted by their market value. This excludes all equities and stocks where payments have been suspended.

<sup>B</sup> The 'weighted average period for which rate is fixed' excludes stocks with no maturity date.

### Maturity profile

The maturity profile of the Company's financial assets at 30 April 2011 and 30 April 2010 was as follows:

	Within 1 year £'000	Within 1-5 years £'000	More than 5 years £'000	Total £'000
<b>At 30 April 2011</b>				
<b>Fixed rate</b>				
Corporate Bonds	-	1,104	757	1,861
Convertible Bonds	60	-	-	60
Preference shares	-	-	2,192	2,192
Bank loan	(7,000)	-	-	(7,000)
	<b>(6,940)</b>	<b>1,104</b>	<b>2,949</b>	<b>(2,887)</b>
<b>Floating rate</b>				
Cash	<b>472</b>	-	-	<b>472</b>

Details of the Company's loans are shown in note 11. All the other financial assets (including Corporate Bonds of £1,703,000 (2010 - £613,000) and Preference shares of £800,000 (2010 - £1,000,000)) and liabilities do not have a maturity date.

## Notes to the Financial Statements continued

<b>At 30 April 2010</b>	<b>Within 1 year £'000</b>	<b>Within 1-5 years £'000</b>	<b>More than 5 years £'000</b>	<b>Total £'000</b>
<b>Fixed rate</b>				
Corporate Bonds	-	927	692	1,619
Convertible Bonds	-	217	-	217
Preference shares	-	961	1,952	2,913
Bank loan	-	(7,000)	-	(7,000)
	-	<b>(4,895)</b>	<b>3,644</b>	<b>(1,251)</b>
<b>Floating rate</b>				
Cash	<b>1,077</b>	-	-	<b>1,077</b>

### Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for floating and fixed interest investments and borrowings at the Balance Sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of investments that had floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

- Profit before tax for the year ended 30 April 2011 would increase/decrease by £65,000 (£59,000). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings and floating rate cash balances. These positions have been calculated based on cash balance and borrowing positions at each year end.
- Profit before tax for the year ended 30 April 2011 would increase/decrease by £724,000 (2010 - £746,000). This is mainly attributable to the Company's exposure to interest rates on its directly held fixed interest securities and third party managed debt funds, which are both fixed and variable rate vehicles. This is based on modified duration calculations on directly held fixed interest holdings and assumptions of modified duration on third party funds held.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will fluctuate depending on the current market perception.

### Foreign currency risk

The income and capital value of the Company's investments are mainly denominated in sterling; therefore, the Company is not subject to any material risk of currency movements. At the year end the Company held the following investments:

	<b>2011</b>		<b>2010</b>	
	<b>Currency '000</b>	<b>Sterling equivalent £'000</b>	<b>Currency '000</b>	<b>Sterling equivalent £'000</b>
Euro	2,812	2,501	2,239	1,945
Japanese Yen	113,153	836	174,003	1,209
US Dollar	2,070	1,241	2,176	1,421

At the year end the Company held euro cash balances with the sterling equivalent of £nil (2010 - nil).



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**Other price risk**

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on page 1, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

**Other price risk sensitivity**

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 30 April 2011 would have increased/decreased by £5,259,000 (2010 - increase/decrease of £4,654,000) and equity reserves would have increased/decreased by the same amount.

**Credit risk**

This is failure of the counter party to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not significant, and is managed as follows:

- where the Investment Manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default;
- investments in quoted bonds are made across a variety of industry sectors and geographic markets so as to avoid concentrations of credit risk;
- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, the credit rating of which is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the third party administrators carry out a stock reconciliation to the Custodian's records on a monthly basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the Custodian's operations and reports its findings to the Manager's Risk Management Committee.
- cash is held only with reputable banks with high quality external credit enhancements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

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**19 Capital management policies and procedures**

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 20% of net assets.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

## Notes to the Financial Statements continued

<b>Capital management policies and procedures</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Debt</b>		
Bank loan	<b>7,000</b>	<b>7,000</b>
<b>Equity</b>		
Equity share capital	10,012	9,528
Retained earnings and other reserves	41,295	37,956
	<b>51,307</b>	<b>47,484</b>
Debt as a % of net assets	<b>13.64</b>	<b>14.74</b>

### 20 Post balance sheet events

Since the year end the Company has bought back 150,000 Ordinary shares of 25p for cancellation for a net consideration of £170,000.

### 21 Fair value hierarchy

The Company adopted the amendments to FRS 29 'Financial Instruments: Disclosures' effective from 1 January 2009. These amendments require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance, of the input used in making the measurements. The fair value hierarchy shall have the following levels.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 30 April 2011 as follows:

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted equities	a)	31,560	-	-	31,560
OEICs	a)	11,334	5,751	-	17,085
Corporate Bonds	a)	3,152	412	-	3,564
Floating Rate Notes	a)	56	-	-	56
Preference shares	a)	2,992	-	-	2,992
Convertible Bonds	a)	60	-	-	60
Unquoted equities	b)	-	-	2,649	2,649
<b>Net fair value</b>		<b>49,154</b>	<b>6,163</b>	<b>2,649</b>	<b>57,966</b>

#### a) Quoted equities

The fair value of the Company's investments in quoted equities have been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

#### b) Unquoted equities

The fair value of the Company's investments in unquoted stocks have been determined by reference to primary valuation techniques described in note 1 (b).

A reconciliation of fair value measurements in Level 3 is set out in the following table.

	Equity investments £'000	Total £'000
Opening balance	2,646	2,646
Purchases	-	-
Sales	-	-
Total gains or losses included in gains on investments in the Income Statement:		
- on assets sold	-	-
- on assets held at the end of the year	3	3
<b>Closing balance</b>	<b>2,649</b>	<b>2,649</b>

# Glossary of Terms and Definitions

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<b>Actual Gearing</b>	Total Assets (as below) less all cash divided by shareholders' funds.
<b>Asset Cover</b>	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
<b>Discount/Premium</b>	The amount by which the market price per share of an investment trust is lower or higher than the net asset value per share. The discount or premium is normally expressed as a percentage of the net asset value per share.
<b>Dividend Cover</b>	Earnings per share divided by dividends per share expressed as a ratio.
<b>Dividend Yield</b>	The annual dividend expressed as a percentage of the share price.
<b>Net Asset Value</b>	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. To calculate the undiluted net asset value per ordinary share the net asset value divided by the number of shares in issue produces the net asset value per share.
<b>Potential Gearing</b>	Total Assets (as below) divided by shareholders' funds.
<b>Price/Earnings Ratio</b>	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
<b>Prior Charges</b>	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
<b>Redemption Yield</b>	The measure of the annualised total return on the current price of a security up to the date of its repayment. The calculation is based on aggregated income and capital returns, no account being taken of taxation.
<b>Total Assets</b>	Total Assets less current liabilities (before deducting prior charges as defined above).
<b>Total Return</b>	Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

# Notice of Meeting

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Notice is hereby given that the fifteenth Annual General Meeting of Midas Income & Growth Trust PLC will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH at 12.30 p.m. on 25 August 2011 to consider the following resolutions:

## As Ordinary Business

To consider and, if thought fit, pass the following Resolutions which will be proposed as Ordinary Resolutions:

1. To receive the Directors' report and financial statements for the year ended 30 April 2011, together with the auditors' report thereon.
2. To re-elect Mr H V Reid, as a Director.
3. To re-elect Mr I R Davis, as a Director.
4. To reappoint Ernst & Young LLP as auditor of the Company and to authorise the Directors to agree their remuneration.
5. To approve the Directors' Remuneration Report.

## As Special Business

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution

6. THAT in substitution for all existing powers the Directors of the Company be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act"), to allot shares in the Company, and to grant rights ("Relevant Rights") to subscribe for, or to convert any security into, shares in the Company:
  - (a) up to an aggregate nominal amount of £3,337,197; and
  - (b) up to a further aggregate nominal amount of £3,337,197 in connection with an offer made by means of a negotiable document to (a) all holders of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") in proportion (as nearly as may be) to the respective numbers of such Ordinary shares held by them (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and,

such authorisation to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require shares to be allotted or Relevant Rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant Relevant Rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

To consider and, if thought fit, pass the following resolution as a Special Resolution

7. THAT subject to the passing of resolution numbered 6 above and in substitution for all existing powers the Directors be empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 (1), (2) and (3) of the Act) pursuant to the authorisation under Section 551 of the Act as conferred by resolution 6 above as if Section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:
  - (a) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £1,001,159 which are, or are to be, wholly paid up in cash, at a price not less than the net asset value per share at allotment, as determined by the Directors, and do not exceed up to 10 per cent. of the issued share capital (as at the date of the Annual General Meeting convened by this notice); and
  - (b) the allotment of equity securities in connection with an offer to (a) all holders of Ordinary shares of 25p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price of not less than the net asset value per share at allotment, as determined by the Directors; and

such power shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2012, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may do so as if such expiry had not occurred.

## Notice of Meeting continued

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To consider and, if thought fit, pass the following resolution as a Special Resolution

8. THAT, the Company be generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares"), and to cancel or hold in treasury such shares provided that:
- (a) the maximum number of Ordinary shares hereby authorised to be purchased is 14.99 per cent. of the Ordinary shares in issue as at the date of the passing of this Resolution 8;
  - (b) the minimum price which may be paid for an Ordinary share is 25p;
  - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the higher of (i) an amount equal to 105 per cent. above the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share is contracted to be purchased and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
  - (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2012 unless such authority is renewed, revoked or varied prior to such time by the Company in general meeting; and
  - (e) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

To consider and, if thought fit, pass the following resolution as a Special Resolution

9. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 days' notice.

By order of the Board  
Aberdeen Asset Management PLC  
Secretaries  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

4 July 2011



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Notes:

1. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.mamfundsplc.com/migt/index.asp](http://www.mamfundsplc.com/migt/index.asp).
2. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.
3. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's registrars so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the Meeting and voting in person if you wish to do so.
4. The right to vote at the meeting is determined by reference to the Company's Register of Members as at 6.00 p.m. on 23 August 2011 or, if this meeting is adjourned, at 6.00 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that Register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be viewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting 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.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Meeting. 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 Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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(s), 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. 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.
10. 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 them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
11. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

12. As at close of business on 21 June 2011 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 39,896,381 Ordinary shares of 25 pence each. Each Ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 21 June 2011 is 39,896,381.
13. No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
14. Under Section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Meeting. Under Section 338A of that Act, members may request the Company to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business.
15. Members should note that it is possible that, pursuant to requests made by the Members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the Members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on the website.
16. There are special arrangements for holders of shares through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and Investment Trust Individual Savings Account ('Plan Participants'). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Report.
17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
18. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

# Corporate Information

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## Directors

Hubert V Reid, Chairman  
Ian R Davis  
Adam D Cooke

## Manager

Midas Capital Partners Limited  
Martins Building  
Water Street  
Liverpool L2 3SP

## Company Secretary, Administrator & Registered Office

Aberdeen Asset Management PLC  
Bow Bells House  
1 Bread Street  
London EC4M 9HH  
Company Registration Number: 03173591

## Registrars

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

Shareholder Helpline 0871 384 2411  
Equiniti Fax number 0871 384 2100  
Shareview dealing helpline 0871 384 2020  
Textel/Hard of hearing line 0871 384 2255  
International helpline +44 121 415 7047

*Calls to the Equiniti shareholder helpline are charged at 8p per minute from a BT landline. Other telephony providers costs may vary. Lines open 8.30am to 5.30pm, Monday to Friday.*

## Website

[www.mamfundsplc.com/migt/index.asp](http://www.mamfundsplc.com/migt/index.asp).

## Corporate Broker

Canaccord Genuity Limited  
7th Floor, Cardinal Place  
80 Victoria Street  
London SW1E 5JL

## Auditors

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## Bankers

The Royal Bank of Scotland PLC  
24-25 St Andrew Square  
Edinburgh EH2 1AF

## Custodian Bankers

State Street Bank and Trust Company  
One Canada Square  
London E14 5AF

## Solicitors

Maclay Murray & Spens LLP  
One London Wall  
London EC2Y 5AB

**Midas Capital Partners Limited**

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