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Mid Wynd International Investment Trust PLC
Annual Report and Financial Statements 30 June 2011



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Mid Wynd invests on an international basis.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares in Mid Wynd International Investment Trust PLC, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee.

Company data at 30 June 2011

Total assets	Shareholders' funds	Market capitalisation
£71.8m*	£66.3m	£67.0m

*before deduction of bank loans.

Company Summary

Mid Wynd's objective is to achieve capital and income growth by investing on a worldwide basis.

Investment Policy

Mid Wynd seeks to meet its objective of achieving capital and income growth through investment principally in a portfolio of international quoted equities. The proportion of the portfolio invested in UK companies will not normally exceed 25%.

Further details of the Company's investment policy are given in the Directors' Report.

Company History

Mid Wynd can trace its origins to a Dundee based textile business operated by successive generations of the Scott family since 1797, when premises were first purchased for the business in the lane or 'wynd' from which the Company takes its name. Mid Wynd obtained a listing of its share capital on the London Stock Exchange in October 1981 and has, since that time, conducted its business as an investment trust company.

Comparative Index

The principal index against which performance is measured is the FTSE World Index in sterling terms.

Management Details

Baillie Gifford & Co are appointed as investment managers and secretaries to the Company. The management contract can be terminated at twelve months' notice.

Management Fee

Baillie Gifford & Co's annual remuneration is 0.50% of the net assets of the Company attributable to its shareholders, calculated on a quarterly basis.

Capital Structure

At the year end the Company's share capital consisted of 5,272,766 fully paid ordinary shares of 25p each. The Company has been granted authority to buy back and issue a limited number of its own ordinary shares.

AIC

The Company is a member of the Association of Investment Companies.

Savings Vehicles

Mid Wynd shares can be held through a variety of savings vehicles (see page 56 for details).

Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Services Authority.

Year's Summary

	30 June 2011	30 June 2010	% change	
Total assets (before deduction of bank loans)	£71.8m	£55.4m		
Bank loans	£5.5m	£5.3m		
Equity shareholders' funds	£66.3m	£50.1m		
Net asset value per ordinary share (after deducting borrowings at fair value)	1,257.2p	1,008.2p	24.7	
Net asset value per ordinary share (after deducting borrowings at par)	1,257.2p	1,008.7p	24.6	
Share price*	1,270.0p	935.0p	35.8	
FTSE All-Share Index	3,096.7	2,543.5	21.8	
FTSE World Index (in sterling terms)	362.2	303.7	19.2	
Dividends paid and proposed	16.50p	15.50p	6.5	
Revenue return per ordinary share	17.16p	16.85p	1.8	
Total expense ratio	0.83%	0.87%		
Premium/(discount) (after deducting borrowings at fair value)	1.0%	(7.3%)		
Premium/(discount) (after deducting borrowings at par)	1.0%	(7.3%)		
Year to 30 June	2011	2011	2010	2010
Year's high and low	High	Low	High	Low
Share price*	1,333.0p	925.0p	963.5p	657.5p
Net asset value (after deducting borrowings at fair value)	1,292.9p	991.3p	1,113.8p	766.6p
Net asset value (after deducting borrowings at par)	1,293.3p	991.9p	1,114.4p	767.1p
Premium/(discount) (after deducting borrowings at fair value)	6.5%	(10.5%)	(6.8%)	(23.1%)
Premium/(discount) (after deducting borrowings at par)	6.5%	(10.6%)	(6.8%)	(23.2%)
	30 June 2011	30 June 2010		
Total return per ordinary share				
Revenue	17.16p	16.85p		
Capital	239.99p	229.23p		
Total	257.15p	246.08p		

*At mid market price.

One Year Performance

(figures rebased to 100 at 30 June 2010)

Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how an investment in Mid Wynd has performed relative to its comparative index and its underlying net asset value over the five year period to 30 June 2011.

5 Year Total Return Performance
(figures rebased to 100 at 30 June 2006)

Dividend and RPI Growth
(figures rebased to 100 at 30 June 2006)

Annual Share Price Total Return and NAV
Total Return (relative to the FTSE World
Index Total Return in sterling terms)

Premium/(discount) to Net Asset Value
(plotted on a monthly basis)

Past performance is not a guide to future performance.

Chairman's Statement

Performance

In the year to 30 June 2011, net asset value rose by 24.7% to 1,257.2p per share, the share price increased 35.8% to 1,270.0p and the FTSE World Index rose by 19.2% in sterling terms. Overall, the year has been a creditable one despite a fairly persistent headwind from inflationary pressures in developing economies and a steady stream of interest rate hikes in these countries in consequence. Western recovery limps along at an unusually subdued pace, especially subdued in the context of the uniquely aggressive monetary stimulus that preceded and has accompanied it. There are oases of hope within this otherwise parched Western desert. German export led growth has been notable, for example, assisted by a currency weakened by the problems of the periphery. The Greek tragedy is ongoing with no real catharsis in sight but equally little sign that those at the centre of the EU project are prepared to let this problem run entirely out of control. For the moment, Greece and fellow olive belt countries serve to prevent undue Euro strength. More broadly, if the West is weakening its currencies and exporting its way out of trouble so far as it can, it may be that developing economies are changing their strategy too. Their 'new normal' is domestic investment, real wage growth, productivity improvements, credit growth and consumption. It is not yet clear, however, that tolerating currency strength is as much part of their new regimen as enforcing currency weakness was of their old one. So, it is not yet clear either that the long-awaited rebalancing of the global economy can happen without major speed bumps.

Earnings and dividend

We had expected earnings to fall this year, but in the event the Company generated a revenue return of 17.16p per share for the year to 30 June 2011 compared with 16.85p per share for the previous year. Marine Harvest was again a notable contributor, together with Letshego and Ryanair, against a general background of positive dividend news across the portfolio. Several higher yielding additions to the equity portfolio during the year offset the fall in bond income and benefited the Company's revenue position.

A final dividend of 10p will be recommended, taking the full year total to 16.5p, an increase of 6.5% on last year. For next year, we anticipate revenue earnings broadly in line with the current year. Our accumulated revenue reserve stands at 20p per share which provides flexibility to maintain or increase dividends should a shortfall occur in future years.

Discount and share buybacks/issuance

The Company's shares have traded at a premium for some months now and, to satisfy demand, 310,000 new shares have been issued (from within the Company's block listing facility) raising £3,875,000. The new shares have been issued at small premium to NAV, thereby enhancing NAV by 0.15%. In addition to ongoing authority to buy back shares, the Company is now in a position to hold any shares bought back in Treasury for reissue or cancellation at a later date. Over time this ought to assist in improving liquidity and enabling today's narrower bid-offer spread to persist or improve further, as might the proposed five for one share split outlined below.

Sub-division

Mid Wynd's shares have been trading at a share price above £10 since early September 2010 and the Board is aware that having a share price of this magnitude means that savers who make small monthly share purchases through the Baillie Gifford Share Plan may find that a considerable proportion of their monthly payment remains uninvested. Participants in the Dividend Reinvestment Plan are similarly affected. The Board has decided it would be appropriate to sub-divide each of the existing shares of 25p nominal value into five shares of 5p nominal value. Such a sub-division requires shareholder approval and this will be dealt with by Resolution 13 set out in the Notice of Annual General Meeting on page 52 of this Report.

Past performance is not a guide to future performance.

Outlook

What looked bad last year looks much the same this year. What looked good structurally mainly still looks good. What has changed may be simplified as follows: corporate margins have risen further still and share prices have risen to reflect that. Real standards of living are a bit lower in the West and a bit higher elsewhere. Inflation is an increasing problem in most places and commodity prices have been very strong as old world currencies have been weak. Quantitative easing has had a remarkable effect on asset prices and rather little on economic activity other than those in the developing world to which much of the newly created money has fled. Quantitative easing has been an extraordinary experiment. Money has so far gone where it is least needed. This has cauterised the wound but done nothing to cure the infection.

On the bright side, corporations have rarely if ever done so well. Margins and returns on capital are at or near record highs. Western workforces are exposed to the full force of global competition and lack bargaining power. Balance sheet deleveraging has been dramatic and dividend expectations have risen repeatedly. By contrast, government finances are still in a sorry state. We expressed the view last year that sovereign bond yields seemed to us lower than was consonant with the short and long term fiscal health of the issuers. This view, which we continue to hold, led us to reduce bond holdings radically. While there are a few notable instances of differentiation within the Eurozone, the main sovereign yields have not much changed over the year. Short interest rates in the West are still at very low levels and increasingly negative in real terms while budget deficits remain ugly and are mostly growing uglier.

Debasement of one's currency, inducing higher inflation, describing it as temporary and running negative real interest rates has been the first line response. Austerity, as we argued last year, is much disliked and too much is usually self-defeating. Greece is in the process of confirming this contention. No new structural solution for Western economies has been found over the past year, and the potential for further market led upheaval has increased in the meantime.

Upheaval, though, remains a secondary prospect to the more likely 'extend and pretend' outcome of muddling through and hoping that 'something will turn up'. Like Mr Micawber, affected Western governments appear to have wound up in a modern form of debtors' prison. Micawber eventually makes a successful fresh start by emigrating to Australia, a leading developing economy of its day. As we have noted before, our portfolio has largely done likewise. While we hold a lot of British shares, for example, only a tiny proportion can be said to be exposed to the UK domestic economy.

Overshadowed by the ongoing saga of excess leverage, governmental dysfunction and rising sovereign risk, the pace of change on the ground in the world of business is accelerating and the creative elements of creative destruction are cause both for optimism and for investment enthusiasm. We inhabit a world full of new consumers, new technologies and new types of businesses imbued with the potential to evolve rapidly and innovate profitably. Rapid capital-light growth is frequently proving possible. Our portfolio strives to capture as much of this opportunity as it can.

Taking both positive and negative elements into account, we have opted to remain fairly fully invested but have recently taken out some insurance against the possibility that sovereign distress becomes and remains the main story. It is plausible to envisage major bond markets selling off and adverse short term consequences for most investments. With volatility at the time very low, and insurance consequently reasonably priced, we sold index futures equivalent to a fifth of the value of gross assets and capped related potential liabilities by purchasing out of the money call options to an equivalent gross value.

This markedly reduces net exposure to equities. It is an alternative to simply increasing the level of cash we hold relative to equities, as doing that would have various unintended consequences. First, cash is no panacea, with real interest rates negative in most places. Secondly, we wish to address a lowish yet significant probability; our central case remains that a forward-looking equity portfolio is as attractive or is a more attractive long term proposition than alternatives. Third, even if we are right to be concerned, timing our concern appropriately is nearly impossible – the insurance has been taken out to last until December next year.

In summary, macro-economic uncertainty is high as structural Western funding concerns are neither going away nor being adequately addressed. Corporate winners, however, are thriving as rarely before and major structural changes in the corporate landscape are underway. Online retailers are winning market share from high streets and malls. The developing world is building and exploiting infrastructure. Rising living standards there are leading to growth in consumption and changes in the nature of demand. Productivity enhancing technologies and capital spending are providing great leaps forward in many industries. Healthcare is throwing up innovation that looks likely to transform human lives over coming decades. We have set ourselves to cater for the main elements of this outlook in trying to both preserve shareholders' capital and make worthwhile returns on it as opportunity allows.

Annual General Meeting and Board Changes

The Company's Annual General Meeting will be held at noon on Monday 10 October 2011, at the offices of Baillie Gifford & Co, as outlined in the Notice of Meeting at the end of this Report. To celebrate thirty years since its listing on the London Stock Exchange, the Company will offer its shareholders a buffet lunch following the meeting. This will be my last AGM as Chairman, having served as your Chairman since 1989. I look forward to seeing you there, and would encourage you to indicate your intention to attend by marking your Proxy Forms or Forms of Direction as appropriate.

You will note that the Notice of Meeting includes two Resolutions which relate to Directors' fees. The first, number 2, is to approve the Directors' Remuneration Report, which appears on page 28 of this Report and notifies you of an increase in the level of fees to take effect from 1 July 2011. The second, number 12, is to authorise an increase in the overall limit on Directors' fees to £125,000 per annum. Although the current level of fees is within the agreed limit the increase provides flexibility for the appointment of a fifth Director and an increase in fee levels in future years.

I am sorry to finish on a sad note, but I would like to express regret at the death earlier this year of Bruce Johnston. Bruce was well known to many of the Company's shareholders and played an important role in the flotation of Mid Wynd's shares on the Stock Exchange in 1981 as well as giving valuable service as a Director from 1989 to 2005.

Patrick MS Barron
19 August 2011

Directors and Management

The Directors of the Company have many years' experience of investment trusts and professional services. Baillie Gifford & Co, a leading UK investment management firm, have acted as Managers and Secretaries to the Company since it listed on the London Stock Exchange in 1981.

Directors

PMS Barron, RD

Pat Barron has been a Director of the Company since 1979, was appointed Chairman in 1989 and is Chairman of the Nomination Committee. Having farmed in Perthshire for 30 years, he converted his farm into a golf course in the mid-90s, retiring in 2006. He served for 20 years in the Royal Naval Reserve retiring in the rank of Commander.

RRJ Burns, W.S.

Richard Burns became a Director of the Company at the time of the listing of its shares in 1981. He qualified as a solicitor in 1971 and he joined Baillie Gifford in 1973 as a trainee investment manager, becoming a partner in 1977 and was joint senior partner from 1999 until his retirement in April 2006. He is a director of EP Global Opportunities Trust PLC, Standard Life Equity Income Trust PLC, The Bankers Investment Trust PLC, JP Morgan Indian Investment Trust plc and is a trustee of the National Galleries of Scotland.

RAR Napier, LLB, LLM, ASIP

Russell Napier became a Director of the Company in 2009 and Chairman of the Audit Committee shortly thereafter. He joined Baillie Gifford in 1989 managing funds in the Japanese, US and, finally, Asian markets. He managed Asian portfolios for Foreign & Colonial Emerging Markets from 1994 and in 1995 became Asian equity strategist for stockbrokers CLSA in Hong Kong. Since 1999 he has been a consultant global macro strategist with CLSA Asia-Pacific markets. He is the author of 'Anatomy of a Bear – Lessons from Wall Street's Four Great Bottoms' and he has established and runs a course called 'A Practical History of Financial Markets' at The Edinburgh Business School. He is a director of the Didasko Education Company Limited, Orlock Advisors Limited and the Scottish Investment Trust PLC.

MCN Scott, QC

Malcolm Scott became a Director of the Company in 1990. He was educated at Trinity College, Glenalmond and thereafter at Gonville & Caius College, Cambridge and Glasgow University. He became an Advocate in 1978 and a QC in 1991. He is a practising Advocate.

All Directors are members of the Nomination and Audit Committees.

Managers and Secretaries

Mid Wynd is managed by Baillie Gifford & Co, an investment management firm formed in 1927 out of the legal firm Baillie & Gifford, WVS, which had been involved in investment management since 1908.

Baillie Gifford are among the largest investment trust managers in the UK and currently manage eight investment trusts. Baillie Gifford also manage unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £69 billion. Based in Edinburgh, they are one of the leading privately owned investment management firms in the UK, with 36 partners and a staff of around 670.

The manager of Mid Wynd's portfolio is Michael MacPhee, a partner of Baillie Gifford.

The firm of Baillie Gifford & Co is authorised and regulated by the Financial Services Authority.

Capital

At 30 June	Total assets * £'000	Bank loans £'000	Shareholders' funds £'000	Net asset value per share (at par) p	Share price p	Premium/ (discount) † %
2001	39,462	1,939	37,523	746.3	602.5	(19.3)
2002	33,671	1,861	31,810	632.7	550.0	(13.1)
2003	31,425	1,737	29,688	590.5	501.0	(15.2)
2004	35,053	1,654	33,399	664.3	526.0	(20.8)
2005#	40,209	1,674	38,535	766.4	611.0	(20.3)
2006	46,672	1,622	45,050	896.0	753.0	(16.0)
2007	52,590	2,422	50,168	997.8	842.5	(15.6)
2008	51,411	1,422	49,989	994.3	824.0	(17.1)
2009	40,953	1,888	39,065	777.0	672.5	(13.4)
2010	55,409	5,347	50,062	1,008.7	935.0	(7.3)
2011	71,795	5,506	66,289	1,257.2	1,270.0	1.0 ‡

* Total assets comprise total net assets before deduction of bank loans.

† Premium/(discount) is the difference between Mid Wynd's quoted share price and its underlying net asset value (at par).

The figures prior to 2005 have not been restated for the changes in accounting policies implemented in 2006.

‡ At 30 June 2011 the net asset value after deducting borrowings at fair value was also 1,257.2p. The premium on the same basis was 1.0%.

Revenue

Year to 30 June	Gross revenue £'000	Available for ordinary shareholders £'000	Revenue earnings per share p	Dividend paid and proposed per share (net) ¶ p	Total expense ratio § %	Actual gearing ^	Potential gearing **
2001	849	484	9.64	8.50	0.89	90	105
2002	858	512	10.18	8.90	0.86	82	106
2003	887	533	10.60	9.20	0.93	83	106
2004	721	406	8.07	9.20	0.98	95	105
2005††	833	475	9.43	9.40	0.90	92	104
2006	996	564	11.21	10.50	0.94	96	104
2007	1,113	649	12.93	12.00	0.84	99	105
2008	1,561	1,020	20.29	14.00	0.82	86	103
2009	1,336	818	16.26	15.00	0.77	87	105
2010	1,263	847	16.85	15.50	0.87	105	111
2011	1,338	876	17.16	16.50	0.83	101	108

¶ The 2008 dividend excludes the special dividend of 2.30p.

§ Ratio of total operating costs to average shareholders' funds. The 2008 figure excludes the impact of VAT recovered. With effect from 2009 operating costs are calculated without any deduction for corporation tax relief thereon. Figures prior to 2009 have been restated accordingly.

^ Total assets (including all debt used for investment purposes) less all cash and fixed interest securities (excluding unquoted) divided by shareholders' funds.

** Total assets (including all debt used for investment purposes) divided by shareholders' funds.

†† The figures prior to 2005 have not been restated for the changes in accounting policies implemented in 2006.

Cumulative Performance (taking 2001 as 100)

At 30 June	Net asset value per share (at par)	Net asset value total return ^^	Share price	Share price total return ^^	FTSE World Index (in sterling terms) ^^	FTSE World Index (in sterling terms) total return ^^	Revenue earnings per share	Dividend paid and proposed per share (net) ‡‡	Retail price index ^^
2001	100	100	100	100	100	100	100	100	100
2002	85	86	91	93	77	79	106	105	101
2003	79	82	83	87	69	72	110	108	104
2004	89	94	87	93	77	82	84	108	107
2005§§	102	109	101	110	85	92	98	111	110
2006	120	128	125	137	95	106	116	124	114
2007	134	145	140	155	108	123	134	141	119
2008	133	146	137	154	96	112	210	165	124
2009	104	116	112	129	81	97	169	176	122
2010	135	154	155	183	97	119	175	182	128
2011	168	194	211	252	115	146	178	194	135

Compound annual returns

5 year	7.0%	8.7%	11.0%	13.0%	3.9%	6.6%	8.9%	9.5%	3.5%
10 year	5.4%	6.9%	7.7%	9.7%	1.4%	3.8%	5.9%	6.9%	3.0%

^^ Source: Thomson Reuters Datastream.

‡‡ The 2008 dividend excludes the special dividend of 2.30p.

§§ The figures prior to 2005 have not been restated for the changes in accounting policies implemented in 2006.

Total return: with net income reinvested.

Past performance is not a guide to future performance.

PERFORMANCE ATTRIBUTION AND INVESTMENT CHANGES

Performance Attribution for the year to 30 June 2011 (in sterling terms)

Computed relative to the FTSE World Index (in sterling terms) with net income reinvested.

Portfolio breakdown	Index allocation	Mid Wynd asset allocation 01.07.10	Mid Wynd asset allocation 30.06.11	Performance * Mid Wynd %	Performance * Index %	Contribution to relative return %	Contribution attributable to stock selection %	Contribution attributable to asset allocation † %
UK	8.4	22.9	26.3	21.2	24.7	(0.5)	(0.7)	0.2
Europe ex. UK	18.4	21.9	22.0	37.5	28.9	1.7	1.5	0.2
North America	47.9	20.3	15.9	23.2	21.7	0.5	0.4	0.1
Asia Pacific including Japan	17.1	6.9	8.3	24.7	16.1	1.0	0.6	0.4
Emerging Markets	8.2	31.7	27.0	21.1	22.7	0.0	(0.4)	0.4
Bonds	–	5.2	6.6	24.8	–	0.2	–	0.2
Cash	–	1.8	2.2	–	–	(0.5)	–	(0.5)
Loans	–	(10.7)	(8.3)	4.1	–	1.5	–	1.5
Total	100.0	100.0	100.0	27.1	22.4	3.9	1.4	2.5

Past performance is not a guide to future performance.

Source: Statpro/Baillie Gifford & Co

* The above returns are calculated on a total return basis with net income reinvested. Mid Wynd's figures represent the returns on the Company's portfolio and the index figures for each geographical area represent the return on the appropriate FTSE index.

† Asset allocation includes the contribution attributable to currency movements.

Contributions cannot be added together as they are geometric; for example, to calculate how a return of 27.1% against an index return of 22.4% translates into a relative performance of 3.9%, divide the portfolio performance of 127.1 by the index year end figure of 122.4 and subtract one.

Investment Changes (£'000)

	Valuation at 30 June 2010	Net acquisitions/ (disposals)	Appreciation/ (depreciation)	Valuation at 30 June 2011
Equities*:				
UK	11,441	3,590	2,384	17,415
Continental Europe	10,988	(35)	3,627	14,580
North America	10,222	(1,819)	2,152	10,555
Asia Pacific including Japan	3,479	1,239	807	5,525
Emerging Markets	15,861	(951)	3,013	17,923
Total equities	51,991	2,024	11,983	65,998
Bonds:				
Sterling bonds	898	171	50	1,119
Euro bonds	112	128	61	301
US dollar bonds	1,585	(123)	541	2,003
Brazilian real bonds	–	985	(46)	939
Total bonds	2,595	1,161	606	4,362
Total investments	54,586	3,185	12,589	70,360
Net liquid assets	823	570	42	1,435
Total assets	55,409	3,755	12,631	71,795

The figures above for total assets are made up of total net assets before deduction of the bank loans.

* Equities include limited partnerships, unit trusts, OEICs, SICAVs, index options and convertible loan notes expected to convert to equity.

Top Ten and Bottom Ten Contributors to Performance

For the year ended 30 June 2011

Top Ten

Name	Contribution (%)
ASOS	1.5
Kenmare Resources	1.2
Healthspring	1.1
Odontoprev	1.0
Seadrill	0.9
Bahamas Petroleum	0.8
Digital Garage	0.7
Santos Brasil Participacoes	0.7
Ocean Wilsons	0.6
Dialight	0.6

Bottom Ten

Name	Contribution (%)
Vision Opportunities China Fund	(1.5)
Level E Maya Fund	(0.9)
Eldorado Gold	(0.6)
Sino-Forest	(0.5)
President Petroleum	(0.5)
Gushan	(0.5)
Falkland Oil and Gas	(0.5)
China Merchants Bank	(0.5)
Nikkei 225 11000 Call Option	(0.5)
Pantheon International Participations ULN B	(0.5)

Thirty Largest Holdings

Name	Region	Business	2011 Value £'000	2011 % of total assets	2010 Value £'000
Level E Maya Fund	United Kingdom	Artificial intelligence based algorithmic trading	2,454	3.4	2,473
Odontoprev	Emerging Markets	Dental health services – Brazil	2,286	3.2	941
Ocean Wilsons	United Kingdom	Tugboats, platform supply vessels and container handling – Brazil	1,755	2.4	1,145
ASOS	United Kingdom	Online fashion retailer	1,710	2.4	774
Kone	Continental Europe	Elevators	1,704	2.4	1,167
Athena Debt Opportunities Fund	Fixed Interest	Distressed debt	1,622	2.3	1,303
YOOX	Continental Europe	Online fashion retailer	1,399	1.9	–
IP Group	United Kingdom	Commercialisation of intellectual property	1,254	1.7	–
Seadrill	Continental Europe	Deep water oil rigs	1,247	1.7	826
Dragon Oil	Emerging Markets	Oil and gas exploration and production – Turkmenistan	1,126	1.6	570
Santos Brasil Participacoes	Emerging Markets	Container handling and logistics services – Brazil	1,064	1.5	525
Schindler	Continental Europe	Elevators	1,061	1.5	796
China Merchants Bank	Emerging Markets	Bank – China	1,056	1.5	1,137
Celip	Emerging Markets	Investment services – Brazil	1,026	1.4	558
Reinet Investments SCA	Continental Europe	Investment holding company	993	1.4	835
Brazil CPI Linked 15/05/2045	Fixed Interest	Brazilian inflation-linked bond	939	1.3	–
So-Net Entertainment	Asia Pacific including Japan	Internet services – Asia	916	1.3	–
Better Capital	United Kingdom	Fund investing in distressed businesses	885	1.2	810
Novozymes	Continental Europe	Enzyme producer	878	1.2	622
Naspers	Emerging Markets	Media company – South Africa and China	875	1.2	563
Digital Garage	Asia Pacific including Japan	Internet business incubator – Japan	856	1.2	–
Edenred	Continental Europe	Prepaid service vouchers	856	1.2	–
Kenmare Resources	Emerging Markets	Natural resource mining – Mozambique	813	1.1	206
Healthspring	North America	Medicare	790	1.1	665
Chunghwa Telecom	Emerging Markets	Fixed line, mobile, broadband and internet services – Taiwan	753	1.0	–
Start Today	Asia Pacific including Japan	Online fashion retailer – Japan	731	1.0	–
The Biotech Growth Trust	United Kingdom	Biotechnology investment trust	723	1.0	600
Burford Capital	United Kingdom	Fund of lawsuits	714	1.0	370
Verizon Communications	North America	Broadband and telecommunications	709	1.0	–
Nanoco	United Kingdom	Quantum dot manufacture, second generation LEDs	705	1.0	–
			33,900	47.1	16,886

Classification of Investments

Classification	UK %	Continental Europe %	North America %	Asia Pacific incl. Japan %	Emerging Markets %	2011 Total %	2010 Total %
Equities*							
Oil and gas producers	0.9	0.4	–	–	3.3	4.6	7.2
Oil equipment, services and distribution	0.5	2.1	–	–	–	2.6	2.9
Alternative energy	–	–	–	–	–	–	0.4
Oil and Gas	1.4	2.5	–	–	3.3	7.2	10.5
Chemicals	0.6	0.6	–	–	–	1.2	–
Forestry and paper	–	–	0.1	–	–	0.1	0.7
Industrial metals	–	–	–	–	0.2	0.2	–
Mining	0.3	–	1.2	–	1.7	3.2	4.0
Basic Materials	0.9	0.6	1.3	–	1.9	4.7	4.7
Construction and materials	–	0.6	–	–	0.4	1.0	1.3
General industrials	–	0.6	–	–	–	0.6	0.6
Electronic and electrical equipment	0.7	–	–	–	–	0.7	0.7
Industrial engineering	–	4.6	–	–	–	4.6	5.1
Industrial transportation	3.3	–	–	–	2.3	5.6	4.3
Industrials	4.0	5.8	–	–	2.7	12.5	12.0
Beverages	–	–	–	–	0.6	0.6	1.3
Food producers	–	0.5	–	–	0.8	1.3	1.1
Leisure goods	–	–	–	–	–	–	1.1
Personal goods	–	1.0	0.8	–	–	1.8	0.7
Tobacco	–	–	0.6	–	–	0.6	1.7
Consumer Goods	–	1.5	1.4	–	1.4	4.3	5.9
Healthcare equipment and services	–	0.8	2.5	–	3.2	6.5	7.2
Pharmaceuticals and biotechnology	0.7	2.0	1.8	–	0.6	5.1	5.3
Health Care	0.7	2.8	4.3	–	3.8	11.6	12.5
Food and drug retailers	–	–	–	–	0.8	0.8	1.0
General retailers	2.4	1.9	2.1	1.0	0.9	8.3	3.2
Media	–	–	–	0.6	1.2	1.8	1.0
Travel and leisure	0.9	1.8	–	0.6	0.6	3.9	3.7
Consumer Services	3.3	3.7	2.1	2.2	3.5	14.8	8.9
Fixed line telecommunications	–	–	1.9	1.0	1.6	4.5	0.6
Mobile telecommunications	–	–	–	–	–	–	0.5
Telecommunications	–	–	1.9	1.0	1.6	4.5	1.1
Electricity	0.6	–	–	–	–	0.6	0.6
Gas, water and multiutilities	0.4	–	–	–	–	0.4	0.5
Utilities	1.0	–	–	–	–	1.0	1.1
Banks	0.1	–	0.8	–	1.5	2.4	5.9
Insurance	–	–	–	–	–	–	0.6
Real estate	–	0.4	–	0.3	1.1	1.8	2.2
General financial	1.7	0.3	0.7	0.1	2.6	5.4	4.3
Investment companies	9.2	2.0	–	1.4	0.4	13.0	20.8
Financials	11.0	2.7	1.5	1.8	5.6	22.6	33.8
Software and computer services	1.0	–	0.9	2.8	0.7	5.4	2.0
Technology hardware and equipment	1.0	0.7	1.2	–	0.5	3.4	1.3
Technology	2.0	0.7	2.1	2.8	1.2	8.8	3.3
Total Equities*	24.3	20.3	14.6	7.8	25.0	92.0	
Total Equities* – 2010	20.8	19.7	18.5	6.3	28.5	–	93.8
Bonds	1.5	0.4	2.8	–	1.3	6.0	4.7
Net Liquid Assets	–	0.5	–	–	1.5	2.0	1.5
Total Assets (before deduction of bank loans)	25.8	21.2	17.4	7.8	27.8	100.0	
Total Assets – 2010	22.7	20.3	21.5	6.4	29.1	–	100.0
Bank Loans	(2.8)	(1.7)	–	(3.2)	–	(7.7)	(9.6)
Shareholders' Funds	23.0	19.5	17.4	4.6	27.8	92.3	
Shareholders' Funds – 2010	19.1	18.3	21.5	2.4	29.1	–	90.4
Number of equity investments*	26	24	22	11	30	113	109

*Equities include limited partnerships, unit trusts, OEICs, SICAVs, index options and convertible loan notes expected to convert to equity.

Managers' Portfolio Review

The portfolio

Bonds remain at the same low level of 6% of assets they had reached this time last year. The main elements of this are: a large holding in Athena Debt Opportunities fund, the net asset value of which has appreciated by some 47% over the past year, a new holding in Brazilian 2045 index linked local currency bonds which offers a high real return and a reduced holding in CQS Rig Finance Fund. This latter has recovered more than tenfold from its nadir around the financial crisis when it had too much leverage. Scope for further appreciation from here exists but the appealing degree of free optionality has evaporated.

Ten largest holdings

Level E Maya Fund

You will find in last year's report a fuller description of the fund and associated option. The fund endured some months of teething troubles before securing best access to the data feeds it requires to function to its full potential. Since solving these early problems last November, progress and returns have been encouraging, broadly yielding very low volatility, low correlation with equities and only a couple of small monthly drawdowns, with net returns over the period well ahead of cash. Some new money has come into the fund which should gradually enable the group to deploy greater resources to improving and evolving the approach. Our shareholding in the fund remains as it was. Our option (held at its book cost of zero) over the business of Level E itself is not contingent upon continuing to hold shares in the fund, extends for approximately another 4 years and is at a fixed price for a fixed percentage.

Odontoprev

Our Brazilian dental plan company is in the midst of another move to consolidate its leadership of an attractive and immature market. Quality of service, high average length of tenure of customers, innovative technology to drive down costs and free cash flow generation despite rapid growth rates mark this company out as a highly attractive long term proposition. Pricing power and capital allocation should provide continuing and so far un-forecasted improvement in earnings.

Ocean Wilsons

All major elements of Wilson Sons' Brazilian marine related businesses are operating smoothly and profitably at present, with excellent opportunity to reinvest profits at attractive prospective returns. Towage, port terminals and platform supply vessels all have strong competitive positions in areas where demand looks likely to strengthen further over coming years. The Ocean Wilsons holding company discount has narrowed significantly over the year yet the shares remain highly interesting even if not quite as undervalued as in the past.

ASOS

The earnings and cash generative power of a successful internet based retail operation has been amply demonstrated by ASOS over the past year. Despite an unwelcoming domestic retail environment, structural advantages and cultural shifts in consumption habits seem likely to provide further market share gains at home together with increasingly profitable and rapid expansion abroad.

Kone

Our long held and much admired Finnish elevator business has had another strong year with little change to the underlying strength of the fundamental drivers of high returns, reasonable growth, gradually rising margins and steadily expanding cash generation. The world continues to urbanise and denser populations live, on average, a good deal further above ground level than before. In addition to this tailwind for new installation, maintenance services, driven by the need for security, reliability and speed, remain an attractive business. Alignment of management and capital allocation are supporting attractions here as they are for Schindler, which also remains a significant holding in the same industry.

Athena Debt Opportunities Fund

The distressed prices that prevailed in the world of securitised, collateralised real estate related debt have improved markedly over the past year. The favourable terms attaching to senior tranches have provided additional cash flows as envisaged, some of which have been re-invested within the fund. Net asset value has risen accordingly. Given the narrower spreads that now prevail here, and the continuing illiquidity and opacity of this asset class, we will reduce exposure to the fund at its next redemption date.

YOOX

Yoox.com is a mid size Italian online luxury fashion retailer that is rapidly becoming the first port of call for regular fashion shoppers across an expanding range of geographies. The group provides both dedicated sites to key individual brands, ensuring brand and product integrity, up to the minute information and quality of service to the end consumer, and also offers a multi-brand website that allows effective comparative shopping. This is a fairly young company that is re-investing substantially in future growth, so the price/earnings ratio appears high. On a price to sales basis, however, valuation remains moderate for something with this potential.

IP Group

This is a fairly recent purchase of a group with unique access to and participation in the commercialisable intellectual property output of many of the UK's best universities. The company holds stakes in a range of mature or maturing venture capital science based businesses, some listed and some on their way to becoming listed. We believe that the current share price stands at a significant discount to the underlying realisable value of the holdings and participated in a fund-raising to allow the group to make late stage follow on investments in a few key businesses.

Seadrill

Seadrill's industry-leading modern deepwater drilling fleet faces rosy prospects in coming years should the oil price remain anywhere close to present levels. The company, in addition to operating its existing assets very effectively, has been creatively proactive in securing further capacity across relevant segments. We have also enjoyed a high and rising stream of dividends.

Dragon Oil

This Turkmen oil company has seen strong news flows and share price performance around flow rates and thereby prospective and actual production levels at most of its key producing assets. We continue to believe that these favourable trends have much further to run and that estimates do not yet envisage such an outcome.

Transactions

Thematically, the bias to developing world demand remains a major influence on the portfolio. An aversion to developed world banks is a further long standing feature. A preference for smaller energy companies and related oil services businesses over oil majors has been and remains worthy of comment. A growing exposure to internet related businesses (ASOS, Digital Garage, So-Net, Start Today, M3, YOOX, Naspers, Mercadolibre, Ctrip.com for example) is coming through. This reflects a combination of the success of existing holdings in this area and the discovery of appealing new ones.

Overall, the portfolio is far more idiosyncratic than thematic, however, and nearly entirely divorced from the 20/20 hindsight captured by global indices. **Hsu Fu Chi International** is a new name this year, a Taiwanese owned, Singapore listed Chinese purveyor of confectionery. There are takeover talks with Nestlé and an as yet inadequate offer. We have returned to ownership of **Falkland Oil and Gas**, a position sold early in our fiscal year at prices above £2 a share and just prior to drilling the Toroa prospect. Following its failure, the company has come back for more money to finance what we have always considered to be the more interesting Loligo prospect. **Catco** C shares are a new holding. After successful forays into catastrophe bonds following past natural disasters, we wanted to find a way to benefit from a strong rate cycle following the earthquake and tsunami in Japan earlier this year. This is a participation in new policies written under today's more favourable conditions. **Research in Motion**, maker of Blackberries, has been a contrarian purchase lately. The shares have had a torrid time on the presumption that the iPhone will destroy the franchise, yet we see ongoing rapid growth in Asia and other developing markets where reliability and cost are winning qualities.

Craneware is an Edinburgh based company that dominates the US hospital billing software market. **Chariot Oil and Gas** has vast prospective oil licence areas off the coast of Namibia on which we anticipate partnership announcements with major oil companies.

Doric Nimrod Air One is a company created to own the equity in an Airbus A380. The primary attractions of this investment are the excellent counterparty in Emirates Airlines, the terms of the 12 year contract and the very low long term fixed rate of interest available on the debt financed portion. We anticipate that in addition to a healthy annual dividend yield there ought to be material upside in due course relating to the residual value of the plane at the end of the contract once all associated debts have been paid off.

Letshego is a micro lender based in Botswana and operating across a range of mostly southern African countries. Customers are nearly all public employees and repayments are drawn directly from pay cheques. **Nanoco** is a spin out from Manchester University engaged in the commercial production of non-cadmium based quantum dots. These are a uniquely versatile type of semiconductor which can be grown in crystalline form to produce various different colours of highly energy efficient LED lighting. Exploitation of this technology is at an early stage, but richer colour effects in TVs using far less power is an obvious starting point. Low cost and optimally efficient solar energy conversion could well turn out to be another as yet untapped opportunity.

Sales over the course of the year included **Anheuser Busch Inbev**, **McDonalds**, **Fairfax Financial Holdings**, **Getinge**, **Polaris Minerals**, most but not quite all of **Bahamas Petroleum**, **Gushan Environmental Energy**, **Juridica Investments** and **OSX**. Reasons ranged from a growing inability to distinguish our views on these holdings from those of the market to disappointment or rising fear of disappointment.

In early July, the Company acquired synthetic put options over the S&P 500 Index, the FTSE 100 Index and the Eurostoxx 50 Index. This represents reasonably priced insurance over one fifth of the portfolio against the chance that markets experience a substantial setback. Whilst this is by no means a central contention, this strategy avoids the need for any radical alterations of the underlying portfolio.

Turnover was 35% for the portfolio as a whole. This comprised a spectrum – low, as one might expect, from that segment of the portfolio where the inefficiency we are attempting to exploit is the increasing short term-ism of the markets; and higher from that category of mostly small holdings where the hypothesis is the exploitation of volatility or the belief that uncertainty or event driven stocks are frequently mispriced to reflect the discomfort they typically cause their holders. **Falkland Oil and Gas** might be a good example of the latter.

LIST OF INVESTMENTS AT 30 JUNE 2011

Classification	Name	Business	Value £'000	%
United Kingdom				
Oil and gas producers	Bahamas Petroleum Company	Oil and gas exploration – Bahamas	239	
	Falkland Oil and Gas	Oil and gas exploration and production – Falkland Islands	232	
	President Petroleum	Oil and gas exploration and production – USA and Australia	236	
			<u>707</u>	0.9
Oil equipment, services and distribution	Petrofac	Engineering services – Middle East	378	0.5
Chemicals	HaloSource	Clean water technology	401	0.6
Mining	Hambledon Mining	Gold mining and exploration – Kazakhstan	224	0.3
Electronic and electrical equipment	Dialight	LED lighting	486	0.7
Industrial transportation	Doric Nimrod Air One	Fund to acquire, lease and sell A380 aircraft	637	
	Ocean Wilsons	Tugboats, platform supply vessels and container handling – Brazil	1,755	
			<u>2,392</u>	3.3
Pharmaceuticals and biotechnology	Genus	Livestock farming products	500	0.7
General retailers	ASOS	Online fashion retailer	1,710	2.4
Travel and leisure	TUI Travel	International leisure travel group	653	0.9
Banks	NBNK Investments	UK High Street banking	78	0.1
Electricity	Drax Group	Electricity generation	435	0.6
Gas, water and multiutilities	Igas Energy	Coal bed methane gas production – UK	258	0.4
General financial	IP Group	Commercialisation of intellectual property	1,254	1.7
Investment companies	Alternative Asset Opportunities	Life settlements investment trust	401	
	Better Capital	Fund investing in distressed businesses	885	
	Burford Capital	Fund of lawsuits	714	
	CATCo Reinsurance			
	Opportunities Fund (C shares)	Catastrophe reinsurance fund	685	
	IG Group	Spread betting	690	
	Level E Maya Fund	Artificial intelligence based algorithmic trading	2,454	
	The Biotech Growth Trust	Biotechnology investment trust	723	
			<u>6,552</u>	9.2
Software and computer services	Blinkx	Internet search engine for video content	181	
	Craneware	Business management software to healthcare industry	501	
			<u>682</u>	1.0
Technology hardware and equipment	Nanoco	Quantum dot manufacture, second generation LEDs	705	1.0
Total United Kingdom Equities			<u>17,415</u>	<u>24.3</u>
Continental Europe				
Oil and gas producers	DNO International	Oil and gas exploration and production – Kurdistan	260	0.4
Oil equipment, services and distribution	North Atlantic Drilling	Owner and operator of harsh environment drilling units	320	
	Seadrill	Deep water oil rigs	1,247	
			<u>1,567</u>	2.1
Chemicals	Fuchs Petrolub	Specialty lubricant manufacture	405	0.6
Construction and materials	Geberit	Plumbing systems	440	0.6
General industrials	CFAO	Specialised consumer distribution in Africa	466	0.6
Industrial engineering	Atlas Copco	Industrial compressors and mining equipment	500	
	Kone	Elevators	1,704	
	Schindler	Elevators	1,061	
			<u>3,265</u>	4.6

Classification	Name	Business	Value £'000	%
Continental Europe (continued)				
Food producers	Marine Harvest	Salmon farming	359	0.5
Personal goods	Richemont	Luxury goods	700	1.0
Healthcare equipment and services	Cryo Save Group	Stem cell bank services	251	
	Essilor	Ophthalmology	385	
			<u>636</u>	0.8
Pharmaceuticals and biotechnology	Basilea Pharmaceutica	Pharmaceuticals	326	
	Novozymes	Enzyme producer	878	
	Protalix Biotherapeutics	Recombinant therapeutic proteins - Israel	203	
			<u>1,407</u>	2.0
General retailers	YOOX	Online fashion retailer	1,399	1.9
Travel and leisure	Edenred	Prepaid service vouchers	856	
	Ryanair	Airline	449	
			<u>1,305</u>	1.8
Real estate	Deutsche Wohnen	Residential property - Germany	273	0.4
General financial	MutuiOnline	Online retail mortgage broker - Italy	187	0.3
Investment companies	Marfin Investment Group	Investment holding company - Greece	411	
	Reinet Investments SCA	Investment holding company	993	
			<u>1,404</u>	2.0
Technology hardware and equipment	Aixtron	Metalorganic chemical vapour deposition technology - Germany	507	0.7
Total Continental European Equities			<u>14,580</u>	<u>20.3</u>
North America				
Forestry and paper	Sino-Forest	Commercial forest plantation operator - China	78	0.1
Mining	Eldorado Gold	Gold mining - Brazil, China, Greece & Turkey	530	
	Iamgold	Mining and exploration in West Africa	364	
			<u>894</u>	1.2
Personal goods	iRobot	Practical robots for domestic and military use	562	0.8
Tobacco	Philip Morris International	Tobacco	447	0.6
Healthcare equipment and services	Healthspring	Medicare	790	
	Intuitive Surgical	Robotic minimally invasive surgical tools	371	
	Medco Health Solutions	Prescription management and health information	634	
			<u>1,795</u>	2.5
Pharmaceuticals and biotechnology	Alnylam Pharmaceuticals	Biopharmaceuticals	179	
	Curis	Biopharmaceutical drug development	477	
	Seattle Genetics	Biopharmaceuticals	467	
	Vanda Pharmaceuticals	Biopharmaceuticals	189	
			<u>1,312</u>	1.8
General retailers	ITT Educational Services	Technology-oriented degree programmes	663	
	O'Reilly Automotive	Automotive parts stores	331	
	TJX Companies	Discount clothing and homeware stores	510	
			<u>1,504</u>	2.1
Fixed line telecommunications	AT&T	Fixed line, mobile, broadband and internet services	661	
	Verizon Communications	Broadband and telecommunications	709	
			<u>1,370</u>	1.9
Banks	Capitalsource	Californian bank	552	0.8

LIST OF INVESTMENTS

Classification	Name	Business	Value £'000	%
North America (continued)				
General financial	Greenlight Capital Re	Reinsurance company	524	0.7
Software and computer services	Solera	Software services for automobile claims processing	634	0.9
Technology hardware and equipment	MIPS Technologies	Embedded semiconductors	491	
	Research In Motion	Wireless handheld devices including BlackBerry	392	
			883	1.2
Total North American Equities			10,555	14.6
Asia Pacific including Japan				
General retailers	Start Today	Online fashion retailer – Japan	731	1.0
Media	M3	Medical-related internet services	424	0.6
Travel and leisure	Sankyo Gunma	Manufacture and sale of Pachinko and slot machines – Japan	425	0.6
Fixed line telecommunications	Telstra	Fixed line, mobile, broadband and internet services – Australia	683	1.0
Real estate	Shui On Land	Property company – China	250	0.3
General financial	Nikkei 225 (OSE) 11000 Call Option Dec 11	Equity index call option	73	0.1
Investment companies	Baillie Gifford Japanese Smaller Companies Fund	Investment fund	699	
	Kenedix Realty Investment	Real estate investment fund – Japan	275	
			974	1.4
Software and computer services	Digital Garage	Internet business incubator – Japan	856	
	So-Net Entertainment	Internet services – Asia	916	
	Zappallas	Android applications and games – Japan	193	
			1,965	2.8
Total Asia Pacific including Japan Equities			5,525	7.8
Emerging Markets				
Oil and gas producers	Chariot Oil & Gas	Oil and gas exploration and production – Namibia	512	
	Dragon Oil	Oil and gas exploration and production – Turkmenistan	1,126	
	Gulf Keystone Petroleum	Oil and gas exploration and production – Kurdistan	323	
	OGX Petróleo e Gás Participações	Oil and gas exploration and production – Brazil	389	
			2,350	3.3
Industrial metals	Ferro Alloy Resources*	Vanadium and rare earths production – Kazakhstan	153	0.2
Mining	Impala Platinum	Platinum mining company	418	
	Kenmare Resources	Natural resource mining – Mozambique	813	
			1,231	1.7
Construction and materials	Join Irrigation Systems	Micro-irrigation – India	292	0.4
Industrial transportation	PortX Operacoes Portuarias	Port services – Brazil	601	
	Santos Brasil Participacoes	Container handling and logistics services – Brazil	1,064	
			1,665	2.3
Beverages	Anadolu Efes	Beer and soft drinks – Turkey	456	0.6
Food producers	Hsu Fu Chi International	Sweet and cake manufacture – China	581	0.8
Healthcare equipment and services	Odontoprev	Dental health services – Brazil	2,286	3.2
Pharmaceuticals and biotechnology	Genomma Lab Internacional	Over-the-counter medicines – Mexico	399	0.6
Food and drug retailers	BIM Birlesik Magazalar	Discount food stores – Turkey	588	0.8

*denotes unlisted security.

Classification	Name	Business	Value £'000	%
Emerging Markets (continued)				
General retailers	MercadoLibre	eBay's Latin American partner	272	
	Walmex	General retailer – Mexico	348	
			<u>620</u>	0.9
Media	Naspers	Media company – South Africa and China	875	1.2
Travel and leisure	Ctrip.com International	Travel services – China	407	0.6
Fixed line telecommunications	Chunghwa Telecom	Fixed line, mobile, broadband and internet services – Taiwan	753	
	Telekomunikacja Polska	Diversified telecommunication services – Poland	430	
			<u>1,183</u>	1.6
Banks	China Merchants Bank	Bank – China	1,056	1.5
Real estate	China Vanke Company	Residential real estate developer – China	365	
	Renhe Commercial Holdings	Underground shopping malls – China	432	
			<u>797</u>	1.1
General financial	BM&F Bovespa	Securities exchange and post trade services – Brazil	374	
	Cetip	Investment services – Brazil	1,026	
	Letshago	Micro-loans – Botswana	493	
			<u>1,893</u>	2.6
Investment companies	Vision Opportunity China Fund	Investment fund – China	287	0.4
Software and computer services	TOTVS	Application software for Latin American markets	481	0.7
Technology hardware and equipment	ZTE 'H'	Telecommunications equipment and network solutions – China	323	0.5
			<u>17,923</u>	<u>25.0</u>
Total Emerging Markets Equities			17,923	25.0
Total Equities			65,998	92.0
Fixed Interest				
Sterling denominated	CGS Rig Finance Fund	Oil rig bonds	441	
	Pantheon International Participations loan notes*	Private equity fund loan notes	678	
			<u>1,119</u>	1.5
Euro denominated	Marfin 5% 19/03/2015 CV	Investment holding company – Greece	23	
	Semper Finance FRN SLP 2015	East German housing association funding	278	
			<u>301</u>	0.4
US dollar denominated	Athena Debt Opportunities Fund	Distressed debt fund	1,622	
	K1 Life Settlements 0% 2016	Life settlements bond	201	
	Tamweel Funding CV 4.31% 23/01/13	Dubai property bonds	180	
			<u>2,003</u>	2.8
BRL denominated	Brazil CPI Linked 15/05/2045	Brazilian inflation-linked bond	939	1.3
Total Fixed Interest			4,362	6.0
Total Investments			70,360	98.0
Net Liquid Assets			1,435	2.0
Total Assets at Fair Value (before deduction of bank loans)			71,795	100.0

*denotes unlisted security.

Directors' Report

The Directors present their Report together with the financial statements of the Company for the year to 30 June 2011.

Business Review

Business and Status

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

The Company carries on business as an investment trust. It was approved as an investment trust under section 1158 of the Corporation Tax Act 2010 for the year ended 30 June 2010, subject to matters that may arise from any subsequent enquiry by HM Revenue & Customs into the Company's tax return. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to seek such approval.

Objective

The Company's objective is to achieve capital and income growth by investing on a worldwide basis.

Investment Policy

Mid Wynd seeks to meet its objective of achieving capital and income growth through investment principally in a portfolio of international quoted equities. Investments are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case.

The Company is prepared to move freely between different markets, sectors, industries, market capitalisations and asset classes as investment opportunities dictate. The proportion of the portfolio invested in UK companies will not normally exceed 25%, and geographical and sectoral exposures are reported to, and monitored by, the Board in order to ensure that the portfolio provides adequate diversification. The total number of investments will typically be between 50 and 150.

Exposures to individual entities are monitored by the Board. On acquisition, no holding shall exceed 15% of the portfolio. Investment may also be made in funds (open and closed-ended) including those managed by Baillie Gifford & Co. The maximum permitted investment in UK listed investment companies in aggregate is 15% of gross assets. Assets other than equities will be purchased from time to time including but not limited to fixed interest holdings, unquoted securities and derivatives. Subject to prior Board approval, the Company may use derivatives for investment purposes or for efficient

portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk).

It is an aim of the Trust to provide dividend growth over time, although this is subordinate to the primary aim of maximising total returns to shareholders.

While there is a comparative index for the purpose of measuring performance, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. A long term view is taken and there may be periods when the net asset value per share declines both in absolute terms and relative to the comparative index. The number of individual holdings will vary over time and the portfolio is managed on a global basis rather than as a series of regional sub-portfolios.

Borrowings are invested in equity and other markets as considered to be appropriate on investment grounds. The level of gearing is discussed by the Board and Managers at every Board meeting.

The portion of borrowings which is not invested in equities may be invested in fixed interest or other liquid securities. Except in exceptional circumstances the Board will not take out additional borrowings if, at the time of borrowing, this would take the level of effective gearing to equities beyond 130%. Equity exposure will, on occasions, be below 100% of shareholders' funds.

Details of investment strategy and activity this year can be found in the Chairman's Statement on pages 4 to 6 and the Managers' Review on pages 13 to 15.

Premium/Discount

The Board recognises that it is in the long term interests of shareholders to maintain a share price as close as possible to net asset value and believes that the prime driver of premiums/discounts over the longer term is performance. The Company issues shares at such times as the premium indicates that demand is not being met by natural liquidity in the market, and buys back when discounts widen. The Board does not have a precise discount target at which shares will be bought back as it believes that the announcement of specific targets is likely to hinder rather than help the successful execution of a buyback policy. During the year the Company issued 310,000 ordinary shares with a nominal value of £77,500, raising £3,875,000, and no shares were bought back. No shares were bought back or issued between 30 June 2011 and the date of this report.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per ordinary share compared to the FTSE World Index;
- the movement in the share price;
- the premium/discount;
- the total expense ratio; and
- dividend per share.

The one, five and ten year records for the KPIs can be found on pages 2, 3 and 9 respectively.

Results and Dividends

The net asset value per share (after deducting borrowings at fair value) increased by 24.7% during the year, compared to an increase in the comparative index of 19.2%. The discount moved from 7.3% to a premium of 1.0% and the total expense ratio was 0.83%.

The Board recommends a final dividend of 10.0p per ordinary share which, together with the interim already paid, makes a total of 16.5p for the year, an increase of 6.5% on the 15.5p for the previous year.

If approved, the recommended final dividend on the ordinary shares will be paid on 14 October 2011 to shareholders on the register at the close of business on 9 September 2011. The ex-dividend date is 7 September 2011. The Company's Registrar offers a Dividend Reinvestment Plan (see page 54) and the final date for receipt of elections for this dividend is 23 September 2011.

Borrowings

During the year the Company renewed its £2,000,000 one-year facility with Lloyds TSB Scotland, which expires on 27 August 2011.

Review of the Year and Future Trends

A review of the main features of the year and the investment outlook is contained in the Chairman's Statement and the Managers' Review on pages 4 to 6 and 13 to 15 respectively.

Principal Risks and Uncertainties

The Company's assets consist mainly of listed securities and its principal risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 20 to the financial statements on pages 45 to 50.

Other risks faced by the Company include the following:

Regulatory risk – failure to comply with applicable legal and regulatory requirements could lead to suspension of the Company's Stock Exchange Listing, financial penalties or a qualified audit report. Breach of Section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains.

The Managers monitor investment movements and the level of forecast income and expenditure to ensure the provisions of Section

1158 are not breached. Baillie Gifford's heads of Business Risk & Internal Audit and Regulatory Risk provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes.

Major regulatory change could impose unnecessary compliance burdens on the Company or threaten the viability of the investment company structure. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised.

Operational/Financial Risk – failure of the Managers' accounting systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. The Managers have a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Board reviews the Managers' Report on Internal Controls and the reports by other key third party providers are reviewed by the Managers on behalf of the Board.

Premium/Discount Volatility – the premium/discount at which the Company's shares trade can change. The Board monitors the level of premium/discount and the Company has authority to issue or buy back its own shares.

Gearing Risk – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.

All borrowings require the prior approval of the Board and gearing levels are discussed by the Board and Managers at every meeting. The majority of the Company's investments are in listed securities that are readily realisable.

Employees

The Company has no employees.

Social and Community Issues

As an investment trust, the Company has no direct social or community responsibilities. The Company however believes that it is in the shareholders' interests to consider environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 24.

Corporate Governance

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the main principles of the June 2010 UK Corporate Governance Code (the 'Code') and the principles of the Association of Investment Companies (AIC) Code of Corporate Governance were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies.

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code except that the Chairman of the Board is also the Senior Independent Director. Due to the small size and composition of the Board it is not felt necessary to have a separate Senior Independent Director. Shareholders may address their concerns to any Board member.

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters reserved for its approval including strategy, investment policy, currency hedging, gearing, treasury matters, dividend and corporate governance policy. The Board also reviews the financial statements, investment transactions, revenue budgets and performance. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities.

The Board comprises four Directors, all of whom are non-executive. The executive responsibility for investment management has been delegated to the Company's Managers and Secretaries, Bailie Gifford & Co, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 7.

There is an agreed procedure for Directors to seek independent professional advice, if necessary, at the Company's expense.

Terms of Appointment

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. Directors are required to submit themselves for re-election at least once every three years and Directors who have served for more than nine years offer themselves for re-election annually.

Independence of Directors

All the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the value of progressive refreshing of, and succession planning for, company boards and the Board's composition is reviewed annually. However, the Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can be a benefit to the board. The Board concurs with the view expressed in the AIC Code that long serving directors should not be prevented from being considered as independent.

Mr PMS Barron, Mr RRJ Burns and Mr MCN Scott, having served on the Board for more than nine years, offer themselves for re-election annually. Following formal performance evaluation, and notwithstanding their length of service, the Board has concluded that Mr PMS Barron, Mr RRJ Burns and Mr MCN Scott continue to demonstrate independence of character and judgement and their skills and experience add significantly to the strength of the Board. The Board believes that none of the other commitments of Mr PMS Barron, Mr RRJ Burns and Mr MCN Scott, as set out on page 7 of this report, interfere with the discharge of their duties to the Company and the Board is satisfied that they are capable of devoting sufficient time to the Company.

Meetings

There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The table below shows the attendance record for the Board and Committee Meetings held during the year. The Annual General Meeting was attended by all Directors.

Directors' Attendance at Meetings

	Board	Audit Committee	Nomination Committee
Number of meetings	5	2	1
PMS Barron	4	2	1
* RRJ Burns	5	2	1
RAR Napier	5	2	1
MCN Scott	5	2	1

*Mr RRJ Burns did not become a member of the Audit Committee until 23 May 2011 but he was in attendance at the meetings.

Nomination Committee

The Nomination Committee consists of the independent non-executive Directors and the Chairman of the Board is the Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised. The terms of reference are available on request from the Company and on the Company's page of the Managers' website: www.midwynd.co.uk.

Performance Evaluation

The Nomination Committee met to assess the performance of the Chairman, each Director, the Board as a whole and its Committees, after inviting each Director and the Chairman to consider and respond to a set evaluation questionnaire. The appraisal of the Chairman was led by Mr RRJ Burns.

The appraisals considered, amongst other criteria, the balance of skills of the Board, the contribution of individual Directors and the overall competency and effectiveness of the Board and its Committees during the year. Following this process it was concluded that the performance of each Director, the Chairman, the Board and its Committees continues to be effective and each Director and the Chairman remain committed to the Company.

A review of the Chairman's and the other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman's other commitments during the year.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Regular briefings are provided on changes in regulatory requirements that could affect the Company and Directors. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 28 and 29.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing its effectiveness. The system of internal controls is designed to manage rather than eliminate risk and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance 'Internal Control: Revised Guidance for Directors on the Combined Code'.

The Directors confirm that they have reviewed the effectiveness of the system and they have procedures in place to review its effectiveness on a regular basis. No significant weaknesses were identified in the year under review.

The practical measures to ensure compliance with regulation and company law, and to provide effective and efficient operations and investment management, have been delegated to the Managers and Secretaries, Baillie Gifford & Co, under the terms of the Management Agreement. The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the assets of the Company and to manage its affairs properly, including the maintenance of effective operational and compliance controls and risk management, have also been delegated to Baillie Gifford & Co. The Board acknowledges its responsibilities to supervise and control the discharge by the Managers and Secretaries of their obligations.

The Baillie Gifford & Co heads of Business Risk & Internal Audit and Regulatory Risk provide the Board with regular reports on Baillie Gifford & Co's monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conduct an annual review of their system of internal controls which is documented within an internal controls report which complies with Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's auditors and a copy is submitted to the Audit Committee.

The Company's investments are segregated from those of Baillie Gifford & Co and their other clients through the appointment of The Bank of New York Mellon as independent custodian of the Company's investments.

A detailed risk map is prepared which identifies the significant risks faced by the Company and the key controls employed to manage these risks.

These procedures ensure that consideration is given regularly to the nature and extent of the risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage the risks identified. The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

Internal Audit

The Audit Committee carries out an annual review of the need for an internal audit function. The Audit Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the Managers and Secretaries provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the financial statements are set out on pages 30 and 31.

Going Concern

In accordance with 'Going Concern and Liquidity Risk; Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 20 to the financial statements. The Company's assets, the majority of which are investments in listed securities which are readily realisable, exceed its liabilities significantly. The Board approves borrowing limits and reviews regularly the amount of any borrowings and compliance with borrowing covenants. Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

Audit Committee

An Audit Committee has been established consisting of all the independent non-executive Directors. Its authority and duties are clearly defined within its written terms of reference which are available on request and on the Company's page of the Managers' website: www.midwynd.co.uk. Mr RAR Napier is Chairman of the Audit Committee. The Committee's responsibilities which were discharged during the year include:

- monitoring and reviewing the integrity of the half-yearly and annual financial statements and any formal announcements relating to the Company's financial performance;
- reviewing the adequacy and effectiveness of internal control and risk management systems;
- making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement;
- developing and implementing policy on the engagement of the external auditors to supply non-audit services (there were no non-audit services during the year);
- reviewing and monitoring the independence, objectivity and effectiveness of the external auditors;
- reviewing the arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company;
- reviewing annually the terms of the Investment Management Agreement; and
- considering annually whether there is a need for the Company to have its own internal audit function.

Scott-Moncrieff are engaged as the Company's Auditors. Having considered the experience and tenure of the audit partner and staff and the nature and level of services provided, the Committee remains satisfied with the Auditors' effectiveness. The audit partners responsible for the audit are rotated every 5 years and the current lead partner has been in place for 4 years. There are no contractual obligations restricting the Company's choice of external auditor. The Committee receives confirmation from the Auditors that they have complied with the relevant UK professional and regulatory requirements on independence.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and report shareholders' views to the Board. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any members of the Board may do so by writing to them at the Company's Registered Office.

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and is published on the Company's page of the Managers' website: www.midwynd.co.uk subsequent to the meeting. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company from the Managers' website.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to the Investment Managers, Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance (ESG) factors when selecting and retaining investments and have asked the Managers to take these issues into account as long as the investment objectives are not compromised. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long term investment returns. The Managers' Statement of Compliance with the UK Stewardship Code can be found on the Managers' website at www.bailliegifford.com. The Managers' policy has been reviewed and endorsed by the Board.

The Managers are signatories of the United Nations Principles for Responsible Investment and the Carbon Disclosure Project.

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them, and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Investment Managers

The Board as a whole fulfils the function of the Management Engagement Committee. An Investment Management Agreement between the Company and Baillie Gifford & Co sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The notice period for terminating the Management Agreement is 12 months. Careful consideration has been given by the Board as to the basis on which the management fee is charged. The Board considers that maintaining a relatively low total expense ratio is in the best interests of all shareholders. The Board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long term performance. Details of the fee arrangements with Baillie Gifford & Co are shown on page 38.

The Board considers the Company's investment management and secretarial arrangements on an ongoing basis and a formal review is conducted annually. The Board considers, amongst others, the following topics in its review: the quality of the personnel assigned to handle the Company's affairs; the investment process and the results achieved to date; the administrative services provided by the Secretaries and the marketing efforts undertaken by the Managers. Following the most recent review it is the opinion of the Directors that the continuing appointment of Baillie Gifford & Co as Managers, on the terms agreed, is in the interests of shareholders as a whole.

Directors' Interests

Name	Nature of interest	Ordinary 25p shares held at 30 June 2011	Ordinary 25p shares held at 30 June 2010
PMS Barron	Beneficial	38,254	38,234
RRJ Burns	Beneficial	162,500	162,500
	Non-beneficial trustee	23,900	23,900
RAR Napier	Beneficial	54,765	49,565
MCN Scott	Beneficial	116,338	116,338
	Non-beneficial trustee	50,000	50,000

The Directors at the year end, and their interests in the Company, were as shown above. There have been no changes intimated in these Directors' interests up to 17 August 2011.

Directors

Information about the Directors, including their relevant experience, can be found on page 7.

Mr PMS Barron, Mr RRJ Burns and Mr MCN Scott, having served for more than nine years, are subject to annual re-election and will therefore be retiring at the Annual General Meeting and will offer themselves for re-election. Following formal performance evaluation, the Board considers that the performance of Mr PMS Barron, Mr RRJ Burns, and Mr MCN Scott continues to be effective and each remains committed to the Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

Director Indemnification and Insurance

The Company has entered into deeds of indemnity in favour of each of its Directors. The deeds cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company also maintains directors' and officers' liability insurance.

Major Interests in the Company's Shares

Name	Ordinary 25p shares held at 30 June 2011	% of issue
Brewin Dolphin Securities Limited – Indirect	260,388	4.9
Mr MWMR MacPhee – Direct	231,663	4.4
Mr RRJ Burns – Direct	162,500	3.1
– Indirect	23,900	0.5

There have been no changes to the major interests in the Company's shares intimated up to 17 August 2011.

Share Capital

Capital Structure

The Company's capital structure consisted of 5,272,766 ordinary shares of 25p each at 30 June 2011. There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found on page 53.

Annual General Meeting

The following business falls to be considered at the Annual General Meeting to be held at noon on Monday 10 October 2011.

Purchase of Own Shares

At the AGM in September 2010 the Company was granted authority to make market purchases of up to 743,918 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the AGM of the Company to be held in 2011.

During the year under review no shares were bought back by the Company.

As at 17 August 2011, the Company had not bought back any shares since the year end. The principal reasons for share buy-backs are:

- (i) to enhance the net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and
- (ii) to address any imbalance between the supply of and demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per ordinary share.

Resolution 11, which is being proposed as a special resolution, will authorise the Company to make market purchases of its own ordinary shares.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to make market purchases of up to 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the date of passing of the resolution, whichever is earlier.

In accordance with the Listing Rules of the UK Listing Authority, the maximum price (excluding expenses) that may be paid on the exercise of the authority will be the higher of:

- (i) 5 percent above the average market value of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) 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 London Stock Exchange.

The minimum price (exclusive of expenses) that may be paid for any ordinary share is the nominal value thereof.

The authority will not of itself force the Company to make market purchases of its ordinary shares but it is considered desirable for the Company to have the power to purchase such shares when considered appropriate. The authority may be used by the Company to make a series of purchases of its ordinary shares or a single purchase of them and any purchase(s) of ordinary shares will be made within guidelines established by the Board from time to time.

The authority to make market purchases, if conferred, will only be exercised if the Directors are of the opinion that the net asset value per ordinary share will be enhanced for the continuing shareholders and it is considered to be in the best interests of shareholders generally or if the overall financial position of the Company was to benefit from such purchases. If the Company purchases any shares under this authority, it may cancel such shares or hold them in treasury. The Directors believe it is advantageous for the Company to have this choice. No dividends would be paid on treasury shares and the Company cannot exercise any rights (including any right to attend or vote at meetings) in respect of those shares. Shares will only be re-sold from treasury at a premium to the net asset value per ordinary share.

Authority to Allot Shares and Disapply Pre-emption Rights
Resolution 9 in the Notice of the Annual General Meeting seeks to renew the Directors' general authority to allot shares in the Company up to an aggregate nominal value of £438,957. This amount represents approximately 33.3% of the Company's total ordinary share capital in issue as at 17 August 2011 (the latest practicable date prior to publication of this document) and meets institutional guidelines.

Resolution 10, which is proposed as a special resolution, seeks to provide the Directors with authority to allot equity securities and to sell ordinary shares held in treasury on a non-pre-emptive basis for cash (i.e. without first offering them to existing shareholders pro-rata to their existing shareholdings) up to an aggregate nominal amount of £131,819 (representing approximately 10% of the issued share capital of the Company as at 17 August 2011) (the latest practicable date prior to publication of this document). The authorities sought in Resolutions 9 and 10 will continue until the earlier of the Annual General Meeting to be held in 2012 or the expiry of 15 months from the date of passing of these resolutions.

The Directors intend to use the authorities which will be conferred by Resolutions 9 and 10 at times when the share price stands at a premium to net asset value and natural liquidity is unable to meet demand. The Directors will not make any issue of new ordinary shares to investors unless they consider it advantageous to the Company to do so, and no issue of ordinary shares will be made pursuant to the authorisation in Resolution 10 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

During the year the Company issued and allotted 310,000 shares with a nominal value of £77,500 for total consideration of £3,875,000.

The Company does not hold any shares in treasury as at 17 August 2011, the latest practicable date prior to publication of this document. The Company does not have any warrants or options in issue.

Share Split

Over the year the price of the Company's £0.25 ordinary shares has risen to the point that, as at close of business on 17 August 2011, the latest practicable date prior to publication of this document, the mid-market closing price of the ordinary shares was £11.80.

To assist monthly savers and participants in the Dividend Reinvestment Plan, and in order to improve the liquidity of the Company's £0.25 ordinary shares, the Directors believe it is appropriate to propose that each £0.25 ordinary share be subdivided (the 'Share Split') into five ordinary shares of £0.05 each (the 'New Ordinary Shares'). Following the Share Split each shareholder will hold five New Ordinary Shares for every one £0.25 ordinary share held immediately prior to the Share Split. The Share Split will increase the number of ordinary shares the Company has in issue but it is anticipated that there will be a corresponding reduction in the NAV and market price of the New Ordinary Shares reflecting the fact that shareholders will own five times as many New Ordinary Shares as current £0.25 ordinary shares. The Directors believe this will benefit shareholders by improving the tradeability of their shares.

The Share Split requires the approval of the Company's shareholders and accordingly Resolution 13, which is proposed as an ordinary resolution, seeks such approval and makes the Share Split conditional on the New Ordinary Shares being admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange. The New Ordinary Shares will rank *pari passu* with each other and will carry the same rights and be subject to the same restrictions as the £0.25 ordinary shares currently in issue.

The Company's issued share capital as at 17 August 2011 was £1,318,191.50 divided into 5,272,766 ordinary shares of £0.25 each. If the Share Split is applied to this figure the total value of the share capital will remain at £1,318,191.50 but will be divided into 26,363,830 New Ordinary Shares of £0.05 each. A holding of New Ordinary Shares following the Share Split will represent the same proportion of the issued ordinary share capital of the Company as the corresponding holding of ordinary shares currently in issue.

The New Ordinary Shares may be held in certificated or uncertificated form. Following the Share Split becoming effective, share certificates in respect of the ordinary shares currently in issue will cease to be valid and will be cancelled. New certificates in respect of the New Ordinary Shares will be issued to those shareholders who hold their ordinary shares in certificated form and will be dispatched by 21 October 2011. CREST accounts are expected to be credited on 11 October 2011. Applications will be made for admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange. If the applications are accepted it is proposed that the last day of dealings in the Company's £0.25 ordinary shares will be 10 October 2011 and the effective date for dealings to commence in the New Ordinary Shares will be 11 October 2011. If Resolution 13 is passed, the Share Split will become effective on admission of the New Ordinary Shares to the Official List, which is expected to be at 8 a.m. on 11 October 2011.

Independent Auditors

The Auditors, Scott-Moncrieff, are willing to continue in office and resolutions concerning their reappointment and remuneration will be proposed at the Annual General Meeting.

Directors' Remuneration

The Directors Remuneration Report on pages 28 and 29 details the fees paid to the Company's Directors for the years to 30 June 2010 and 30 June 2011 and the proposed increase for the forthcoming year. An ordinary resolution will also be put to shareholders at the Annual General meeting to increase the limit on Directors' fees from £75,000 to £125,000 in aggregate per annum. Although the current level of fees is within the agreed limit the increase provides flexibility for the appointment of a fifth Director and an increase in levels in future years.

Recommendation

The Directors unanimously recommend you to vote in favour of the resolutions to be proposed at the Annual General Meeting as it is their view that the resolutions are in the best interests of the Company and its shareholders as a whole, consistent with the Directors' duty to act in the way most likely to promote the success of the Company for the benefit of its shareholders as a whole.

Creditor Payment Policy

It is the Company's payment policy for the forthcoming financial year to obtain the best terms for all business. In general, the Company agrees with its suppliers the terms on which business will take place and it is its policy to abide by these terms. The Company had no trade creditors at 30 June 2011 or 30 June 2010.

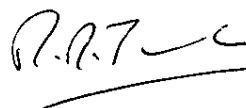
Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they might reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Richard RJ Burns

Director

19 August 2011



Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements 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.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 31.

Remuneration Committee

The Company has four Directors all of whom are non-executive. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time. Baillie Gifford & Co, who have been appointed by the Board as Managers and Secretaries, provide advice when the Board considers the level of Directors' fees.

Policy on Directors' Fees

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. It should also reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. It is intended that this policy will continue for the year ending 30 June 2012 and subsequent years.

The Board carried out a review of the level of Directors' fees during the year and concluded that the annual fee payable to each Director should be increased from £12,000 to £14,000 and the Chairman's additional fee should be increased from £4,500 to £5,000. The Board also agreed that the Audit Committee Chairman should receive an additional fee of £1,500 per annum. All increases are to take effect from 1 July 2011. Directors' fees were last increased on 1 July 2007.

The fees for the non-executive Directors are determined within an aggregate limit set out in the Company's Articles of Association, which currently stands at £75,000. Non-executive Directors are not eligible for any other remuneration apart from the reimbursement of allowable expenses. Although the current level of fees is within the agreed limit an increase is proposed in order to provide the flexibility to appoint a fifth Director and for fee increases in future years. An ordinary resolution will be put to shareholders at the Annual General Meeting to increase this limit to £125,000.

Directors' Remuneration for the Year (audited)

Name	2011 £	2010
PMS Barron	16,500	16,500
RRJ Burns	12,000	12,000
RAR Napier (appointed August 2009)	12,000	10,730
MCN Scott	12,000	12,000
	52,500	51,230

The Directors who served in the year received the above remuneration in the form of fees.

Sums paid to Third Parties (audited)

The Directors' fees payable to RAR Napier were paid to Orlock Advisors Limited for making his services available as a Director of the Company.

Directors' Service Details

Name	Date of appointment	Due date for re-election
PMS Barron	9 May 1979	AGM 2011
RRJ Burns	25 September 1981	AGM 2011
RAR Napier	10 August 2009	AGM 2012
MCN Scott	12 February 1990	AGM 2011

Performance Graph

(figures rebased to 100 at 30 June 2006)

Directors' Service Contracts

It is the Board's policy that none of the Directors has a service contract. All of the Directors have been provided with appointment letters and the terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment. Thereafter they are obliged to retire every three years, and may, if they wish, offer themselves for re-election. The Board has also resolved that Directors who have served on the Board for more than nine years will submit themselves for re-election annually. There is no notice period and no provision for compensation upon early termination of appointment.

Company Performance

The following graph compares the total return (assuming all dividends are reinvested) to Mid Wynd's ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes, as it is a widely used measure of performance for UK listed companies (FTSE World Index in sterling terms, which is the Company's comparative index, is provided for information purposes only).

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 28 and 29 was approved by the Board of Directors and signed on its behalf on 19 August 2011.

Richard RJ Burns
Director

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the 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 judgements and accounting 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 respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate 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 the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed within the Directors and Management section confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and profit 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 it faces.

By order of the Board

Richard RJ Burns
19 August 2011

Independent Auditors' Report

to the shareholders of Mid Wynd International Investment Trust PLC

We have audited the financial statements of Mid Wynd International Investment Trust PLC for the year ended 30 June 2011 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. 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).

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 30, 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 and express an opinion on 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 June 2011 and of its results 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 matters where the Companies Act 2006 requires us 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 and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 23, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Alan R Donaldson (Senior Statutory Auditor) for and on behalf of
Scott-Moncrieff, Statutory Auditor
Exchange Place 3,
Sempole Street
Edinburgh EH3 8BL
19 August 2011

Income Statement

For the year ended 30 June

	Notes	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Gains on investments	9	–	12,589	12,589	–	11,977	11,977
Currency losses	14	–	(117)	(117)	–	(293)	(293)
Income	2	1,338	–	1,338	1,263	–	1,263
Investment management fee	3	(159)	(159)	(318)	(126)	(126)	(252)
Other administrative expenses	4	(186)	–	(186)	(168)	–	(168)
Net return before finance costs and taxation		993	12,313	13,306	969	11,558	12,527
Finance costs of borrowings	5	(54)	(54)	(108)	(45)	(45)	(90)
Net return on ordinary activities before taxation		939	12,259	13,198	924	11,513	12,437
Tax on ordinary activities	6	(63)	–	(63)	(77)	7	(70)
Net return on ordinary activities after taxation		876	12,259	13,135	847	11,520	12,367
Net return per ordinary share	8	17.16p	239.99p	257.15p	16.85p	229.23p	246.08p

A final dividend for the year of 10.0p per share is proposed (2010 – 9.0p) making a total of 16.5p for the year (2010 – 15.5p). More information on dividend distributions can be found in note 7 on page 40.

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

All revenue and capital items in this statement derive from continuing operations. No operations were acquired or discontinued during the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 36 to 50 are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 30 June 2011

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 July 2010	-	1,241	16	20	47,295	1,490	50,062
Net return on ordinary activities after taxation	14	-	-	-	12,259	876	13,135
Shares issued	13	77	-	3,798	-	-	3,875
Dividends paid during the year	7	-	-	-	-	(783)	(783)
Shareholders' funds at 30 June 2011		1,318	16	3,818	59,554	1,583	66,289

For the year ended 30 June 2010

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 July 2009		1,257	-	20	36,391	1,397	39,065
Net return on ordinary activities after taxation		-	-	-	11,520	847	12,367
Shares purchased for cancellation	13	(16)	16	-	(616)	-	(616)
Dividends paid during the year	7	-	-	-	-	(754)	(754)
Shareholders' funds at 30 June 2010		1,241	16	20	47,295	1,490	50,062

The accompanying notes on pages 36 to 50 are an integral part of the financial statements.

Balance Sheet

At 30 June

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		70,360		54,586
Current assets					
Debtors	10	238		1,378	
Cash and deposits	20	1,359		402	
		1,597		1,780	
Creditors					
Amounts falling due within one year	11	(5,668)		(2,957)	
Net current liabilities			(4,071)		(1,177)
Total assets less current liabilities			66,289		53,409
Creditors					
Amounts falling due after more than one year	12		-		(3,347)
Total net assets			66,289		50,062
Capital and reserves					
Called-up share capital	13		1,318		1,241
Capital redemption reserve	14		16		16
Share premium	14		3,818		20
Capital reserve	14		59,554		47,295
Revenue reserve	14		1,583		1,490
Shareholders' funds	15		66,289		50,062
Net asset value per ordinary share					
(after deducting borrowings at fair value)	15		1,257.2p		1,008.2p
Net asset value per ordinary share					
(after deducting borrowings at par)	15		1,257.2p		1,008.7p

The financial statements of Mid Wynd International Investment Trust PLC (Company registration number SC42651) were approved and authorised for issue by the Board and were signed on 19 August 2011.

Richard RJ Burns
Director



any notes on pages 36 to 50 are an integral part of the financial statements.

Notes to the Financial Statements

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Cash Flow Statement

For the year ended 30 June

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Net cash inflow from operating activities	16		828		755
Servicing of finance					
Interest paid		(109)		(90)	
Net cash outflow from servicing of finance			(109)		(90)
Taxation					
Corporation tax paid		–		(154)	
Total tax paid			–		(154)
Financial investment					
Acquisitions of investments		(29,760)		(30,573)	
Disposals of investments		27,242		28,147	
Realised currency profit		42		29	
Net cash outflow from financial investment			(2,476)		(2,397)
Equity dividends paid			(783)		(754)
Net cash outflow before financing			(2,540)		(2,640)
Financing					
Shares issued		3,875		–	
Shares purchased for cancellation		(378)		(238)	
Bank loans drawn down		–		3,137	
Net cash inflow from financing			3,497		2,899
Increase in cash	17		957		259
Reconciliation of net cash flow to movement in net debt	17				
Increase in cash in the year			957		259
Net cash inflow from bank loans			–		(3,137)
Exchange movement on bank loans			(159)		(322)
Movement in net debt in the year			798		(3,200)
Net debt at 1 July			(4,945)		(1,745)
Net debt at 30 June			(4,147)		(4,945)

Any notes on pages 36 to 50 are an integral part of the financial statements.

1 Principal Accounting Policies

A summary of the principal accounting policies, which are unchanged from the prior year and have been applied consistently, is set out below.

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of fixed asset investments, and on the assumption that approval as an investment trust will continue to be granted.

The financial statements have been prepared in accordance with The Companies Act 2006, applicable United Kingdom accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in January 2009.

In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the income statement.

Financial assets and financial liabilities are recognised in the Company's balance sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK and the Company is subject to the UK's regulatory environment.

(b) Investments

Purchases and sales of investments are accounted for on a trade date basis.

Investments are designated as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value. The fair value of listed investments is bid value or, in the case of FTSE 100 constituents, Japanese, Greek and Indian listed investments, at last traded prices. Listed investments include Open Ended Investment Companies ('OEICs') authorised in the UK and Société d'Investissement À Capital Variable ('SICAVs') authorised in Europe; these are valued at closing prices and are classified in the list of investments according to the principal geographical area of the underlying holdings.

The fair value of unlisted investments uses valuation techniques, determined by the Directors, based upon latest dealing prices, stockbroker valuations, net asset values and other information, as appropriate.

(c) Derivatives

The Company may use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating risk in its investments and protection against currency risk) and to achieve capital growth. Such instruments are recognised on the date of the contract that creates the Company's obligation to pay or receive cash flows and are measured as financial assets or liabilities at fair value at subsequent reporting dates, while the relevant contracts remain open. The fair value is determined by reference to the open market value of the contract.

Where the investment rationale for the use of derivatives is to hedge specific risks pertaining to the Company's portfolio composition, hedge accounting will only be adopted where the derivative instrument relates specifically to a single item, or group of items, of equal and opposite financial exposure, and where the derivative instrument has been explicitly designated as a hedge of such item(s) at the date of initial recognition. In all other circumstances changes in the fair value of derivative instruments are recognised immediately in the income statement as capital or revenue as appropriate.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

(e) Income

- (i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Equity investment income includes distributions from Collective Investment Schemes other than those that relate to equalisation, which are treated as capital items.
- (ii) Interest from fixed interest securities is recognised on an effective yield basis.
- (iii) Unfranked investment income includes the taxes deducted at source.
- (iv) Franked investment income is stated net of tax credits.
- (v) Underwriting commission and interest receivable on deposits are recognised on an accruals basis.
- (vi) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows: where they relate directly to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds; and where they are connected with the maintenance or enhancement of the value of investments, in which case they are charged 50:50 to the revenue account and capital reserve.

(g) Finance Costs

Loan interest is accounted for on an accruals basis and is allocated 50:50 to the revenue account and capital reserve. Loan breakage costs are charged to the capital reserve.

(h) Deferred Taxation

Deferred taxation is provided on all timing differences which have originated but not reversed by the balance sheet date, calculated at the current tax rate relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Dividend Distributions

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which the dividends are approved by the Company's shareholders.

(j) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Assets and liabilities in foreign currencies are translated at the closing rates of exchange at the balance sheet date, with the exception of forward exchange contracts which are valued at the forward rate ruling at the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve or revenue reserve as appropriate.

(k) Capital Reserve

Gains and losses on sales of investments, exchange differences of a capital nature and the amount by which the fair value of assets and liabilities differs from their book value are dealt with in this reserve. 50% of management fees and finance costs together with any associated tax relief are allocated to the capital reserve in accordance with the Company's objective of combining capital and income growth. Purchases of the Company's own shares are also funded from this reserve.

2 Income

	2011 £'000	2010 £'000
Income from investments		
Franked investment income	154	98
UK unfranked investment income	50	143
Overseas dividends	993	753
Overseas interest	138	263
	1,335	1,257
Other income		
Underwriting commission and commitment fees	3	6
	3	6
Total income	1,338	1,263
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	1,147	914
Interest from financial assets designated at fair value through profit or loss	188	343
Other income not from financial assets	3	6
	1,338	1,263

3 Investment Management Fee

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Investment management fee	159	159	318	126	126	252

Baillie Gifford & Co are employed by the Company as Managers and Secretaries under a management agreement which is terminable on not less than one year's notice, or on shorter notice in certain circumstances. The fee in respect of each quarter is 0.125% of the net assets of the Company attributable to its shareholders on the last day of that quarter. The management fee is levied on all assets, including holdings in collective investment schemes (OEICs) managed by Baillie Gifford & Co, however, the OEICs' share classes held by the Company do not incur management fees.

4 Other Administrative Expenses – all charged to revenue

	2011 £'000	2010 £'000
General administrative expenses	121	106
Directors' fees (see Directors' Remuneration Report on pages 28 and 29)	53	51
Auditors' remuneration for audit services	12	11
	186	168

5 Finance Costs of Borrowings

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Bank loans repayable within five years:						
Interest	54	54	108	45	45	90

6 Tax on Ordinary Activities

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
UK corporation tax at 27.5% (2010 – 28%)	-	-	-	7	(7)	-
Overseas taxation	63	-	63	70	-	70
Total current tax	63	-	63	77	(7)	70

	2011 £'000	2010 £'000
The tax charge for the year is lower than the average standard rate of corporation tax in the UK (27.5%)		
The differences are explained below:		
Net return on ordinary activities before taxation	13,198	12,437
Net return on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 27.5% (2010 – 28%)	3,629	3,482
Effects of:		
Capital returns not taxable	(3,430)	(3,272)
Income not taxable (UK dividend income)	(42)	(27)
Income not taxable (overseas dividend income)	(265)	(218)
Overseas tax – non offsettable	63	70
Taxable losses in the year not utilised	108	35
Current tax charge for the year	63	70

As an investment trust, the Company's capital returns are not taxable.

The standard rate of corporation tax in the UK changed from 28% to 26% on 1 April 2011.

Factors that may affect future tax charges

At 30 June 2011 the Company had a potential deferred tax asset of £102,000 (2010 – nil) in respect of taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make suitable taxable revenue profits in excess of deductible expenses in future periods. The potential deferred tax asset has been calculated using a corporation tax rate of 26%. Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

7 Ordinary Dividends

	2011	2010	2011 £'000	2010 £'000
Amounts recognised as distributions in the year:				
Previous year's final (paid 7 October 2010)	9.00p	8.50p	447	427
Interim (paid 1 April 2011)	6.50p	6.50p	336	327
	15.50p	15.00p	783	754

We also set out below the total dividends paid and payable in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £876,000 (2010 – £847,000).

	2011	2010	2011 £'000	2010 £'000
Dividends paid and payable in respect of the year:				
Interim dividend per ordinary share (paid 1 April 2011)	6.50p	6.50p	336	327
Proposed final dividend per ordinary share (payable 14 October 2011)	10.00p	9.00p	527	447
	16.50p	15.50p	863	774

8 Net Return per Ordinary Share

	2011 Revenue	2011 Capital	2011 Total	2010 Revenue	2010 Capital	2010 Total
Net return on ordinary activities after taxation	17.16p	239.99p	257.15p	16.85p	229.23p	246.08p

Revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £876,000 (2010 – £847,000), and on 5,108,300 (2010 – 5,025,506) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on the net capital gain for the financial year of £12,259,000 (2010 – net capital gain of £11,520,000), and on 5,108,300 (2010 – 5,025,506) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

There are no dilutive or potentially dilutive shares in issue.

9 Fixed Assets – Investments

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 June 2011				
Securities				
Listed equities	63,318	2,454	–	65,772
Listed equity index options	73	–	–	73
Listed convertible securities	203	–	–	203
Listed debt securities	1,380	–	2,101	3,481
Unlisted equities	–	–	153	153
Unlisted debt securities	–	–	678	678
Total financial asset investments	64,974	2,454	2,932	70,360

9 Fixed Assets – Investments (continued)

As at 30 June 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Securities				
Listed equities	49,518	2,473	–	51,991
Listed convertible securities	139	–	–	139
Listed debt securities	563	–	1,558	2,121
Unlisted debt securities	–	–	335	335
Total financial asset investments	50,220	2,473	1,893	54,586

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with Financial Reporting Standard 29 'Financial Instruments: Disclosures', the preceding tables provide an analysis of these investments based on the fair value hierarchy described below which reflects the reliability and significance of the information used to measure their fair value.

Fair Value Hierarchy

The fair value hierarchy used to analyse the fair values of financial assets is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 – investments with quoted prices in an active market;

Level 2 – investments whose fair value is based directly on observable current market prices or is indirectly being derived from market prices; and

Level 3 – investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market prices or are not based on observable market data.

	Listed equities £'000	Unlisted equity £'000	Listed debt £'000	Unlisted debt £'000	Total £'000
Cost of investments held at 1 July 2010	42,861	–	2,548	495	45,904
Investment holding gains/(losses) at 1 July 2010	9,130	–	(288)	(160)	8,682
Fair value of investments held at 1 July 2010	51,991	–	2,260	335	54,586
Movements in year:					
Purchases at cost	27,372	152	1,282	510	29,316
Convertibles reclassified from equity to debt	(118)	–	118	–	–
Sales – proceeds	(25,382)	–	(806)	–	(26,188)
– gains on sales	4,955	–	65	–	5,020
Amortisation of fixed interest book cost	–	–	57	–	57
Changes in investment holding gains/losses	7,027	1	708	(167)	7,569
Fair value of investments held at 30 June 2011	65,845	153	3,684	678	70,360
Cost of investments held at 30 June 2011	49,688	152	3,264	1,005	54,109
Investment holding gains/(losses) at 30 June 2011	16,157	1	420	(327)	16,251
Fair value of investments held at 30 June 2011	65,845	153	3,684	678	70,360

The purchases and sales proceeds figures above include transaction costs of £61,000 on purchases (2010 – £69,000) and £28,000 on sales (2010 – £16,000), making a total of £89,000 (2010 – £85,000).

Listed equities include OEICs, SICAVs, index options and convertible loan notes expected to convert to equity.

9 Fixed Assets – Investments (continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	Value at 1 July 2010 £'000	Purchases/ amortisation * £'000	Sales proceeds £'000	Gains on sales £'000	Holding gains/losses £'000	Value at 30 June 2011 £'000
For the year to 30 June 2011						
Listed debt	1,558	200	(217)	52	508	2,101
Unlisted debt	335	510	–	–	(167)	678
Unlisted equities	–	152	–	–	1	153
	1,893	862	(217)	52	342	2,932

*Purchases/amortisation includes amortisation of fixed income securities of £25,000.

The gains and losses included in the above table have all been recognised in the income statement on page 32. The Company believes that other reasonably possible alternative valuations for its Level 3 holdings would not be significantly different from those included in the financial statements.

	Value at 1 July 2009 £'000	Purchases/ amortisation * £'000	Sales proceeds £'000	Gains on sales £'000	Holding gains/losses £'000	Value at 30 June 2010 £'000
For the year to 30 June 2010						
Listed debt	561	442	(2)	2	555	1,558
Unlisted debt	396	–	–	–	(61)	335
	957	442	(2)	2	494	1,893

*Purchases/amortisation includes amortisation of fixed income securities of £12,000.

	2011 £'000	2010 £'000
Net gains on investments designated at fair value through profit or loss on initial recognition		
Gains on sales	5,020	4,870
Changes in investment holding gains/losses	7,569	7,107
	12,589	11,977

Of the gains on sales of £5,020,000 (2010 – gains of £4,870,000) during the year, a net gain of £2,870,000 (2010 – £168,000) was included in the investment holding gains at the previous year end.

During the year the Company held shares in Open Ended Investment Companies (OEICs) managed by Baillie Gifford & Co, the Company's investment manager. The share classes held in the OEICs do not incur management fees. At 30 June the Company held:

	2011 C income shares held	2011 % of share class held	2010 C income shares held	2010 % of share class held
Baillie Gifford Developed Asia Pacific Fund	–	–	550,400	10.6
Baillie Gifford Japanese Smaller Companies Fund	60,764	100.0	103,464	100.0
Baillie Gifford Greater China Fund	–	–	170,260	3.6

The total value of the Company's holdings in investments managed by Baillie Gifford & Co at 30 June 2011 was £699,000 (2010 – £2,394,000).

10 Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Income accrued (net)	109	193
Sales for subsequent settlement	93	1,147
Other debtors and prepayments	36	38
	238	1,378

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – Amounts falling due within one year

	2011 £'000	2010 £'000
Lloyds TSB Scotland short term loan facility (see note 12)	2,000	2,000
Lloyds TSB Scotland multi-currency loan facility (see note 12)	3,506	–
Purchases for subsequent settlement	40	862
Other creditors and accruals	122	95
	5,668	2,957

None of the above creditors are financial liabilities designated at fair value through profit or loss. Included in other creditors is £83,000 (2010 – £63,000) in respect of the investment management fee.

12 Creditors – Amounts falling due after more than one year

	2011 £'000	2010 £'000
Bank loan	–	3,347

Borrowing facilities

A £2 million loan facility has been arranged with Lloyds TSB Scotland plc, expiring on 27 August 2011.

A US\$5 million multi-currency loan facility has been arranged with Lloyds TSB Scotland plc, expiring on 27 February 2012.

At 30 June 2011 drawings were as follows:

Lloyds TSB Scotland plc – ¥300 million at an interest rate of 1.905% per annum (2010 – ¥300 million at 1.905%)
 – €1.32 million at an interest rate of 1.7913% per annum (2010 – €1.32 million at 0.8483%)
 – £2 million at an interest rate of 2.3048% per annum (2010 – £2 million at 2.1724%)

The main covenants relating to the loans are:

- (i) Total borrowings shall not exceed 25% of the Company's investment portfolio.
- (ii) The Company's minimum net asset value shall be £30 million.

13 Called-up Share Capital

	2011 Number	2011 £'000	2010 Number	2010 £'000
Allotted, called up and fully paid ordinary shares of 25p each	5,272,766	1,318	4,962,766	1,241

In the year to 30 June 2011 the Company allotted 310,000 ordinary shares with a nominal value of £77,500 for a total consideration of £3,875,000 (2010 – bought back 65,000 ordinary shares with a nominal value of £16,250 at a total cost of £616,000). At 30 June 2011 the Company had authority to buy back 743,918 ordinary shares and to allot a further 186,276 ordinary shares without application of pre-emption rights in accordance with the authorities granted at the AGM in September 2010. Under the provisions of the Company's Articles of Association share buybacks are funded from the capital reserve.

14 Capital and Reserves

	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 July 2010	1,241	16	20	47,295	1,490	50,062
Gains on investments	-	-	-	12,589	-	12,589
Exchange differences on bank loans	-	-	-	(159)	-	(159)
Other exchange differences	-	-	-	42	-	42
Investment management fee	-	-	-	(159)	-	(159)
Finance costs of borrowings	-	-	-	(54)	-	(54)
Revenue return on ordinary activities after taxation	-	-	-	-	876	876
Shares issued	77	-	3,798	-	-	3,875
Dividends paid in the year	-	-	-	-	(783)	(783)
At 30 June 2011	1,318	16	3,818	59,554	1,583	66,289

Distributable reserves

Under the terms of the Company's Articles of Association, sums standing to the credit of the Capital reserve are distributable only by way of redemption or purchase of any of the Company's own shares.

The Revenue reserve is distributable by way of dividend.

15 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net assets attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	2011	2010	2011 £'000	2010 £'000
Ordinary shares	1,257.2p	1,008.7p	66,289	50,062

The movements during the year of the assets attributable to the ordinary shares were as follows:

	2011 £'000	2010 £'000
Total net assets at 1 July	50,062	39,065
Total recognised gains and losses for the year	13,135	12,367
Shares issued	3,875	-
Shares purchased for cancellation	-	(616)
Dividends appropriated in the year	(783)	(754)
Total net assets at 30 June	66,289	50,062

Net asset value per ordinary share is based on net assets as shown above and on 5,272,766 (2010 – 4,962,766) ordinary shares, being the number of ordinary shares in issue at the year end.

Deducting borrowings at fair value has no effect on the net asset value per ordinary share at 30 June 2011 as all borrowings are short-term and their fair value is considered to be equal to their par value. At 30 June 2010 the net asset value after deducting borrowings at fair value was 1,008.2p. Taking the market price of the ordinary shares at 30 June 2010 of 935.0p, this would have given a discount to net asset value of 7.3% on both bases.

16 Reconciliation of Net Return before Finance Costs and Taxation to Net Cash Inflow from Operating Activities

	2011 £'000	2010 £'000
Net return before finance costs and taxation	13,306	12,527
Gains on investments	(12,589)	(11,977)
Currency losses	117	293
Amortisation of fixed interest book cost	(57)	(70)
Decrease in accrued income	86	44
Decrease in debtors	2	10
Increase in creditors	28	9
Overseas tax suffered	(65)	(58)
Income tax suffered	-	(23)
Net cash inflow from operating activities	828	755

17 Analysis of Change in Net Debt

	At 1 July 2010 £'000	Maturing £'000	Cash flows £'000	Exchange movement £'000	At 30 June 2011 £'000
Cash at bank and in hand	402	-	957	-	1,359
Bank loans due in less than one year	(2,000)	(3,347)	-	(159)	(5,506)
Bank loans due in one to two years	(3,347)	3,347	-	-	-
	(4,945)	-	957	(159)	(4,147)

18 Contingent Liabilities, Guarantees and Financial Commitments

At 30 June 2011 the Company had contingent liabilities of £495,000 (2010 – £1,005,000) in respect of a subscription agreement, relating to participating unsecured loan notes in Pantheon International Participations plc (PIP), which expires on 31 December 2011. The PIP loan notes of par value £1,005,000 (2010 – £495,000) held by the Company were valued at £678,000 at 30 June 2011 (2010 – £335,000).

19 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 28. No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006. The details of the management fee are set out in note 3, and the management fee due to Baillie Gifford as at 30 June 2011 is disclosed in note 11.

20 Financial Instruments

As an Investment Trust, the Company invests in equities and makes other investments so as to achieve its investment objective of achieving capital and income growth by investing on a worldwide basis. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposure to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise the short term volatility.

The Company may enter into derivative transactions as explained in the Investment Policy on page 20. In the period under review the Company purchased equity index options. Details of derivative financial instruments open at the balance sheet date are shown on page 50.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

20 Financial Instruments (continued)

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Managers both assess the exposure to market risk when making individual investment decisions and monitor the overall level of market risk across the investment portfolio on an ongoing basis.

(i) Currency Risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Managers monitor the Company's exposure to foreign currencies and report to the Board on a regular basis. The Investment Managers assess the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below. The exposure of the Company's OEIC investments managed by Baillie Gifford & Co has been included in the analysis as sterling, being their currency of quotation. The main changes to net currency exposure during the year are as follows: exposure to the US dollar increased, reflecting increases in the value of US holdings; exposure to the Japanese yen increased following purchases of Japanese equities; exposure to the Brazilian real increased through the purchase of a Brazilian bond. Explanations of changes in asset allocation can be found in the Chairman's Statement and Managers' Portfolio Review on pages 4 to 6 and 13 to 15.

	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors * £'000	Net exposure £'000
At 30 June 2011					
US dollar	13,591	(19)	–	(15)	13,557
Euro	8,588	(27)	(1,192)	25	7,394
Norwegian krona	2,185	–	–	–	2,185
Swiss franc	2,527	346	–	–	2,873
Japanese yen	3,894	–	(2,314)	6	1,586
Brazilian real	7,159	1,008	–	14	8,181
Hong Kong dollar	2,426	–	–	–	2,426
South African rand	1,293	–	–	–	1,293
Other overseas currencies	7,374	–	–	79	7,453
Total exposure to currency risk	49,037	1,308	(3,506)	109	46,948
Sterling	21,323	51	(2,000)	(33)	19,341
	70,360	1,359	(5,506)	76	66,289

*Includes net non-monetary assets of £11,000.

20 Financial Instruments (continued)

At 30 June 2010	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors *	Net exposure £'000
US dollar	12,664	(651)	–	36	12,049
Euro	5,127	51	(1,081)	201	4,298
Norwegian krona	1,907	–	–	–	1,907
Swiss franc	2,129	193	–	–	2,322
Japanese yen	833	479	(2,266)	72	(882)
Brazilian real	4,683	2	–	–	4,685
Hong Kong dollar	2,772	–	–	–	2,772
South African rand	1,254	–	–	–	1,254
Other overseas currencies	7,101	246	–	(68)	7,279
Total exposure to currency risk	38,470	320	(3,347)	241	35,684
Sterling	16,116	82	(2,000)	180	14,378
	54,586	402	(5,347)	421	50,062

*Includes net non-monetary assets of £8,000.

Currency Risk Sensitivity

At 30 June 2011, if sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the financial statement amounts. The analysis is performed on the same basis for 2010.

	2011 £'000	2010 £'000
US dollar	678	602
Euro	370	215
Norwegian krona	109	95
Swiss franc	144	116
Japanese yen	79	(44)
Brazilian real	409	234
Hong Kong dollar	121	139
South African rand	65	63
Other overseas currencies	372	364
	2,347	1,784

(ii) Interest Rate Risk

Interest rate movements may affect directly:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- the fair value of the Company's fixed-rate borrowings; and
- the interest payable on any variable rate borrowings which the Company may take out.

Interest rate movements may also impact upon the market value of the Company's investments outwith fixed income securities. The effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and when entering borrowing agreements.

The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The Company finances part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board. Movements in interest rates, to the extent that they affect the market value of the Company's fixed rate borrowings, may also affect the amount by which the Company's share price is at a discount or a premium to the net asset value.

20 Financial Instruments (continued)

The interest rate risk profile of the Company's financial assets and liabilities at 30 June is shown below. The main change to the interest rate risk profile of the Company's financial assets during the year has been the purchase of the Brazilian inflation-linked bond.

Financial Assets	2011 Fair value £'000	2011 Weighted average interest rate	2011 Weighted average period until maturity	2010 Fair value £'000	2010 Weighted average interest rate	2010 Weighted average period until maturity
Fixed rate:						
US dollar bonds	180	4.3%	2 years	139	4.3%	3 years
Euro bonds	23	5.0%	4 years	97	5.0%	5 years
Floating rate:						
UK bonds (interest rate linked to LIBOR)	678	2.0%	1 year	335	2.0%	1 year
US dollar bonds (interest rate linked to US LIBOR)	–	–	–	143	1.0%	40 years
Euro bonds (interest rate linked to Euro LIBOR)	278	9.5%	4 years	112	8.6%	5 years
Brazilian bond (interest rate linked to Brazilian CPI)	939	12.1%	34 years	–	–	–
Fixed interest collective investment schemes:						
CQS Rig Finance Fund	441	–	n/a	563	–	n/a
Athena Debt Opportunities Fund	1,622	0.6%	26 years	1,303	2.9%	27 years
K1 Life Settlements	201	–	n/a	–	–	n/a

The cash deposits generally comprise call deposits or short term money market deposits with original maturities of less than three months, which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

Financial Liabilities

The interest rate risk profile of the Company's bank loans and the maturity profile of the undiscounted future cash flows in respect of the Company's contractual financial liabilities at 30 June are shown below.

Interest Rate Risk Profile	2011 £'000	2010 £'000
Fixed rate – Yen denominated	2,314	2,266
Floating rate – Euro denominated	1,192	1,081
Floating rate – Sterling denominated	2,000	2,000
	5,506	5,347

Maturity Profile	2011 Within 1 year £'000	2011 Between 1 and 5 years £'000	2011 More than 5 years £'000	2010 Within 1 year £'000	2010 Between 1 and 5 years £'000	2010 More than 5 years £'000
Repayment of loans	5,506	–	–	2,000	3,347	–
Interest on loans	57	–	–	62	39	–
	5,563	–	–	2,062	3,386	–

Interest Rate Risk Sensitivity

An increase of 100 basis points in bond yields as at 30 June 2011 would have decreased total net assets and total return on ordinary activities by £145,000 (2010 – £7,000). A decrease of 100 basis points would have had an equal but opposite effect.

An increase of 100 basis points in bond yields as at 30 June 2011 would have decreased the net asset value per share (with borrowings at fair value) by 2.76p (2010 – 0.15p). A decrease of 100 basis points would have had an equal but opposite effect.

20 Financial Instruments (continued)

(iii) Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Managers. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the index, investments are selected based upon the merit of individual companies and therefore performance may well diverge from the short term fluctuations of the comparative index.

Other Price Risk Sensitivity

Fixed asset investments are valued at bid prices which equate to their fair value. A full list of the Company's investments is given on pages 16 to 19. In addition, an analysis of the investment portfolio by geographical split and broad industrial or commercial sector and a list of the 30 largest investments by their aggregate market value is given on pages 12 and 11. Details of derivative financial instruments open at the balance sheet date are shown on page 50.

99.5% (2010 – 103.9%) of the Company's net assets are invested in equities. The sensitivity of the Company's equity investments to general movements in equity markets has been adjusted by the use of the equity derivative instruments detailed on page 50, with the purchase of equity index call options increasing it. Further details of the impact of these instruments on the portfolio are set out in the Managers' Portfolio Review on page 15. After taking into account the impact of the equity index options open at the balance sheet date, a 3% increase in quoted equity valuations at 30 June 2011 would have increased total assets and total return on ordinary activities by £2,016,000 (2010 – £1,560,000). A decrease of 3% would have had an equal but opposite effect.

Liquidity Risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Board monitors the exposure to any one holding.

The Company has the power to take out borrowings, which give it access to additional funding when required. The Company's borrowing facilities are detailed in note 12.

Credit Risk

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

This risk is managed as follows:

- Where the Investment Managers make an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question.
- The Board regularly receives information from the Investment Managers on the credit ratings of those bonds and other securities in which the Company has invested.
- The Company's listed investments are held on its behalf by The Bank of New York Mellon, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Managers monitor the Company's risk by reviewing the custodian's internal control reports and reporting their findings to the Board.
- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Managers. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.
- Transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Managers of the creditworthiness of that counterparty.
- Cash is only held at banks that are regularly reviewed by the Managers.

Credit Risk Exposure

The exposure to credit risk at 30 June was

	2011 £'000	2010 £'000
Fixed interest investments	4,362	2,692
Cash and deposits	1,359	402
Debtors and prepayments	238	1,378
	5,959	4,472

None of the Company's financial assets are past due or impaired.

20 Financial Instruments (continued)

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the balance sheet with the exception of long term borrowings which are stated in accordance with FRS26. Short term borrowings have a fair value equal to par.

	2011 Book £'000	2011 Fair £'000	2010 Book £'000	2010 Fair £'000
Fixed rate yen loan	–	–	2,266	2,294
Floating rate euro loan	–	–	1,081	1,081
Total long term borrowings	–	–	3,347	3,375

Gains and Losses on Purchased Options

The following purchased options were in position at 30 June 2011 (2010 – nil).

Description	Number of contracts	Strike price	Expiration date	Premium paid £'000	Fair value £'000
Nikkei 225 call	100	11,000	9/12/11	353	73
				353	73

The potential exposure to Japanese equities arising from the Nikkei 225 call options was £1,257,000 at 30 June 2011.

Gains and losses on hedges

At 30 June 2011 there were no unrecognised gains/losses on hedges (2010 – nil).

Currency gains/losses are taken to the capital reserve and are not reflected in the revenue account unless they are of a revenue nature.

Capital Management

The capital of the Company is its share capital and reserves as set out in notes 13 and 14 together with its borrowings (see notes 11 and 12). The objective of the Company is to achieve capital and income growth by investing on a worldwide basis. The Company's investment policy is set out on page 20. In pursuit of the Company's objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern and details of the related risks and how they are managed are set out on page 23. The Company has the ability to issue and buy back its shares (see pages 25 and 26) and changes to the share capital during the year are set out in notes 14 and 15. The Company does not have any externally imposed capital requirements other than the covenants on its loans which are detailed in notes 11 and 12.

21 Post Balance Sheet Event

Following the year end the Company bought equity index call options on the FTSE 100, S&P 500 and Eurostoxx 50 indices with a June 2012 expiry date (subsequently replaced by December 2012 call options) and sold equity index futures on the same indices. The net effect of these transactions was to reduce the portfolio's effective exposure to equities by approximately 20%. The strategic purpose of these transactions is discussed in more detail in the Managers' Review on page 15.

The Annual General Meeting of the Company will be held at the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, on Monday, 10 October 2011 at 12.00 noon.

If you have any queries as to how to vote or how to attend the meeting, please call us on 0800 027 0133.

Baillie Gifford may record your call.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Mid Wynd International Investment Trust PLC will be held within the Registered Office of the Company at Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Monday, 10 October 2011 at 12.00 noon (the 'Meeting') for the following purposes:

Ordinary Business

To consider and, if thought fit, pass Resolutions 1 to 9 (inclusive) which will be proposed as ordinary resolutions:

1. To receive and adopt the Annual Report and the Financial Statements of the Company for the financial year ended 30 June 2011 together with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Remuneration Report for the financial year ended 30 June 2011.
3. To declare a final dividend of 10.0p per ordinary share for the financial year ended 30 June 2011.
4. To re-elect Mr PMS Barron as a Director of the Company.
5. To re-elect Mr RRJ Burns as a Director of the Company.
6. To re-elect Mr MCN Scott as a Director of the Company.
7. To reappoint Scott-Moncrieff as Independent Auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid before the Company.
8. To authorise the Directors to determine the remuneration of the Independent Auditors.
9. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being 'Securities') up to an aggregate nominal value of £438,957, being equal to approximately 33.3% of the Company's issued

share capital as at 17 August 2011, to such persons and on such terms as the Directors may determine, such authority to expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution or on the expiry of 15 months from the date of passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, to pass Resolutions 10 and 11 as special resolutions:

10. That, subject to the passing of Resolution 9 above (the 'Section 551 Resolution'), and in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (as defined in Section 560 of the Act), for cash pursuant to the Section 551 Resolution or by way of a sale of treasury shares, in each case as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:

- (a) shall be limited to the allotment of equity securities in connection with an offer of such securities to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their respective holdings of such shares but subject to such exclusions, limits or restrictions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or any 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; or

- (b) shall be limited to the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) of this resolution) up to an aggregate nominal value of £131,819 being approximately 10% of the nominal value of the issued share capital of the Company, as at 17 August 2011; and
 - (c) expires at the conclusion of the next Annual General Meeting of the Company held after the passing of this Resolution or on the expiry of 15 months from the date of passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.
11. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693(4) of the Act) of any of its ordinary shares in the capital of the Company ('ordinary shares') in such manner and upon such terms as the Directors of the Company may from time to time determine, provided that:
- (a) the maximum aggregate nominal value of ordinary shares hereby authorised to be purchased is £197,596 representing approximately 14.99% of the issued ordinary share capital of the Company as at 17 August 2011;
 - (b) the minimum price (excluding expenses) which may be paid for any ordinary share is the nominal value thereof;
 - (c) the maximum price (excluding expenses) which may be paid for any ordinary share shall not be more than the higher of:
 - (i) 5 per cent above the average closing price of an ordinary share on the London Stock Exchange over the five business days immediately preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade in ordinary shares and the highest current independent bid for such shares on the London Stock Exchange; and
 - (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution or on the expiry of 15 months from the date of passing of this resolution, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

Special Business

To consider and, if thought fit, pass Resolutions 12 and 13 as ordinary resolutions:

- 12. To increase the limit on Directors' Fees from £75,000 to £125,000 in aggregate per annum.
- 13. That each of the ordinary shares of £0.25 each in the capital of the Company be sub-divided into five ordinary shares of £0.05 each (the 'New Ordinary Shares'), the New Ordinary Shares having the rights and being subject to the restrictions set out in the articles of association of the Company, provided that such sub-division is conditional on, and shall take effect on, admission of the New Ordinary Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities by 8 a.m. on 11 October 2011 (or such other time and/or date as the Directors of the Company may in their absolute discretion determine).

By order of the Board

Baillie Gifford & Co
Managers and Secretaries
30 August 2011

Notes

1. Information about the Meeting is available on the Company's page of the Managers' website at www.midwynd.co.uk.
2. As a shareholder you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. 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 proxy need not be a shareholder of the Company.
3. A Form of Proxy is enclosed and to be valid must be lodged with the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or www.eproxyappointment.com so as to arrive not later than 48 hours, excluding non-working days, before the time set for the Meeting, or any adjourned meeting. Any Power of Attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the Meeting in person.
4. The right to vote at the Meeting is determined by reference to the Register of Members of the Company as at noon on 6 October 2011.

Changes to entries on the Register of Members after noon on 6 October 2011 shall be disregarded in determining the rights of any shareholder to attend and vote at the Meeting.

5. As a shareholder, you have the right to put questions at the Meeting relating to the business being dealt with at the Meeting.
6. Shareholders participating in the Baillie Gifford Investment Trust Share Plan, Children's Savings Plan or the Baillie Gifford Investment Trust ISA who wish to vote and/or attend the Meeting must complete and return the enclosed reply-paid Form of Direction.
7. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the '2006 Act') to enjoy information rights (a 'Nominated Person') may, under agreement between them and the shareholder 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 shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 2 and 3 above does not apply to Nominated Persons. The rights described in these Notes can only be exercised by shareholders of the Company.
8. As at noon on 17 August 2011, the latest practicable date before publication of this document, the Company had 5,272,766 ordinary shares of 25p each in issue. 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 noon on 17 August 2011 is 5,272,766.
9. 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 on the Euroclear website (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.

10. In order for a proxy appointment by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and 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 number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the 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.
11. 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.
12. 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.
13. No Director has a contract of service with the Company. 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. It is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006 (the '2006 Act'), 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 auditors' report and the conduct of the audit) that are to be laid 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 2006 Act.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditors 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 2006 Act to publish on a website.

Further Shareholder Information

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles (see page 56 for details). If you are interested in investing directly in Mid Wynd, you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting the investment trust pages at www.bailliegifford.com.

Sources of Further Information on the Company

The price of shares is quoted daily in the Financial Times and can also be found on the Baillie Gifford website at www.bailliegifford.com, Trustnet at www.trustnet.co.uk and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

Key Dates

Ordinary shareholders normally receive two dividends in respect of each financial year. An interim dividend is paid in April and a final dividend is paid in October. The AGM is normally held in October.

Capital Gains Tax

For Capital Gains Tax indexation purposes, the market value of an ordinary share in the Company as at 31 March 1982 was 52p.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0870 707 1186.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current share holding balance;
- confirm your payment history; and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate you can also check your holding on the Registrars' website at www.investorcentre.co.uk.

They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- update bank mandates and change address details;
- use online dealing services; and
- pay dividends directly into your overseas bank account in your chosen local currency.

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to www.investorcentre.co.uk and follow the instructions or telephone 0870 707 1694.

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at www.eproxyappointment.com.

If you have any questions about this service please contact Computershare on 0870 707 1186.

Mid Wynd is an investment trust. Investment trusts offer investors the following:

- Participation in a diversified portfolio of shares.
- Constant supervision by experienced professional managers.
- The Company is free from capital gains tax on capital profits realised within its portfolio, although investors are still liable for capital gains tax on profits when selling their investment.

Analysis of Shareholders at 30 June

	2011 Number	2011 %	2010 Number	2010 %
Institutions	40,630	0.8	188,123	3.8
Intermediaries	2,390,984	45.3	1,912,803	38.6
Individuals	1,633,777	31.0	1,743,096	35.1
Baillie Gifford Share Plans/ISA	1,207,375	22.9	1,118,744	22.5
	5,272,766	100.0	4,962,766	100.0

Proposed Timetable for Dividend, Share Sub-Division and Dividend Reinvestment Plan (DRIP)

Ex dividend date	7 September 2011
Record date for dividend	9 September 2011
Final day for receipt of DRIP elections	23 September 2011
Annual General Meeting	Noon 10 October 2011
Record date for share split	5pm 10 October 2011
Register updated and new shares of 5p each available in CREST	8am 11 October 2011
Admission of new shares to Official list	8am 11 October 2011
Dividend payment date	14 October 2011
DRIP calculation date	14 October 2011
New hard copy share certificates for the split shares posted	By 21 October 2011
DRIP shares issued to (new) share register	21 October 2011
New hard copy share certificates for DRIP shares posted	25 October 2011

Cost-effective Ways to Buy and Hold Shares in Mid Wynd

Press advertisement for Children's Savings Plan.

The Share Plan and ISA brochure available at www.midwynd.co.uk

Baillie Gifford Savings Management Limited offers a number of plans that enable you to buy and hold shares of Mid Wynd cost-effectively. Purchases and sales are normally subject to a dealing price spread and Government stamp duty of 0.5% is payable on purchases.

The Baillie Gifford Investment Trust Share Plan

- No initial charge
- No annual wrapper charge
- Normally cheaper than dealing through a stockbroker
- Invest a lump sum from £250 or monthly from just £30
- No maximum investment limits
- Stop and start saving at any time with no charge
- Twice weekly dealing (usually Tuesday and Friday)
- A withdrawal charge of just £22

The Baillie Gifford Investment Trust ISA

- Tax-efficient investment
- No set-up charge
- Flat rate annual management charge currently of £32.50 + VAT
- Lump sum investment from £2,000 currently up to a maximum of £10,680 each year
- Save monthly from £100
- A withdrawal charge of just £22

ISA Transfers

- Transfer existing ISAs from other plan managers into the Baillie Gifford ISA
- Consolidate your plans into a managed global investment
- Minimum transfer value £2,000

The Baillie Gifford Children's Savings Plan

- An excellent way for parents, grandparents or other adults to invest for a child
- No initial charge
- No annual wrapper charge
- The option of a designated account or a bare trust in favour of the child
- Flexible investment options: lump sum from £100 or monthly saving from just £25
- A withdrawal charge of just £22

Online Management Service

You can also open and manage your Share Plan/Children's Savings Plan* and/or ISA online, through our secure Online Management Service (OMS) which can be accessed through the Baillie Gifford website at www.bailliegifford.com/oms. As well as being able to view the details of your plan online, the service also allows you to:

- get current valuations;
- make lump sum investments;
- switch between investment trusts (except where there is more than one holder);
- set up a direct debit to make regular investments; and
- update certain personal details.

*Please note that a bare trust cannot be opened via OMS. A bare trust application form must be completed.

Risks

Past performance is not a guide to future performance.

Mid Wynd invests in overseas securities and changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

Mid Wynd invests in emerging markets which could encounter dealing, settlement and custody difficulties more than the main international markets.

Mid Wynd can borrow money to make further investments (sometimes known as 'gearing'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any borrowings will increase the amount of this loss.

Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.

Mid Wynd's use of derivatives may impact on its performance.

Corporate bonds are generally perceived to carry a greater possibility of capital loss than investment in, for example, higher rated UK government bonds. Bonds issued by companies and governments may be adversely affected by changes in interest rates and expectations of inflation.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

The favourable tax treatment of ISAs may change.

Details of other risks that apply to investment in the plans shown on this page are contained in the product brochures.

Mid Wynd International Investment Trust PLC is a UK public listed company and as such complies with the requirements of the UK listing Authority. It is not authorised and regulated by the Financial Services Authority.

Baillie Gifford Savings Management Limited (BGSM) is the manager of The Baillie Gifford Investment Trust Share Plan, The Baillie Gifford Children's Savings Plan and The Baillie Gifford Investment Trust ISA. BGSM is wholly owned by Baillie Gifford & Co who are the Managers and Secretaries of Mid Wynd International Investment Trust PLC. BGSM and Baillie Gifford & Co are authorised and regulated by the Financial Services Authority and both are based at Calton Square, 1 Greenside Row, Edinburgh EH1 3AN.

The staff of Baillie Gifford & Co, and/or the Directors of Mid Wynd, may hold shares in Mid Wynd or may buy or sell shares from time to time.

Communicating with Shareholders

'Trust' magazine

A Mid Wynd web page at www.midwynd.co.uk

Promoting Mid Wynd

Baillie Gifford carries out marketing activity to promote Mid Wynd to institutional, intermediary and direct investors. The Board warmly supports the promotion of the plans described on page 56 in order to bring the merits of Mid Wynd to as wide an audience as possible.

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published three times a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Mid Wynd. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team (see contact details opposite).

An online version of *Trust* can be found at www.bgtrustonline.com.

All articles are available to read on screen and can now also be downloaded in PDF format.

Guides to Investment Trusts

Baillie Gifford has produced a number of educational guides on investment trusts. These are designed to explain how Investment Trusts work and to explain the various ways you can invest in them. If you would like copies of any of the guides, please contact the Baillie Gifford Client Relations Team (see contact details opposite).

Mid Wynd on the Web

Up-to-date information about Mid Wynd is on the Mid Wynd page of the Managers' website at www.midwynd.co.uk. In the Investment Trust section you will find full details of Mid Wynd, including a monthly commentary, recent portfolio information and performance figures.

You can also find a history of the Trust, an explanation of the effects of gearing and a flexible performance reporting tool.

If you are interested in investing directly in Mid Wynd, you can do so online. There are a number of companies offering real time online dealing services – find out more on the Buying Shares section of Mid Wynd's website www.midwynd.co.uk.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcome. Please contact the Baillie Gifford Client Relations Team (see contact details below) and give them your suggestions. They will also be very happy to answer any questions that you may have, either about Mid Wynd or the plans described on page 56.

Literature in Alternative Formats

It is possible to provide copies of literature in alternative formats, such as large print or on audio tape. Please contact the Baillie Gifford Client Relations Team for more information.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone, email, fax or post:

Telephone: 0800 027 0133

Your call may be recorded.

E-mail: trusenquiries@bailliegifford.com

Website: www.bailliegifford.com

Fax: 0131 275 3955

Client Relations Team
Baillie Gifford Savings Management Limited
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

For Mid Wynd specific queries, please use the following contact details:

Website: www.midwynd.co.uk

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice or if you have any questions about the suitability of any of these plans for you, please ask an authorised intermediary.

Directors

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PMS Barron
RRJ Burns
RAR Napier
MCN Scott

Registrar

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Investor Services PLC
The Pavilions
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Mellon

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Managers, Secretaries and Registered Office

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