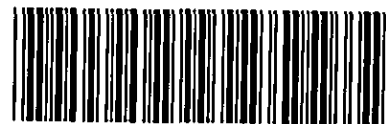


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Edinburgh Worldwide Investment Trust plc
Annual Report and Financial Statements 31 October 2011

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Investment is made in companies
from around the world

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 advisor authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your ordinary shares in Edinburgh Worldwide 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 31 October 2011

Total assets	Shareholders' funds	Market capitalisation
£180m*	£150m	£129m

*before deduction of loan.

Company Summary

Edinburgh Worldwide's equity portfolio consists of 40 investments drawn from around the world.

Objective and Policy

Edinburgh Worldwide's objective is the achievement of long term capital growth by investing in listed companies throughout the world.

The Company's investment policy is contained within the Business Review on page 15.

Comparative Index

The index against which performance is compared is the MSCI All Countries World Index (in sterling terms).

Management Details

Baillie Gifford & Co were appointed as Investment Managers and Secretaries to the Company with effect from 1 November 2003. The management contract can be terminated at 3 months' notice.

Capital Structure

At the year end the Company's share capital consisted of 19,004,319 ordinary shares of 5p each which were issued and fully paid. The Company has been granted authority to buy back a limited number of its own ordinary shares for cancellation or retention as treasury shares as well as to issue shares/sell treasury shares at a premium to NAV. The Directors are seeking to renew these authorities at the forthcoming Annual General Meeting.

Management Fee

Baillie Gifford & Co's annual remuneration is 0.8% of the market value of the Company's shares, calculated and payable on a quarterly basis.

There is also a performance-related management fee which is calculated and paid annually in arrears. The fee is based on any out-performance of the net asset value per share relative to the MSCI All Countries World Index (in sterling terms) and is calculated as a percentage of the market value of the Company's shares. The fee is 5% of the out-performance between zero and 2%, and 10% of the out-performance thereafter. Out-performance is determined by reference to a high water mark, being the previous level of out-performance. There is no cap on the amount of performance fee payable in any year. A performance fee could be payable in periods when the net asset value falls by a lesser rate than the comparative index.

Savings Vehicles

Edinburgh Worldwide shares can be held through a variety of savings vehicles (see page 46 for details).

AIC

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

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

The following information illustrates how Edinburgh Worldwide has performed over the year to 31 October 2011.

Year to 31 October	2011	2010	% change
Total assets (before deduction of loan)	£179.6m	£177.7m	
Loan	£30.0m	£24.8m	
Shareholders' funds	£149.6m	£152.9m	
Net asset value per ordinary share (after deducting borrowings at fair value)	304.24p	312.04p	(2.5)
Net asset value per ordinary share (after deducting borrowings at par)	305.36p	312.04p	(2.1)
Share price*	264.00p	275.00p	(4.0)
MSCI All Countries World Index (in sterling terms)	192.33	197.62	(2.7)
Dividends paid and proposed per ordinary share	2.00p	2.00p	–
Revenue earnings per ordinary share	2.51p	1.86p	34.9
Total expense ratio	1.02%	1.06%	
Discount (borrowings at fair value)	13.2%	11.9%	
Discount (borrowings at par)	13.5%	11.9%	

Year to 31 October	2011	2011	2010	2010
Year's high and low	High	Low	High	Low
Share price*	318.75p	239.25p	279.75p	216.50p
Net asset value (after deducting borrowings at fair value)	355.82p	270.21p	324.97p	254.30p
Net asset value (after deducting borrowings at par)	355.82p	270.46p	324.97p	254.30p
Discount (borrowings at fair value)	4.5%	15.3%	7.7%	17.9%
Discount (borrowings at par)	4.5%	15.3%	7.7%	17.9%

Year to 31 October	2011	2010
Net return per ordinary share		
Revenue	2.51p	1.86p
Capital	(7.19p)	56.45p
Total	(4.68p)	58.31p

* At mid market price.

One Year Performance

(figures plotted on a monthly basis and rebased to 100 at 31 October 2010)

Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how Edinburgh Worldwide has performed relative to its comparative index, the MSCI All Countries World Index in sterling terms, and the relationship between share price and net asset value over the five year period to 31 October 2011.

Five Year Total Return Performance

(figures rebased to 100 at 31 October 2006)

Discount to Net Asset Value

(plotted on a monthly basis)

Annual Net Asset Value and Share Price Total Returns

Relative Annual Net Asset Value and Share Price Total Returns (relative to the benchmark total return)

Past performance is not a guide to future performance.

Chairman's Statement

Investment Background and Outlook

The past year has been marked by continued market turbulence, largely as a result of European market travails, notably the ongoing saga surrounding European sovereign debt and its concomitant impact on many European banks and beyond, the state of the Euro and consequently European and global trade. Markets were also unsettled in the period by US brinksmanship over funding for its budget deficit while the question of whether China has a 'hard' or 'soft' landing economically was a further unsettling factor. Thrown into the mix, the tragedy that befell Japan in March had a knock-on effect on business supply chains globally.

Whilst not wishing to play down the importance of these issues for others, there appears to be a notable disconnect between market gyrations and the reality of results being reported by many companies across the globe. The Managers have spent much time debating the respective merits of individual companies within the current economic climate since it has been so-called emerging markets that have been weakest of all despite being furthest away from the epicentres of many of the issues. The conclusions remain as before; the shift in economic wealth and influence from the more mature to the so-called developing nations and companies remains unabated. Operationally, if not necessarily in share price terms, many companies, not just those listed in the Far East, are performing very well, particularly those involved in new transformational technologies or those exposed to the growing wealth of Asian consumers. Being able to identify the companies best placed to take advantage of such themes is the key focus of the Managers. An overview is provided by the Managers on page 8 while on page 10 there is a portfolio review which examines some of our individual holdings in more detail.

Performance

In the year to 31 October 2011 net asset value per share decreased by 2.5% and the share price fell 4.0%. The MSCI All Countries World Index (in sterling terms) fell 2.7% during this period. The Company's discount ended the year at 13.2% having started it at 11.9%.

The volatility of markets does, and will continue to, have an impact on the Company's short term performance. However, the concentrated nature of the portfolio, which is unconstrained by any requirement to match an index, combined with the Board's belief that the Managers are capable of investing in appropriate investments globally, should result in good returns for the long term shareholder. The portfolio comprises holdings that are believed to have long term attractions, over at least five years, and typically will be geared to maximise the potential returns. Over the eight years that Baillie Gifford & Co has been managing the Company's assets, in total return terms, net asset value per share has increased by 102.0%, the share price by 121.9% and the MSCI All Countries World Index by 71.0%.

Borrowings

Equity gearing was maintained throughout the year and was 14% at the year end. During the period the Company repaid its £30m rolling multi currency facility with Lloyds and replaced it with a three year fixed rate multi currency loan from National Australia Bank.

Past performance is not a guide to future performance.

Earnings and Dividend

The net revenue return per share for the year was 2.51p (2010: 1.86p), up 34.9%. The Company's objective is one of capital growth. Any income received from the underlying holdings is subsidiary to this objective. The increase in revenue return over the last year is due to a higher level of dividends received from the Company's underlying holdings. An unchanged final dividend of 1.50p is being recommended, making the total for the year 2.00p.

The Company's registrars operate a Dividend Reinvestment Plan which can be used to buy additional shares. Further details can be found on page 45.

Investment Policy

Since the year end your Board has announced a minor adjustment to the Company's Investment Policy to allow investment in unlisted equity investments. The intention is not to invest in small start-up investments at an early stage but more mature companies planning to undertake an IPO in the foreseeable future and which are believed to have above average prospects for growth. It is not anticipated that such investments will be made regularly and on acquisition the aggregate holdings in unlisted equity investments shall not exceed 1% of total assets.

The Board

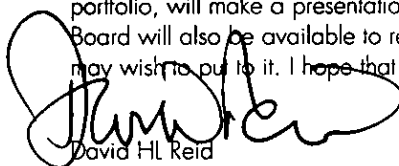
I am pleased to report that Mr Henry Strutt was appointed to the Board on 1 November 2011. Henry, a qualified Chartered Accountant, spent over twenty years with the Robert Fleming Group, seventeen of which were in the Far East. Mr Jake Leslie Melville will retire from the Board on 31 December 2011 due to other business constraints on his time. The Board has appreciated his contribution to discussions and wishes him every success.

It is with great sadness that I report the death during the summer of David Colman, the Company's former Chairman. Having been appointed in 1998, David proved to be an excellent Chairman, demonstrating thoughtful and astute decision making. He oversaw the reconstruction of Dunedin Worldwide Investment Trust in 1998, from which the Company was the successor vehicle, and oversaw the appointment of Baillie Gifford as Investment Manager. I think shareholders were fortunate to have had David as Chairman and he will be missed.

Annual General Meeting

The Annual General Meeting of the Company will be held at Baillie Gifford's offices in Edinburgh at 12 noon on Thursday 2 February 2012. The Company will again seek to renew its share buyback and treasury share powers. Further information in respect of these resolutions and others can be found on pages 20 and 21.

Mark Urquhart, the Partner at Baillie Gifford who manages your portfolio, will make a presentation and answer any questions. Your Board will also be available to respond to any questions that you may wish to put to it. I hope that you will be able to attend.



David HL Reid

Directors and Management

Members of the Board come from a broad variety of backgrounds. The Board can draw on a very extensive pool of knowledge and experience. Baillie Gifford & Co, a leading UK investment management firm, who act as Managers and Secretaries to the Company have done so since November 2003.

Directors

DHL Reid

David Reid was appointed a Director on 1 May 1998. He was appointed Chairman on 1 February 2011 and is Chairman of the Nomination Committee. He was previously a director of Smith and Williamson and of Fleming Private Asset Management.

DAJ Cameron

Donald Cameron was appointed a Director on 2 December 2010. He is an advocate at the Scottish Bar where he has a general civil practice, with a particular emphasis on public law. He is also a qualified barrister in England and Wales.

WJ Ducas

William Ducas was appointed a Director on 22 March 2002. He is a member of the Board of the Weir Foundation charitable trust and is on the International Advisory board of Zamorano University. He was previously a director of West LB Mellon Asset Management and a managing director of F&C Management Ltd of North America.

The Hon. Kim Fraser

The Hon. Kim Fraser was appointed a Director on 11 December 1998. He is an independent financial advisor responsible for a diverse family business and is a director of several private companies. Previously, he was a director of Strauss Turnbull & Co.

H James

Helen James was appointed a Director on 2 December 2010. She is the managing director of Investis – Europe's leader in online corporate communications. Previously she worked at HSBC and Paribas. She is also a non-executive director of The Mercantile Trust.

J Leslie Melville

Jake Leslie Melville was appointed a Director on 1 August 2007. He is Chairman of the Audit & Management Engagement Committee. He is a former partner of Booz & Company where he led all of their European energy and utilities activity.

HCT Strutt

Henry Strutt was appointed a Director on 1 November 2011. He qualified as a chartered accountant in 1979, following which he spent over twenty years with the Robert Fleming Group, seventeen of which were in the Far East. He is a non-executive director of Smith & Williamson Holdings Ltd.

All Directors are members of the Nomination and Audit & Management Engagement Committees.

Managers and Secretaries

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

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages eight investment trusts. Baillie Gifford also manages 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 over £71 billion as at 6 December 2011. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 36 partners and a staff of around 700.

The manager of Edinburgh Worldwide's portfolio is Mark Urquhart, a partner of Baillie Gifford. Stock selection is primarily the responsibility of the Global Growth team which covers all the regions of the world.

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

Managers' Overview

We reiterate every year that our objective in managing Edinburgh Worldwide is to run a concentrated portfolio of companies with good growth prospects for the long term. It seems increasingly to us that markets want to do precisely the opposite – every fragment of news or piece of information is exaggerated and turned into a cause of numerous effects. In stockmarket terms such myopia is exacerbated by the number of machines engaged in high frequency trading where the average holding period is reported to be 30 milliseconds (or one-tenth of an average blink). More than ever, we feel that trying to extricate ourselves from the prevailing herd and think long and hard about the next five and ten years should be a profitable way to invest.

In the eight and a bit years since Baillie Gifford were appointed managers of the Trust, there have been financial crises in places as far flung as Dubai, Iceland and Greece whilst almost every economy felt at least a ripple from the collapse of the credit boom. Also during these eight years Amazon has increased its turnover tenfold; Apple has revolutionised three markets with the iPod, iPhone and iPad; Chinese retail sales have more than doubled and Facebook has become the company with the most users worldwide – currently 800m and counting. It remains our firm belief that by investing in companies with opportunities created by such monumental change that we can add long term value to the portfolio and we will continue to seek to be judged over five years plus time periods.

In this long term context, the last twelve months have felt like a good test of our resolve as the machinations of the financial crisis have become more complicated and wider spread. Many millions of column inches have already been spent trying to decipher the almost daily cacophony of noise surrounding macro events and we do not seek to add to them here as we much prefer to concentrate on those companies which are seeing strong growth and revolutionising the way we live our daily lives.

We see nothing in the last year which shifts our core belief as stated in last year's annual report and which is worth restating:

"That the next few years will see some very different macroeconomic outcomes as those economies most exposed to the debt crisis pay for their folly which accelerates many of the tectonic shifts already underway in the global economy. This is not meant to be dismissive of the problems which many indebted nations face but is an attempt to place them in a balanced global context. Running a global portfolio affords us the great luxury of navigating around those countries and companies with the largest problems."

At the company level the last year has been marked by some very strong corporate results – Amazon is growing at its fastest rate in a decade and putting more and more bricks and mortar retailers out of business; Hermès has had its strongest figures in its 170-year history of selling leather goods; Novozymes continues to find more uses for its enzymes and eBay and Google are seeing astonishing growth in their mobile revenues as the smartphone revolution carries on regardless of the macroeconomy.

Notable new holdings purchased during the year include Salesforce.com, which we believe is the dominant force in the move to cloud computing; Illumina – a leader in the nascent and fast-growing world of gene sequencing; BMW which is replicating its European profitability in global markets and iRobot which makes robotic devices spanning from the battlefield to the home.

Of course, we will make investment mistakes – alternative energy

has been a painful area of investment for us as Chinese price competition has trumped any notion of competitive advantage and our thesis in buying Banco Santander as a strong survivor in banking has proven incorrect – there has been little to no exit and tougher regulation has affected all players. Other sales included exiting our position in Petrobras, where we think the changes in government stance are good for Brazil but bad for minority shareholders, and Autonomy, where shortly after purchase the shares were bid for by Hewlett Packard at a much higher price.

The number of equity holdings stood at 40 at the year end, which compares to 39 at October 2010, and portfolio turnover was 27.2%. We would again reiterate that we pay no heed to country or sector weights in constructing the portfolio – it is composed purely of companies where we are genuinely enthusiastic about their growth prospects for the next decade. We feature ten of these companies later in the Annual Report and also provide full performance figures for every holding.

We remain excited by the prospects of the businesses that we own and believe that patient investors will be rewarded for strong operational performance over the long term. It remains our strong belief that, by trying to separate the long term value of businesses from the inevitable short term noise of events, we can create a portfolio which rewards our shareholders with outperformance over long term periods of measurement.

Mark A Urquhart
Baillie Gifford & Co

Managers' Portfolio Review

Edinburgh Worldwide's portfolio is constructed entirely from the attractions of individual stocks paying no heed to regional or sectoral weights.

We have selected the following ten companies from different regions and sectors and we hope to provide an insight into our long term rationale for holding them.

3SBio

3SBio is a Nasdaq-listed Chinese biologics manufacturer. It is the Chinese market-leader in EPO which is used in renal dialysis with a 40%+ share. It was founded in 1993 by 20 former Government Ministry scientists who left a centrally owned laboratory and formed their own company and is still run by the founder as Chairman and his son, who has a PhD in molecular biology, as CEO. Visiting them in Shenyang, I was hugely impressed by the quality of their production facilities and the culture of the company. They possess large opportunities both within China as more patients are treated with dialysis and especially internationally with their ability to produce at less than one-third the cost of Western manufacturers such as Amgen.

Amazon

Amazon has been a long term holding in Edinburgh Worldwide's portfolio but what has been striking in the last year is that it is growing at the fastest pace in a decade. It has been striking that no international company has been able to build an e-commerce platform that reaches beyond narrow sectors and geographies. In contrast Amazon has succeeded in each market that it has entered by geography (and in most categories) with the sole exception of China (as yet). We think the success of Amazon has many roots, from a preoccupation with customer service to appealing financial characteristics, but at the heart of this is a business philosophy that stresses a willingness to experiment, an enthusiasm to understand and exploit technological advances and a sensible distaste for the time-horizons and antics of Wall Street. Its addressable market continues to expand and we remain very excited by its opportunity.

BMW

We believe that BMW is one of the world's best car manufacturers. Over the last decade, the company has been focusing its R&D on its core brand whilst the Mini has been a very strong performer in the small car sector. We believe that BMW can increase sales to well over 2m units over the next decade as it expands its geographical reach from Europe both west to the US and east to Asia. Indeed its appeal in China is such that there are currently waiting lists of over six months to purchase a new sedan vehicle. Importantly BMW is also profitable within the different areas of the car market – the premium pricing which it charges attests to the power of this quintessentially German brand. We believe its growth prospects are significantly undervalued and that the focus on luxury products is a strong protective barrier.

Belle International

Belle International's principal business is the manufacturing, distribution and retail of footwear in China and it is also one of the country's largest sportswear distributors. The footwear market has been expanding rapidly but the scope for growth remains enormous given the low levels of current spending: per capita consumption is less than 2 pairs of shoes which is only a quarter of the US level. Despite the relatively early stage of market development, Belle has already built a vast store base with over 6,000 footwear outlets. This should leave it in a very strong position to capitalize on market growth whilst with a small share of the overall market there is considerable room for store growth.

Gazprom

Gazprom is the largest producer of natural gas in the world, currently supplying around a quarter of Western Europe's gas demand, while continuing to dominate the Russian domestic market. There is considerable pessimism on a number of factors relating to the investment case: the outlook for European gas prices, Gazprom's market share within that, and the usual concerns over 'Russian risk'. We cannot rule out the possibility that unconventional gas will play a larger part in the European supply matrix over time, but our analysis suggests it is unlikely to develop as quickly as it has done elsewhere in the world. In the meantime, Gazprom has consistently benefited

BMW

Its premium auto brand has global appeal.

Picture courtesy of BMW.

2 Belle International

China's leading seller of women's shoes.

Picture courtesy of Belle International.

3 iRobot

Manufactures domestic and military robots.

Picture courtesy of iRobot.

from the support of its main shareholder, the Kremlin: witness the steady increase in domestic prices in recent years while it continues to develop its supply to the West – the recent opening of the Nordstream pipeline bypasses Ukraine – and to the East where China's demand for energy remains insatiable.

Hermès

We think Hermès is a unique asset within the luxury goods business. It is 75% family-owned and has displayed exemplary long term orientation in the management of its brand as it has expanded beyond the European market to the US and Asia. Its brand appears to have the same cachet in newer markets such as China as it has elsewhere, as illustrated by the difficulty consumers have in securing leather goods such as the Birkin handbag due to the restrictions on supply imposed by Hermès' very high standards of artisanship. The company is 170 years old and we think it possesses a unique brand which possesses very high barriers to entry – indeed it is precisely these attributes which so interest Mr Arnault at LVMH who now own over 20% of the shares.

Illumina

Illumina is the global leader in gene sequencing machinery and associated services. It has gained this position through strong internal research capabilities, a well-timed acquisition and through very demanding and innovative management. Its future leadership is far from certain but we think that Illumina has the most appealing and dynamic culture in the industry. In turn we believe that this industry may become of central importance in the coming decade as rapid technological improvement drives down the price of sequencing and as understanding of the implications grows. Our conviction that this company and this area may become of much greater significance in coming years grew after a recent visit to the Beijing Genomics Institute, where the founder of this fascinating organisation described our progress in understanding the human gene as less than 1% and said the next decade will be spent "sequencing, sequencing, sequencing". We believe he is right.

Noah Holdings

Noah Holdings is involved in the nascent private wealth management business in China. The excitement comes from the scale of the opportunity combined with the huge under penetration of the market – China has seen growth rates in High Net Worth Individuals (HNWIs are defined as individuals with more than \$1m in investable assets) running at 12% since 2003 and this trend is accelerating. There are currently around 500k HNWIs and this figure is expected to reach 800k by 2013 – this figure puts China 4th internationally. Perhaps the most interesting statistic is that the average age of a millionaire in China is 39 whilst globally it is 58 whilst the average billionaire in China is only 43 – the potential life-cycle of these HNWIs is very long. Noah currently has 18k registered clients. Their target market is the entrepreneurs who have generated wealth from their business and we think Noah has the potential to grow hugely over the next decade.

Salesforce.com

Salesforce has rapidly become the most important disruptive force in the software industry. By providing software as a service, rather than through a license model, it has driven prices down and demand higher. Simplicity as well as price has proved a powerful business driver. Strikingly, Salesforce has also shown signs of considerable (and pleasing) adaptability in taking advantage of the move to cloud computing and corporate social media and expanding away from its original customer relationship management origins. We think there is still much room to grow and that the move to cloud computing is a very long-run trend.

iRobot

iRobot is a listed spin out from MIT that has developed various commercial and military applications, including a home vacuuming robot. The use of robots in warfare is likely to rise significantly as the nature of conflicts becomes more complex and the intelligence of robots increases. We also see great potential for significant new uses of robots in a domestic context from the role of a carer to taking care of mundane household tasks such as vacuuming. Collectively these opportunities could transform what is a fairly young company with a rapidly growing top line and a very strong pedigree in its field of technology.

Name	Business	Fair value 2011 £'000	% of total assets	Absolute † performance %	Relative † performance %	Fair value 2010 £'000
Equities						
Amazon	Online retailer	12,685	7.1	28.3	28.3	12,188
Apple	Computing and media equipment	9,680	5.4	33.3	33.3	7,264
Baidu	Chinese online search engine	9,491	5.3	26.2	26.2	10,383
eBay	Internet auction and payments	7,340	4.1	5.8	5.8	6,944
Whole Foods Market	Organic food stores	6,717	3.7	80.7	80.8	3,736
Hermès	Luxury goods	6,320	3.5	61.1	61.1	2,613
PPR	Luxury brand conglomerate	6,319	3.5	0.0	0.0	6,155
Atlas Copco	Industrial compressors and mining equipment	6,306	3.5	10.4	10.4	8,921
Novozymes	Enzyme manufacturer	6,296	3.5	13.3	13.3	4,803
Vale (CVRD)	Mining	6,113	3.4	(13.4)	(13.4)	8,329
Tencent	Chinese social network	6,018	3.3	2.2	2.2	4,783
Intuitive Surgical	Robotic surgery	5,913	3.3	63.0	63.0	3,026
Inditex	Fashion retail	5,859	3.3	11.4	11.4	2,190
Google	Web-based search engine	5,706	3.2	(4.2)	(4.2)	5,965
Salesforce.com	Software	4,767	2.7	3.9 *	12.4 *	-
Deere	Farm and construction machinery	4,690	2.6	(0.5)	(0.5)	5,595
New Oriental Education and Technology	English-language schools	4,475	2.5	9.4	9.4	4,086
ABB	Power systems and automation	3,669	2.0	(5.9)	(5.8)	3,998
Gazprom	Gas exploration and production	3,646	2.0	7.1	7.1	3,457
Housing Development Finance Corporation	Indian mortgage provider	3,620	2.0	(8.2)	(8.2)	3,999
Sandvik	Tools and mining equipment	3,308	1.8	(5.9)	(5.9)	5,079
L'Oréal	Personal care	3,116	1.7	(4.3)	(4.2)	3,315
FLIR Systems	Infrared sensors	2,967	1.7	(5.9)	(5.9)	3,165
iRobot	Robots for domestic and military use	2,939	1.6	53.6 *	60.0 *	-
BMW	Premium car manufacturer	2,698	1.5	(1.0) *	(6.1) *	-
Garanti Bankasi	Turkish bank	2,543	1.4	(42.8)	(42.8)	3,245
Ctrip.com	Travel agent – China	2,535	1.4	(23.5) *	(20.3) *	-
Hengdeli Holdings	Chinese watch retailer	2,482	1.4	(13.9) *	(5.5) *	-
Straumann	Dental implants	2,476	1.4	(14.5)	(14.5)	2,948
CFAO	African distribution	2,315	1.3	(10.4)	(10.4)	2,650
Teva Pharmaceuticals	Generic drugs manufacturer	2,285	1.3	(20.8)	(20.7)	2,930
First Solar	Designs and manufactures solar modules	2,203	1.2	(64.1)	(64.1)	4,236
Illumina	Biotechnology equipment	2,129	1.2	(56.9) *	(53.5) *	-
Seattle Genetics	Biotech cancer drugs	1,847	1.0	2.6 *	0.8 *	-
Belle International	Footwear – China	1,797	1.0	(1.3) *	5.6 *	-
ALL America Latina logistica	Brazilian railways	1,777	1.0	(47.6)	(47.5)	2,605
3SBio	Chinese generic drugs	1,632	0.9	(35.2) *	(30.3) *	-
MIPS Technologies	Mobile phone chips	1,568	0.9	(20.8) *	(13.1) *	-
Noah Holdings	Chinese wealth manager	1,387	0.8	(29.0) *	(23.6) *	-
Vanceinfo	Chinese IT outsourcing	1,081	0.6	(68.4)	(68.4)	3,398
Total Equities		170,715	95.0			
Net Liquid Assets		8,906	5.0			
Total Assets at Fair Value (before deduction of loans)		179,621	100.0			

† Absolute and relative performance has been calculated on a total return basis over the period 1 November 2010 to 31 October 2011. For investments held for part of the year the return is for the period they were held.

Absolute performance is in sterling terms; relative performance is against MSCI All Countries World Index (in sterling terms).

* Figures relate to part-period returns.

Source: Baillie Gifford & Co/StatPro.

Past performance is not a guide to future performance.

Distribution of Total Assets

Geographical 2011 (2010)

Sectoral 2011 (2010)

Investment Changes (£'000)

	Valuation at 31 October 2010	Net acquisitions/ (disposals)	Appreciation/ (depreciation)	Valuation at 31 October 2011
Equities:				
UK	–	(1,834)	1,834	–
Continental Europe	48,666	(1,944)	1,961	48,683
North America	59,112	6,568	5,471	71,151
Japan	3,465	(2,646)	(819)	–
Asia Pacific	27,246	7,359	(3,707)	30,898
Emerging Markets	35,274	(9,696)	(5,595)	19,983
Total equities	173,763	(2,193)	(855)	170,715
Net current assets	3,953	4,976	(23)	8,906
Total assets	177,716	2,783	(878)	179,621

The figures above for total assets are made up of total assets less current liabilities before deduction of loans.

Capital

At 31 October	Total assets * £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share (at par) p	Share price p	Discount † %
2001	142,389	(41,521)	100,868	205.84	174.50	15.2
2002	104,964	(30,626)	74,338	151.70	123.00	18.9
2003	109,008	(29,255)	79,753	162.75	130.50	19.8
2004	110,796	(27,604)	83,192	169.76	138.50	18.4
2005#	135,861	(27,825)	108,036	220.46	200.00	9.3
2006	150,098	(26,062)	124,036	253.11	234.00	7.6
2007	173,633	(24,326)	149,307	304.68	267.75	12.1
2008	105,856	(21,600)	84,256	171.94	141.00	18.0
2009	149,312	(23,501)	125,811	256.73	220.75	14.0
2010	177,716	(24,803)	152,913	312.04	275.00	11.9
2011	179,621	(29,981)	149,640	305.36	264.00	13.5

* Total assets comprise total assets less current liabilities, before deduction of bank loans.

† Discount is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (deducting borrowings at par) expressed as a percentage of net asset value.

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

Revenue

Year to 31 October	Income £'000	Net return on ordinary activities after tax £'000	Revenue earnings per ordinary share p	Dividend paid and proposed per ordinary share (net) p	Total expense ratio ‡ %	Total expense ratio (excl. performance fee) ¶ %	Actual gearing § %	Potential gearing ^ %
2001	3,037	1,620	3.13	2.60 **	1.17	1.17	106 ††	141
2002	2,521	1,306	2.66	2.20	1.41	1.41	110 ††	141
2003	2,251	1,007	2.06	2.20	1.38	1.38	106	137
2004	1,940	869	1.77	2.20	1.21	1.16	119	133
2005	2,379	1,105	2.26	2.00	2.11	1.17	115	125
2006	2,116	817	1.67	2.00	1.29	1.22	115	121
2007	2,827	1,287	2.63	2.00	1.57	1.04	112	116
2008	3,280	1,705	3.48	2.70 **	1.10	1.10	122	126
2009	3,088	1,816	3.71	3.00 **	1.08	1.08	113	119
2010	1,931	910	1.86	2.00	1.06	1.03	114	116
2011	2,412	1,231	2.51	2.00	1.02	1.02	114	120

Gearing Ratios

‡ Ratio of total operating costs to average shareholders' funds including any performance fee charged (see note 3 on page 31). The 2008 and 2010 figures exclude the impact of the VAT on management fees reclaimed (see note 4 on page 31).

¶ Ratio of total operating costs to average shareholders' funds excluding any performance fee charged. The 2008 and 2010 figures exclude the impact of the VAT on management fees reclaimed.

§ Total assets (including all debt used for investment purposes) less all cash and fixed interest securities (ex convertibles) divided by shareholders' funds.

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

** Includes special dividend.

†† Net of futures contracts.

Cumulative Performance (taking 2001 as 100)

At 31 October	Net asset value per share (at par)	Net asset value total return	Comparative index	Comparative index total return	Share price	Share price total return	Revenue earnings per ordinary share	Dividend paid and proposed per ordinary share (net)	Retail price index
2001	100	100	100	100	100	100	100	100	100
2002	74	75	79	80	70	72	85	85	102
2003	79	81	89	93	75	78	66	85	105
2004	82	86	92	98	79	84	57	85	108
2005	107	113	107	116	115	123	72	77	111
2006	123	130	119	133	134	145	53	77	115
2007	148	158	133	152	153	167	84	77	120
2008	84	89	95	111	81	89	111	104	125
2009	125	136	111	134	127	141	119	115	124
2010	152	167	128	159	158	178	59	77	130
2011	148	165	125	159	151	172	80	77	137

Compound annual returns

	5 year	4.8%	0.9%	3.6%	2.4%	3.5%	8.5%	–	3.5%
10 year	4.0%	5.1%	2.2%	4.7%	4.2%	5.6%	(2.2%)	(2.6%)	3.2%

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

Past performance is not a guide to future performance.

Baillie Gifford & Co was appointed as Investment Managers and Secretaries to the Company with effect from 1 November 2003 and the comparative index was changed from MSCI World Index (in sterling terms) to MSCI All Countries World Index (in sterling terms) with effect from that date.

Directors' Report

The Directors present their Report together with the financial statements of the Company for the year to 31 October 2011.

Business Review

Business and Status

The Company is an investment company within the meaning of section 333 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 31 October 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 seek such approval.

Objective and Policy

As explained in the Chairman's Statement on page 5, the investment policy has been amended to allow investment in unlisted equity investments. On acquisition, such investments shall not in aggregate, exceed 1% of total assets. The full investment policy is set out below.

Edinburgh Worldwide's objective is the achievement of long term capital growth by investing in listed companies throughout the world.

While the policy is global investment, the approach adopted is to construct a portfolio through the identification of individual companies which offer long term growth potential, typically over at least a five year horizon. The portfolio is actively managed and does not seek to track the comparative index hence a degree of volatility against the index is inevitable.

In constructing the equity portfolio a spread of risk is achieved by diversifying the portfolio through investment in:

- 25 to 50 holdings
- a minimum of six countries
- a minimum of six sectors

On acquisition, no holding shall exceed 5% of total assets and no more than 15% of the Company's gross assets will be invested in other listed investment companies.

From time to time, fixed interest holdings, or non equity or unlisted investments, may be held on an opportunistic basis. On acquisition of any unlisted equity investments, the Company's aggregate holdings in unlisted equity investments shall not exceed 1% of total assets.

Derivative instruments are not normally used but, in certain circumstances and with the prior approval of the Board, their use may be considered either as a hedge or to exploit an investment opportunity.

The Company recognises the long term advantages of gearing and would seek to have a maximum equity gearing level of 30% of shareholders' funds in the absence of exceptional market conditions.

Borrowings are invested in equity markets when it is considered that investment grounds merit the Company taking a geared position to equities. Gearing levels, and the extent of equity gearing, are discussed by the Board and Managers at every Board meeting.

An overview and portfolio review by the Managers is given on pages 8 to 11 and the investments held at the year end are listed on page 12.

Discount

The Board considers that the key driver of the discount is a good long term performance record. The Company has buyback powers which are to be used on occasions when the Board considers that there is a need to balance supply and demand factors in the interest of all shareholders. The discount is discussed at every Board meeting. Shares which are bought back may be held in treasury with a view to possible future re-issue at a premium should there be demand from appropriate potential long term holders. No shares were bought back during the year.

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 comparative index;
- the movement in the share price; and
- the discount.

The one, five, and ten year records of the KPIs are shown on pages 2, 3 and 14.

Borrowings

The £30m multi-currency facility with Lloyds TSB Scotland plc expired on 30 September 2011 and was replaced with a three year fixed rate multicurrency loan from National Australia Bank of £10m, €11.4m and US\$16.35m. Further information can be found in note 13 on page 35.

Results and Dividends

The net asset value per share (after deducting borrowings at fair value) decreased by 2.5% during the year, compared to a decrease in the comparative index of 2.7%. The discount widened from 11.9% to 13.2%.

The Board recommends a final dividend of 1.50p per ordinary share which, together with the interim of 0.50p already paid, makes a total of 2.00p for the year. If approved, the recommended final dividend will be paid on 8 February 2012 to shareholders on the register at the close of business on 13 January 2012. The ex-dividend date is 11 January 2012. The registrars offer a dividend reinvestment plan (see page 45). The final date for the receipt of elections for the dividend reinvestment plan is 20 January 2012.

Review of the Year and Future Trends

A review of the year and the investment outlook is contained in the Chairman's Statement on pages 4 and 5 and the Managers' Overview and Portfolio Review on pages 8 to 11.

Principal Risks and Uncertainties

The Company's assets consist 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 accounts on pages 37 to 41.

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 1159 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 1159 are not breached. Baillie Gifford's Heads of Business Risk & Internal Audit and Regulatory Risk provide regular reports to the Audit and Management Engagement 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.

Discount Volatility – the discount at which the Company's shares trade can widen. The Board monitors the level of discount and the Company has authority to 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 Company's investments are in listed securities that are readily realisable.

Employees

The Company has no employees. The executive responsibility for investment management has been delegated to Baillie Gifford & Co.

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 19.

Corporate Governance

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the June 2010 UK Corporate Governance Code (the 'Code') and the AIC Code of Corporate Governance (the 'AIC Code') 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 with the recommendations of the AIC Code.

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. A separate strategy session is held annually. 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.

Following the death of Mr DA Coltman during the year and the appointment of Mr Henry CT Strutt on 1 November 2011 the Board comprises seven Directors all of whom are non-executive. The

Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibilities for investment management have been delegated to the Company's Managers and Secretaries, Baillie Gifford & Co, and in the context of a Board comprising entirely non-executive Directors, there is no chief executive officer.

On 1 February 2011, Mr DHL Reid became Chairman and stood down as Chairman of the Audit and Management Engagement Committee and Senior Independent Director, Mr J Leslie Melville was appointed Chairman of the Audit and Management Engagement Committee and The Hon. Kim Fraser became the Senior Independent Director.

The Directors believe that the Board has a balance of skills and experience which enable 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 6.

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

Terms of Appointment

Letters which specify the terms of appointment are issued to new Directors. The letters of appointment 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 of 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.

Mr DHL Reid, The Hon. Kim Fraser and Mr WJ Ducas have served on the Board for more than nine years, although there has only been a relationship with the current Managers for eight years as Baillie Gifford were appointed in 2003. The Directors recognise the importance of succession planning for company boards and review the Board composition 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 of Corporate Governance that long serving Directors should not be prevented from being considered independent and that "independence stems from the ability to make those objective decisions that may be in conflict with the interests of management. This in turn is a function of confidence (born of courage and experience), integrity (personal character) and judgement (born of knowledge and experience)".

Following formal performance evaluation the Board considers that Mr DHL Reid, The Hon. Kim Fraser and Mr WJ Ducas continue to be independent in character and judgement and their experience adds significantly to the strength of the Board.

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 following table shows the attendance record for the Board and Committee meetings held during the year.

Directors' Attendance at Meetings

	Board	Audit & Management Engagement Committee	Nomination Committee
Number of meetings	8	2	2
DHL Reid	8	2	2
DAJ Cameron (appointed 2 Dec 2010)	7	1	2
DA Colman (deceased 9 Jun 2011)	4	1	–
WJ Ducas	8	2	2
The Hon. Kim Fraser	8	2	2
H James (appointed 2 Dec 2010)	8	1	2
J Leslie Melville	6	1	2

Mr DAJ Cameron and Mrs H James were appointed to the Board subsequent to the Audit & Management Engagement Committee meeting on 2 December 2010. Mr HCT Strutt was appointed after the year end on 1 November 2011.

Nomination Committee

The Nomination Committee consists of the whole Board and the Chairman of the Board is 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 Committee's terms of reference are available on request from the Company and on the Company's page on the Managers' website: <http://www.edinburghworldwide.co.uk>.

Following the death of Mr DA Colman during the year, the Nomination Committee initiated the search for an additional Director. The Committee identified the skills and experience that would strengthen the Board, having due regard for the benefits of diversity on the Board. The Committee considered several high quality candidates and identified Mr Henry Strutt as the preferred candidate due to his extensive investment experience. He was appointed to the Board on 1 November 2011. Given the quality of the candidates identified, it was not necessary either to appoint external search consultants or use open advertising on this occasion.

The Board recognises the benefits of gender diversity but the priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors.

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees

was carried out during the year. The Chairman and each Director completed a performance evaluation questionnaire and each Director had an interview with the Chairman. The appraisal of the Chairman was led by The Hon. Kim Fraser, the Senior Independent Director. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. 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 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 appointed to the Board 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 the Directors. The Directors receive other 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 22 and 23.

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 the risk of failure to achieve business objectives and can only provide reasonable and 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 conducts an annual review of its 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 of the report is submitted to the Audit and Management Engagement Committee.

The Company's investments are segregated from those of Baillie Gifford & Co and its other clients through the appointment of RBC Dexia Investor Services Trust as independent custodian of the Company's investments. The custodian prepares a report on its key controls and safeguards which is independently reviewed by PricewaterhouseCoopers LLP.

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 and Management Engagement Committee carries out an annual review of the need for an internal audit function. The Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the Investment Managers 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 24 and 25.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, 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 quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

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 and Management Engagement Committee

An Audit and Management Engagement Committee has been established consisting of all independent Directors. The members of the Committee consider that they have the requisite financial skills and experience to fulfill the responsibilities of the Committee. Its authority and duties are clearly defined within its written terms of reference which are available on request from the Company and at <http://www.edinburghworldwide.co.uk>. Mr J Leslie Melville is Chairman of the Audit and Management Engagement Committee. Following his retirement from the Board on 31 December 2011, Mr HCT Strutt will become Chairman of the Committee. The Committee's duties 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 provided 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 the terms of the Investment Management Agreement and making recommendations to the Board as to the continuing appointment of the Investment Managers; and
- considering annually whether there is a need for the Company to have its own internal audit function.

KPMG Audit Plc have been the Company's Auditors since 1998. Having considered the experience and tenure of the audit partner and staff and the level of service provided, the Committee remains satisfied with the Auditors' effectiveness. Accordingly, the Committee has not considered it necessary to date to require KPMG Audit Plc to tender for the audit work. The audit partners responsible for the audit are rotated every five years and the current lead audit partner has been in place for two 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. The Committee does not believe that there has been any impairment to the Auditors' independence.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and their representatives and report shareholders' views to the Board. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any member 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 all communication with shareholders. The level of proxies lodged for each resolution is announced at the Meeting and published at <http://www.edinburghworldwide.co.uk>. 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 at <http://www.edinburghworldwide.co.uk>.

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 <http://www.bailliegifford.com>. The Managers' policy has been reviewed and endorsed by the Board.

The Managers are signatories to 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.

Bribery Act 2010

The Bribery Act came into force on 1 July 2011. The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Investment Managers

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 Management Agreement is terminable on not less than 3 months' notice. Details of the fee arrangements with Baillie Gifford & Co are shown in note 3 on page 31.

The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted by the Audit and Management Engagement Committee annually. The Board commissioned an independent report from

Edison Investment Research which the Committee considered as part of its annual review. The Committee considered the following topics amongst others in its review:

- investment process;
- investment performance;
- the quality of the personnel assigned to handle the Company's affairs;
- developments at the Managers, including staff turnover;
- the administrative services provided by the Secretaries;
- share price and discount; and
- charges and fees.

Following the most recent review the Audit and Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co as Managers and Secretaries, on the terms agreed, is in the interests of shareholders as a whole. This was subsequently approved by the Board.

Directors

Information about the Directors, including their relevant experience can be found on page 6.

Mr DAJ Cameron and Mrs H James were appointed to the Board on 2 December 2010 and elected by the Company's shareholders at the Annual General Meeting on 3 February 2011.

Mr HCT Strutt, having been appointed to the Board on 1 November 2011, is required to seek election by the shareholders at the Annual General Meeting. The Directors believe that the Board will benefit from his skills and experience and recommend his election to shareholders.

Mr DHL Reid, The Hon. Kim Fraser and Mr WJ Ducas, all having served more than nine years, offer themselves for re-election.

Following formal performance evaluation, their performance 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.

Mr J Leslie Melville will retire from the Board on 31 December 2011.

Directors' Interests

Name	Nature of interest	Ordinary 5p shares held at 31 Oct 2011	Ordinary 5p shares held at 31 Oct 2010
DHL Reid	Beneficial	474,715	474,715
DAJ Cameron	—	—	—
WJ Ducas	Beneficial	35,000	35,000
H James	—	—	—
J Leslie Melville	Beneficial	2,000	2,000
The Hon. Kim Fraser	Beneficial	2,900	2,900

The Directors at the year end, and their interests in the Company, were as shown above. Following the year end Mrs H James bought 2,300 shares in respect of which she has a beneficial interest. Mr HCT Strutt was appointed on 1 November 2011 and does not hold shares in the Company. There have been no other changes intimated in the Directors' interests up to 6 December 2011.

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 maintains Directors' and Officers' Liability Insurance.

Major Interests in the Company's Shares

Name	No. of ordinary 5p shares held at 31 Oct 2011	% of issue
D.C. Thomson & Company Limited (direct)	3,250,000	6.6
Lazard Asset Management LLC (indirect)	2,975,600	6.1
Legal & General Group Plc (direct)	1,956,344	4.0

There have been no changes to the major interests in the Company's shares intimated up to 6 December 2011.

Share Capital

Capital Structure

The Company's capital structure consists of 49,004,319 ordinary shares of 5p each at 31 October 2011 (2010 – 49,004,319 ordinary shares). 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 43.

Share Issuance Authority

Resolution 10 in the Notice of Annual General Meeting seeks to renew the Directors' general authority to issue shares up to an aggregate nominal amount of £808,571. This amount represents 33.0% of the Company's total ordinary share capital currently in issue and meets institutional guidelines. 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.

Resolution 11, which is proposed as a special resolution, seeks to provide the Directors with authority to issue shares or sell shares held in treasury on a non-pre-emptive basis for cash (i.e. without first offering such shares to existing shareholders pro-rata to their existing holdings) up to an aggregate nominal amount of £122,510 (representing 5% of the issued ordinary share capital of the Company as at 6 December 2011). The authorities sought in Resolutions 10 and 11 will continue until the conclusion of the Annual General Meeting to be held in 2013 or on the expiry of 15 months from the passing of this resolution, if earlier.

Such authorities will only be used to issue shares or re-sell shares from treasury at a premium to net asset value and only when the Directors believe that it would be in the best interests of the Company to do so. The Directors believe that the ability to buy-back shares at a discount and re-sell them or issue new shares at a premium are useful tools in smoothing supply and demand. No shares were issued during the year to 31 October 2011 and no shares were held in treasury as at 6 December 2011.

Market Purchases of Own Shares

At the last Annual General Meeting the Company was granted authority to purchase up to 7,345,747 ordinary shares (equivalent to 14.99% of its issued share capital), such authority to expire at the Annual General Meeting in respect of the year ending 31 October 2011. No shares were bought back during the year under review and no shares are held in treasury.

Share buy-backs may be made principally:

- (i) to enhance 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 the demand for the Company's shares that results in a discount of the quoted market price to the published net asset value per share.

The Company may hold bought-back shares 'in treasury' and then:

- (i) sell such shares (or any of them) for cash (or its equivalent under the Treasury Shares Regulations); or
- (ii) cancel the shares (or any of them).

All buy-backs will initially be held in treasury. Shares will only be resold from treasury at a premium to net asset value.

The Directors are seeking shareholders' approval at the Annual General Meeting to renew the authority to purchase up to 7,345,747 ordinary shares representing approximately 14.99% of the Company's ordinary shares in issue at the date of passing of the resolution, such authority to expire at the Annual General Meeting of the Company to be held in 2013.

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 must not exceed the higher of:

- (i) 5 percent above the average closing price on the London Stock Exchange of an ordinary share 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 will be 5p per share. Purchases of shares will be made within guidelines established, from time to time, by the Board. Your attention is drawn to Resolution 12 in the Notice of Annual General Meeting.

Recommendation

The Board unanimously recommends 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 interest of 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 31 October 2011 or 31 October 2010.

Disclosure of Information to Auditors

The Directors confirm that so far as each of the Directors is 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 ought 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.

Independent Auditors

The auditors, KPMG Audit Plc, are willing to continue in office and in accordance with section 489 and section 491(1) of the Companies Act 2006, resolutions concerning their reappointment and remuneration will be submitted to the Annual General Meeting.

By order of the Board
DAVID HL REID

Chairman

8 December 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 25.

Remuneration Committee

The Company has seven 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 and comparative information 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 31 October 2012 and subsequent years.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association which is currently £150,000 in aggregate. Non-executive Directors are not eligible for any other remuneration apart from reimbursement of allowable expenses.

The Board reviewed the level of Directors' fees during the year and concluded that they should remain unchanged at £23,000 for the Chairman and £15,500 for the other Directors. Directors' fees were last increased on 1 February 2010.

Directors' Remuneration for the Year (audited)

	2011 £	2010 £
DHL Reid	21,125	15,250
DAJ Cameron (appointed 2 December 2010)	14,166	–
DA Colman (deceased 9 June 2011)	11,299	22,625
WJ Ducas	15,500	15,250
The Hon. Kim Fraser	15,500	15,250
H James (appointed 2 December 2010)	14,166	–
J Leslie Melville	15,500	15,250
	107,256	83,625

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

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 Directors are obliged to retire, and subject to performance evaluation, if they wish, offer themselves for re-election, no longer than every 3 years after that. Any Directors who have served on the Board for more than 9 years will submit themselves for re-election annually. There is no notice period and no provision for compensation upon early termination of appointment.

Directors' Service Details

Name	Date of appointment	Due date for election/re-election
DHL Reid	1 May 1998	AGM in 2012
DAJ Cameron	2 December 2010	AGM in 2014
WJ Lucas	22 March 2002	AGM in 2012
The Hon. Kim Fraser	11 December 1998	AGM in 2012
H James	2 December 2010	AGM in 2014
J Leslie Melville	1 August 2007	–
HCT Strutt	1 November 2011	AGM in 2012

Company Performance

The following graph compares the total return (assuming all dividends are reinvested) to 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. (Comparative Index provided for information purposes only).

Performance Graph

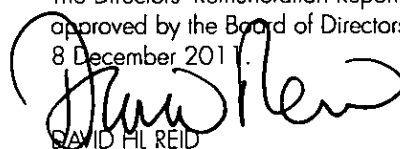
Edinburgh Worldwide's Share Price, FTSE All-Share Index and Comparative Index*

(figures have been rebased to 100 at 31 October 2006)

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 22 and 23 was approved by the Board of Directors and signed on its behalf on 8 December 2011.



DAVID HL REID

Chairman

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 they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). 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:

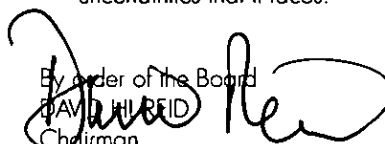
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements 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 applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), give a true and fair view of the assets, liabilities, financial position and net return 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

DAVID HURFIELD
Chairman
8 December 2011

Independent Auditor's Report

to the members of Edinburgh Worldwide Investment Trust plc
(‘the Company’)

We have audited the financial statements of Edinburgh Worldwide Investment Trust plc for the year ended 31 October 2011 set out on pages 26 to 41. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and the Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

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 31 October 2011 and of its net return for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

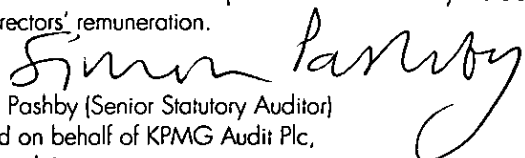
We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 18, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2010 UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.


Simon Pashby (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Chartered Accountants
Edinburgh
8 December 2011

Income Statement

For the year ended 31 October

	Notes	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
(Losses)/gains on investments	10	–	(855)	(855)	–	29,831	29,831
Currency losses	15	–	(1,344)	(1,344)	–	(1,122)	(1,122)
Income	2	2,412	–	2,412	1,931	–	1,931
Investment management fee	3	(283)	(850)	(1,133)	(250)	(784)	(1,034)
VAT recovered	4	–	–	–	25	127	152
Other administrative expenses	5	(498)	–	(498)	(440)	–	(440)
Net return before finance costs and taxation		1,631	(3,049)	(1,418)	1,266	28,052	29,318
Finance costs of borrowings	6	(158)	(475)	(633)	(130)	(390)	(520)
Net return on ordinary activities before taxation		1,473	(3,524)	(2,051)	1,136	27,662	28,798
Tax on ordinary activities	7	(242)	–	(242)	(226)	–	(226)
Net return on ordinary activities after taxation		1,231	(3,524)	(2,293)	910	27,662	28,572
Net return per ordinary share	9	2.51p	(7.19p)	(4.68p)	1.86p	56.45p	58.31p

A final dividend for the year of 1.50p per share (2010 – 1.50p) is proposed, making a total of 2.00p for the year (2010 – 2.00p). More information on dividend distributions can be found in note 8 on page 33.

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.

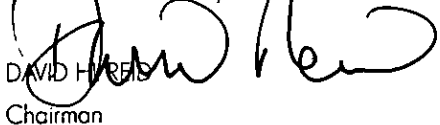
The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

Balance Sheet

At 31 October

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Investments held at fair value through profit or loss	10		170,715		173,763
Current assets					
Debtors	11	209		314	
Cash and short term deposits	20	9,122		4,053	
		9,331		4,367	
Creditors					
Amounts falling due within one year	12	(425)		(25,217)	
Net current assets/(liabilities)			8,906		(20,850)
Total assets less current liabilities			179,621		152,913
Creditors					
Amounts falling due after more than one year	13		(29,981)		–
Total net assets			149,640		152,913
Capital and reserves					
Called-up share capital	14		2,450		2,450
Share premium	15		82,180		82,180
Special reserve	15		35,220		35,220
Capital reserve	15		27,260		30,784
Revenue reserve	15		2,530		2,279
Shareholders' funds			149,640		152,913
Net asset value per ordinary share (after deducting borrowings at fair value)	16		304.24p		312.04p
Net asset value per ordinary share (after deducting borrowings at par)	16		305.36p		312.04p

The Financial Statements of Edinburgh Worldwide Investment Trust plc (Company registration number SC184775) were approved and authorised for issue by the Board on 8 December 2011.


DAVID HARRIS
Chairman

The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 October 2011

	Notes	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2010		2,450	82,180	35,220	30,784	2,279	152,913
Net return on ordinary activities after taxation	15	-	-	-	(3,524)	1,231	(2,293)
Dividends paid during the year	8	-	-	-	-	(980)	(980)
Shareholders' funds at 31 October 2011		2,450	82,180	35,220	27,260	2,530	149,640

For the year ended 31 October 2010

	Notes	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2009		2,450	82,180	35,220	3,122	2,839	125,811
Net return on ordinary activities after taxation		-	-	-	27,662	910	28,572
Dividends paid during the year	8	-	-	-	-	(1,470)	(1,470)
Shareholders' funds at 31 October 2010		2,450	82,180	35,220	30,784	2,279	152,913

The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 October

	Notes	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Net cash inflow from operating activities	17		864		716
Servicing of finance					
Interest paid		(589)		(547)	
Net cash outflow from servicing of finance			(589)		(547)
Taxation					
Overseas tax incurred		(253)		(238)	
Total tax paid			(253)		(238)
Financial investment					
Acquisitions of investments		(44,650)		(32,507)	
Disposals of investments		46,843		32,877	
Realised currency (loss)/gain		(23)		157	
Net cash inflow from financial investment			2,170		527
Equity dividends paid	8		(980)		(1,470)
Financing					
Bank loans repaid		(235,952)		(292,651)	
Bank loans drawn down		239,809		292,674	
Net cash inflow from financing			3,857		23
Increase/(decrease) in cash	18		5,069		(989)
Reconciliation of net cash flow to movement in net debt	18				
Increase/(decrease) in cash in the period			5,069		(989)
Net cash inflow from bank loans			(3,857)		(23)
Exchange movement on bank loans			(1,321)		(1,279)
Movement in net debt in the year			(109)		(2,291)
Net debt at 1 November			(20,750)		(18,459)
Net debt at 31 October			(20,859)		(20,750)

The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

1 Principal Accounting Policies

The financial statements for the year to 31 October 2011 have been prepared on the basis of the accounting policies set out below, which are unchanged from the prior year and have been applied consistently.

(a) Basis of Accounting

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and derivatives, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 will continue to be granted.

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

In order to reflect better 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.

The Company has only one material segment being that of an investment trust company, investing in listed companies throughout the world.

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 in securities are designated as valued 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 security investments is bid value or, in the case of FTSE 100 constituents, at last traded prices issued by the London Stock Exchange.

Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the income statement.

(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

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(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.
- (ii) Interest from fixed interest securities is recognised on an effective yield basis.
- (iii) Franked income is stated net of tax credits.
- (iv) Unfranked investment income includes the taxes deducted at source.
- (v) Interest receivable on deposits is 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.
- (vii) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to 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 this respect the investment management fee is allocated 25% to revenue and 75% to capital, in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively. Performance fees are charged 100% to capital as the revenue component is considered immaterial in the overall context of the performance fee; the fees arise predominantly by virtue of the capital performance of the investments.

(g) Finance Costs

Any long term borrowings are carried in the balance sheet at amortised cost, representing the cumulative amount of net proceeds after issue, plus accrued finance costs. The finance costs of borrowings are allocated 25:75 to the revenue account and capital reserve. Gains and losses on the repurchase or early settlement of debt are wholly charged to capital.

(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 rates expected to apply when its timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets, liabilities and equity investments held at fair value in foreign currencies are translated at the closing rates of exchange at the balance sheet date with the exception of foreign exchange contracts which are valued at the forward rate ruling at the time of 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 the income statement and classified as a revenue or capital item as appropriate.

(j) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in this reserve. Purchases of the Company's own shares can also be funded from this reserve. Investment performance fees are charged 100% to capital as they arise predominantly by virtue of the capital performance of the investments. 75% of management fees and finance costs are allocated to the capital reserve in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively. Any associated tax relief is also credited to this reserve.

2 Income

	2011 £'000	2010 £'000
Income from investments		
Overseas dividends	2,356	1,905
Overseas interest	-	14
	2,356	1,919
Other income		
Deposit interest	56	12
	56	12
Total income	2,412	1,931
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	2,356	1,905
Interest from financial assets designated at fair value through profit or loss	-	14
Deposit interest from financial assets not designated at fair value through profit or loss	56	12
	2,412	1,931

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	283	850	1,133	250	748	998
Investment performance fee	-	-	-	-	36	36
	283	850	1,133	250	784	1,034

Baillie Gifford & Co are employed by the Company as Managers under a management agreement which is terminable on not less than three months' notice. The fee in respect of each quarter is 0.2% of the market value of the Company's shares on each valuation date. In addition, Baillie Gifford are entitled to a performance fee, calculated annually in arrears. The performance fee is based on any out-performance of the net asset value per share relative to the MSCI All Countries World Index (in sterling terms) and is calculated as a percentage of the market value of the Company's shares. The fee is 5% of the out-performance between zero and 2%, and 10% of the out-performance thereafter. Out-performance is determined by reference to a high water mark, being the previous level of out-performance. There is no cap on the amount of performance fee payable in any year.

In addition to the investment management fee, the Company also pays a secretarial fee to Baillie Gifford which is adjusted annually in line with the Retail Price Index. The secretarial fee is shown in note 5 below.

4 VAT Recovered

In 2007 the European Court of Justice ruled that investment trust management fees should be exempt from VAT.

During the year to 31 October 2011, interest of £37,000 was received in respect of the £152,000 of VAT recovered in the year to 31 October 2010. VAT of £257,000 together with interest of £22,000 was recovered in the year to 31 October 2008.

In accordance with AIC guidance, recovered VAT has been allocated between revenue and capital on the same basis as the VAT expense was originally charged.

5 Other Administrative Expenses – all charged to the revenue column of the income statement

	2011 £'000	2010 £'000
Directors' fees (see Directors' Remuneration Report on page 22)	107	84
Auditors' remuneration for audit services	14	14
Secretarial fees	74	72
Other expenses	303	270
	498	440

6 Finance Costs of Borrowings

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Financial liabilities not at fair value through profit or loss						
Bank loans repayable within five years	158	475	633	130	390	520

7 Tax on Ordinary Activities

	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000
Overseas taxation	242	–	242	226	–	226

	2011 £'000	2010 £'000
Analysis of charge in year		
Overseas taxation	242	226

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26.83% (2010 – 28%)

The differences are explained below:

Net return on ordinary activities before taxation	(2,051)	28,798
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.83% (2010 – 28%)	(550)	8,063
Effects of:		
Capital returns not recoverable/(taxable)	590	(8,039)
Income not taxable	(517)	(412)
Income taxable in different periods	–	29
Overseas withholding tax	242	226
Taxable losses in year not utilised	477	359
Current tax charge for the year	242	226

As an investment trust, the Company's capital returns are not subject to tax.

Factors that may affect future tax charges

At 31 October 2011 the Company had a potential deferred tax asset of £3,955,000 (2010 – £3,831,000) on 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 taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 25% (2010 – 27.42%).

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. In addition to the changes in rates of corporation tax disclosed above, a number of further changes to the UK Corporation Tax System were announced in the 2011 Budget.

8 Ordinary Dividends

	2011	2010	2011 £'000	2010 £'000
Amounts recognised as distributions in the period:				
Previous year's final (paid 9 February 2011)	1.50p	1.50p	735	735
Previous year's special (paid 9 February 2010)	–	1.00p	–	490
Interim (paid 21 July 2011)	0.50p	0.50p	245	245
	2.00p	3.00p	980	1,470

We also set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £1,231,000 (2010 – £910,000).

	2011	2010	2011 £'000	2010 £'000
Dividends paid and payable in respect of the year:				
Interim dividend per ordinary share (paid 21 July 2011)	0.50p	0.50p	245	245
Proposed final dividend per ordinary share (payable 8 February 2012)	1.50p	1.50p	735	735
	2.00p	2.00p	980	980

9 Net Return per Ordinary Share

	2011 Revenue	2011 Capital	2011 Total	2010 Revenue	2010 Capital	2010 Total
Net return on ordinary activities after taxation	2.51p	(7.19p)	(4.68p)	1.86p	56.45p	58.31p

Revenue return per ordinary share is based on the net return on ordinary activities after taxation of £1,231,000 (2010 – £910,000) and on 49,004,319 ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital loss for the financial year of £3,524,000 (2010 – gain of £27,662,000) and on 49,004,319 ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

10 Fixed Assets – Investments

	2011 £'000	2010 £'000
Financial assets at fair value through profit or loss		
Listed equity investments	170,715	173,763
Total investments in financial assets at fair value through profit or loss	170,715	173,763

	Listed Equities £'000
Cost of investments held at 1 November 2010	109,799
Investment holding gains at 1 November 2010	63,964
Fair value of investments held at 1 November 2010	173,763
Movements in year:	
Purchases at cost	44,650
Sales – proceeds	(46,843)
– gains on sales	13,826
Changes in investment holding gains	(14,681)
Fair value of investments held at 31 October 2011	170,715
Cost of investments held at 31 October 2011	121,432
Investment holding gains at 31 October 2011	49,283
Fair value of investments held at 31 October 2011	170,715

The Company incurred transaction costs on purchases of £61,000 (2010 – £23,000) and on sales of £43,000 (2010 – £27,000).

	2011 £'000	2010 £'000
Net gains on investments designated at fair value through profit or loss on initial recognition		
Gains on sales	13,826	6,746
Changes in investment holding gains	(14,681)	23,085
	(855)	29,831

Of the gains on sales during the year a net gain of £13,079,000 (2010 – net gain of £6,757,000) was included in investment holding gains at the previous year end.

11 Debtors

	2011 £'000	2010 £'000
Due within one year:		
Income accrued (net of withholding tax) and prepaid expenses	177	188
Other debtors	32	126
	209	314

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.

Creditors – Amounts falling due within one year

	2011 £'000	2010 £'000
Lloyds TSB Scotland plc multi-currency loan	–	24,803
Investment management fee	259	270
Investment performance fee	–	36
Secretarial fee	19	18
Other creditors and accruals	147	90
	425	25,217

3 Creditors – Amounts falling due after more than one year

	2011 £'000	2010 £'000
National Australia Bank Limited multi-currency loan	29,981	–
	29,981	–

Borrowing Facility

The £30 million, 1 year multi-currency facility with Lloyds TSB Scotland plc was repaid on 30 September 2011. A new 3 year fixed rate facility with National Australia Bank Limited for €11.4m, US\$16.35m and £10.0m was arranged, expiring on 30 September 2014. The drawings were as follows:

At 31 October 2011

National Australia Bank Limited:

- €11,400,000 at an interest rate of 2.96% per annum.
- US\$16,350,000 at an interest rate of 2.28% per annum.
- £10,000,000 at an interest rate of 2.68% per annum.

At 31 October 2010

Lloyds TSB Scotland plc:

- US\$11,300,000 at an interest rate of 1.76% per annum.
- €8,700,000 at an interest rate of 2.33% per annum.
- CHF10,500,000 at an interest rate of 1.63% per annum.
- ¥450,000,000 at an interest rate of 1.63% per annum.

The main covenant relating to the loan facility with National Australia Bank Limited is: total borrowings shall not exceed 35% of the Company's adjusted gross assets.

4 Called-up Share Capital

	2011 Number	2011 £'000	2010 Number	2010 £'000
Allotted called-up and fully paid ordinary shares of 5p each	49,004,319	2,450	49,004,319	2,450

At the Annual General Meeting on 3 February 2011 the Company renewed its authority to purchase shares in the market, in respect of 7,345,747 ordinary shares (equivalent to 14.99% of its issued share capital at that date). No shares were bought back during the year to 31 October 2011 or 2010. At 31 October 2011 the Company had authority to buy back 7,345,747 ordinary shares.

5 Capital and Reserves

	Called-up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 November 2010	2,450	82,180	35,220	30,784	2,279	152,913
Net gains on disposal of investments	-	-	-	13,826	-	13,826
Changes in investment holding gains	-	-	-	(14,681)	-	(14,681)
Exchange differences on bank loans repaid	-	-	-	(1,558)	-	(1,558)
Other exchange differences on bank loans	-	-	-	237	-	237
Other exchange differences	-	-	-	(23)	-	(23)
Investment management fee	-	-	-	(850)	-	(850)
Finance cost of borrowings	-	-	-	(475)	-	(475)
Dividends paid in the year	-	-	-	-	(980)	(980)
Revenue return on ordinary activities after taxation	-	-	-	-	1,231	1,231
At 31 October 2011	2,450	82,180	35,220	27,260	2,530	149,640

The capital reserve includes investment holding gains of £49,283,000 (2010 – gains of £63,964,000) as disclosed in note 10.

The special reserve arose following court approval for the cancellation of 30% of the value of the share premium account on 29 April 1999. The reserve may be utilised to finance any purchase of the Company's ordinary shares.

The revenue reserve is distributable by way of dividend.

16 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net asset value 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	305.36p	312.04p	149,640	152,913

Net asset value per ordinary share is based on the net assets as shown above and 49,004,319 ordinary shares, being the number of ordinary shares in issue at each year end.

Deducting borrowings at fair value would have the effect of reducing net asset value per ordinary share from 305.36p to 304.24p.

Taking the market price of the ordinary shares at 31 October 2011 of 264.0p, this would have given a discount to net asset value of 13.2% as against 13.5% on the basis of deducting borrowings at par.

Deducting borrowings at fair value has no effect on the net asset value per ordinary share at 31 October 2010.

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	(1,418)	29,318
Losses/(gains) on investments	855	(29,831)
Currency losses	1,344	1,122
Other non-cash movements	–	(48)
Decrease in accrued income	22	138
Decrease/(increase) in debtors	94	(75)
(Decrease)/increase in creditors	(33)	92
Net cash inflow from operating activities	864	716

8 Analysis of Change in Net Debt

	At 1 November 2010 £'000	Cash flows £'000	Exchange movement £'000	At 31 October 2011 £'000
Cash at bank and in hand	4,053	5,069	–	9,122
Loan due in less than one year	(24,803)	26,495	(1,692)	–
Loan due in more than one year	–	(30,352)	371	(29,981)
	(20,750)	1,212	(1,321)	20,859

9 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 22.

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 fees due to Baillie Gifford & Co as at 31 October 2011 are disclosed in note 12.

10 Financial Instruments

As an Investment Trust, the Company invests in equities and makes other investments so as to achieve its investment objective of achieving long term capital growth. 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 exposures 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 risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

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.

10 Financial Instruments (continued)

(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 main changes to net currency exposure during the year were as follows: exposure to the Euro increased due to net purchases of Euro denominated equities; exposure to the Swedish krona decreased due to sales of Swedish krona denominated equities; exposure to the Swiss franc increased due to repayment of Swiss franc borrowings when the loan was refinanced; exposure to the Hong Kong dollar increased due to net purchases of Hong Kong dollar denominated equities.

	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors *	Net exposure £'000
At 31 October 2011					
US dollar	103,796	3,099	(10,130)	142	96,907
Euro	26,627	-	(9,851)	1	16,777
Swedish krona	9,614	-	-	-	9,614
Swiss franc	6,145	-	-	6	6,151
Danish krone	6,296	-	-	-	6,296
Hong Kong dollar	10,297	10	-	-	10,307
Other overseas currencies	7,940	-	-	-	7,940
Total exposure to currency risk	170,715	3,109	(19,981)	149	153,992
Sterling	-	6,013	(10,000)	(365)	(4,352)
	170,715	9,122	(29,981)	(216)	149,640

*Includes net non-monetary assets of £12,000.

	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors *	Net exposure £'000
At 31 October 2010					
US dollar	102,405	647	(7,068)	153	96,137
Euro	21,544	700	(7,564)	16	14,696
Swedish krona	14,000	-	-	-	14,000
Swiss franc	6,945	-	(6,677)	9	277
Danish krone	6,176	-	-	-	6,176
Japanese yen	3,465	-	(3,494)	21	(8)
Hong Kong dollar	9,379	-	-	-	9,379
Other overseas currencies	9,849	-	-	-	9,849
Total exposure to currency risk	173,763	1,347	(24,803)	199	150,506
Sterling	-	2,706	-	(299)	2,407
	173,763	4,053	(24,803)	(100)	152,913

*Includes net non-monetary assets of £12,000.

Financial Instruments (continued)

Currency Risk (continued)

Currency Risk Sensitivity

At 31 October 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	4,845	4,807
Euro	839	735
Swedish krona	481	700
Swiss franc	308	14
Danish krone	315	309
Japanese yen	–	(1)
Hong Kong dollar	515	469
Other overseas currencies	397	492
	7,700	7,525

(ii) Interest Rate Risk

Interest rate movements may affect directly:

- the fair value of investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- the fair value of any fixed-rate borrowings; and
- the interest payable on variable rate borrowings.

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.

The interest rate risk profile of the Company's financial assets and liabilities at 31 October is shown below:

Financial Assets

The cash deposits generally comprise overnight call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

10 Financial Instruments (continued)

Interest Rate Risk (continued)

Financial Liabilities	2011 £'000	2010 £'000
The interest rate risk profile of the Company's financial liabilities at 31 October was:		
Fixed rate – Sterling denominated	10,000	–
– US\$ denominated	10,130	–
– Euro denominated	9,851	–
Floating rate – US\$ denominated	–	7,068
– Euro denominated	–	7,564
– Swiss franc denominated	–	6,677
– Yen denominated	–	3,494
	29,981	24,803
The maturity profile of the Company's financial liabilities at 31 October was:		
In one year or less, or on demand	–	24,803
In more than two years, but not more than five years	29,981	–
	29,981	24,803

Interest Rate Risk Sensitivity

An interest rate risk sensitivity analysis has not been performed as the Company does not hold bonds and has borrowed funds at a fixed rate of interest.

(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 Company's exposure to changes in market prices relates to the fixed asset investments as disclosed in note 10.

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 comparative 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 page 12. In addition, a geographical analysis of the portfolio and an analysis of the investment portfolio by broad industrial or commercial sector are contained in the Managers' Portfolio Review section.

114.1% (2010 – 113.6%) of the Company's net assets are invested in equities. A 10% increase in quoted equity valuations at 31 October 2011 would have increased total assets and total return on ordinary activities by £17,072,000 (2010 – £17,376,000). A decrease of 10% 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 13.

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.

Financial Instruments (continued)

Credit Risk (continued)

- The Company's listed investments are held on its behalf by RBC Dexia Investor Services Trust acting as agent, 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 its 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 maximum exposure to credit risk at 31 October was:

	2011 £'000	2010 £'000
Cash and short term deposits	9,122	4,053
Debtors and prepayments	209	314
	9,331	4,367

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

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 are stated at fair value, which is considered to be equal to their par value. The Company had no short term borrowings at 31 October 2011 (31 October 2010 – £24,803,000).

	2011 Book £'000	2011 Fair * £'000	2010 Book £'000	2010 Fair * £'000
Fixed rate loan	29,981	30,531	-	-
Total long term borrowings	29,981	30,531	-	-

*The fair value of the bank loan is calculated with reference to government bonds of comparable yield and maturity.

Capital Management

The Company does not have any externally imposed capital requirements. The capital of the Company is the ordinary share capital as detailed in note 14. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 15. Shares may be issued and/or repurchased as explained on pages 20 and 21.

Fair Value of Financial Instruments

Fair values are measured using the following fair value hierarchy:

Level 1: reflects financial instruments quoted in an active market.

Level 2: reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3: reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The valuation techniques used by the Company are explained in the accounting policies on page 30.

The financial assets designated as valued at fair value through profit or loss are all categorised as Level 1 in the above hierarchy. None of the financial liabilities are designated at fair value through profit or loss in the financial statements.

The Annual General Meeting of the Company will be held within the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Thursday, 2 February 2012 at 12 noon. A buffet lunch will be provided.

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 fourteenth Annual General Meeting of Edinburgh Worldwide Investment Trust plc will be held within the Registered Office of the Company, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Thursday, 2 February 2012, at 12 noon for the following purposes:

Ordinary Business

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

1. To receive and adopt the financial statements of the Company for the year to 31 October 2011 with the Reports of the Directors and of the Independent Auditors thereon.
2. To approve the Directors' Remuneration Report for the year to 31 October 2011.
3. To declare a final dividend of 1.50p per ordinary share for the year to 31 October 2011.
4. To re-elect Mr DHL Reid as a Director.
5. To re-elect The Hon. Kim Fraser as a Director.
6. To re-elect Mr WJ Ducas as a Director.
7. To elect Mr HCT Strutt as a Director.
8. To reappoint KPMG Audit Plc as Independent Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which the financial statements are laid before the Company.
9. To authorise the Directors to determine the remuneration of the Independent Auditors of the Company.
10. 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 ('Securities') provided that such authority shall be limited to the allotment of shares and the grant of rights

in respect of shares with an aggregate nominal value of up to £808,571, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a 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 11 and 12 as Special Resolutions:

11. That, subject to the passing of Resolution 10 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the 'Act'), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority given by Resolution 10 above as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:
 - (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on the expiry of 15 months from the passing of this Resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or 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; and

- (b) shall be limited to the allotment of equity securities up to an aggregate nominal value of £122,510 being approximately 5% of the nominal value of the issued share capital of the Company, as at 6 December 2011.

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 and in accordance with Section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid ordinary shares of 5 pence each in the capital of the Company ('ordinary shares') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 7,345,747 being approximately 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution;
- (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 5 pence;
- (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:
 - (i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share 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; 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 Company's Annual General Meeting to be held in respect of the year ending 31 October 2012, 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.

By order of the Board

Maillie Gifford & Co
Managers and Secretaries
3 December 2011

Notes

1. As a member you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. You may not use any electronic address provided either in this notice or any related documents (including the circular and proxy form) to communicate with the Company for any purpose other than those expressly stated.
2. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or www.eproxyappointment.com no later than 48 hours (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the 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.
4. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
5. 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.
 7. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish.
 8. 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.
 9. There are special arrangements for holders of shares through The Aberdeen Investment Trusts ISA and Shareplan. These are explained in the 'Form of Direction' which such holders will have received with this report.
 10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 311 of the Companies Act 2006 the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company no later than 48 hours (excluding non-working days) prior to the commencement of the AGM or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
 11. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
 12. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 and 2 above does not apply to Nominated Persons. The rights described in those Notes can only be exercised by shareholders of the Company.
 13. The members of the Company may require the Company to publish, on its website, (without payment) a statement (which is also passed to the auditors) setting out any matter relating to the audit of the Company's accounts, including the auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to the Company at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.
 14. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's page of the Managers' website at <http://www.edinburghworldwide.co.uk>.
 15. Members have the right to ask questions at the meeting in accordance with Section 319A of the Companies Act 2006.
 16. As at 6 December 2011 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 49,004,319 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 December 2011 were 49,004,319 votes.
 17. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
 18. No Director has a contract of service with the Company.

Further Shareholder Information

Edinburgh Worldwide is an investment trust.
Investment trusts offer investors the following:

- participation in a diversified portfolio of shares;
- constant supervision by experienced professional managers; and
- 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.

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 46 for details). If you are interested in investing directly in Edinburgh Worldwide, 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 <http://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 Company's page on Baillie Gifford's website at <http://www.edinburghworldwide.co.uk>, Trustnet at <http://www.trustnet.co.uk> and on other financial websites. Company fact sheets 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 July and a final dividend is paid in February. The AGM is normally held in late January or early February.

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 1643.

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 check your holding on the Registrar's 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;
- pay dividends directly into your overseas bank account in your chosen currency; and
- elect to access the Annual Report electronically.

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 1643.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

These financial statements have been approved by the Directors of Edinburgh Worldwide Investment Trust plc. Baillie Gifford Savings Management Limited (BGSM) is the ISA Manager of the Baillie Gifford Investment Trust ISA and the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Services Authority. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Edinburgh Worldwide's Directors may hold shares in Edinburgh Worldwide and may buy or sell such shares from time to time.

Analysis of Shareholders at 31 October

	2011		2010	
	Number of shares held	2011 %	Number of shares held	2010 %
Institutions	16,889,728	34.5	17,783,060	36.3
Intermediaries	22,014,353	44.9	21,192,290	43.2
Individuals	7,279,333	14.9	7,673,851	15.7
Baillie Gifford				
Share Plans/ISA	2,754,867	5.6	2,297,072	4.7
Marketmakers	66,038	0.1	58,046	0.1
	49,004,319	100.0	49,004,319	100.0

Cost-effective Ways to Buy and Hold Shares in Edinburgh Worldwide

The Share Plan and ISA brochure
available at
<http://www.edinburghworldwide.co.uk>

Press advertisement for the Baillie
Gifford Children's Savings Plan

Baillie Gifford Savings Management Limited offers a number of plans that enable you to buy and hold shares in Edinburgh Worldwide 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 <http://www.bailliegifford.com>. 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.

Further information

If you would like more information on any of the plans described, please contact the Baillie Gifford Client Relations Team. (See contact details on page 48).

Risks

Past performance is not a guide to future performance.

Edinburgh Worldwide is listed on the stock market. As a result the value of the shares and any income from those shares is not guaranteed and could go down as well as up. You may not get back the amount you invested. You should view your investment as long term.

As Edinburgh Worldwide invests in overseas securities 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.

Edinburgh Worldwide invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment. Investing in emerging markets may cause greater fluctuations in the value of the Company compared to investing in established markets.

* Please note that a Bare Trust cannot be opened via OMS. A Bare Trust Application Form must be completed.

Edinburgh Worldwide has borrowed 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.

Edinburgh Worldwide can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its shares.

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.

Edinburgh Worldwide's risk is increased as it holds fewer investments than a typical investment trust. This means that the changes in the share price may be greater than those for investment trusts which hold more investments.

Edinburgh Worldwide can make use of derivatives. Derivatives are most often used to compensate for possible unfavourable currency and market movements. As a result, there is a risk that potential gains may be restricted in a rising market. If derivatives were ever used for speculative purposes there could be a high risk of loss to the Company due to the large and quick price movements of these contracts. They also carry a risk of the other party involved failing to meet their obligations under the contract.

Edinburgh Worldwide charges 75% of the investment management fee, 100% of the performance fee and 75% of borrowing costs to capital which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.

The generation of income is less important than the aim of achieving capital growth. You should not expect a significant, or steady, annual income from the shares.

The favourable tax treatment of ISAs may change.

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.

Details of other risks that apply to investment in the savings vehicles are contained in the product brochures.

Communicating with Shareholders

Trust' magazine

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 Edinburgh Worldwide. *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.

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

Citywire Selection

Edinburgh Worldwide has been included in Citywire's Selection List. You can read more about this at www.citywire.co.uk/selection.

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 these guides, please contact the Baillie Gifford Client Relations Team.

Edinburgh Worldwide on the Web

Up-to-date information about Edinburgh Worldwide, including a monthly commentary, recent portfolio information and performance figures, can be found on the Company's page of the Managers' website at <http://www.edinburghworldwide.co.uk>.

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

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team and give them your suggestions. They will also be very happy to answer questions that you may have, either about Edinburgh Worldwide or the plans described on page 46.

An Edinburgh Worldwide web page at
<http://www.edinburghworldwide.co.uk>

Literature in Alternative Formats

It is possible to provide copies of the 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:

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

Tel: 0800 027 0133
Your call may be recorded.

E-mail: trutenquiries@bailliegifford.com
Website: <http://www.bailliegifford.com>

Fax: 0131 275 3955

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 these plans for you, please ask an authorised intermediary.

Directors

Chairman:
DHL Reid
DAJ Cameron
WJ Ducas
The Hon. Kim Fraser
H James
J Leslie Melville
HCT Strutt

Registrar

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Investor Services PLC
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Tel: 0870 707 1643

Banker

RBC Dexia Investor
Services Trust

Company Broker

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Company registration No. SC184775

Managers, Secretaries and Registered Office

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