

For immediate release

30 March 2012

## THE MERCHANTS TRUST PLC

Final Results for the year ended 31 January 2012

The following comprises extracts from the Company's Annual Financial Report for the year ended 31 January 2012. The full Annual Financial Report is available to be viewed on or downloaded from the company's website at [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk). Copies will be posted to shareholders shortly.

### MANAGEMENT REPORT

#### **Chairman's Statement**

This is our thirtieth year of rising dividends, an important milestone in Merchants' History. The Trust has maintained this record during a period in which income has been impacted materially by the global financial crisis and the cut in BP's dividend in 2010. Our underlying income rose 6.1% during the year resulting in a significantly lower drawdown on reserves, despite the increased dividend pay out and despite last year benefiting from the release of a deferred tax provision.

#### **Market Background**

It has been a difficult year for financial markets with Western economies suffering from a combination of high debt levels and weak economic growth. Against that background the UK stock market produced an overall return close to zero after falling in the summer as the outlook deteriorated.

High yielding and relatively resilient shares, where Merchants has a large exposure, generally outperformed the broader index, whilst financials and economically cyclical shares fell back. Strong performance from government bonds, particularly in response to central bank liquidity injections have lowered borrowing costs and raised the market value of our debt.

#### **Results**

The investment portfolio produced a capital return of -2.7%, slightly ahead of the -3.1% return on the FTSE 100 Index. Including Income, the total return of the investment portfolio was +1.9% which was further ahead of the +0.4% total return on the FTSE 100 Index, reflecting the high yield nature of the portfolio. The Net Asset Value per share fell by 5.9% to 402.1p, reflecting principally the cost of finance and the impact of financial gearing. The net asset value total return per share, including dividends paid, was -0.5%.

With bond yields and interest rates falling over the year, the company's debt has increased in value and, using the market value of debt, the Net Asset Value per share declined by 10.1% or by 5.5% including dividends. The full performance breakdown is shown on page 20 of the Annual Financial Report. Over the year, the Trust's share price fell by 10.8% from 406.9p to 363.0p. The total return on the Trust's shares including dividends was -5.2%. At 29 March 2012, the Trust's ordinary shares yielded 6.0% compared with the yield on the FTSE 100 Index of 3.6%. There is more detail on the major contributors to our performance in our Investment Manager's Review starting on page 8 of the Annual Financial Report.

#### **Net Revenue Return per share**

Net Revenue Return per share rose by 3.7% to 22.00p. Excluding the release of the deferred tax liability provision of £862,086 in 2011 the underlying Net Revenue Return rose by 8.0%.

### **Dividends**

The Board is recommending a final ordinary dividend of 5.8p per share, payable on 14 May 2012 to Shareholders on the register on 13 April 2012. This payment would give a total of 23.0p for the year, an increase of 0.9% over the total for the previous year. In order to meet the payment it has been necessary to transfer £1,026,885 (1.0p per share) from our revenue reserves, compared to a transfer of £1,632,522 (1.6p per share) last year. As at 31 January 2012 and after providing for this transfer, the Trust's revenue reserves amounted to £11,748,687 (11.4p per share).

The outlook for dividend growth is reasonable, with many companies having rebuilt their balance sheets and dividend cover since the economic downturn. The Board and the Manager continue to remain focused on providing long-term steady income growth.

### **Benchmark**

The Board has reviewed the Benchmark indices that are used for assessing the company's performance in addition to a peer group comparison. Whilst the Board believes it is right to assess performance against both the FTSE 100 Index and the FTSE 350 Higher Yield Index, we think that the FTSE 100 Index should be regarded as the primary benchmark and the Higher Yield index should be a secondary benchmark. There are several reasons for this. The FTSE 100 index is more diversified, reflecting a wider range of investment opportunities as well as having a lower concentration in the largest companies. This feature also makes it a preferable benchmark for the Fund Manager to set the portfolio's long term positioning against. The FTSE 100 Index is subject to less material constituent changes and thus does not encourage significant portfolio turnover when used as a benchmark, whereas the Higher Yield Index can change significantly at its June rebalancing each year, depending upon the yield on each large company. Also the FTSE 100 Index is more widely recognised and better understood.

We do not anticipate any alterations in the portfolio structure as a result of this change, which more closely reflects the way the portfolio is managed already. The investment objective remains unchanged.

### **Derivatives**

As set out in the previous report, we have continued our policy of selectively writing call options on a limited number of the Trust's holdings. Writing options has provided helpful additional income in a period where revenues have been under pressure and has also been profitable. A more detailed explanation is set out in the Investment Manager's Review.

### **Retail Distribution Review**

We anticipate great potential advantages in the Retail Distribution Review ('RDR') when investment trusts become available through the investment platforms next year and we are working with our managers to identify ways of taking advantage of this development.

### **Gearing**

The Trust continues to have long-term debt amounting to £111 million. This is all deployed in the market for investment purposes. At the end of the year our gearing level was 26.8% compared to 25.2% at the start of the year.

### **The Board**

The current Board has four directors and although it is a small board, as you will see from our biographies on page 22 of the Annual Financial Report, the directors have a range of professional and industrial backgrounds and experience. We meet annually specifically to consider strategy with our managers and advisers, covering topics such as investment policy and process, including the use of derivatives, dividends policy and reserves, our market position and peer group ratings and our share capital structure. We use these sessions to challenge the way we think and set objectives for ourselves and the managers.

Paul Yates was appointed to the Board in March 2011. Paul has over thirty years' experience in investment management having worked at UBS for much of his career. He was CEO of UBS Global Asset Management (UK) Ltd until 2005. Dick Barfield retired in May 2011, having been on the Board

for twelve years. We thank Dick very much for his deep understanding of the investment markets and his invaluable contribution over many years.

We are each standing for re-election this year and will continue to do this annually.

### Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 9 May 2012 at 12.00 noon at Holborn Bars, 138-142 Holborn, London EC1N 2NQ and we look forward to seeing as many shareholders then as are able to attend.

### Outlook

Although there is considerable uncertainty over the economic outlook with over-indebted governments and consumers, many businesses are in good shape. The larger, high yielding companies in the FTSE 100 Index, which represent a large proportion of your portfolio, generally have strong balance sheets, reasonable prospects and trade at realistic valuations. Income growth is expected to be healthy, supporting Merchants 30 year dividend growth track record. The Trust will continue to focus on delivering long-term growth in capital and income.

Simon Fraser  
Chairman  
29 March 2012

### Principal Risks and Uncertainties

The principal risks identified by the Board are set out in the table on this page, together with the actions taken to mitigate these risks. A more detailed version of this table, in the form of a Risk Matrix, is reviewed and updated by the Board twice yearly. The principal risks and uncertainties faced by the Company relate to the nature of its objectives and strategy as an investment company and the markets in which it operates.

Description	Mitigation
<p><b>Investment Activity and Strategy</b> An inappropriate investment strategy, e.g., asset allocation or the level of gearing, may lead to under-performance against the Company's benchmark index and peer group companies, and also in the Company's shares trading on a wider discount.</p>	<p>The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and on which the Board receives reports. RCM (UK) Limited ("RCM") provides the Directors with management information including performance data and reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the investment manager, who attends all board meetings, and reviews data which show risk factors and how they affect the portfolio. The Board reviews investment strategy, including gearing, at each board meeting.</p>
<p><b>Corporate Governance and Shareholder Relations</b> Shareholder discontent could arise if there is weak adherence to best practice in corporate governance and which could result in potential reputational damage to the Company.</p>	<p>The Board receives reports on shareholder activity and on shareholder sentiment on a regular basis and contact is maintained with major shareholders. Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement on pages 27 to 31 of the Annual Financial Report.</p>
<p><b>Financial</b></p>	<p>The financial risks associated with the Company include market risk (price and yield), interest rate risk, liquidity risk and credit risk. Further analysis of</p>

	these risks can be found in Note 18 on pages 58 to 63 of the Annual Financial Report.
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In addition to the specific principal risks identified in the table above, the Company faces risks to the provision of services from third parties and more general risks relating to compliance with accounting, tax, legal and regulatory requirements, which could have an impact on reputation and market rating. These risks are formally reviewed by the Board twice each year. Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance Statement within the Directors' Report beginning on page 27 of the Annual Financial Report.

The Board's reviews of the risks faced by the Company also include an assessment of the residual risks after mitigating action has been taken.

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Financial 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). Company law also requires that 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 net return 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.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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 financial statements are published on [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk), which is a website maintained by the Company's investment manager, RCM (UK) Limited. The Directors are responsible for the maintenance and integrity of the company's website. The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement under DTR 4.1.12**

The Directors at the date of approval of this Report, each confirm to the best of their knowledge that:

- 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 net return of the company; and
- the Annual Financial Report includes a fair review of the development and performance of the Company and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board of Directors

Simon Fraser  
Chairman  
29 March 2012

For further information contact:

Kirsten Salt  
Company Secretary  
Telephone: 020 7065 1513

Simon Gergel  
RCM (UK) Limited  
Telephone 020 7065 1431

**LISTED HOLDINGS as at 31 January**

<b>Equities</b>	<b>Value (£)</b>	<b>% of Listed holdings</b>	<b>Principal Activities</b>
<b>Name</b>			
Royal Dutch Shell 'B'	43,822,256	8.6	Oil & Gas Producers
GlaxoSmithKline	37,196,705	7.3	Pharmaceuticals & Biotechnology
BP	37,185,224	7.3	Oil & Gas Producers
HSBC	33,494,513	6.5	Banks
Vodafone	29,664,971	5.8	Mobile Telecommunications
BAE Systems	18,892,589	3.7	Aerospace & Defence
SSE	17,460,300	3.4	Electricity
Unilever	16,470,300	3.2	Food Producers
British American Tobacco	16,460,339	3.2	Tobacco
National Grid	16,166,020	3.2	Gas, Water & Multiutilities
<b>Top Ten Holdings</b>	<b>266,813,217</b>	<b>52.2</b>	
BT Group	15,606,415	3.1	Fixed Line Telecommunications
Reed Elsevier	14,140,957	2.8	Media
Resolution	13,936,637	2.7	Life Insurance
Reckitt Benckiser	12,982,200	2.5	Household Goods & Home Construction
UBM	11,390,486	2.2	Media
Britvic	11,319,664	2.2	Beverages
Compass Group	11,191,000	2.2	Travel & Leisure
Centrica	10,793,440	2.1	Gas, Water & Multiutilities
BHP Billiton	9,909,740	1.9	Mining
Daily Mail & General Trust "A"	9,786,560	1.9	Media
AstraZeneca	9,357,417	1.8	Pharmaceuticals & Biotechnology
Imperial Tobacco	7,941,500	1.6	Tobacco
Sainsbury (J)	7,757,960	1.5	Food & Drug Retailers
Bunzl	6,870,427	1.3	Support Services
Tesco	6,392,000	1.2	Food & Drug Retailers
Balfour Beatty	6,378,408	1.2	Construction & Materials
Cobham	6,032,400	1.2	Aerospace & Defence
IG Group	6,000,140	1.2	General Financial
Aviva	5,939,800	1.2	Life Insurance
Greene King	5,413,100	1.1	Travel & Leisure
Carnival	4,536,000	0.9	Travel & Leisure
Hammerson	4,506,345	0.9	Real Estate Investment Trust
Premier Farnell	4,373,560	0.9	Support Services
Inmarsat	4,206,265	0.8	Mobile Telecommunications
Meggitt	4,132,967	0.8	Aerospace & Defence
London & Stamford Property	4,129,684	0.8	Real Estate Investment Trust
Hiscox	3,810,000	0.7	Non-life Insurance
Man Group	3,809,999	0.7	General Financial
Barclays	3,442,500	0.7	Banks
Catlin Group	3,360,670	0.7	Non-life Insurance
Close Brothers	3,262,586	0.6	General Financial
Legal and General	3,098,880	0.6	Life Insurance
Interserve	2,716,175	0.5	Support Services
Ashmore Group	2,333,212	0.5	General Financial
Hays	2,244,375	0.4	Support Services
Mothercare	2,124,900	0.4	General Retailers
<b>Total Equities</b>	<b>512,041,586</b>	<b>100.0</b>	

**Written Call Options**

As at 31 January 2012, the market value of the outstanding options positions was £(291,625), resulting in an underlying exposure to 7.1% of the portfolio (valued at strike price).

## INCOME STATEMENT

for the year ended 31 January 2012

	Revenue £	2012 Capital £	Total £
			<b>(Note C)</b>
Net losses on investments at fair value	-	(17,682,904)	(17,682,904)
Income	27,305,462	-	27,305,462
Investment management fee	(657,637)	(1,221,325)	(1,878,962)
Administration expenses	(611,230)	(2,641)	(613,871)
<b>Net return before finance costs and taxation</b>	<b>26,036,595</b>	<b>(18,906,870)</b>	<b>7,129,725</b>
Finance costs: interest payable and similar charges	(3,324,384)	(6,093,985)	(9,418,369)
<b>Net return on ordinary activities before taxation</b>	<b>22,712,211</b>	<b>(25,000,855)</b>	<b>(2,288,644)</b>
Taxation	-	-	-
<b>Net return on ordinary activities attributable to Ordinary Shareholders</b>	<b>22,712,211</b>	<b>(25,000,855)</b>	<b>(2,288,644)</b>
<b>Net return per Ordinary Share (basic and diluted) (Note B)</b>	<b>22.00p</b>	<b>(24.22)p</b>	<b>(2.22)p</b>

## BALANCE SHEET

at 31 January 2012

	2012 £	2012 £
<b>Fixed Assets</b>		
Investments held at fair value through profit or loss		512,069,555
<b>Current Assets</b>		
Debtors	3,047,069	
Cash at bank	13,398,772	
	<b>16,445,841</b>	
<b>Creditors</b> – Amounts falling due within one year	(2,178,088)	
Derivative financial instruments	(291,625)	
	<b>(2,469,713)</b>	
<b>Net Current Assets</b>		<b>13,976,128</b>
<b>Total Assets Less Current Liabilities</b>		<b>526,045,683</b>
Creditors – Amounts falling due after more than one year		(111,020,979)
<b>Net Assets</b>		<b>415,024,704</b>
<b>Capital and Reserves</b>		
Called up Share Capital		25,803,366
Share Premium Account		8,523,195
Capital Redemption Reserve		292,853
Capital Reserve		356,683,841
Revenue Reserve		23,721,449
<b>Total Shareholders' Funds</b>		<b>415,024,704</b>
<b>Net Asset Value per Ordinary Share (basic and diluted)</b>		<b>402.1p</b>

**INCOME STATEMENT**  
for the year ended 31 January 2011

	Revenue Return £	Capital Return £	Total Return £
			<b>(Note C)</b>
Net gains on investments at fair value	-	63,626,410	63,626,410
Income	25,740,859	-	25,740,859
Investment management fee	(634,796)	(1,178,909)	(1,813,705)
Administration expenses	-	-	-
	<u>(714,775)</u>	<u>(3,442)</u>	<u>(718,217)</u>
<b>Net return before finance costs and taxation</b>	<b>24,391,288</b>	<b>62,444,059</b>	<b>86,835,347</b>
Finance costs: interest payable and similar charges	(2,491,142)	(4,815,949)	(7,307,091)
<b>Net return on ordinary activities before taxation</b>	<b>21,900,146</b>	<b>57,628,110</b>	<b>79,528,256</b>
Taxation	-	-	-
<b>Net return on ordinary activities attributable to Ordinary Shareholders</b>	<b>21,900,146</b>	<b>57,628,110</b>	<b>79,528,256</b>
<b>Net return per Ordinary Share (basic and diluted) (Note B)</b>	<b>21.22p</b>	<b>55.83p</b>	<b>77.05p</b>

**BALANCE SHEET**  
at 31 January 2011

	2011 £
<b>Fixed Assets</b>	
Investments held at fair value through profit or loss	543,239,476
<b>Current Assets</b>	
Debtors	2,034,330
Cash at bank	9,257,041
	<b>11,291,371</b>
<b>Creditors</b> – Amounts falling due within one year	(2,191,610)
Derivative financial instruments	(307,947)
	<u><b>(2,499,557)</b></u>
<b>Net Current Assets</b>	<b>8,791,814</b>
<b>Total Assets Less Current Liabilities</b>	<b>552,031,290</b>
<b>Creditors</b> – Amounts falling due after more than one year	(111,185,274)
<b>Net Assets</b>	<u><b>440,846,016</b></u>
<b>Capital and Reserves</b>	
Called up Share Capital	25,803,366
Share Premium Account	8,523,195
Capital Redemption Reserve	292,853
Capital Reserve	381,684,696
Revenue Reserve	24,541,906
<b>Total Shareholders' Funds</b>	<u><b>440,846,016</b></u>
<b>Net Asset Value per Ordinary Share (basic and diluted)</b>	<b>427.1p</b>

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 January

	Called up Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Capital Reserve £	Revenue Reserve £	Total £
Net Assets at 31 January 2010	25,803,366	8,523,195	292,853	324,056,586	26,071,214	384,747,214
Revenue Return	-	-	-	-	21,900,146	21,900,146
Dividends on Ordinary Shares	-	-	-	-	(23,429,454)	(23,429,454)
Capital Return	-	-	-	57,628,110	-	57,628,110
Net Assets at 31 January 2011	<b>25,803,366</b>	<b>8,523,195</b>	<b>292,853</b>	<b>381,684,696</b>	<b>24,541,906</b>	<b>440,846,016</b>
Net Assets at 31 January 2011	25,803,366	8,523,195	292,853	381,684,696	24,541,906	440,846,016
Revenue Return	-	-	-	-	22,712,211	22,712,211
Dividends on Ordinary Shares	-	-	-	-	(23,532,668)	(23,532,668)
Capital Return	-	-	-	(25,000,855)	-	(25,000,855)
Net Assets at 31 January 2012	<b>25,803,366</b>	<b>8,523,195</b>	<b>292,853</b>	<b>356,683,841</b>	<b>23,721,449</b>	<b>415,024,704</b>

**CASH FLOW STATEMENT**

For the year ended 31 January

	2012 £	2012 £	2011 £
<b>Net cash inflow from operating activities</b>		<b>23,792,303</b>	<b>22,695,223</b>
<b>Returns on investment and servicing of finance</b>			
Interest paid	(9,545,602)		(9,537,094)
Dividends on Cumulative Preference Stock	(42,996)		(21,498)
<b>Net cash outflow from servicing of finance</b>		<b>(9,588,598)</b>	<b>(9,558,592)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of fixed asset investments	(114,624,382)		(131,542,358)
Sales of fixed asset investments	128,095,076		142,181,040
<b>Net cash inflow from capital expenditure and financial investment</b>		<b>13,470,694</b>	<b>10,638,682</b>
Dividends paid on Ordinary Shares		(23,532,668)	(23,429,454)
<b>Increase in cash</b>		<b>4,141,731</b>	<b>345,859</b>

Notes

Note A

The financial statements have been prepared under the historical cost basis, except for the measurement at fair value of investments and derivative financial instruments, and in accordance with the United Kingdom Law and United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice – ‘Financial Statements of Investment Trust Companies’ and Venture Capital Trusts (SORP) issued in January 2009 by the Association of Investment Companies.

Note B

The Returns per Ordinary Share have been calculated using a weighted average number of shares in issue of 103,213,464 (2011 – 103,213,464 shares).

Note C

The total return column of this statement is the profit and loss account of the Company. The supplementary revenue return and capital return columns are both prepared under the guidance published by the Association of Investment Companies.

All revenue and capital items derive from continuing operations. No operations were acquired or discontinued in 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 Income Statement.

Included in the cost of investments are transaction costs and stamp duty on purchases which amounted to £750,078 (2011 – £773,955). Transaction costs on sales amounted to £158,471 (2011 – £154,872).

Note D

Valuation – As the Company’s business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, financial assets are designated as held at fair value through profit or loss in accordance with FRS 26 ‘Financial Instruments: Recognition and Measurement’. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the Board of Directors.

Investments held at fair value through profit or loss are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid or last traded price depending on the convention of the exchange on which the investment is listed.

Gains or losses on investments are recognised in the capital column of the Income Statement. Purchases and sales of financial assets are recognised on the trade date, being the date on which the Company commits to purchase or sell the assets.

Note E

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Dividends on Ordinary Shares of 25p:</b>		
Third interim dividend 5.7p paid 18 February 2011 (2010 – 5.6p)	5,883,167	5,779,954
Final dividend 5.7p paid 13 May 2011 (2010 – 5.7p)	5,883,167	5,883,166
First interim dividend 5.7p paid 17 August 2011 (2010 – 5.7p)	5,883,167	5,883,167
Second interim dividend 5.7p paid 11 November 2011 (2010 – 5.7p)	5,883,167	5,883,167
	<b>23,532,668</b>	<b>23,429,454</b>

Dividends payable at the year end are not recognised as a liability under FRS 21 'Events After Balance Sheet Date' (see Annual Financial Report – Statement of Accounting Policies). Details of these dividends are set out below.

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Third interim dividend 5.8p paid 23 February 2012 (2011 – 5.7p)	5,986,381	5,883,167
Final proposed dividend 5.8p payable 14 May 2012 (2011 – 5.7p)	5,986,381	5,883,167
	<b>11,972,762</b>	<b>11,766,334</b>

The proposed final dividend accrued is based on the number of shares in issue at the year end. However, the dividend payable will be based on the numbers of shares in issue on the record date and will reflect any purchases and cancellations of shares by the Company settled subsequent to the year end.

Note F

The financial information for the year ended 31 January 2012 has been extracted from the statutory accounts for that year. The auditor's report on these accounts was unqualified and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006. The Annual Financial Report has not yet been delivered to the Registrar of Companies.

The financial information for the year ended 31 January 2011 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006.

The full Annual Financial Report is available to be viewed on or downloaded from the Company's website at [www.merchantstrust.co.uk](http://www.merchantstrust.co.uk). Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of this announcement.