

**ANGLO AND OVERSEAS PLC**  
**Half Yearly Financial Report**  
31 January 2010

The Directors announce the unaudited half yearly financial report for the six months to 31 January 2010 as follows:-

Copies of the half yearly report can be obtained from the following websites: [www.angloandoverseas.com](http://www.angloandoverseas.com) and [www.edinburghpartners.com](http://www.edinburghpartners.com).

**HIGHLIGHTS**

Net asset value total return including dividends was 15.8%. While the Company's portfolio is not managed with reference to any stock market index, the Company performed better than its informal benchmark (the average of the FTSE All-Share Index and the FTSE All-World ex UK Index) which had a total return of 13.5%.

Interim dividend increased by 2.4% to 0.84p per share.

Principal geographic change was to reduce exposure to Asia Pacific (ex Japan) region and UK and introduce an exposure of just over 9% to Japanese equities.

Returns from equities look more attractive when compared to alternative investments such as bonds and cash and a relatively fully invested position is being retained.

**FINANCIAL SUMMARY**

	31 January 2010	31 July 2009	Change
<b>Capital</b>			
Shareholders' funds	£80,965,000	£73,689,000	9.9%
Net asset value ("NAV") per Ordinary Share	110.08p	96.80p	13.7%
Share price per Ordinary Share	95.25p	89.75p	6.1%
Share price discount to NAV	13.5%	7.3%	
Interim dividend per Ordinary Share	0.84p	0.82p	2.4%
	<b>Six months to</b>	<b>Six months to</b>	<b>Year to</b>
	<b>31 January 2010</b>	<b>31 January 2009</b>	<b>31 July 2009</b>
<b>Total return per Ordinary Share*</b>			
Capital	14.25p	(18.04)p	(9.35)p
Revenue	0.92p	1.07p	3.17p
Total	15.17p	(16.97)p	(6.18)p

\* Based on the weighted average number of shares in issue during the period, excluding own shares held in treasury.

**INVESTMENT OBJECTIVE & POLICY**

**Investment Objective**

The Company's investment objective is to provide shareholders with above average returns over the longer term through both capital appreciation and income growth.

**Investment Policy**

**Asset allocation**

The Company's investment policy is to invest in a focused portfolio comprising principally securities of publicly quoted companies worldwide which the Investment Manager considers to be undervalued on the basis of their earnings potential. The Company may also invest up to 5% of its gross assets in unquoted securities and up to 10% of its gross assets in other listed investment companies or funds, including investment trusts. The Company's portfolio will be constructed without reference to either the composition of any stock market index or any geographic, industrial or sectoral asset allocation limits.

Where the Investment Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities for the portfolio or to maintain liquidity, the Company may invest in bonds and other debt instruments, cash, cash equivalents or short-term deposits. The proportion of the Company's

assets which may be invested in this way will vary according to the Investment Manager's view of market or economic conditions and the availability of suitable equity investment opportunities. In the unlikely event of very extreme conditions, 100% of the portfolio could be so invested, although the use of such investments is not expected normally to exceed 30% of gross assets. In addition, the Company may purchase derivatives for the purposes of efficient portfolio management (i.e. for the purpose of reducing, transferring or eliminating investment risk in its investments, including protection against currency risk).

#### Risk diversification

In order to spread risk, the portfolio will normally consist of between 40 and 70 equity investments in publicly quoted companies. No single investment will represent more than 15% of the Company's gross assets at the time of its acquisition.

#### Gearing

The Company's policy on gearing is not to have fixed or structural gearing, but the Company may from time to time, when deemed appropriate, borrow for investment purposes in various currencies to suit investment conditions. This gearing will not exceed 20% of shareholders' funds at the time of borrowing. This is intended to enhance the Company's ability to take advantage of future investment opportunities identified by the Investment Manager, subject always to the Board's overall control in relation to borrowings.

## CHAIRMAN'S STATEMENT

### Results

The net asset value per share at the Company's half year end of 31 January 2010 was 110.08p. This compares with the net asset value per share at 31 July 2009 of 96.80p and represents an increase of 13.7%. After including the final dividend of 2.08p, which was paid in December 2009, the total return per share was 15.8% for the six month period.

The Company's portfolio is not managed with reference to any stock market index, as your Directors have decided not to adopt a formal benchmark. However, we continue to believe it is useful to highlight the performance of your Company against market indices for comparative purposes. It is therefore pleasing to be able to report that the Company performed better than the average of the informal benchmarks detailed below.

The total return from the FTSE All-Share Index over the six months to 31 January 2010 was 14.7%, while the corresponding total return from the FTSE All-World ex UK Index was 12.3%. The total return from the average of these two indices over the period under review was 13.5%.

### Share Price and Discount

The Company's share price increased from 89.75p at 31 July 2009 to 95.25p at 31 January 2010, a rise of 6.1%. As a consequence of the share price movement being below that of the increase in the net asset value, there was a widening of the share price discount to net asset value from 7.3% to 13.5%.

It was disappointing to see a widening of the discount despite the Company continuing to adopt a pro-active policy with regards to the discount. During the six months to 31 January 2010, the Company purchased a total of 2,577,249 shares at a cost of £2,496,000. Of these, 1,177,249 shares were purchased for cancellation and 1,400,000 shares were purchased and placed into treasury. As at 31 January 2010 the number of shares held in treasury was 9,727,438 shares, which represented 11.7% of the total number of shares in issue.

### Revenue and Dividend

The net revenue return per share in the six months to 31 January 2010 was 0.92p, a decrease of 14.0% on the 1.07p return in the prior year period. This reflected the investment strategy of moving from defensive higher yielding shares to more growth focused companies with lower yields.

I am pleased to report that the Board has decided to pay an interim dividend of 0.84p per share on 30 April 2010 to shareholders on the register as at 9 April 2010. The ex-dividend date will be 7 April 2010. This represents an increase of 2.4% on the prior period interim dividend of 0.82p.

Your Board has again taken account of the importance of income to shareholders in deciding on the dividend value. The Directors intend to maintain the level of dividends to shareholders during the current phase of the economic cycle.

## **Economic Overview**

During the early part of 2009 there was a widespread fear of a return to the economic conditions of the 1930's. However, during the remainder of 2009 and the early part of 2010 (which included the six month period under review) there has been a more optimistic view on the economic outlook. The worldwide policy responses to the economic downturn (which included the bail out of the banking sector, the reduction of interest rates to historic lows, the substantial increase in government budget deficits and quantitative easing by central banks) would appear to have averted an economic depression. In the future, those international policy responses and the eventual return to more normal economic policies (particularly with regard to interest rates and government spending) is likely to lead to more subdued economic growth worldwide, particularly in the more developed world economies. However, a more rapid rate of economic growth is expected from emerging economies worldwide, particularly in China and India, as these economies adjust from an export orientated focus to a more balanced economic strategy that increases the emphasis on domestic consumption.

## **Portfolio**

Given the assessment that a global recession would not occur and that many companies with strong balance sheets and industry leadership positions were priced at attractive valuations, the Company remained almost fully invested in equities throughout the period.

The principal geographic change has been to reduce the Company's exposure to the Asia Pacific (ex Japan) region, principally in China (where a number of profitable disposals were made) and in the UK and use the proceeds to introduce an exposure of just over 9% to Japanese equities. Stocks purchased were the construction company, Obayashi, the trading group, Mitsubishi, and the electronics companies, Sony and Fujitsu. The management at Fujitsu has been aggressive at reducing costs; in spite of this investors have focused on the weak short term outlook for technology spending and therefore these cost savings have not yet been fully reflected in the share price.

## **Outlook**

Despite the weaker growth outlook and the areas of difficulty that require resolution before we return to more normal economic conditions, we continue to remain positive on the outlook for equity investment, particularly when compared to alternative investments such as bonds and cash. Portfolio investment opportunities have been identified in a wide range of sectors. There has been a reduction in exposure to defensively orientated sectors such as healthcare and increased exposure to more economically sensitive stocks, while higher risk balance sheet threatened cyclical companies, where an immediate upturn in economic conditions is required, have been avoided.

We consider that equities are perhaps slightly above fair value at the moment and are aware that there could continue to be volatility in equity markets. However, the level of overvaluation is limited and suggests sub trend returns rather than negative ones. These returns look more attractive than those available from other asset classes and hence we are retaining a relatively fully invested position.

**John Pearmund**

Chairman

29 March 2010

## **INTERIM MANAGEMENT REPORT AND RESPONSIBILITY STATEMENT**

### **Interim Management Report**

The important events that have occurred during the period under review are set out in the Chairman's Statement. The key factors influencing the financial statements are also set out in the Chairman's Statement.

The principal uncertainties for the remaining six months of the financial year are reviewed in the Outlook section of the Chairman's Statement.

The principal risks facing the Company are substantially unchanged since the date of the Annual Report for the year ended 31 July 2009 and continue to be as set out in that report.

Risks faced by the Company include, but are not limited to, investment and strategy risk, discount volatility risk, market risk (comprising: interest rate risk, currency risk and other price risk), liquidity risk, credit risk, gearing risk, regulatory risk, operational risk, financial risk and key personnel risk.

There were no related party transactions during the period. Under the AIC SORP issued in January 2009 the Investment Manager is not considered to be a related party of the Company.

### **Responsibility Statement**

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements, prepared in accordance with the Statement on Half Yearly Financial Reports issued by the UK Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Interim Management Report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

This Half Yearly Report was approved by the Board of Directors on 29 March 2010 and the above responsibility statement was signed on its behalf by John Pearmund, Chairman.

**INCOME STATEMENT (UNAUDITED)**

for the six months to 31 January 2010

	Six months to 31 January 2010		Six months to 31 January 2009		Year to 31 July 2009	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	-	10,843	10,843	-	(14,269)	(14,269)
Exchange (losses)/gains on capital items	-	(116)	(116)	-	7	7
Income	1,010	-	1,010	1,294	-	1,294
Investment management fee	(90)	(90)	(180)	(86)	(86)	(172)
Refund of VAT on investment management and administration fees	-	-	-	-	-	-
Other expenses	(204)	-	(204)	(213)	-	(213)
<b>Net return before interest and taxation</b>	<b>716</b>	<b>10,637</b>	<b>11,353</b>	<b>995</b>	<b>(14,348)</b>	<b>(13,353)</b>
Interest paid	-	-	-	(3)	-	(3)
<b>Net return before taxation</b>	<b>716</b>	<b>10,637</b>	<b>11,353</b>	<b>992</b>	<b>(14,348)</b>	<b>(13,356)</b>
Taxation	(27)	-	(27)	(141)	24	(117)
<b>Net return after taxation</b>	<b>689</b>	<b>10,637</b>	<b>11,326</b>	<b>851</b>	<b>(14,324)</b>	<b>(13,473)</b>
	pence	pence	pence	pence	pence	pence
Return per Ordinary Share*	0.92	14.25	15.17	1.07	(18.04)	(16.97)
				3.17	(9.35)	(6.18)
				pence	pence	pence

The total column of this statement is the profit and loss account of the Company. The capital and revenue return columns are prepared in accordance with guidance issued by the Association of Investment Companies ("AIC").

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

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

\* The return per Ordinary Share for the six months to 31 January 2010 is based on the net revenue return after taxation of £689,000 (six months to 31 January 2009: £851,000; year to 31 July 2009: £2,485,000) and the net capital return after taxation of £10,637,000 (six months to 31 January 2009: £(14,324,000); year to 31 July 2009: £(7,340,000)) and on 74,635,005 (six months to 31 January 2009: 79,391,309; year to 31 July 2009: 78,497,082) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period (excluding treasury shares).

**BALANCE SHEET (UNAUDITED)**

as at 31 January 2010

	31 January 2010 £'000	31 January 2009 £'000	31 July 2009 £'000
<b>Fixed asset investments</b>			
Investments at fair value through profit or loss	77,998	67,320	71,835
<b>Current assets</b>			
Debtors	516	787	592
Cash at bank and short-term deposits	3,287	729	1,845
	<u>3,803</u>	<u>1,516</u>	<u>2,437</u>
<b>Creditors – amounts falling due within one year</b>	836	1,015	583
<b>Net current assets</b>	<u>2,967</u>	<u>501</u>	<u>1,854</u>
<b>Net assets</b>	<u>80,965</u>	<u>67,821</u>	<u>73,689</u>
<b>Capital and reserves</b>			
Called-up share capital	8,327	8,745	8,458
Special reserve	64,737	69,344	67,233
Capital redemption reserve	695	277	564
Capital reserve	4,654	(12,967)	(5,983)
Distributable revenue reserve	2,552	2,422	3,417
<b>Total equity shareholders' funds</b>	<u>80,965</u>	<u>67,821</u>	<u>73,689</u>
	pence	pence	pence
<b>Net asset value per Ordinary Share</b>	Note 4 <u>110.08</u>	<u>86.17</u>	<u>96.80</u>

**STATEMENT OF CASH FLOWS (UNAUDITED)**

for the six months to 31 January 2010

	Six months to 31 January 2010 £'000	Six months to 31 January 2009 £'000	Year to 31 July 2009 £'000
<b>Operating activities</b>			
Investment income received	1,095	1,302	3,163
Other income	6	-	13
Investment management fees paid	(174)	(186)	(343)
Administration and secretarial fees paid	(56)	(55)	(111)
Other cash payments	(165)	(157)	(295)
Refund of VAT on investment management and administration fees	97	-	-
<b>Net cash inflow from operating activities</b>	<u>803</u>	<u>904</u>	<u>2,427</u>
<b>Servicing of finance</b>			
Interest paid	-	(3)	(3)
<b>Taxation</b>	<u>(116)</u>	<u>-</u>	<u>(65)</u>
<b>Capital expenditure and financial investment</b>			
Purchases of investments	(22,410)	(19,463)	(29,200)
Sales of investments	27,572	19,936	31,949
Exchange (losses)/gains on settlement	(115)	8	(116)
<b>Net cash inflow from capital expenditure and financial investment</b>	<u>5,047</u>	<u>481</u>	<u>2,633</u>
<b>Equity dividends paid</b>	<u>(1,554)</u>	<u>(1,618)</u>	<u>(2,257)</u>
<b>Net cash inflow/(outflow) before financing</b>	<u>4,180</u>	<u>(236)</u>	<u>2,735</u>
<b>Financing</b>			

Own shares purchased for cancellation	(1,399)	(1,387)	(3,242)
Own shares purchased and held in treasury	(1,339)	-	-
<b>Net cash outflow from financing</b>	<b>(2,738)</b>	<b>(1,387)</b>	<b>(3,242)</b>
<b>Increase/(decrease) in cash</b> Note 7	<b>1,442</b>	<b>(1,623)</b>	<b>(507)</b>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (UNAUDITED)**  
for the six months to 31 January 2010

	Six months to 31 January 2010 £'000	Six months to 31 January 2009 £'000	Year to 31 July 2009 £'000
Opening equity shareholders' funds	73,689	84,076	84,076
Costs of own shares bought into treasury	(1,374)	-	-
Cost of own shares bought for cancellation	(1,122)	(1,164)	(3,275)
Net return after taxation	11,326	(13,473)	(4,855)
Dividends paid	(1,554)	(1,618)	(2,257)
<b>Closing equity shareholders' funds</b>	<b>80,965</b>	<b>67,821</b>	<b>73,689</b>

**NOTES**

**1. Financial information**

The financial information contained in this report does not constitute full statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months to 31 January 2010 and 31 January 2009 have not been audited or reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews.

The information for the year ended 31 July 2009 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the Auditors on those financial statements contained no qualification or statement under sections 498 (2) or (3) of the Companies Act 2006.

The financial statements are prepared on the basis of the accounting policies set out in note 1 of the annual financial statements for the year ended 31 July 2009.

**2. Tax charge on ordinary activities**

The tax charge for the six months to 31 January 2010 is £27,000 (six months to 31 January 2009: £117,000; year to 31 July 2009: £377,000). The tax charge comprised irrecoverable overseas withholding tax suffered for the six months to 31 January 2010 of £27,000 (six months to 31 January 2009: £117,000; year to 31 July 2009: £183,000) and corporation tax for the six months to 31 January 2010 of £nil (six months to 31 January 2009: £nil; year to 31 July 2009: £194,000). Investment gains are exempt from capital gains tax owing to the Company's status as an investment trust.

**3. Status of Company**

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as an investment trust company as set out in Section 842 of the Income and Corporation Taxes Act 1988.

**4. Net asset value per Ordinary Share**

The net asset value per Ordinary Share is based on net assets at 31 January 2010 of £80,965,000 (31 January 2009: £67,821,000; 31 July 2009: £73,689,000) and on 73,547,881 Ordinary Shares (31 January 2009: 78,709,881; 31 July 2009: 76,125,130), being the issued share capital (excluding own shares held in treasury) at those dates. Net asset values include current period revenue.

**5. Transactions in own shares**

Since the period end 330,000 Ordinary Shares have been purchased to be held in treasury at a cost of £322,000.

## 6. Dividends

The Directors have declared an interim dividend in respect of the year ending 31 July 2010 of 0.84p (2009: 0.82p) per Ordinary Share, to be paid on 30 April 2010 to shareholders on the register as at 9 April 2010. The ex-dividend date will be 7 April 2010.

Under FRS 21: 'Events after the Balance Sheet Date', dividends are recognised within the period in which they are paid. Therefore the interim dividend of 0.84p has not been accounted for within these half yearly financial statements.

## 7. Reconciliation of net cash flow to movement in net cash

	Six months to 31 January 2010 £'000	Six months to 31 January 2009 £'000	Year to 31 July 2009 £'000
Increase/(decrease) in cash in period	<u>1,442</u>	<u>(1,623)</u>	<u>(507)</u>
Change in net cash	1,442	(1,623)	(507)
Net cash at 31 July 2009	<u>1,845</u>	<u>2,352</u>	<u>2,352</u>
<b>Net cash at 31 January 2010</b>	<u><b>3,287</b></u>	<u>729</u>	<u>1,845</u>

## 8. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	Six months to 31 January 2010 £'000	Six months to 31 January 2009 £'000	Year to 31 July 2009 £'000
Net return before interest and taxation	11,353	(13,353)	(4,475)
Net (gains)/losses on investments	(10,727)	14,262	7,251
Decrease in creditors	(25)	(25)	(36)
Decrease/(increase) in debtors and accrued income	213	114	(61)
Tax deducted from investment income	(27)	(72)	(183)
Decrease/(increase) in tax recoverable	16	(22)	(69)
<b>Net cash inflow from operating activities</b>	<u><b>803</b></u>	<u>904</u>	<u>2,427</u>

## PORTFOLIO OF INVESTMENTS

as at 31 January 2010

### 20 Largest Investments

Company	Sector	Country	Valuation £'000	% of Net Assets
BP	Oil & Gas	United Kingdom	2,934	3.6
Banque Cantonale Vaudoise	Financials	Switzerland	2,540	3.1
Anheuser-Busch InBev	Consumer Goods	Belgium	2,513	3.1
ENI	Oil & Gas	Italy	2,385	2.9
Provident Financial	Financials	United Kingdom	2,343	2.9
Sanofi-aventis	Health Care	France	2,324	2.9
Nokia	Technology	Finland	2,234	2.8
Fujitsu	Technology	Japan	2,120	2.6
Vodafone	Telecommunications	United Kingdom	2,018	2.5
Mitsubishi	Industrials	Japan	1,953	2.4
HSBC	Financials	United Kingdom	1,913	2.4
UK Commercial Property	Financials – Real Estate	United Kingdom	1,891	2.3
Sony	Consumer Goods	Japan	1,886	2.3
Imperial Tobacco	Consumer Goods	United Kingdom	1,865	2.3
Gazprom	Oil & Gas	Russia	1,689	2.1
China Mobile	Telecommunications	China	1,683	2.1
Belgacom	Telecommunications	Belgium	1,680	2.1
Centrica	Utilities	United Kingdom	1,670	2.1
Tesco	Consumer Services	United Kingdom	1,656	2.0
Aviva	Financials	United Kingdom	1,605	2.0
<b>Total - 20 largest investments</b>			<b>40,902</b>	<b>50.5</b>

### Other Investments

SK Telecom	Telecommunications	Korea, Republic of	1,599	2.0
Deutsche Post	Industrials	Germany	1,576	1.9
Obayashi	Industrials	Japan	1,546	1.9
Vivendi	Consumer Services	France	1,546	1.9
C&C	Consumer Goods	Ireland	1,546	1.9
Intesa Sanpaolo	Financials	Italy	1,544	1.9
E.On	Utilities	Germany	1,524	1.9
GlaxoSmithKline	Health Care	United Kingdom	1,521	1.9
Yara International	Basic Materials	Norway	1,466	1.8
General Electric	Industrials	United States	1,367	1.7
Arriva	Consumer Services	United Kingdom	1,364	1.7
Rexam	Industrials	United Kingdom	1,285	1.6
CRH	Industrials	Ireland	1,281	1.6
Sage Group	Technology	United Kingdom	1,278	1.6
Invensys	Technology	United Kingdom	1,277	1.6
National Grid	Utilities	United Kingdom	1,262	1.6
Akzo Nobel	Basic Materials	Netherlands	1,251	1.5
Unilever	Consumer Goods	Netherlands	1,223	1.5
Standard Chartered	Financials	United Kingdom	1,213	1.5
Intel	Technology	United States	1,209	1.5
Actelion	Health Care	Switzerland	1,156	1.4
Virgin Media	Telecommunications	United States	1,105	1.4
Cisco Systems	Technology	United States	1,080	1.3
UBS	Financials	Switzerland	1,069	1.3
Beazley	Financials	United Kingdom	995	1.2
General Dynamics	Industrials	United States	903	1.1
Scottish & Southern Energy	Utilities	United Kingdom	889	1.1

Siemens	Industrials	Germany	846	1.0
First Group 6.875%	Corporate Bonds	United Kingdom	778	1.0
15/04/2013				
Hyder Consulting	Industrials	United Kingdom	397	0.5
<b>Total - 50 investments</b>			<b>77,998</b>	<b>96.3</b>
<b>Cash and other net assets</b>			<b>2,967</b>	<b>3.7</b>
<b>Net assets</b>			<b>80,965</b>	<b>100.0</b>

The geographic distribution is based on each investment's principal stock exchange listing except in instances where this would not give a proper indication of where its activities predominate.

## DISTRIBUTION OF INVESTMENTS

as at 31 January 2010 (% of net assets)

### Sector distribution

as at 31 January 2010

	%
Financials	16.3
Industrials	13.7
Technology	11.4
Consumer Goods	11.1
Telecommunications	10.1
Oil & Gas	8.6
Utilities	6.7
Health Care	6.2
Consumer Services	5.6
Basic Materials	3.3
Financials – Real Estate	2.3
Corporate Bonds	1.0
Cash and other net assets	3.7
Net assets	<u>100.0</u>

### Geographical distribution

as at 31 January 2010

	%
Europe	38.6
UK	37.4
Japan	9.2
USA	7.0
Asia Pacific (ex Japan)	4.1
Cash and other net assets	3.7*
Net assets	<u>100.0</u>

\* Cash and other net assets includes foreign currency balances of £2,000 (0.0%).

The figures detailed in the geographical distribution represent the Company's equity and bond exposure to those countries or regional areas.

