

Directors and Management

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

Directors

Patrick MS Barron, RD

Pat Barron has been a Director of the Company since 1979, was appointed Chairman in 1989 and was Chairman of the Nomination Committee. Having farmed in Perthshire for 30 years, he converted his farm into a golf course in the mid-90s, retiring in 2006. He served for 20 years in the Royal Naval Reserve retiring in the rank of Commander. He retired from the Board on 30 June 2012.

Richard RJ Burns

Richard Burns became a Director of the Company at the time of the listing of its shares in 1981 and became Chairman on 30 June 2012. He qualified as a solicitor in 1971 and he joined Baillie Gifford in 1973 as a trainee investment manager, becoming a partner in 1977 and was joint senior partner from 1999 until his retirement in April 2006. He is a director of EP Global Opportunities Trust PLC, Standard Life Equity Income Trust PLC, The Bankers Investment Trust PLC, JP Morgan Indian Investment Trust plc and is a trustee of the National Galleries of Scotland.

Harry J Morgan

Harry Morgan was appointed to the Board with effect from 21 May 2012. He is currently head of private investment management for Thomas Miller Investment, based in Edinburgh, and sits on the board of Thomas Miller Investment Limited. His previous role was as head of investment management at Adam & Company. He also held senior roles at Newton Investment Management and Edinburgh Fund Managers. He has over 28 years' experience of managing portfolios for private clients and charities, having started his investment career in London in 1984. He is a Chartered Fellow of the Chartered Institute For Securities & Investment and is an IMC member of the CFA Society of the UK.

Russell AR Napier

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

Alan G Scott

Alan Scott was appointed to the Board with effect from 21 May 2012. He has 24 years' experience in banking, within the Royal Bank of Scotland Group, across various divisions including Retail, Corporate and Wealth. In 2003 he joined Adam & Company International in Guernsey as a relationship manager for a portfolio of offshore clients and trusts and in 2004 moved to Adam & Company's onshore operations, where he is an associate director, relationship management, providing a range of wealth management services to a portfolio of private banking clients.

Malcolm CN Scott, QC

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

All Directors are members of the Nomination and Audit Committees.



Managers and Secretaries

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

Baillie Gifford are among the largest investment trust managers in the UK and currently manage eight investment trusts. Baillie Gifford also manage unit trusts and Open Ended Investment Companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total around £80 billion. Based in Edinburgh, they are one of the leading privately owned investment management firms in the UK, with 37 partners and a staff of around 700.

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

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

Directors' Report

The Directors present their Report together with the financial statements of the Company for the year to 30 June 2012.

Business Review

Business and Status

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

The Company carries on business as an investment trust. It was approved as an investment trust under section 1158 of the Corporation Tax Act 2010 for the year ended 30 June 2011, subject to matters that may arise from any subsequent enquiry by HM Revenue and 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 for the year ended 30 June 2012. In accordance with recent changes to section 1158, the Company has obtained approval as an investment trust from HM Revenue and Customs for accounting periods commencing on or after 1 July 2012.

Objective

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

Investment Policy

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

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

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

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

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

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

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

Details of investment strategy and activity this year can be found in the Chairman's Statement on pages 4 and 5 and the Managers' Review on pages 12 to 14.

Premium/Discount

The Board recognises that it is in the long term interests of shareholders to maintain a share price as close as possible to net asset value and believes that the prime driver of premiums/discounts over the longer term is performance. The Company issues shares at such times as the premium indicates that demand is not being met by natural liquidity in the market, and buys back when discounts widen. During the year the Company issued 500,000 ordinary shares with a nominal value of £25,000, raising £1,190,000, and no shares were bought back. No shares were bought back or issued between 30 June 2012 and the date of this report.

Performance

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

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

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

The one, five and ten year records for the KPIs can be found on pages 2, 3 and 8 respectively.

Results and Dividends

The net asset value per share (after deducting borrowings at fair value) decreased by 8.6% during the year, compared to a decrease in the comparative index of 6.2%. The premium moved from 1.0% to 0.4% and the ongoing charges ratio was 0.87%.

The Board recommends a final dividend of 2.0p per ordinary share which, together with the interim already paid, makes a total of 3.3p for the year, equivalent to the 3.3p for the previous year (16.5p adjusted for the October 2011 share split).

If approved, the recommended final dividend on the ordinary shares will be paid on 12 October 2012 to shareholders on the register at the close of business on 7 September 2012. The ex-dividend date is 5 September 2012. The Company's Registrar offers a Dividend Reinvestment Plan (see page 54) and the final date for receipt of elections for this dividend is 21 September 2012.

Borrowings

During the year the Company's loan facilities with Lloyds TSB Scotland expired and were replaced with €3 million and £2.5 million 3 year fixed-rate loans with Scotiabank Europe, both of which expire 20 February 2015.

Review of the Year and Future Trends

A review of the main features of the year and the investment outlook is contained in the Chairman's Statement and the Managers' Review on pages 4 to 5 and 12 to 14 respectively.

Principal Risks and Uncertainties

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

Other risks faced by the Company include the following:

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

The Managers monitor investment movements and the level of forecast income and expenditure to ensure the provisions of Section 1158 are not breached. Baillie Gifford's heads of Business Risk & Internal Audit and Regulatory Risk provide regular reports to the Audit Committee on Baillie Gifford's monitoring programmes.

Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised.

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

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

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

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

Employees

The Company has no employees.

Social and Community Issues

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

Corporate Governance

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

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code.

The Board

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

Following the retirement of Mr PMS Barron on 30 June 2012 and the appointment of Mr HJ Morgan and Mr AG Scott with effect from 21 May 2012 the Board comprises five Directors, all of whom are non-executive. On 30 June 2012 Mr RRJ Burns became Chairman. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibility for investment management has been delegated to the Company's Managers and Secretaries, Baillie Gifford & Co, and, in the context of a Board comprising only non-executive Directors, there is no chief executive officer. The Senior Independent Director is Mr MCN Scott.

The Directors believe that the Board has a balance of skills and experience that enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 6.

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

Terms of Appointment

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

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

Independence of Directors

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

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

Mr RRJ Burns and Mr MCN Scott, having served on the Board for more than nine years, offer themselves for re-election annually. Following formal performance evaluation, and notwithstanding their length of service, the Board has concluded that Mr RRJ Burns and Mr MCN Scott continue to demonstrate independence of character and judgement and their skills and experience add significantly to the strength of the Board. The Board believes that none of the other commitments of Mr RRJ Burns and Mr MCN Scott, as set out on page 6 of this report, interfere with the discharge of their duties to the Company and the Board is satisfied that they are capable of devoting sufficient time to the Company.

Meetings

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

Directors' Attendance at Meetings

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

* Mr HJ Morgan and Mr AG Scott joined the Board with effect from 21 May 2012.

Nomination Committee

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

During the year, the Committee initiated the search for additional directors to broaden the skills base of the Board and in anticipation of the retirement of Mr PMS Barron. 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 Harry Morgan and Mr Alan Scott as the preferred candidates due to their retail investment experience. Both were appointed to the Board with effect from 21 May 2012. Given the quality of the candidates identified, it was not necessary either to appoint external search consultants or use open advertising.

Performance Evaluation

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

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

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

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Briefings were provided during the year on industry and regulatory matters, taxation and company law. Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on pages 27 and 28.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal controls systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

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

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review.

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

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

The Company's investments are segregated from those of Baillie Gifford & Co and their other clients through the appointment of The Bank of New York Mellon SA/NV as independent custodian of the Company's investments. The custodian prepares a report on its internal controls which is independently reviewed by KPMG 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 Committee carries out an annual review of the need for an internal audit function. The Audit Committee continues to believe that the compliance and internal control systems and the internal audit function in place within the Managers and Secretaries provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the financial statements are set out on pages 29 and 30.

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 assets, the majority of which are investments in listed securities which are readily realisable, exceed its liabilities significantly. The Board approves borrowing limits and reviews regularly the amount of any borrowings and compliance with borrowing covenants. Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

Audit Committee

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

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

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

Relations with Shareholders

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

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

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

Conflicts of Interest

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

Bribery Act 2010

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

The Board as a whole fulfils the function of the Management Engagement Committee. An Investment Management Agreement between the Company and Baillie Gifford & Co sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The notice period for terminating the Management Agreement is 12 months. Careful consideration has been given by

the Board as to the basis on which the management fee is charged. The Board considers that maintaining a relatively low ongoing charges ratio is in the best interests of all shareholders as lower costs mean higher returns, particularly when compounded over long periods. The Board is also of the view that calculating the fee with reference to performance would be unlikely to exert a positive influence over the long term performance. Details of the fee arrangements with Baillie Gifford & Co are shown on page 38.

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

Directors

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

Mr PMS Barron retired on 30 June 2012. Mr RRJ Burns and Mr MCN Scott, having served for more than nine years, are subject to annual re-election and will therefore be retiring at the Annual General Meeting and will offer themselves for re-election. Mr RAR Napier, having served for three years since he was elected by shareholders, is required to retire and offers himself for re-election at the Annual General Meeting. Following formal performance evaluation, the Board considers that the performance of Mr RRJ Burns, Mr MCN Scott and Mr RAR Napier 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 HJ Morgan and Mr AG Scott, having been appointed to the Board with effect from 21 May 2012, are required to seek election by the shareholders at the Annual General Meeting. The Directors believe that the Board will benefit from their skills and experience and recommend their election to shareholders.

Director Indemnification and Insurance

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

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

Directors' Interests

Name	Nature of interest	Ordinary 5p shares held at 30 June 2012	Ordinary shares held at 30 June 2011 *
PMS Barron	Beneficial	171,390	191,270
RRJ Burns	Beneficial	812,500	812,500
	Non-beneficial trustee	119,500	119,500
HJ Morgan	Beneficial	5,000	–†
RAR Napier	Beneficial	273,825	273,825
AG Scott	Beneficial	150,000	–†
MCN Scott	Beneficial	581,690	581,690
	Non-beneficial trustee	250,000	250,000

*Adjusted for share split.

†Appointed with effect from 21 May 2012.

The Directors at the year end, and their interests in the Company, were as shown above. There have been no changes intimated in these Directors' interests up to 14 August 2012.

Major Interests in the Company's Shares

Name	Ordinary 5p shares held at 30 June 2012	% of issue
Brewin Dolphin Securities Limited – Indirect	1,301,940	4.8
Mr MWMR MacPhee – Direct	1,158,315	4.3
Mr RRJ Burns – Direct	812,500	3.0
– Indirect	119,500	0.4

There have been no changes to the major interests in the Company's shares intimated up to 14 August 2012.

Share Capital

Capital Structure

The Company's capital structure consisted of 26,863,830 ordinary shares of 5p each at 30 June 2012 (2011 – 5,272,766 ordinary shares of 25p each). At the Company's Annual General Meeting held on 10 October 2011, shareholders approved the five-for-one share subdivision and on 11 October 2011 they received five shares of 5p each for every share of 25p previously held. 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 pages 52 and 53.

Annual General Meeting

The following business falls to be considered at the Annual General Meeting to be held at noon on Monday 8 October 2012.

Purchase of Own Shares

At the AGM in October 2011 the Company was granted authority to make market purchases of ordinary shares equivalent to 14.99% of its issued share capital, such authority to expire at the AGM of the Company to be held in 2012.

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

As at 14 August 2012, the Company had not bought back any shares since the year end. The principal reasons for share buy-backs are:

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

Resolution 13, which is being proposed as a special resolution, will authorise the Company to make market purchases of its own ordinary shares.

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

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

- (i) 5 percent above the average closing price of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) over the five business days immediately preceding the date of purchase; and
- (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange.

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

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

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

Authority to Allot Shares and Disapply Pre-emption Rights

Resolution 11 in the Notice of the Annual General Meeting seeks to renew the Directors' general authority to allot shares in the Company up to an aggregate nominal value of £447,685. This amount represents approximately 33.3% of the Company's total ordinary share capital in issue as at 14 August 2012 (the latest practicable date prior to publication of this document) and meets institutional guidelines.

Resolution 12, which is proposed as a special resolution, seeks to provide the Directors with authority to allot equity securities and to sell ordinary shares held in treasury on a non-pre-emptive basis for cash (i.e. without first offering them to existing shareholders pro-rata to their existing shareholdings) up to an aggregate nominal amount of £134,319 (representing approximately 10% of the issued share capital of the Company as at 14 August 2012) (the latest practicable date prior to publication of this document). The authorities sought in Resolutions 11 and 12 will continue until the earlier of the Annual General Meeting to be held in 2013 or the expiry of 15 months from the date of passing of these resolutions.

The Directors intend to use the authorities which will be conferred by Resolutions 11 and 12 at times when the share price stands at a premium to net asset value and natural liquidity is unable to meet demand. The Directors will not make any issue of new ordinary shares to investors unless they consider it advantageous to the Company to do so, and no issue of ordinary shares will be made pursuant to the authorisation in Resolution 12 which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

During the year the Company issued and allotted 500,000 shares with a nominal value of £25,000 for total consideration of £1,190,000.

The Company does not hold any shares in treasury as at 14 August 2012, the latest practicable date prior to publication of this document. The Company does not have any warrants or options in issue.

Independent Auditors

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

Recommendation

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

Creditor Payment Policy

It is the Company's payment policy for the forthcoming financial year to obtain the best terms for all business. In general, the Company agrees with its suppliers the terms on which business will take place and it is its policy to abide by these terms. The Company had no trade creditors at 30 June 2012 or 30 June 2011.

Disclosure of Information to Auditors

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

Richard RJ Burns
Chairman
16 August 2012

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 30.

Remuneration Committee

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

Policy on Directors' Fees

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. It should also reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. It is intended that this policy will continue for the year ending 30 June 2013 and subsequent years.

The Board carried out a review of the level of Directors' fees during the year and concluded that the annual fee payable to each Director should remain unchanged at £14,000, the Chairman's additional fee should remain at £5,000, and the Audit Committee Chairman's additional fee should remain at £1,500 per annum. Directors' fees were last increased on 1 July 2011.

The fees for the non-executive Directors are determined within an aggregate limit set out in the Company's Articles of Association, which currently stands at £125,000. Non-executive Directors are not eligible for any other remuneration apart from the reimbursement of allowable expenses.

Directors' Remuneration for the Year (audited)

Name	2012 £	2011 £
PMS Barron (retired 30 June 2012)	19,000	16,500
RRJ Burns	14,000	12,000
HJ Morgan (appointed 21 May 2012)	1,577	–
RAR Napier	15,500	12,000
AG Scott (appointed 21 May 2012)	1,589	–
MCN Scott	14,000	12,000
	65,666	52,500

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

Sums paid to Third Parties (audited)

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

Directors' Service Details

Name	Date of appointment	Due date for election/re-election
PMS Barron	9 May 1979	—
RRJ Burns	25 September 1981	AGM 2012
HJ Morgan	21 May 2012	AGM 2012
RAR Napier	10 August 2009	AGM 2012
AG Scott	21 May 2012	AGM 2012
MCN Scott	12 February 1990	AGM 2012

Directors' Service Contracts

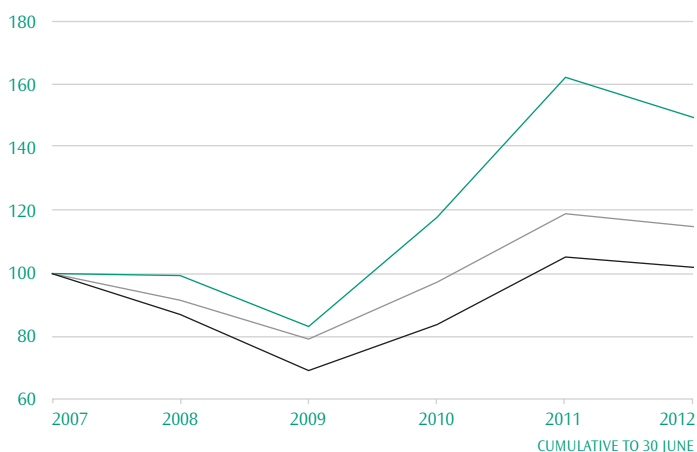
It is the Board's policy that none of the Directors has a service contract. All of the Directors have been provided with appointment letters and the terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment. Thereafter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

Company Performance

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

Performance Graph

(figures rebased to 100 at 30 June 2007)



Source: Thomson Reuters Datastream

— Mid Wynd's share price
— FTSE World Index (in sterling terms)
— FTSE All-Share

All figures are total returns (assuming net dividends are reinvested).

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 27 and 28 was approved by the Board of Directors and signed on its behalf on 16 August 2012.

Richard RJ Burns
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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Richard RJ Burns
Chairman
16 August 2012