



Annual Report and Financial Statements
For the year ended 31 July 2010



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This document is important and requires your immediate attention. If you are in doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares in Anglo & Overseas Plc, please forward this document as soon as possible to the purchaser or transferee or to the stockholder, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Registered in England No. 5451176

An investment company as defined under Section 833 of the Companies Act 2006

The Company is a member of the Association of Investment Companies ("AIC")

COMPANY SUMMARY

| | |
|------------------------------|--|
| Commencement | The Company was incorporated on 12 May 2005. It commenced operations on the admission of its shares to listing on the London Stock Exchange on 29 July 2005. |
| 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 | <p>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 per cent of its gross assets in unquoted securities and up to 10 per cent 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.</p> <p>The complete investment policy is set out in the Directors' Report on page 15.</p> |
| Shareholders' funds | £80,636,000 as at 31 July 2010 |
| Market capitalisation | £70,655,000 as at 31 July 2010 |
| Capital structure | As at 31 July 2010 and at the date of this report, the Company had 83,275,319 Ordinary shares of 10p each (including 10,057,438 own shares held in treasury) in issue, resulting in the total number of shares in circulation being 73,217,881 Ordinary Shares. |
| Savings plans | The Company's Ordinary Shares are eligible for inclusion in ISAs and SIPPs. Savings plans and ISAs are available through the BNP Paribas - Edinburgh Partners Savings Scheme and ISA, both for lump sum investments and regular contributions. Details may be obtained from Edinburgh Partners, as detailed on page 52, or through the Company's website www.angloandoverseasplc.com . |
| AIC | The Company is a member of the Association of Investment Companies. |
| Investment Manager | <p>Edinburgh Partners Limited</p> <p>Edinburgh Partners Limited ("Edinburgh Partners") was founded in 2003 as a specialist investment management firm focusing exclusively on achieving above average returns for investors based on global investment analysis of the highest quality. The Edinburgh Partners investment team include experienced investment professionals with strong investment performance records who believe rigorous fundamental research allied to patience is the basis of long-term investment success. Each of the investment professionals has specific responsibilities for sector and regional research in addition to their fund management role.</p> <p>Edinburgh Partners is committed to investment trusts as flexible, long-term savings vehicles and intends that they should form an important component of its business offering.</p> |

FINANCIAL SUMMARY

| Results for year | 31 July 2010 | 31 July 2009 | % change |
|--|--------------------|--------------|----------|
| Shareholders' funds | £80,636,000 | £73,689,000 | 9.4% |
| Net asset value ("NAV") per Ordinary Share | 110.13p | 96.80p | 13.8% |
| Share price per Ordinary Share | 96.50p | 89.75p | 7.5% |
| Share price discount to NAV | 12.4% | 7.3% | |

| | Year to 31 July 2010 | Year to 31 July 2009 |
|------------------------------------|-------------------------|-------------------------|
| Capital return per Ordinary Share* | 12.74p | (9.35)p |
| Revenue return per Ordinary Share* | 3.40p | 3.17p |
| Total return per Ordinary Share* | 16.14p | (6.18)p |
| Dividend per Ordinary Share** | 3.00p | 2.90p |

* Based on the weighted average number of Ordinary Shares in issue during the year, excluding own shares held in treasury.

** Total dividend for the year, including proposed final dividend.

| Year's high/low | Year to 31 July 2010 | Year to 31 July 2009 |
|-----------------------------------|-------------------------|-------------------------|
| NAV - high | 121.24p | 115.25p |
| - low | 96.44p | 75.47p |
| Share price - high | 104.25p | 103.00p |
| - low | 86.25p | 68.50p |
| Share price discount to NAV - low | 6.4% | 0.1% |
| - high | 18.1% | 16.4% |

Cost of running the Company

| | | |
|----------------------|-------------|------|
| Total expense ratio* | 0.9% | 0.9% |
|----------------------|-------------|------|

* Based on the total expenses for the year and average monthly net asset value.

| Performance record | Shareholders' funds | Net asset value per Ordinary Share | Share price per Ordinary Share | Discount to net asset value | Revenue return per Ordinary Share | Dividend per Ordinary Share*** |
|--------------------|---------------------|------------------------------------|--------------------------------|-----------------------------|-----------------------------------|--------------------------------|
| Year ended 31 July | | | | | | |
| 2006* | £105.8m | 118.36p | 108.75p | 8.1% | 2.38p | 1.92p |
| 2007** | £115.7m | 130.99p | 118.25p | 9.7% | 2.81p | 2.20p |
| 2008 | £84.1m | 105.04p | 90.00p | 14.3% | 3.41p | 2.84p |
| 2009 | £73.7m | 96.80p | 89.75p | 7.3% | 3.17p | 2.90p |
| 2010 | £80.6m | 110.13p | 96.50p | 12.4% | 3.40p | 3.00p |

* Period 29 July 2005 to 28 July 2006.

** Period 29 July 2006 to 31 July 2007.

*** This includes the final dividend for each year, including the 2010 proposed final dividend of 2.16p.

CHAIRMAN'S STATEMENT

Results

I am pleased to be able to report a positive return to shareholders in the year ended 31 July 2010. During the year under review the net asset value per share increased from 96.80p at 31 July 2009 to 110.13p as at 31 July 2010. This represents an increase of 13.8% for the year.

The total return in the year was 16.6%, after including dividends paid. The total return from the FTSE All-Share Index over the year to 31 July 2010 was 19.3%, while the corresponding total return from the FTSE All-World ex UK Index was 18.3%. While the Company does not have any formal benchmark, for comparison purposes the total return from the average of these two indices over the year under review was 18.8%.

Investment Strategy

The investment philosophy adopted by the Investment Manager aims to identify, through disciplined and extensive research, the long-term earnings potential of a company and compares the intrinsic value to its share price. This approach requires patience as the resulting portfolio is unlikely to resemble any index and returns may be volatile against any index. Edinburgh Partners uses this approach over all its funds under management. The Directors believe that shareholders gain exposure to the merits of a fundamental, long-term approach, particularly as we continue to navigate through the current difficult economic environment.

Share Price and Discount

As at 31 July 2010 the Company's share price was 96.50p, an increase of 7.5% over the year under review. This represents a discount to net asset value per share of 12.4% and compares with a discount of 7.3% at the previous year end. Your Board continues to believe that the shares of your Company should trade, as far as possible, at a relatively narrow range around the net asset value.

Your Board was disappointed to see a widening of the share price discount to net asset value per share despite the Company continuing to adopt a pro-active policy with regards to the discount. During the year ended 31 July 2010, the Company purchased a total of 2,907,249 shares at a cost of £2,818,000. Of these, 1,177,249 shares were purchased for cancellation and 1,730,000 shares were purchased and placed into treasury. As at 31 July 2010, and at the date of this report, the number of shares held in treasury was 10,057,438 shares, which represented 12.1% of the total number of shares in issue.

The authority to repurchase shares will expire at the Annual General Meeting on 19 November 2010 and a Special Resolution will be proposed for its renewal. This will allow the Company to repurchase up to 14.99% of its shares in issue (excluding treasury shares) in the open market and for the shares to be cancelled or held in treasury. The Company's shares will only be purchased when supply exceeds demand and where the Directors consider it to be in the best interests of shareholders, particularly in the enhancement of the net asset value per share to continuing shareholders. No shares will be repurchased if it would dilute the net asset value of the remaining shares.

Your Investment Manager continues to actively market the Company through a series of investor presentations across the UK co-ordinated by the Company's marketing adviser, G&N Collective Funds Services Limited. In addition, private investors can purchase shares in the Company through savings plans operated by Edinburgh Partners. Edinburgh Partners have recently changed arrangements for their savings schemes, which are detailed on page 52 of this report.

CHAIRMAN'S STATEMENT - continued

Revenue and Dividend

I am pleased to be able to report an increase in the net income generated from the Company's portfolio in the year under review. The revenue return per share increased by 7.3% to 3.40p, principally due to a reduction in the Company's tax charge as a result of the majority of overseas dividends being exempt from corporation tax with effect from 1 July 2009.

Your Board continues to be aware of the importance that shareholders place on dividend income, particularly in the more difficult economic environment we are currently experiencing. The increase in revenue generated in the year under review will enable the Company to continue the progressive dividend policy it has been able to achieve since the launch of the Company in 2005.

It is therefore my pleasure to recommend a final dividend of 2.16p, an increase of 0.08p on the prior year final dividend of 2.08p. The total dividend for the year will be 3.00p, an increase of 3.4%.

After taking account of the proposed final dividend for 2010 the Company will have revenue reserves of 2.98p per share, which represents almost one year's dividend payment. This should ensure that it will be possible to at least maintain the level of dividends to shareholders through the economic cycle.

Subject to the approval of shareholders at the Annual General Meeting on 19 November 2010, the proposed final dividend of 2.16p will be paid on 30 November 2010 to shareholders on the register as at the close of business on 5 November 2010. The ex-dividend date will be 3 November 2010.

Developments in the Investment Trust Sector

Your Board continues to be very supportive of any initiatives undertaken by the Association of Investment Companies which ultimately benefit the Company. Recent changes have included the refund of VAT on investment management fees and the change in taxation of overseas dividends. Both changes have already had a positive financial impact on the Company.

Board

In May 2010 the Financial Reporting Council ("FRC") published the UK Corporate Governance Code which replaces the Combined Code on Corporate Governance. One of the main changes is that all directors of FTSE 350 companies are now recommended to stand for annual re-election. The Directors have agreed, despite not being a FTSE 350 company, to adopt this provision as they believe it will enhance the Board's accountability to shareholders. Accordingly, all Directors of the Company will stand for re-election annually with effect from the forthcoming Annual General Meeting and this decision will create a policy whereby Directors are required to seek election more frequently than every three years as currently set out in the Company's Articles of Association. The Board recommends the re-election of all Directors to shareholders at the forthcoming Annual General Meeting.

Investment Review

The year under review was volatile both in terms of expectations regarding the economic outlook and as a consequence of stock market performance. Initially there was a much more optimistic outlook on economic recovery after fears of a 1930's recession had faded. However, in the first half of 2010 economic worries resurfaced, particularly in the Eurozone region, as the level of Greek government debt and possible sovereign debt default shook bond and equity markets. Sentiment rotated from optimism concerning economic recovery to focus on the potential risks in the global economic system. There was a rebound in sentiment when a rescue package was orchestrated and governments worldwide started to place an increased focus on deficit reduction.

During this volatile period, your Investment Manager has continued with its long-term fundamental approach to equity investment and reduced the number of holdings towards 40, which they consider is the optimum level to balance conviction and diversification. The principal portfolio change in the year was to initiate an exposure to Japanese equities, which now represent over 10% of the Company's assets and was principally financed from a reduction in UK equities. Mindful of the differing outlook for developing and emerging economies, your Investment Manager is maintaining sufficient exposure to emerging markets which, when end sales demand is taken into account, represents around 20% of the portfolio.

Outlook

There will eventually be a return to more normal economic conditions, including a move from the current historic low level of interest rates and a reduction in government budget deficits. We anticipate this will result in an overall anaemic recovery in economic growth, with stronger growth in emerging markets such as China and India offsetting much slower growth in the more developed world. From a long-term investment perspective, equity markets globally currently offer reasonable value when compared with other asset classes, such as cash and bonds, and as a consequence we expect to maintain a high level of equity exposure.

John Pearmund
Chairman

6 October 2010

MANAGER'S REPORT AND PORTFOLIO ANALYSIS

Objective

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

The Company has no constraints on geographic exposure. The composition of the portfolio is driven by company valuations and is constructed without reference to the composition of any stock market index, or any sectoral asset allocation limits. Consequently, over short periods of time, relative performance is likely to be volatile against any index.

Portfolio Management

Dr Sandy Nairn continues to take overall responsibility for the management of the portfolio together with Craig Armour. Details of the portfolio managers and other investment partners of Edinburgh Partners are set out on pages 11 and 12.

Economic and Geographic Overview

Governments responded to the global financial crisis of 2008/9 with massive quantitative easing programmes, providing capital and liquidity to financial markets. This loose monetary policy, which has allowed interest rates to settle at historic lows, was accompanied by direct support in the banking sector. In the second half of 2009, as fears of a depression receded, confidence returned to financial markets and share prices recovered.

We believe that the economies of the developed markets of Europe and North America will not return to their previous growth rates for some time. Addressing the fiscal deficits means a combination of higher taxes and reduced government spending. The banks need to rebuild their capital base while reducing their dependence on wholesale funding, a balancing act that is likely to lead to reduced loan books and reduced credit availability. Household consumption is likely to be restrained, partly due to the actions of governments and banks, but also through higher saving, where possible, as a natural reaction to the crisis. In simple terms, the West has overspent and needs to save. In 2010, as this stark reality set in, financial markets became more volatile, with overreactions to small changes in lead indicators becoming common.

By contrast, the economies of the emerging markets are in a much healthier condition. Led by China, which is now the world's second largest economy, Asia is gradually reducing its dependence on exports to the West. The increasing size and affluence of the middle classes is likely to lead to growth in domestic consumption, boosted by reductions in savings rates. Japan's manufacturing base and proximity to the growth economies in Asia means that Japanese companies are well placed to benefit from this growth in consumption.

Europe has taken centre stage as the problems in Greece and potential sovereign debt fears have been played out in the media. In fact, Europe has a stronger fiscal and trade position than the US and the issues with uncompetitive countries in the periphery are unlikely to derail the key northern economies.

Portfolio

Portfolio construction is based upon our analysis of long-term earnings and risk. During the year we have gradually increased the proportion of holdings in economically sensitive companies where short-term fears have made the valuation attractive on a long-term view. Examples include new investments in Norwegian fertiliser manufacturer Yara and Spanish bank BBVA, as well as increased holdings in US technology leader Cisco Systems. We established a presence in Japan by purchasing a number of investments, including Sony and Fujitsu. The Japanese corporate sector's successful restructuring efforts are starting to show results with improved margins, albeit these are currently masked by a strong Yen.

We have reduced the number of holdings in the portfolio closer to 40 which we see as the optimum level going forward, balancing high conviction with sufficient diversification. The most significant change came in the reduction of UK holdings, where exposure was reduced by over 10% to 33%, which was used to finance the purchase of the Company's new investments in Japan.

Mindful of the differing outlook for developed and emerging economies, we have been keeping track of end sales demand for the companies in the portfolio. While the portfolio has around 10% invested in emerging markets, when end sales demand is taken into account the exposure is around 20%.

Outlook

As the consequences of the fiscal deficits in the West become clearer, optimism has gradually faded. The imbalance between the developed and emerging economies does need to be addressed and will involve an inexorable transfer of wealth from the West to the East. We do not see any obvious valuation anomalies at a sectoral level at present, therefore portfolio changes are likely to be driven by stock specific valuations.

Against this backdrop, we expect to see increased volatility as investors both grapple with the implications of the new economic environment and search for the winners and losers. There are a number of quality companies that can deliver good yields with acceptable risk and the schizophrenic market reaction to newsflow should result in opportunities for long-term equity investors.

Edinburgh Partners Limited

6 October 2010

PORTFOLIO OF INVESTMENTS
as at 31 July 2010

20 Largest Investments

| Company | Sector | Country | Valuation £'000 | % of Net Assets |
|---------------------------------------|--------------------|----------------|--------------------|--------------------|
| Banque Cantonale Vaudoise | Financials | Switzerland | 2,838 | 3.5 |
| Virgin Media | Telecommunications | United States | 2,535 | 3.1 |
| Fujitsu | Technology | Japan | 2,506 | 3.1 |
| Obayashi | Industrials | Japan | 2,246 | 2.8 |
| Vodafone | Telecommunications | United Kingdom | 2,231 | 2.8 |
| Banco Bilbao Vizcaya Argentaria | Financials | Spain | 2,184 | 2.7 |
| Centrica | Utilities | United Kingdom | 2,178 | 2.7 |
| Sony | Consumer Goods | Japan | 2,169 | 2.7 |
| Scottish & Southern Energy | Utilities | United Kingdom | 2,127 | 2.6 |
| ENI | Oil & Gas | Italy | 2,123 | 2.6 |
| China Mobile | Telecommunications | China | 2,110 | 2.6 |
| UBS | Financials | Switzerland | 2,105 | 2.6 |
| Singapore Telecommunications | Telecommunications | Singapore | 2,086 | 2.6 |
| Belgacom | Telecommunications | Belgium | 2,073 | 2.6 |
| Deutsche Post | Industrials | Germany | 2,063 | 2.6 |
| BP | Oil & Gas | United Kingdom | 2,030 | 2.5 |
| Provident Financial | Financials | United Kingdom | 2,016 | 2.5 |
| Aviva | Financials | United Kingdom | 1,995 | 2.5 |
| Cisco Systems | Technology | United States | 1,944 | 2.4 |
| Vivendi | Consumer Services | France | 1,941 | 2.4 |
| Total - 20 largest investments | | | 43,500 | 53.9 |

Other Investments

| | | | | |
|------------------------|--------------------|--------------------|-------|-----|
| Tesco | Consumer Services | United Kingdom | 1,930 | 2.4 |
| Gazprom | Oil & Gas | Russia | 1,914 | 2.4 |
| Intesa Sanpaolo | Financials | Italy | 1,903 | 2.4 |
| Sanofi-aventis | Health Care | France | 1,853 | 2.3 |
| UK Commercial Property | Financials | United Kingdom | 1,836 | 2.3 |
| HSBC | Financials | United Kingdom | 1,824 | 2.3 |
| Yara International | Basic Materials | Norway | 1,793 | 2.2 |
| Mitsubishi | Industrials | Japan | 1,788 | 2.2 |
| E.On | Utilities | Germany | 1,676 | 2.1 |
| Imperial Tobacco | Consumer Goods | United Kingdom | 1,661 | 2.1 |
| Solvay | Basic Materials | Belgium | 1,625 | 2.0 |
| GlaxoSmithKline | Health Care | United Kingdom | 1,555 | 1.9 |
| SK Telecom | Telecommunications | Korea, Republic Of | 1,546 | 1.9 |
| Nokia | Technology | Finland | 1,499 | 1.9 |
| General Electric | Industrials | United States | 1,403 | 1.7 |

Other Investments - continued

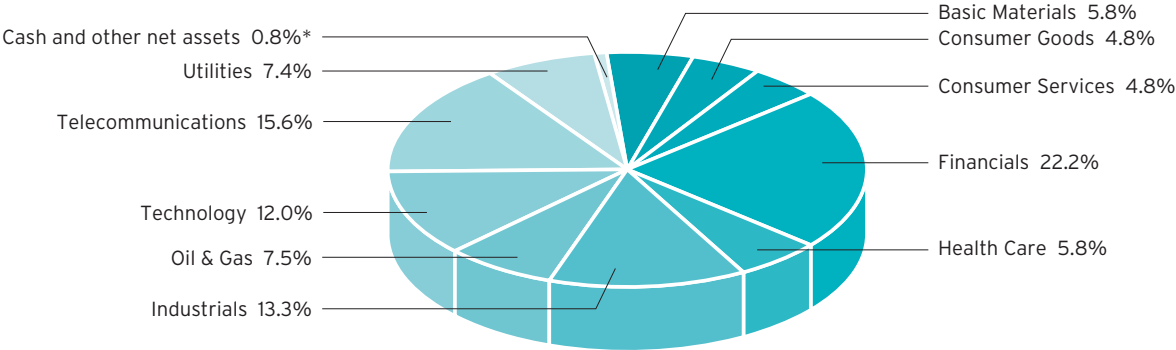
| Company | Sector | Country | Valuation £'000 | % of Net Assets |
|----------------------------------|-----------------|----------------|--------------------|--------------------|
| Rexam | Industrials | United Kingdom | 1,324 | 1.6 |
| Intel Corp | Technology | United States | 1,315 | 1.6 |
| Sage Group | Technology | United Kingdom | 1,290 | 1.6 |
| Actelion | Health Care | Switzerland | 1,278 | 1.6 |
| Akzo Nobel | Basic Materials | Netherlands | 1,255 | 1.6 |
| Beazley | Financials | United Kingdom | 1,141 | 1.4 |
| CRH | Industrials | Ireland | 1,126 | 1.4 |
| Invensys | Technology | United Kingdom | 1,106 | 1.4 |
| General Dynamics | Industrials | United States | 846 | 1.0 |
| Total - 44 investments | | | 79,987 | 99.2 |
| Cash and other net assets | | | 649 | 0.8 |
| Net assets | | | 80,636 | 100.0 |

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.

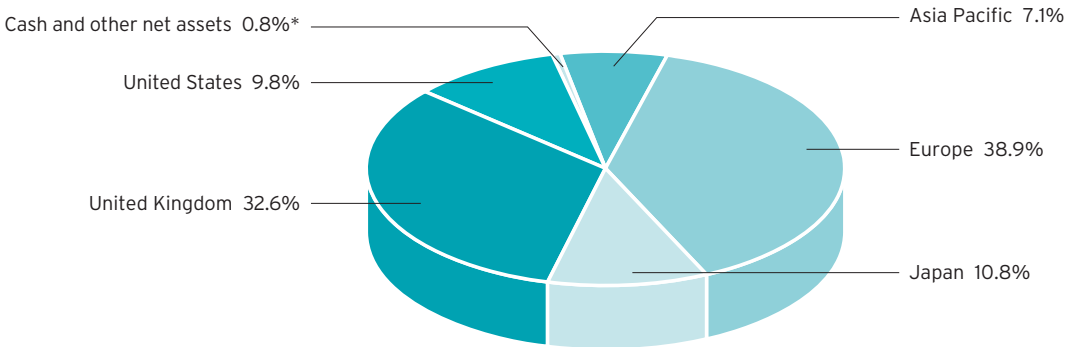
Of the ten largest portfolio investments as at 31 July 2010 the valuations at the previous year end, 31 July 2009, were Banque Cantonale Vaudoise £2,107,000; Vodafone £1,841,000; Centrica £1,363,000; Scottish & Southern Energy £841,000; ENI £2,272,000. The remaining five investments, Virgin Media, Fujitsu, Obayashi, Banco Bilbao Vizcaya Argentaria and Sony, were new purchases made during the year ended 31 July 2010.

DISTRIBUTION OF INVESTMENTS
as at 31 July 2010 (% of net assets)

Sector distribution



Geographical distribution



Source: Edinburgh Partners Limited

* Cash and other net assets includes foreign currency balances of £71,000 (0.1%).

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

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.

INVESTMENT MANAGER

The Executive Directors of Edinburgh Partners Limited are Dr Sandy Nairn, Kenneth Greig, who is also Company Secretary of Anglo & Overseas Plc, and Sam Bleakney. The biographical details of the Executive Directors and Investment Partners of Edinburgh Partners are as follows:

Sandy Nairn BSc, PhD, ASIP, CFA Sandy is one of the founders, an Investment Partner and Chief Executive of Edinburgh Partners. He is responsible for researching the global telecommunications sector and manages international and global equity portfolios. Previously he was chief investment officer of Scottish Widows Investment Partnership and spent ten years with Templeton Investment Management, latterly as director of global equity research.

Kenneth Greig BA (Hons) Kenneth is one of the founders and the Legal Partner of Edinburgh Partners, responsible for all legal, compliance and secretarial functions. He has held a series of senior legal positions in fund management firms, including AXA Investment Managers, Morgan Stanley Asset Management and Templeton Investment Management. Prior to joining Edinburgh Partners he was head of the legal and technical team at Scottish Widows Investment Partnership.

Sam Bleakney BSSc, FCA Sam is one of the founders, Finance Partner and Director of Edinburgh Partners, responsible for all finance and back office support functions. He has held a number of senior financial positions in financial services companies, including Templeton Investment Management, where he was latterly European chief financial officer and Stocktrade, where he was finance director.

Stephen Anderson BSc (Hons) Stephen is one of the founders and an Investment Partner with Edinburgh Partners. He is responsible for overseeing the development of Edinburgh Partners' research and portfolio risk management infrastructure. From 2001 until 2003 he was head of the research analysis group at Scottish Widows Investment Partnership. Prior to 2001 he held a variety of senior posts at Murray Johnstone.

Craig Armour LLB (Hons) CA Craig is an Investment Partner with Edinburgh Partners. He is responsible for researching companies in the global consumer sector and is a manager of global portfolios. Prior to joining Edinburgh Partners he was a private equity investor with Penta Capital then Lloyds Development Capital. Before working in private equity, he was a director of merchant bank Noble Grossart, covering all aspects of corporate finance for listed and unlisted businesses.

Ian Cormack BA (Hons), ASIP Ian is an Investment Partner with Edinburgh Partners. He is responsible for the global buildings and chemical sectors and is a manager of global and international portfolios. He was previously an investment director at Scottish Widows Investment Partnership from 2002 to 2004. Prior to that, he spent thirteen years with Standard Life Investments, where he had experience in managing both UK large cap and small cap portfolios.

Anthony Mather BA, ASIP Tony is an Investment Partner with Edinburgh Partners. He is responsible for research of global utilities, media and tobacco sectors and is a manager of global and international portfolios. He was a member of the UK equity team at Scottish Widows Investment Partnership where he was a senior investment manager responsible for several retail funds. Prior to that he worked for Edinburgh Fund Managers for six years as a fund manager and had responsibility for several income and growth retail funds.

Peter Reid MA ASIP Peter is an Investment Partner with Edinburgh Partners. He is responsible for researching companies in the global banking sector and is a manager of global portfolios. Prior to joining Edinburgh Partners he was chief investment officer (Equities) and executive director of Ignis Asset Management (previously called Resolution Asset Management and Britannia Asset Management). At Ignis he was responsible for regional and global equity asset classes as well as other functions including asset allocation, real estate and centralised dealing. Having joined Britannia as an equity analyst he was appointed head of UK equities in 1993 and chief investment officer in 1999.

INVESTMENT MANAGER - continued

George Ritchie MA (Hons), ASIP George is an Investment Partner with Edinburgh Partners. He has responsibility for researching the global industrials sector and is a manager of global portfolios. From 1996 to 2007 at Franklin Templeton he managed a range of institutional and retail funds as well as having research responsibilities. Prior to that he spent eleven years at Standard Life, where he was responsible for UK equity research and the management of both segregated pension funds and the UK life fund.

Dale Robertson BComm, CA, ASIP Dale is an Investment Partner with Edinburgh Partners. He has research responsibility for the global transport sector and manages Edinburgh Partners' European portfolios. Previously he spent two years at Scottish Widows Investment Partnership where he managed European equity growth funds. Prior to that he worked for Edinburgh Fund Managers for five years where he had responsibility for managing retail and institutional funds.

Robin Weir BA (Hons) Robin is an Investment Partner with Edinburgh Partners and has responsibility for researching the global pharmaceuticals sector and is a manager of global portfolios. He was previously a European equity research manager at Scottish Widows Investment Partnership from 2001 to 2005. Prior to that he spent nine years at Murray Johnstone, where he was UK equity investment director. He began his investment career with Nomura International in London and Tokyo.

Graham Wood Bsc (Hons) Graham is an Investment Partner with Edinburgh Partners. He is responsible for Edinburgh Partners' Portfolio Risk Appraisal and Applied Research functions. In 2001, he joined Scottish Widows Investment Partnership as head of international research and from 2003-2009 he was chief investment officer equities and a director. Prior to that he was at Standard Life where, after qualifying as an actuary, he was a member of the UK investment team from 1982 to 1992, responsible for setting up the UK equity research team, in addition to managing a portfolio of Investment Trusts and pension funds. After two years in the Finance and Actuarial area he became head of UK equities and subsequently his responsibilities extended to overseeing the European equity team and becoming a member of the asset allocation group.

DIRECTORS AND CORPORATE INFORMATION

All of the Directors are non-executive and independent of the Investment Manager.

John Pearmund (Chairman)

John Pearmund a Chartered Accountant, is chief executive of Domestic & General Group Limited and was formerly chief executive of Freemans PLC and a director of Sears plc. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

Christopher Duffett

Christopher Duffett, is Chairman of the Company's Remuneration & Management Engagement and Nomination Committees. He was managing director of The Law Debenture Corporation p.l.c from 1988 until 2002. He is a former chairman of the Association of Investment Companies and formerly a member of the Takeover Panel. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

John Sussens

John Sussens is senior independent director of Admiral Group plc and Cookson Group plc. He was a non-executive director of Chubb plc, Phoenix IT Group Plc, Searchspace Limited and group managing director of Misys plc. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

Giles Weaver

Giles Weaver a Chartered Accountant, is the Senior Independent Director of the Company and is Chairman of the Audit Committee. He is chairman of Helical Bar plc, Charter European Trust plc and Tamar European Industrial Fund Ltd and non-executive director of Aberdeen Asset Management plc as well as a number of other investment companies. He was formerly executive chairman of Murray Johnstone Limited. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

Secretary and Registered Office

Kenneth J Greig
Beaufort House
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Exeter EX4 4EP

Investment Manager

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email: enquiries@edinburghpartners.co.uk
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Registrar and Transfer Office

Computershare Investor Services PLC
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Bristol BS99 6ZY
Tel: 0870 889 3190
email: web.queries@computershare.co.uk
www.computershare.co.uk

Marketing Adviser

G&N Collective Funds Services Limited
14 Alva Street
Edinburgh EH2 4QG

Solicitor

Norton Rose LLP
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Bankers and Custodian

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Canary Wharf
London E14 5AL

Stockbroker

JP Morgan Securities Limited
125 London Wall
London EC2Y 5AJ

DIRECTORS AND CORPORATE INFORMATION

All of the Directors are non-executive and independent of the Investment Manager.

John Pearmund (Chairman)

John Pearmund a Chartered Accountant, is chief executive of Domestic & General Group Limited and was formerly chief executive of Freemans PLC and a director of Sears plc. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

Christopher Duffett

Christopher Duffett, is Chairman of the Company's Remuneration & Management Engagement and Nomination Committees. He was managing director of The Law Debenture Corporation p.l.c from 1988 until 2002. He is a former chairman of the Association of Investment Companies and formerly a member of the Takeover Panel. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

John Sussens

John Sussens is senior independent director of Admiral Group plc and Cookson Group plc. He was a non-executive director of Chubb plc, Phoenix IT Group Plc, Searchspace Limited and group managing director of Misys plc. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

Giles Weaver

Giles Weaver a Chartered Accountant, is the Senior Independent Director of the Company and is Chairman of the Audit Committee. He is chairman of Helical Bar plc, Charter European Trust plc and Tamar European Industrial Fund Ltd and non-executive director of Aberdeen Asset Management plc as well as a number of other investment companies. He was formerly executive chairman of Murray Johnstone Limited. He was appointed a Director of Anglo & Overseas Plc at the launch of the Company on 21 June 2005.

Secretary and Registered Office

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Investment Manager

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email: enquiries@edinburghpartners.co.uk
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Auditors

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Registrar and Transfer Office

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Marketing Adviser

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Solicitor

Norton Rose LLP
3 More London
Riverside
London SE1 2AQ

Bankers and Custodian

The Bank of New York Mellon
1 Canada Square
Canary Wharf
London E14 5AL

Stockbroker

JP Morgan Securities Limited
125 London Wall
London EC2Y 5AJ

DIRECTORS' REPORT

The Directors present their Annual Report and Financial Statements for the year to 31 July 2010.

The Company was incorporated on 12 May 2005 and it commenced trading on 29 July 2005.

Business review

Financial reporting requirements direct that the Company is required to provide a business review within the Directors' Report. The business review must contain a review of the Company's business, the principal risks and uncertainties it faces, an analysis of its performance during the financial period, the position at the period end and the future business plans of the Company. It must also provide information about the Company's environmental, social and ethical policy and about persons with whom the Company has contractual or other arrangements essential to the business of the Company. To aid understanding of these areas the Board is required to include analysis using appropriate Key Performance Indicators.

Forward looking statements

This business review contains "forward looking statements" with respect to the Company's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward looking statements involve risk and uncertainty because they relate to future events that are beyond the Company's control. Factors that could cause actual results to differ materially from those estimated by the forward looking statements include, but are not limited to:

- UK and overseas economic conditions
- UK and overseas equity market performance and prices
- Changes in Government policies, both in the UK and overseas
- Monetary and interest rate policies
- The impact of inflation and deflation
- Changes to regulations and taxes, both in the UK and overseas
- Changes to consumer saving or spending habits
- Foreign exchange rates
- The Company's success in managing its assets and business to manage the above factors
- The Company's use of gearing

As a result, the Company's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Company's forward looking statements. The Company undertakes no obligation to update the forward looking statements contained within this review or any other forward looking statements it makes.

Business and status of the Company

The Company is registered as a public limited company and is an investment company within the terms of Section 833 of the Companies Act 2006. Its shares are listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange. The Company has received approval from the Inland Revenue as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 ("ICTA 1988") for the year ended 31 July 2009 and all previous periods. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company continues to direct its affairs so as to enable it to qualify for such approval and the Company will continue to seek approval each year. With effect from the year ended 31 July 2010, approval will be sought under Sections 1158 and 1159 of the Corporation Tax Act 2010 ("CTA 2010").

Objective

The investment objective of the Company 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 per cent of its gross assets in unquoted securities and up to 10 per cent 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 per cent of the portfolio could be so invested, although the use of such investments is not expected normally to exceed 30 per cent 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 per cent 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 per cent 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.

Investment strategy

The Company is managed without reference to any stock market index. Investments are selected for the portfolio only after extensive research which the Investment Manager believes to be key. The whole process through which an equity must pass in order to be included in the portfolio is very rigorous. Only a security where the Investment Manager believes that the price will be significantly higher in the future will pass the selection process. The Company's Investment Manager believes the key to successful stock selection is to identify the long-term value of a company's shares and to have the patience to hold the shares until that value is appreciated by other investors. Identifying long-term value involves detailed analysis of a company's earning prospects over a five-year time horizon.

The Company's Investment Manager is Edinburgh Partners Limited, which is an independent specialist investment manager focusing exclusively on achieving above average returns for investors based on global investment analysis of the highest quality. The Edinburgh Partners investment team includes experienced investment professionals with strong investment performance records who believe rigorous fundamental research allied to patience is the basis of long-term investment success. Each of the investment professionals has specific responsibilities for sector and regional research in addition to their fund management role.

DIRECTORS' REPORT - continued

Edinburgh Partners is committed to investment trusts as flexible, long-term savings vehicles and intends that they should form an important component of its business offering.

Portfolio analysis

The Company has and intends to observe the investment restrictions necessary to achieve and maintain approved investment trust status in the United Kingdom and to comply with the Listing Rules. No single investment will represent more than 15 per cent of the Company's gross assets at the time of its acquisition.

A detailed review of how the Company's assets have been invested is contained in the Manager's Report and Portfolio Analysis on pages 6 and 7. A detailed list of all the Company's investments is contained in the Portfolio of Investments on pages 8 and 9. The Portfolio of Investments details that the Company held 44 investments, excluding cash and other net assets, as at 31 July 2010, with the largest investment representing 3.5% of net assets, thus ensuring that the Company has a suitable spread of investment risk. A sector and geographical distribution is shown on page 10.

Principal risks and uncertainties

The principal risks facing the Company relate to the Company's investment activities. An explanation of these risks and how they are managed is contained in note 18 on pages 46 to 50. These risks are: investment and strategy risk; discount volatility risk; market risk (comprising: interest rate risk, currency risk and other price risk); liquidity risk; credit risk and gearing risk.

In addition, the Board also considers the following as principal risks:

Regulatory risk

Failure to qualify under the terms of Sections 1158 and 1159 of the CTA 2010 (formerly Section 842 ICTA 1988) may lead to Anglo & Overseas Plc being subject to capital gains tax. A breach of the Listing Rules of the Financial Services Authority ("FSA") may result in censure by the FSA and/or the Company's suspension from Listing.

The Investment Manager is responsible for certain administrative matters including regulatory compliance. Accordingly, the Board has agreed service levels with the Investment Manager which includes active and regular review of compliance with the CTA 2010 and FSA requirements. These checks are reviewed monthly and at each Board meeting.

Operational risk

In common with most other investment companies the Company has no employees; the Company therefore relies upon the services provided by third parties. There are a number of operational risks associated with the fact that third parties undertake the Company's administration and custody. The main risk is that the third parties may fail to ensure that statutory requirements, such as compliance with the Companies Act and FSA Listing Rules are met.

The Board regularly receives and reviews management information on third parties which the Secretary compiles. In addition, each of the third parties provides a copy of its report on internal controls (SAS 70, AAF or equivalent) to the Board each year.

Financial risk

Inappropriate accounting policies or failure to comply with current or new accounting standards may lead to a breach of regulations.

The Investment Manager employs independent administrators to prepare all Financial Statements and the Audit Committee meets with the independent Auditor at least once a year to discuss all financial matters including appropriate accounting policies.

The Company is a member of the Association of Investment Companies ("AIC"), a trade body intended to promote investment trusts which also develops best practice for all of its members.

Key personnel risk

There is a risk that key personnel within the Investment Manager might leave Edinburgh Partners or may no longer be involved in the management of the Company's portfolio. The Investment Manager has in place an insurance policy covering key personnel. The Investment Management Agreement provides for termination in the event that certain key personnel are no longer involved in the management of Anglo & Overseas Plc. Further details of the Investment Management Agreement are on page 21.

The Board undertakes an annual assessment and review of all the risks stated above and in note 18 on pages 46 to 50 together with a review of any new risks which may have arisen during the year. These risks are formalised within the Company's risk assessment matrix.

Performance

Results and dividends: The results for the year ended 31 July 2010 are set out in the Income Statement on page 33 and in the Reconciliation of Movements in Shareholders' Funds on page 35.

The Directors recommend a final dividend of 2.16p (2009: 2.08p) per Ordinary Share to be paid on 30 November 2010 to shareholders on the register as at the close of business on 5 November 2010. The ex-dividend date will be 3 November 2010. Subject to shareholders approving the final dividend, the total dividend for the year ended 31 July 2010, including the interim dividend of 0.84p (2009: 0.82p), will be 3.00p (2009: 2.90p).

Further information on the performance of the Company may be found in the Chairman's Statement on pages 3 to 5 and the Manager's Report and Portfolio Analysis on pages 6 and 7.

Net asset value: The net asset value ("NAV") per Ordinary Share, including revenue reserves, as at 31 July 2010 was 110.13p (2009: 96.80p).

Key performance indicators ("KPIs")

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The KPIs used to measure progress and performance of the Company over time are established industry measures and are as follows:

- NAV per Ordinary Share
- Share price per Ordinary Share
- Discount/premium to NAV
- Revenue return per Ordinary Share
- Dividend per Ordinary Share
- Portfolio turnover
- Total expense ratio

The records of the KPIs are shown below:

| | | | |
|------------------------------------|----------------------------|----------------------------|--------|
| | 31 July 2010 | 31 July 2009 | Change |
| Net asset value per Ordinary Share | 110.13p | 96.80p | 13.8% |
| Share price per Ordinary Share | 96.50p | 89.75p | 7.5% |
| Discount to NAV | 12.4% | 7.3% | |
| | Year to 31 July 2010 | Year to 31 July 2009 | |
| Revenue return per Ordinary Share | 3.40p | 3.17p | |
| Dividend per Ordinary Share* | 3.00p | 2.90p | |
| Portfolio turnover | 49% | 44% | |
| Total expense ratio | 0.9% | 0.9% | |

* This includes a final dividend for each year, including the 2010 proposed dividend of 2.16p.

DIRECTORS' REPORT - continued

Share capital

At the year end the Company's issued share capital comprised 83,275,319 Ordinary Shares of which 10,057,438 Ordinary Shares (including shares brought back in prior accounting periods) were held in treasury. At general meetings of the Company, one vote is attached to each Ordinary Share in issue. Own shares held in treasury do not carry voting rights. The total voting rights of the Company at the year end, 31 July 2010 and at the date of this report, were 73,217,881 Ordinary Shares. There are no restrictions on the transfer of the Company's Ordinary Shares or special rights attached to these shares regarding control.

During the year ended 31 July 2010, 1,177,249 Ordinary Shares (with a nominal value of £117,725) were purchased for cancellation, representing 1.41% of the issued share capital at the year end, for an aggregate amount of £1,122,000. Also during the year ended 31 July 2010 the Company purchased 1,730,000 Ordinary Shares (with a nominal value of £173,000) for treasury, representing 2.08% per cent of the issued share capital at 31 July 2010, for an aggregate amount of £1,696,000.

The Company also cancelled during the year 130,000 Ordinary Shares (with a nominal value of £13,000) from treasury, representing 0.16% of the issued share capital at the year end. The shares were cancelled from treasury in order to ensure that the number of own shares held in treasury at any one time did not exceed the limit prescribed by the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, being 10% of the issued share capital at any one time. Since 1 October 2009, in accordance with the Companies (Share Capital and Acquisition by Company of its Own Shares) Regulations 2009, there is no longer a limit on the number of shares that a company can hold in treasury at any one time. The Board has not set a limit on the number of shares that can be held in treasury at any one time. The maximum number of own shares held in treasury during the year was 10,057,438 Ordinary Shares (with a nominal value of £1,005,744) representing 12.08% of the issued share capital of 83,275,319 Ordinary Shares at the time they were held in treasury.

Holding shares in treasury enables a company to issue shares cost effectively that might otherwise have been cancelled. The Board has the facility to authorise the sale of shares from treasury at prices at or above the net asset value per share (plus costs of the relevant sale). In the future the Directors will consider selling shares from treasury in order to meet demand as it arises. This should result in a positive overall effect on the net asset value per share if shares are bought back at a discount and then sold at a price at or above the net asset value per share.

Current and future developments

A review of the main features of the year and the outlook for the coming year is to be found in the Chairman's Statement on pages 3 to 5 and in the Manager's Report and Portfolio Analysis on pages 6 and 7. The Board's main focus is on the investment return and investment approach. Attention is paid to the integrity and success of the investment approach and on factors which may have an impact on this approach. Due regard is paid to the promotion of the Company, including communication with shareholders and other external parties. The Board is regularly updated on wider investment trust industry issues. Detailed papers are presented to the Board which lead to extensive discussion on development and strategy.

Social, environmental and ethical policy

Anglo & Overseas Plc seeks to invest in companies that are well managed, with high standards of corporate governance, as the Directors believe this creates the proper conditions to enhance long-term value for shareholders. The Company adopts a positive approach to corporate governance and engagement with companies.

In pursuit of the above objective, the Directors believe that proxy voting is an important part of the corporate governance process and considers seriously its obligation to manage the voting rights of companies in which it is invested, for which it has delegated responsibility to its Investment Manager. It is the policy of the Company to vote, as far as is practicable, at all shareholder meetings of investee companies. The Company follows the relevant applicable regulatory and legislative requirements in the UK, with the guiding principles being to make proxy voting decisions which favour proposals that will lead to maximising shareholder value while avoiding any conflicts of interest. Voting decisions are taken on a case by case basis, with the key issues on which the Investment Manager focuses being corporate governance, including disclosure and transparency, board composition and independence, control structures, remuneration and social and environmental issues.

Directors

The Directors who held office during the year (and at the date of this Report) are as shown below. Further information on the Directors can be found on page 13.

| | |
|---------------------|-----------------------------|
| John Pearmund | (appointed on 21 June 2005) |
| Christopher Duffett | (appointed on 21 June 2005) |
| John Sussens | (appointed on 21 June 2005) |
| Giles Weaver | (appointed on 21 June 2005) |

All of the Directors are non-executive and independent of the Investment Manager. None of the Directors has a contract of service with the Company. Other than their letters of appointment as Directors, which were amended on 1 October 2010 to reflect the change to the policy on re-election of Directors as described below, there has not been any contract or arrangement between the Company and any Director at any time during the year. These letters of appointment are available for inspection on request. The Directors are not entitled to any compensation on loss of office.

The Company's Articles of Association require that at each Annual General Meeting any Director who was elected or last re-elected at or before the Annual General Meeting held in the third calendar year before the current year must automatically retire. In addition, any Director who has been with the Company for a continuous period of nine years or more must retire, although they are free to seek re-election.

On 28 May 2010 the Financial Reporting Council ("FRC") published the UK Corporate Governance Code which replaces the Combined Code on Corporate Governance and will apply to reporting periods beginning on or after 29 June 2010. One of the main changes is that all directors of FTSE 350 companies are now recommended to stand for annual re-election. The Directors have agreed, despite not being a FTSE 350 company, to adopt this provision as they believe it will enhance the Board's accountability to shareholders and its independence from the Investment Manager. Accordingly, all Directors of the Company will stand for re-election annually with effect from the forthcoming Annual General Meeting. This decision will create a policy whereby Directors are required to seek election more frequently than as currently set out in the Company's Articles of Association.

At the forthcoming Annual General Meeting, all Directors will retire as Directors of the Company and will offer themselves for re-election. The Board strongly recommends the re-election of all Directors to shareholders, on the basis of their individual and collective expertise and experience in investment matters and their continuing effectiveness and commitment to the Company and its shareholders. Their individual expertise contributions provide a balanced and capable Board and in particular:

- John Pearmund provides financial and commercial insight and leadership to the Board and Investment Manager.
- Christopher Duffett has extensive experience in his professional career in investment management, governance and the legal framework of the Company's activities.

DIRECTORS' REPORT - continued

- John Sussens provides worldwide commercial and managerial experience both as an executive and non-executive director to support the Board and Investment Manager in its assessment of strategy and performance.
- Giles Weaver provides a wealth of experience in the investment management industry and insight into strategy and the decisions of the Investment Manager.

A process of performance evaluation has been undertaken by which the performance of the Chairman, each Director and the Board as a whole has been evaluated in respect of the year ended 31 July 2010. This evaluation consisted of a questionnaire-based approach, the results of which were discussed in detail between the Chairman and each of the Directors. It is the Board's intention that this process be undertaken on an annual basis.

The number of Board meetings held during the year and the attendance of each Director in office at the date of this report is shown below:

| | |
|--|---|
| Number of Board meetings held during the year: | 5 |
| Number of meetings attended by each Director: | |
| John Pearmund | 5 |
| Christopher Duffett | 4 |
| John Sussens | 5 |
| Giles Weaver | 5 |

Subsequent to the year end, one further Board meeting has been held which was attended by all of the Directors. In addition to these meetings, a number of Board Committee meetings held by telephone conference facility were held during the year to deal with specific matters.

Directors' interests

The interests of the Directors and their connected persons in the Ordinary Shares of the Company are set out below:

| | 31 July 2010 | 1 August 2009 |
|---------------------|---------------|---------------|
| | No. of shares | No. of shares |
| John Pearmund | 69,965 | 49,245 |
| Christopher Duffett | 73,613 | 73,613 |
| John Sussens | 5,000 | 5,000 |
| Giles Weaver | 240,000 | 240,000 |

Subsequent to the year end John Pearmund (and connected persons) acquired 464 Ordinary Shares of the Company. He now has a connected interest in 70,429 Ordinary Shares of the Company. There were no further changes to these holdings between 31 July 2010 and the date of this report.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Substantial share interests

At the date of this report, the Company has been informed of the following notifiable substantial interests in the Company's voting rights:

| | No. of Shares | % of voting rights |
|---|---------------|--------------------|
| Brewin Dolphin Limited | 3,607,225 | 4.92 |
| The Cayenne Trust plc | 2,218,000 | 3.02 |
| John Leng & Co (wholly owned subsidiary of DC Thomson & Co) | 3,541,950 | 4.83 |
| Legal & General Group Plc | 2,857,957 | 3.90 |

Securities carrying voting rights

The following information is disclosed in accordance with the Large and Medium-size Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the FSA Disclosure and Transparency Rules.

- The Company's capital structure and voting rights are summarised on pages 1 and 18.
- Details of the substantial shareholders in the Company are listed on page 20.
- The giving of powers to issue or buy back the Company's shares requires the relevant resolution to be passed by shareholders. Proposals for the renewal of the Board's current powers to issue and buy back shares are detailed on pages 26 and 27.
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Investment Management Agreement

The Company's investments are managed by Edinburgh Partners Limited under an Investment Management Agreement dated 23 June 2005 (the "Investment Management Agreement"). Edinburgh Partners receives a management fee of 0.125 per cent per quarter of the market capitalisation of the issued Ordinary Shares, payable quarterly in arrears. In addition it receives an administration fee (£111,000 per annum for the year ended 31 July 2010), payable quarterly in arrears and adjusted annually in line with changes in the Retail Prices Index. The Investment Management Agreement is terminable by 12 months' notice by either party. The Company may terminate the agreement with less than 12 months' notice; however, it may be required to pay liquidated damages for early termination, unless certain specific circumstances set out in the agreement are met.

Continuing appointment of the Investment Manager

The Company keeps the performance of the Investment Manager under review through the Remuneration and Management Engagement Committee. It is the opinion of the Directors that the continuing appointment of Edinburgh Partners is in the interests of shareholders as a whole. The reasons for these views are that the Directors are confident that the long-term investment strategy of Edinburgh Partners will ensure that the Company's objective of providing above average returns over the longer term through both capital appreciation and income growth will be achieved. The remuneration of the Investment Manager is considered reasonable both in absolute terms and compared with that of managers of comparable investment companies. The Directors believe that by paying the Investment Management fee calculated on a market capitalisation basis, rather than a percentage of assets basis, the interests of the Investment Manager are more closely aligned with those of shareholders.

Corporate governance

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"), both of which can be found on the AIC website www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the 2008 Combined Code on Corporate Governance (the "Combined Code") as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code on Corporate Governance (the "Combined Code")), will provide better information to shareholders. A copy of the Combined Code can be found at www.frc.org.uk.

DIRECTORS' REPORT - continued

The Board considers that it has managed its affairs throughout the year ended 31 July 2010 in compliance with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below. The Combined Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment trust. The Company has therefore not reported further in respect of these provisions.

Board of Directors

The Chairman and each of the Directors is independent of the Investment Manager. Each member of the Board is non-executive. Brief biographical details of the Directors can be found on page 13.

The Board has appointed Giles Weaver as the Company's Senior Independent Director.

Representatives from the Investment Manager are invited to Board meetings to provide reports on investments, marketing, financial, operational and administrative matters.

The Directors have adopted a formal schedule of matters reserved for the Board's decision that cannot be delegated to a Committee nor to any other party. These reserved matters include approval of Annual and Half-Yearly Reports and Accounts, circulars and other shareholder communications, appointment and removal of Board members, service providers and officers of the Company, changes to the Company's objectives and accounting policies and any major investment decisions, the use of gearing and a number of specific matters relating to the Company's investments that require Board approval under the Investment Management Agreement.

The Board delegates decisions regarding the day-to-day investment of the Company's portfolio to the Investment Manager. The Investment Manager is also authorised by the Board to exercise the Company's voting rights in respect of those investments held in its portfolio. The Directors of the Company receive daily notification of the net asset value and a monthly report from the Investment Manager and meet formally at least four times a year to review and receive reports from Edinburgh Partners on a full range of relevant matters, including investments, marketing, administration, financial information and risks.

Committees of the Board

The Board has appointed a number of Committees, as set out below, to assist its operations. Each Committee's delegated responsibilities are clearly defined in formal terms of reference, copies of which are available from the Company's Registered Office. The Chairman of each of the Committees will be present at the Annual General Meeting.

Audit Committee

The Audit Committee is chaired by Giles Weaver, and all Directors of the Company, including the Chairman of the Company, are members of this Committee to enable them to be kept fully informed of any issues that may arise. The Directors believe that Mr Weaver, a Chartered Accountant, has relevant financial knowledge and experience to enable him to chair this Committee effectively.

The Audit Committee provides a forum through which the Company's external Auditor reports to the Board of Directors. The Committee makes recommendations to the Board on the remuneration and terms of appointment of the Auditor, and monitors the Auditor's independence, objectivity and effectiveness and the provision of non-audit services by the Auditor. No non-audit services were provided during the year (2009: nil).

The Audit Committee reviews the effectiveness of the Company's financial reporting and internal control policies and is responsible for monitoring the integrity of the Financial Statements and accounting policies of the Company.

The Committee meets at least twice at the time of the annual and half year results of the Company, and meets with the Auditor, without the Manager being present, at least once a year. Two meetings of the Audit Committee were held during the year and these meetings were attended by all members of the Committee. One further meeting of the Committee has been held subsequent to the year end, which was attended by all members of the Committee.

Remuneration and Management Engagement Committee

The Remuneration and Management Engagement Committee comprises all members of the Board and is chaired by Christopher Duffett.

The Committee meets at least once a year to review the terms of the Investment Management Agreement, assess the continuing appointment of the Investment Manager and the Company's other service providers and agree the remuneration of the Directors. Two meetings of the Remuneration and Management Engagement Committee were held during the year and these meetings were attended by all members of the Committee. One further meeting of the Committee has been held subsequent to the year end, which was attended by all members of the Committee.

Full details of the remuneration arrangements for Directors can be found in the Directors' Remuneration Report on pages 28 and 29.

The Nomination Committee

The Nomination Committee comprises the entire Board and is chaired by Christopher Duffett. This Committee will meet as required to consider appointments to the Board and the re-election of Directors. Two meetings of the Nomination Committee were held during the year and these meetings were attended by all members of the Committee. One further meeting of the Committee has been held subsequent to the year end, which was attended by all members of the Committee.

Conflicts of interest

Since 1 October 2008 it has been a statutory requirement that a Director must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict").

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at quarterly Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

DIRECTORS' REPORT - continued

Independent professional advice, insurance and indemnity

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may seek independent professional advice at the expense of the Company. The Company also maintains directors' and officers' liability insurance to cover legal defence expenses.

The Company's Articles of Association provide the Directors of the Company, subject to the provisions of the UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. Save for this, there are no qualifying third party indemnity provisions in force.

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Kenneth J Greig, who is responsible for ensuring that Board and Committee procedures are followed and that the applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and also for compliance with the statutory obligations of the Company.

Relations with shareholders

Communication with shareholders is given a high priority by both the Board and the Investment Manager. The Directors have a policy of maintaining regular contact with major shareholders and are always available to enter into dialogue with shareholders in general. All shareholders are encouraged to attend and vote at the Annual General Meeting during which the Board and Investment Manager are available to discuss issues affecting the Company. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the Registered Office address.

Copies of the Half-Yearly and Annual Reports are dispatched to shareholders by mail and are also available for downloading from the Company's website www.angloandoverseasplc.com.

Internal control review

The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness.

An ongoing process, in accordance with the guidance of the Financial Reporting Council on internal controls, has been implemented for identifying, evaluating and managing risks faced by the Company. This process has been in place throughout the year and up to the date the Financial Statements were approved. Key procedures established with a view to providing effective financial control have also been in place for the full year under review and up to the date the Financial Statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Internal control assessment process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

Against this background, the Board has split the review of risk and associated controls into four sections reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- published information, compliance with laws and regulations;
- relationship with service providers; and
- investment and business activities.

The Company has appointed agents (including Edinburgh Partners) to provide administrative services to the Company. In performing its functions, Edinburgh Partners delegates certain administrative tasks to third parties. The Company has obtained from Edinburgh Partners and the other service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- assessment of communication procedures;
- assessment of the control procedures; and
- details of the “whistleblowing” policy in place.

The key procedures which have been established to provide internal financial controls are as follows:

- investment management is provided by Edinburgh Partners. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings;
- administration and company secretarial duties for the Company are performed by Edinburgh Partners. Kenneth J Greig, a director of Edinburgh Partners, is the Company Secretary and Capita Sinclair Henderson Limited provides certain accounting, administrative and secretarial support services to Edinburgh Partners;
- custody of assets is undertaken by The Bank of New York Mellon;
- the duties of investment management, accounting and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information produced by the Investment Manager and Capita Sinclair Henderson Limited in detail on a regular basis.

All of the Company’s management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Edinburgh Partners.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control during the year, as set out above.

Going concern

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 14 to 19. In addition, notes 18 and 19 to the Financial Statements include the Company’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

After due consideration, the Directors have concluded that the Company has adequate cash resources and a highly liquid investment portfolio to enable it to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

DIRECTORS' REPORT - continued

Payment of suppliers

It is the Company's payment policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to terms used. The Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms.

There were no trade creditors at 31 July 2010 (31 July 2009: nil).

Donations

The Company made no political or charitable donations during the year.

Auditor

A resolution to re-appoint KPMG Audit Plc as Auditor of the Company will be put to shareholders at the forthcoming Annual General Meeting.

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 Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Special Business at the Annual General Meeting

At the Annual General Meeting held on 27 November 2009 the Company was granted authority to purchase up to 14.99% of the Company's Ordinary Shares (either for cancellation or for placing into treasury). As at the date of this report, the Company may purchase up to 10,325,033 Ordinary Shares under this existing authority.

Resolution 10 (a Special Resolution), if passed, will renew this authority and authorise the Company to purchase in the market (either for cancellation or placing into treasury) up to 10,975,360 Ordinary Shares (being approximately 14.99% of the issued share capital (excluding treasury shares) as at the date of this report) or, if less, 14.99% of the issued share capital (excluding treasury shares) immediately following the passing of the Resolution. In accordance with the Listing Rules of the FSA, the price paid for shares will be not less than 10p per Ordinary Share and not more than the higher of (i) 5% above the average mid-market prices of those shares as derived from the Daily Official List of the London Stock Exchange for the five business days before the shares are purchased and (ii) the amount stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation (being a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out). It is the Board's policy that purchases of shares will only be made through the market for cash at prices below the prevailing net asset value of the shares where the Directors believe that such purchases will enhance shareholder value. Shares purchased will be cancelled or placed into treasury at the determination of the Directors. The authority, if given, will lapse at the conclusion of the Company's next Annual General Meeting of the Company after the passing of this Resolution, which must be held no later than 31 January 2012.

Resolution 11 (an Ordinary Resolution), if passed, will authorise the Directors' (pursuant to paragraph (A) of the Resolution) to allot shares up to an aggregate nominal value of £2,440,596, representing 24,405,960 Ordinary Shares (being approximately one-third of the issued share capital (excluding treasury shares) as at the date of this report). In addition, in accordance with the guidance from the Association of British Insurers on the expectations of institutional investors in relation to the authority of directors to allot shares, paragraph (B) of Resolution 11 will authorise the Directors to allot additional Ordinary Shares up to a maximum nominal amount of £2,440,596, which is approximately a further one-third of the issued share capital (excluding treasury shares) as at the date of this report. However, the Directors will only be able to allot those shares for the purposes of a rights issue in which the new shares are offered to shareholders in proportion to their then shareholdings. The authority, if given, will lapse at the conclusion of the Company's next Annual General Meeting after the passing of this Resolution (which must be held no later than 31 January 2012). The authority will be used where the Directors consider it to be in the best interest of shareholders and shares will only be issued at a price at or above the prevailing net asset value per share.

Resolution 12 (a Special Resolution), if passed, will renew the Directors' authority to issue shares (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions) and (iii) to persons other than existing shareholders up to an aggregate nominal value of £732,179, representing 7,321,790 Ordinary Shares (being approximately 10% of the issued share capital (excluding treasury shares) as at the date of this report) without first having to offer such shares to existing shareholders. This authority relates to either issues of new shares or sales of own shares held in treasury. The authority, if given, will lapse at the conclusion of the Company's next Annual General Meeting after the passing of this Resolution, which must be held no later than 31 January 2012 and shares will only be issued at a price at or above the prevailing net asset value per share.

Resolution 13 (Special Resolution), if passed, will renew the approval to convene all general meetings of the Company, other than annual general meetings, on a minimum of 14 clear days notice. The notice period for annual general meetings will remain at 21 clear days. The approval will be effective until the Company's next Annual General Meeting, when it is intended that renewal will be sought. The Directors will only call general meetings on 14 clear days notice where they consider it in the best interests of shareholders to do so and the relevant matter requires to be dealt with expediently.

Directors' recommendation

The Directors consider each Resolution being proposed at the Annual General Meeting to be in the best interests of shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do so in respect of their own beneficial shareholdings.

By order of the Board
Kenneth J Greig
Secretary
6 October 2010

DIRECTORS' REMUNERATION REPORT

The Directors submit this Report in accordance with the requirements of Schedule 8 to The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. An Ordinary Resolution will be put to the members to approve this Report at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 31 and 32.

Remuneration and Management Engagement Committee

Remuneration of the Directors is considered by the Remuneration and Management Engagement Committee. All Directors are members of this Committee. Details of this Committee can be found on page 23.

Policy on Directors' fees

The Company follows the recommendation of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. It is intended that this policy will continue for the year ending 31 July 2011 and for subsequent financial years.

The fees of the Directors are determined within the limits set out in the Company's Articles of Association. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, as the Board does not consider such arrangements or benefits necessary or appropriate.

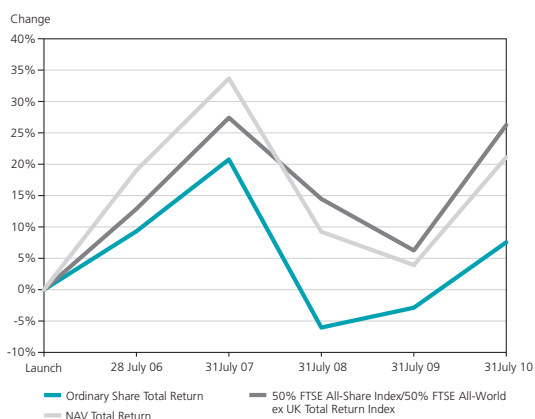
Directors' service contracts

None of the Directors have a contract of service with the Company. Other than letters of appointment governing their appointment as Directors there has not been any contract or arrangement between the Company and any Director at any time during the year. The Board's policy on re-election of Directors is set out on page 19. As a result of the Directors' decision to adopt a policy requiring annual re-election of all Directors, amended letters of appointment were entered into on 1 October 2010.

There is no notice period and no provision for compensation upon early termination of appointment.

The Company's performance

The graph below compares the net asset value total return, the total shareholder return (share price assuming all dividends are reinvested), compared to a total shareholder return on a notional investment made up of shares equivalent to an index comprised of 50% of the FTSE All-Share Index and 50% of the FTSE All-World ex UK Index. Although the Company has no formal benchmark, this measure has been selected as it is considered to represent a broad equity market index against which the performance of the Company's assets may be adequately compared. The difference between the net asset value total return and the total shareholder return is due to the discount widening from a position of 0.1% premium at launch to a 12.4% discount as at 31 July 2010.



Source: Edinburgh Partners Limited

Directors' emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

| | Year to 31 July 2010 | Year to 31 July 2009 |
|--|-------------------------|-------------------------|
| | £ | £ |
| John Pearmund | 36,000 | 33,000 |
| Robert Alcock (retired 12 November 2008) | – | 10,000 |
| Christopher Duffett | 21,000 | 21,000 |
| John Sussens | 21,000 | 21,000 |
| Giles Weaver | 26,000 | 25,000 |

The Chairman of the Company receives an annual emolument of £36,000, the Chairman of the Audit Committee £26,000 and other Directors £21,000. Robert Alcock retired as Chairman of the Board and as a Director of the Company on 12 November 2008. On 12 November 2008 John Pearmund was appointed Chairman of the Company, with Giles Weaver succeeding John Pearmund as Chairman of the Audit Committee and as Senior Independent Director.

Approval

The Directors' Remuneration Report was approved by the Board on 6 October 2010 and signed on its behalf by:

Christopher Duffett

Chairman of the Remuneration and Management Engagement Committee

MANAGEMENT REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

Management report

Listed companies are required by the FSA's Disclosure and Transparency Rules (the "Rules") to include a management report within their Annual Report and Financial Statements.

The information required to be included in the management report for the purpose of these Rules is included in the Chairman's Statement on pages 3 to 5, the Manager's Report and Portfolio Analysis on pages 6 and 7 and the Business Review contained in the Directors' Report on pages 14 to 19. Therefore no separate management report has been included.

The Financial Statements have been reviewed by the Company's Auditors.

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; 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 comply with the Companies Act 2006 and include the information required by the Listing Rules of the FSA. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors confirm to the best of their knowledge:

- the Financial Statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Annual 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.

On behalf of the Board

John Pearmund

Chairman

6 October 2010

INDEPENDENT AUDITOR'S REPORT

to the members of Anglo & Overseas Plc

We have audited the Financial Statements of Anglo & Overseas Plc for the period ended 31 July 2010 set out on pages 33 to 50. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 30, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2010 and of its net return for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

INDEPENDENT AUDITOR'S REPORT - continued
to the members of Anglo & Overseas Plc

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 25, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Salim Tharani (Senior Statutory Auditor)

for and on behalf of

KPMG Audit Plc, Statutory Auditor

Chartered Accountants

100 Temple Street

Bristol

BS1 6AG

United Kingdom

6 October 2010

INCOME STATEMENT
for the year ended 31 July 2010

| | Notes | Year to 31 July 2010 | | | Year to 31 July 2009 | | |
|--|-------|-------------------------|-----------------------|-----------------------|-------------------------|------------------|-----------------|
| | | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains/(losses) on investments at fair value | 8 | – | 9,724 | 9,724 | – | (7,275) | (7,275) |
| Foreign exchange (losses)/gains on capital items | 8 | – | (127) | (127) | – | 24 | 24 |
| Income | 2 | 3,289 | – | 3,289 | 3,399 | – | 3,399 |
| Investment management fee | 3 | (177) | (177) | (354) | (165) | (166) | (331) |
| Refund of VAT on investment management and administration fees | 3 | – | – | – | 55 | 42 | 97 |
| Other expenses | 4 | (410) | – | (410) | (389) | – | (389) |
| Net return/(loss) before interest and taxation | | 2,702 | 9,420 | 12,122 | 2,900 | (7,375) | (4,475) |
| Interest paid | | (1) | – | (1) | (3) | – | (3) |
| Net return/(loss) before taxation | | 2,701 | 9,420 | 12,121 | 2,897 | (7,375) | (4,478) |
| Taxation | 5 | (187) | – | (187) | (412) | 35 | (377) |
| Net return/(loss) after taxation | | 2,514 | 9,420 | 11,934 | 2,485 | (7,340) | (4,855) |
| Return per Ordinary Share* | 7 | pence 3.40 | pence 12.74 | pence 16.14 | pence 3.17 | pence (9.35) | pence (6.18) |

* Based on the weighted average number of Ordinary Shares in issue during the year (excluding own shares held in treasury).

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

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

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

The notes on pages 38 to 50 form part of these Financial Statements.

BALANCE SHEET
as at 31 July 2010

| | Notes | 31 July 2010 £'000 | 31 July 2009 £'000 |
|--|-------|--------------------------|--------------------------|
| Fixed assets: | | | |
| Investments at fair value through profit or loss | 8 | 79,987 | 71,835 |
| Current assets: | | | |
| Debtors | 10 | 492 | 592 |
| Cash at bank and short-term deposits | | 331 | 1,845 |
| | | <u>823</u> | <u>2,437</u> |
| Creditors - amounts falling due within one year | 11 | <u>174</u> | <u>583</u> |
| Net current assets | | <u>649</u> | <u>1,854</u> |
| Net assets | | <u>80,636</u> | <u>73,689</u> |
| Capital and reserves: | | | |
| Called-up share capital | 14 | 8,327 | 8,458 |
| Special reserve | | 64,415 | 67,233 |
| Capital redemption reserve | | 695 | 564 |
| Capital reserve | | 3,437 | (5,983) |
| Distributable revenue reserve | | 3,762 | 3,417 |
| Total equity shareholders' funds | | <u>80,636</u> | <u>73,689</u> |
| Net asset value per Ordinary Share | 15 | <u>110.13</u> | <u>96.80</u> |

These Financial Statements were approved by the Board of Directors on 6 October 2010.

John Pearmund
Chairman

The notes on pages 38 to 50 form part of these Financial Statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 July 2010

| | Notes | Called-up share capital £'000 | Special reserve £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Distributable revenue reserve £'000 | Total equity shareholders' funds £'000 |
|--|-------|--|-----------------------------|---|-----------------------------|--|---|
| Year ended 31 July 2010 | | | | | | | |
| As at 31 July 2009 | | 8,458 | 67,233 | 564 | (5,983) | 3,417 | 73,689 |
| Cost of own shares bought for cancellation | | (118) | (1,122) | 118 | – | – | (1,122) |
| Cost of own shares bought for treasury | | – | (1,696) | – | – | – | (1,696) |
| Cost of own shares cancelled from treasury | | (13) | – | 13 | – | – | – |
| Investment holding gains | 8 | – | – | – | 4,830 | – | 4,830 |
| Net gain on realisation of investments | 8 | – | – | – | 4,894 | – | 4,894 |
| Foreign exchange losses on capital items | 8 | – | – | – | (127) | – | (127) |
| Dividends paid in the year | 6 | – | – | – | – | (2,169) | (2,169) |
| Investment management fee | 3 | – | – | – | (177) | – | (177) |
| Net revenue return for the year | | – | – | – | – | 2,514 | 2,514 |
| As at 31 July 2010 | | 8,327 | 64,415 | 695 | 3,437 | 3,762 | 80,636 |

The notes on pages 38 to 50 form part of these Financial Statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued
for the year ended 31 July 2010

| | Notes | Called-up share capital £'000 | Special reserve £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Distributable revenue reserve £'000 | Own shares held in treasury £'000 | Total equity shareholders' funds £'000 |
|--|-------|--|-----------------------------|---|-----------------------------|--|---|---|
| Year ended 31 July 2009 | | | | | | | | |
| As at 31 July 2008 | | 8,894 | 79,949 | 128 | 1,357 | 3,189 | (9,441) | 84,076 |
| Transfer of own shares held in treasury* | | – | (9,441) | – | – | – | 9,441 | – |
| As at 31 July 2008 (restated) | | 8,894 | 70,508 | 128 | 1,357 | 3,189 | – | 84,076 |
| Cost of own shares bought for cancellation | | (392) | (3,275) | 392 | – | – | – | (3,275) |
| Cost of own shares cancelled from treasury | | (44) | – | 44 | – | – | – | – |
| Investment holding gains | 8 | – | – | – | 9,351 | – | – | 9,351 |
| Net loss on realisation of investments | 8 | – | – | – | (16,626) | – | – | (16,626) |
| Foreign exchange gains on capital items | 8 | – | – | – | 24 | – | – | 24 |
| Dividends paid in the year | 6 | – | – | – | – | (2,257) | – | (2,257) |
| Investment management fee | 3 | – | – | – | (166) | – | – | (166) |
| Refund of VAT on investment management and administration fees | 3 | – | – | – | 42 | – | – | 42 |
| Tax on investment management fee | | – | – | – | 35 | – | – | 35 |
| Net revenue return for the year | | – | – | – | – | 2,485 | – | 2,485 |
| As at 31 July 2009 | | 8,458 | 67,233 | 564 | (5,983) | 3,417 | – | 73,689 |

* Previously the cost of own shares held in treasury was shown as a separate reserve. In accordance with the AIC Statement of Recommended Practice issued in January 2009, the cost of own shares held in treasury is now reflected as a deduction from the special reserve.

The notes on pages 38 to 50 form part of these Financial Statements.

STATEMENT OF CASH FLOWS
for the year ended 31 July 2010

| | | Year to 31 July 2010 | Year to 31 July 2009 |
|---|-------|----------------------------|----------------------------|
| | Notes | £'000 | £'000 |
| Operating activities: | | | |
| Net investment income received | | 3,080 | 3,163 |
| Other income | | 6 | 13 |
| Refund of VAT, including interest, on investment management and administration fees | | 103 | – |
| Investment management fees paid | | (354) | (343) |
| Administration and secretarial fees paid | | (111) | (111) |
| Other cash payments | | (302) | (295) |
| Net cash inflow from operating activities | 16 | <u>2,422</u> | <u>2,427</u> |
| Servicing of finance: | | | |
| Interest paid | | (1) | (3) |
| Taxation | | (116) | (65) |
| Capital expenditure and financial investment: | | | |
| Purchases of investments | | (38,721) | (29,200) |
| Sales of investments | | 40,293 | 31,949 |
| Exchange losses on settlement | | (127) | (116) |
| Net cash inflow from capital expenditure and financial investment | | <u>1,445</u> | <u>2,633</u> |
| Equity dividends paid | | <u>(2,169)</u> | <u>(2,257)</u> |
| Net cash inflow before financing | | <u>1,581</u> | <u>2,735</u> |
| Financing: | | | |
| Own shares purchased for cancellation | | (1,399) | (3,242) |
| Own shares purchased and held in treasury | | (1,696) | – |
| Net cash outflow from financing | | <u>(3,095)</u> | <u>(3,242)</u> |
| Decrease in cash | 17 | <u>(1,514)</u> | <u>(507)</u> |

The notes on pages 38 to 50 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

at 31 July 2010

1 Accounting policies

Basis of accounting

The Financial Statements are prepared on a going concern basis, under the historical cost convention (modified to include fixed asset investments at fair value), in accordance with the Companies Act 2006, in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and with the AIC Statement of Recommended Practice issued in January 2009 relating to the Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP"). All the Company's activities are continuing.

Income recognition

Dividend and other investment income is included as revenue when the investments concerned are quoted 'ex-dividend'. Income arising on holdings of fixed income securities is recognised on a time apportionment basis so as to reflect the effective interest rate on that security. Deposit interest and underwriting commission receivable is included on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis. All operating expenses are charged through revenue in the Income Statement except costs that are incidental to the acquisition or disposal of investments, which are charged to capital. Transaction costs are included within the gains and losses on investments, as disclosed in the Income Statement.

The Investment Manager's fee is allocated 50 per cent to capital and 50 per cent to revenue.

Expenses related to the issue of new shares are charged to the Company's share premium account.

Investments

All investments held by the Company are classified as 'fair value through profit or loss'. Investments are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments are measured at fair value, with changes in the fair value of investments and impairment of investments recognised in the Income Statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset.

Foreign currency

Transactions denominated in foreign currencies are converted to sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in revenue depending on whether the gain or loss is of a capital or revenue nature.

1 Accounting policies - continued

Taxation

The charge for taxation is based on the net return for the year. In accordance with Financial Reporting Standard 16: Current Tax, UK dividend income is shown net of attributable tax credits, therefore no tax credits are included within the charge for taxation.

The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not been reversed by the Balance Sheet date, unless such provision is not permitted by Financial Reporting Standard 19: Deferred Tax. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements which are capable of reversal in one or more subsequent periods. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates. Tax relief on expenses is allocated between revenue and capital using the marginal basis in accordance with the SORP.

Reserves

Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- net movement arising from changes in the fair value of investments held at the year end that can be readily converted to cash without accepting adverse terms;
- realised exchange differences of a capital nature;
- expenses, together with related taxation effect, charged to this account in accordance with the above policies; and
- net movement arising from changes in the fair value of investments held at the year end that cannot be readily converted to cash without accepting adverse terms.

Special reserve

The special reserve was created by a reduction in the share premium account by order of the High Court on 25 August 2005. It can be used for the repurchase of the Company's Ordinary Shares.

In accordance with the AIC SORP, the consideration paid for shares bought into and held in treasury is shown as a deduction from the special reserve. The number of own shares held in treasury is excluded from the calculation of the net asset value per share as detailed in these Financial Statements.

Dividends payable to shareholders

Under Financial Reporting Standard 21: Events after the Balance Sheet Date, interim dividends are recognised when paid, with final dividends being recognised when approved by shareholders in general meeting.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2010

| 2 Income | Year to 31 July 2010 £'000 | Year to 31 July 2009 £'000 |
|---|----------------------------------|----------------------------------|
| Income from listed investments: | | |
| UK dividend income | 1,331 | 1,644 |
| Overseas dividends | 1,896 | 1,631 |
| Deposit funds | 3 | 44 |
| Interest | 47 | 67 |
| | <u>3,277</u> | <u>3,386</u> |
| Other income: | | |
| Interest on VAT refund on investment management and administration fees | 6 | – |
| Underwriting commission | 6 | 13 |
| | <u>3,289</u> | <u>3,399</u> |
| Total income comprises: | | |
| Dividends | 3,230 | 3,319 |
| Interest | 53 | 67 |
| Underwriting commission | 6 | 13 |
| | <u>3,289</u> | <u>3,399</u> |

| 3 Investment Management fee | Year to 31 July 2010 | | | Year to 31 July 2009 | | |
|-----------------------------|-------------------------|------------------|----------------|-------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Investment Management fee | 177 | 177 | 354 | 165 | 166 | 331 |

The Investment Management fee is paid quarterly in arrears, at the rate of 0.5 per cent per annum of the market capitalisation of the Company. At 31 July 2010 there was £84,000 outstanding (2009: £84,000). In addition, the Investment Manager received an administration fee of £111,000 per annum subject to an annual RPI adjustment (2009: £113,000) (see note 4 below). At 31 July 2010 there was £28,000 outstanding (2009: £28,000).

Following the AIC/Claverhouse judgement in 2007 regarding the charging of VAT on investment management and administration fees, the Company has received £97,000 which was recognised in the Financial Statements for the year ended 31 July 2009.

| 4 Other expenses | Year to 31 July 2010 £'000 | Year to 31 July 2009 £'000 |
|-------------------------------------|----------------------------------|----------------------------------|
| Administration and secretarial fees | 111 | 113 |
| Auditor's remuneration | 22 | 22 |
| Directors' remuneration | 104 | 110 |
| Registrars' fees | 15 | 18 |
| Irrecoverable VAT | 12 | (7) |
| Other | 146 | 133 |
| | <u>410</u> | <u>389</u> |

The entire amount of the Auditor's remuneration relates to audit services.

5 Taxation

| | Year to 31 July 2010 | | | Year to 31 July 2009 | | |
|--|----------------------------|------------------|----------------|----------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| a) Analysis of charge in year | | | | | | |
| Current tax: | | | | | | |
| UK corporation tax | – | – | – | 339 | (35) | 304 |
| Overseas tax suffered | – | – | – | 173 | – | 173 |
| Double taxation relief | – | – | – | (173) | – | (173) |
| Irrecoverable overseas tax suffered | 188 | – | 188 | 10 | – | 10 |
| (Overcharge)/undercharge relating to prior year | (1) | – | (1) | 63 | – | 63 |
| | 187 | – | 187 | 412 | (35) | 377 |

b) The current taxation charge for the year is lower than the standard rate of corporation tax in the UK of 28 per cent. The differences are explained below:

| | Year to 31 July 2010 | | | Year to 31 July 2009 | | |
|--|----------------------------|------------------|----------------|----------------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Net return before taxation | 2,701 | 9,420 | 12,121 | 2,897 | (7,375) | (4,478) |
| Theoretical tax at UK corporation tax rate of 28% | 756 | 2,638 | 3,394 | 811 | (2,065) | (1,254) |
| Effects of: | | | | | | |
| - UK dividends that are not taxable | (373) | – | (373) | (460) | – | (460) |
| - Foreign dividends that are not taxable | (486) | – | (486) | (1) | – | (1) |
| - Accrued income taxable on receipt | 6 | – | 6 | (1) | – | (1) |
| - Accrued income exempt on receipt | – | – | – | (10) | – | (10) |
| - Non-taxable investment (gains)/losses | – | (2,687) | (2,687) | – | 2,030 | 2,030 |
| - Irrecoverable overseas tax | 188 | – | 188 | 10 | – | 10 |
| - Unrelieved expenses | 97 | 49 | 146 | – | – | – |
| - (Overcharge)/undercharge relating to prior year | (1) | – | (1) | 63 | – | 63 |
| | 187 | – | 187 | 412 | (35) | 377 |

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2010

5 Taxation - continued

c) At 31 July 2010 the Company had unrelieved management expenses of £525,000 (2009: £nil). It is unlikely that the Company will generate sufficient taxable income in the future to utilise these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

In addition, due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval as an investment trust in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

6 Dividends

| | Year to 31 July 2010 £'000 | Year to 31 July 2009 £'000 |
|---|-------------------------------------|-------------------------------------|
| Declared and paid | | |
| 2009 final dividend of 2.08p (2008: 2.04p) per Ordinary Share | 1,554 | 1,619 |
| 2010 interim dividend of 0.84p per Ordinary Share (2009: interim dividend of 0.82p per Ordinary Share) | 615 | 638 |
| | <u>2,169</u> | <u>2,257</u> |
| Proposed | | |
| 2010 final dividend of 2.16p* (2009: 2.08p) per Ordinary Share | 1,582 | 1,559 |

* Figure based on 73,217,881 shares, being the number of shares in issue as at the date of this report (excluding own shares held in treasury).

7 Return per Ordinary Share

| | Year to 31 July 2010 | | | Year to 31 July 2009 | | |
|----------------|----------------------------|---------------------|-----------------------|-------------------------------|---------------------|-----------------------|
| | Net return £'000 | Ordinary Shares* | Per share pence | Net return/(loss) £'000 | Ordinary Shares* | Per share pence |
| Revenue return | 2,514 | 73,949,580 | 3.40 | 2,485 | 78,497,082 | 3.17 |
| Capital return | 9,420 | 73,949,580 | 12.74 | (7,340) | 78,497,082 | (9.35) |
| Total | <u>11,934</u> | | <u>16.14</u> | <u>(4,855)</u> | | <u>(6.18)</u> |

* Weighted average number of Ordinary Shares in issue during the year (excluding own shares held in treasury).

| 8 Investments | 31 July 2010 £'000 | 31 July 2009 £'000 |
|---|--------------------------|--------------------------|
| Listed investments | <u>79,987</u> | <u>71,835</u> |
| <i>Analysis of investment portfolio movements</i> | | |
| Opening book cost | 77,700 | 98,203 |
| Opening investment holding losses | (5,865) | (15,216) |
| Opening valuation | <u>71,835</u> | <u>82,987</u> |
| Movements in the year: | | |
| Purchases at cost | 38,721 | 27,932 |
| Sales - proceeds | (40,293) | (31,809) |
| - gains/(losses) on sales | 4,894 | (16,626) |
| Decrease in investment holding losses | 4,830 | 9,351 |
| Closing valuation | <u>79,987</u> | <u>71,835</u> |
| Closing book cost | 81,022 | 77,700 |
| Closing investment holding losses | (1,035) | (5,865) |
| | <u>79,987</u> | <u>71,835</u> |
| <i>Analysis of capital gains and losses</i> | | |
| Realised gains/(losses) on sales | 4,894 | (16,626) |
| Investment holding gains | 4,830 | 9,351 |
| | <u>9,724</u> | <u>(7,275)</u> |
| Foreign exchange (losses)/gains on capital items | (127) | 24 |
| Gains/(losses) on investments | <u>9,597</u> | <u>(7,251)</u> |

Fair value hierarchy

In accordance with Financial Reporting Standard 29: Financial Instruments Disclosures, the Company must disclose the fair value hierarchy of financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

| Classification | Input |
|-----------------------|---|
| Level 1 | Valued using quoted prices in active markets for identical assets. |
| Level 2 | Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1. |
| Level 3 | Valued by reference to valuation techniques using inputs that are not based on observable market data. |

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in the Accounting Policies.

All of the Company's financial instruments fall into level 1 being valued at quoted prices in active markets.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2010

8 Investments - continued

Debtors consist purely of accrued income and prepayments and creditors consist of accruals and are not restated at fair value. Cash is also not restated at fair value. These assets and liabilities are represented by their carrying value in the Balance Sheet.

Transaction costs

During the year the Company incurred transaction costs of £100,000 (2009: £113,000) and £69,000 (2009: £58,000) on purchases and sales of investments respectively. For purchases, transaction costs are included in the cost of investments, and for sales they are netted off the gains on investments, as disclosed in the Income Statement.

9 Significant holdings

The Company had no holdings of 3 per cent or more of the share capital of any portfolio companies.

| 10 Debtors | 31 July 2010 £'000 | 31 July 2009 £'000 |
|--------------------------------|--------------------------|--------------------------|
| Dividends receivable | 298 | 209 |
| Prepayments and accrued income | 16 | 155 |
| Taxation recoverable | 178 | 228 |
| | <u>492</u> | <u>592</u> |

| 11 Creditors: amounts falling due within one year | 31 July 2010 £'000 | 31 July 2009 £'000 |
|---|--------------------------|--------------------------|
| Other creditors and accruals | 174 | 189 |
| Amounts due on share buy-backs | – | 277 |
| Taxation | – | 117 |
| | <u>174</u> | <u>583</u> |

12 Provision for liabilities and charges

No provision for liabilities and charges is considered necessary at the Company's year end (2009: £nil). There were no amounts unprovided for in respect of deferred taxation (2009: £nil).

13 Commitments and contingencies

At 31 July 2010 there were no outstanding commitments in respect of investments carrying an obligation for future subscriptions (2009: £nil).

| 14 Share capital | 31 July 2010 £'000 | 31 July 2009 £'000 |
|--|--------------------------|--------------------------|
| Allotted, called-up and fully paid: 83,275,319 (2009: 84,582,568) Ordinary Shares of 10p each | <u>8,327</u> | <u>8,458</u> |

In the year ended 31 July 2010, the Company purchased 1,177,249 shares for cancellation (2009: 3,920,251 shares) and 130,000 shares were cancelled from treasury (2009: 436,000 shares).

14 Share capital - continued

Treasury shares held

| | 31 July 2010 | 31 July 2009 |
|--|--------------------------|---------------------|
| | Number of shares | Number of shares |
| Balance of treasury shares held at beginning of year | 8,457,438 | 8,893,438 |
| Shares purchased to be held in treasury | 1,730,000 | – |
| Shares cancelled from treasury | (130,000) | (436,000) |
| | <u>10,057,438</u> | <u>8,457,438</u> |

Duration of the Company

The Company does not have a termination date nor the requirement for any periodic continuation votes.

15 Net asset value per share

The net asset value per share, calculated in accordance with the Articles of Association, is as follows:

| | 31 July 2010 | 31 July 2009 |
|----------------|----------------------|-----------------|
| | pence | pence |
| Ordinary Share | <u>110.13</u> | <u>96.80</u> |

The net asset value per Ordinary Share is based on net assets of £80,636,000 (2009: £73,689,000) and on 73,217,881 (2009: 76,125,130) Ordinary Shares, being the number of Ordinary Shares in issue at the year end, excluding own shares held in treasury.

16 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

| | Year to 31 July 2010 | Year to 31 July 2009 |
|--|----------------------------|----------------------------|
| | £'000 | £'000 |
| Net return/(loss) before interest and taxation | 12,122 | (4,475) |
| Net (gains)/losses on investments and foreign exchange | (9,597) | 7,251 |
| Decrease in creditors | (15) | (36) |
| Decrease/(increase) in debtors and accrued income | 50 | (61) |
| Tax deducted from investment income | (188) | (183) |
| Tax recoverable | 50 | (69) |
| | <u>2,422</u> | <u>2,427</u> |
| Net cash inflow from operating activities | | |

17 Reconciliation of net cash flow to movement in net cash

| | Year to 31 July 2010 | Year to 31 July 2009 |
|--------------------------|----------------------------|----------------------------|
| | £'000 | £'000 |
| Decrease in cash in year | <u>(1,514)</u> | <u>(507)</u> |
| Change in net cash | <u>(1,514)</u> | <u>(507)</u> |
| Net cash at 31 July 2009 | 1,845 | 2,352 |
| Change in net cash | <u>(1,514)</u> | <u>(507)</u> |
| Net cash at 31 July 2010 | <u>331</u> | <u>1,845</u> |

18 Financial instruments

As an Investment Trust, the Company invests in equities and makes other investments so as to achieve its investment objective to provide shareholders with above average returns over the longer term through both capital appreciation and income growth. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised as:

- 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

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

The Investment Manager monitors the risks affecting the Company on an ongoing basis within the policies and guidelines determined by the Board. The Directors receive financial information, which is used to identify and monitor risk, monthly. The Company may enter into derivative contracts to manage risk but has not done so to date. A detailed description of the principal risks the Company faces is detailed in the Directors' Report on pages 16 and 17 and below.

Investment and strategy risk

Anglo & Overseas Plc may fail to deliver its objective due to poor stock selection or as a result of being geared in a falling market or ungeared in a rising market.

The Investment Manager meets regularly with the Board to discuss the portfolio performance and strategy. The Board receives both monthly and quarterly reports from the Investment Manager detailing all portfolio transactions and any other significant changes in the market or stock outlooks. Details of the investment policy are given on page 15 of the Directors' Report.

The investment process used by the Investment Manager is rigorous and is designed to ensure that the portfolio risk level is commensurate with the investment objective. The investment philosophy emphasises the need to identify stocks which meet strict valuation parameters and therefore the analytical inputs to the forecasts are reviewed in detail. At the individual stock level central, best and worst case scenarios are constructed in order to form a clear view of the potential risk in holding a particular stock. This information is aggregated at portfolio level in order to gain an insight into the overall portfolio profile.

Discount volatility risk

The Board recognises that it is in the long-term interests of shareholders to reduce discount volatility and believes that the prime driver of discounts over the longer term is investment performance. The Company is permitted to employ gearing, a process whereby funds are borrowed principally for the purpose of purchasing securities should the Board feel that it is appropriate to do so. The use of gearing can magnify discount volatility.

The Board actively monitors the discount for Anglo & Overseas Plc, but it does not intend to issue a precise discount target at which shares will be bought back as it believes that the announcement of specific targets is likely to hinder rather than help the successful execution of a buy-back policy. Equally the Company will issue shares in order to meet demand as it arises.

18 Financial instruments - continued

Interest rate risk

The Company's assets and liabilities, excluding short-term debtors and creditors, may comprise financial instruments which include investments in fixed interest securities.

Details of the Company's interest rate exposure as at 31 July 2010 is disclosed below:

| | 31 July 2010 | | | | | 31 July 2009 | | | | |
|------------------------------|-------------------------|---------------|------------|----------|--------------------------------|-------------------------|---------------|--------------|--------------|--------------------------------|
| | Total exposure £'000 | No | Cash | Fair | Fixed interest rate % | Total exposure £'000 | No | Cash | Fair | Fixed interest rate % |
| | | interest | flow | value | | | interest | flow | value | |
| | | rate | interest | interest | | | rate | interest | interest | |
| exposure | exposure | exposure | exposure | exposure | exposure | exposure | exposure | exposure | | |
| Equity shares | | | | | | | | | | |
| Sterling | 26,244 | 26,244 | - | - | - | 30,478 | 30,478 | - | - | - |
| Euro | 21,321 | 21,321 | - | - | - | 20,284 | 20,284 | - | - | - |
| US Dollar | 11,503 | 11,503 | - | - | - | 7,807 | 7,807 | - | - | - |
| Japanese Yen | 8,709 | 8,709 | - | - | - | - | - | - | - | - |
| Swiss Franc | 6,221 | 6,221 | - | - | - | 5,317 | 5,317 | - | - | - |
| Hong Kong Dollar | 2,110 | 2,110 | - | - | - | 4,613 | 4,613 | - | - | - |
| Singapore Dollar | 2,086 | 2,086 | - | - | - | - | - | - | - | - |
| Norwegian Krone | 1,793 | 1,793 | - | - | - | - | - | - | - | - |
| Swedish Krona | - | - | - | - | - | 1,178 | 1,178 | - | - | - |
| Fixed interest shares | | | | | | | | | | |
| Sterling | - | - | - | - | - | 750 | - | - | 750 | 7 |
| Euro | - | - | - | - | - | 696 | - | - | 696 | 4 |
| US Dollar | - | - | - | - | - | 712 | - | - | 712 | 5 |
| Cash at bank | | | | | | | | | | |
| Sterling | 260 | - | 260 | - | - | 1,784 | - | 1,784 | - | - |
| US Dollar | 69 | - | 69 | - | - | 59 | - | 59 | - | - |
| Turkish Lira | 2 | - | 2 | - | - | 2 | - | 2 | - | - |
| Debtors | | | | | | | | | | |
| Sterling* | 263 | 263 | - | - | - | 551 | 551 | - | - | - |
| Euro | 99 | 99 | - | - | - | 10 | 10 | - | - | - |
| US Dollar | 43 | 43 | - | - | - | 5 | 5 | - | - | - |
| Swiss Franc | 67 | 67 | - | - | - | - | - | - | - | - |
| Norwegian Krone | 5 | 5 | - | - | - | - | - | - | - | - |
| | 80,795 | 80,464 | 331 | - | | 74,246 | 70,243 | 1,845 | 2,158 | |

* Debtors exclude certain prepayments which under FRS25 are not classed as financial assets.

At 31 July 2010 and 31 July 2009 the Company had no financial liabilities other than short-term creditors. All fixed asset investments are held at fair value. All other financial assets and liabilities are represented by their carrying value in the Balance Sheet.

The majority of the Company's assets were non-interest bearing as at 31 July 2010. There was limited exposure to interest bearing liabilities during the year ended 31 July 2010. Surplus cash is invested in money market funds.

If interest rates had reduced by 0.25 per cent (2009: 0.25 per cent) from those obtained as at 31 July 2010 it would have the effect, with all other variables held constant, of reducing the net revenue return before taxation on an annualised basis by £1,000 (2009: £5,000). If there had been an increase in interest rates of 0.25 per cent (2009: 0.25 per cent) there would have been an equal and opposite effect in the net revenue return before taxation. The calculations are based on the Company's cash at bank and short-term deposits as at 31 July 2010 and these may not be representative of the year as a whole.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2010

18 Financial Instruments - continued

Currency risk

The base currency of the Company is Sterling. The international nature of the Company's investment activities gives rise to a currency risk which is inherent in the performance of its overseas investments. The Company holds overseas cash balances and deposits from time to time and the Company's overseas income is also subject to currency fluctuations.

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

It is not the Company's policy to hedge this risk on a continuing basis. However, the Investment Manager actively monitors investments held in foreign currencies to ensure that they continue to meet investment criteria in Sterling terms.

Details of the Company's currency risk exposure as at 31 July 2010 is detailed below:

| | 31 July 2010 | | | | | 31 July 2009 | | | | |
|------------------|---------------|---------------|------------|------------|--------------|---------------|---------------|--------------|------------|--------------|
| | Cash | | | | | Cash | | | | |
| | Total | Investments | at bank | Debtors | Creditors | Total | Investments | at bank | Debtors | Creditors |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Sterling | 26,593 | 26,244 | 260 | 263* | (174) | 32,980 | 31,228 | 1,784 | 551* | (583) |
| Euro | 21,420 | 21,321 | - | 99 | - | 20,990 | 20,980 | - | 10 | - |
| US Dollar | 11,615 | 11,503 | 69 | 43 | - | 8,583 | 8,519 | 59 | 5 | - |
| Japanese Yen | 8,709 | 8,709 | - | - | - | - | - | - | - | - |
| Swiss Franc | 6,288 | 6,221 | - | 67 | - | 5,317 | 5,317 | - | - | - |
| Hong Kong Dollar | 2,110 | 2,110 | - | - | - | 4,613 | 4,613 | - | - | - |
| Singapore Dollar | 2,086 | 2,086 | - | - | - | - | - | - | - | - |
| Norwegian Krone | 1,798 | 1,793 | - | 5 | - | - | - | - | - | - |
| Turkish Lira | 2 | - | 2 | - | - | 2 | - | 2 | - | - |
| Swedish Krona | - | - | - | - | - | 1,178 | 1,178 | - | - | - |
| | 80,621 | 79,987 | 331 | 477 | (174) | 73,663 | 71,835 | 1,845 | 566 | (583) |

* Debtors exclude certain prepayments which under FRS25 are not classed as financial assets.

If Sterling had strengthened by 1 per cent against all other currencies as at 31 July 2010, with all other variables held constant, it would have the effect of reducing the net capital return before taxation by £540,000 (2009: £407,000). If Sterling had weakened by 1 per cent against all other currencies there would have been an equal and opposite effect on the net capital return before taxation. The calculations are based on the Company's foreign currency risk exposure as at 31 July 2010 and this may not be representative of the year as a whole.

Other price risk

The Company is exposed to market risk due to fluctuations in the market prices of its investments. Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Investment Manager monitors the prices of financial instruments held by the Company on an ongoing basis.

18 Financial instruments - continued

The Investment Manager actively monitors market and economic data and reports to the Board, which considers investment policy on a regular basis. The net asset value per share of the Company is issued daily to the London Stock Exchange and is also available on the Company's website www.angloandoverseasplc.com.

Fixed asset investments are valued at their bid price which equates to their fair value. Details of the Company's investment portfolio as at 31 July 2010 are disclosed on pages 8 and 9 of these Financial Statements. In addition, an analysis of the investment portfolio by sector and geographical distribution is detailed on page 10 of these Financial Statements.

The maximum exposure to other price risk as at 31 July 2010 is the fair value of investments of £79,987,000 (2009: £71,835,000).

If the investment portfolio valuation fell by 1 per cent from the amount detailed in the Financial Statements as at 31 July 2010 it would have the effect, with all other variables held constant, of reducing the net capital return before taxation by £800,000 (2009: £718,000). An increase of 1 per cent in the investment portfolio valuation would have an equal and opposite effect on the net capital return before taxation. The calculations are based on the Company's other price risk exposure as at 31 July 2010 and this may not be representative of the year as a whole.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's policy with regard to liquidity is to ensure continuity of funding. Short-term flexibility is achieved through cash management and overdraft facilities.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly of readily realisable securities which can be sold freely to meet funding requirements if necessary. Securities listed on a recognised stock exchange have been valued at bid prices and exchange rates ruling at the close of business on 31 July 2010. In certain circumstances, the market prices at which investments are valued may not represent the realisable value of those investments, taking into account both the size of the Company's holding and the frequency with which such investments are traded.

Credit risk

Credit risk is the risk of financial loss to the Company if the contractual party to a financial instrument fails to meet its contractual obligations.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Balance Sheet date.

The Company's listed investments are held on its behalf by The Bank of New York Mellon acting as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal controls reports.

Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Manager. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered in its obligations before any transfer of cash or securities away from the Company is completed.

Cash is only held at banks and in money market funds that have been identified by the Board as reputable and of high credit quality.

The maximum exposure to credit risk as at 31 July 2010 was £823,000 (2009: £2,437,000). The calculation is based on the Company's credit risk exposure as at 31 July 2010 and this may not be representative of the year as a whole.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2010

18 Financial instruments - continued

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

Gearing risk

The aim of gearing is to enhance long-term returns to shareholders by investing borrowed funds in equities and other assets. The Company is permitted to employ gearing should the Board feel it appropriate to do so up to a maximum of 20 per cent of shareholders' funds at the time of borrowing. The use of gearing can cause both gains and losses in the asset value of the Company to be magnified.

The Company did not have any gearing as at 31 July 2010 (2009: nil).

The Board undertakes an annual assessment and review of all the risks stated above and in the Directors' Report on pages 16 and 17 together with a review of any new risks which may have arisen during the year. These risks are formalised within the Company's risk assessment matrix.

Financial assets

The majority of the Company's financial assets are listed equity shares which neither pay interest nor have a maturity date. These financial assets are disclosed at fair value through profit or loss. All other financial assets are stated at their carrying value in the Balance Sheet.

Financial liabilities

The Company finances its operations primarily through equity and retained profits although trade creditors and accruals arise from its operations. As at 31 July 2010 and 31 July 2009 all financial liabilities were due within one year and are stated at their carrying value in the Balance Sheet.

19 Capital management policies

The Company's capital management objectives are to ensure that it will be able to continue as a going concern and to provide shareholders with above average returns over the longer term through both capital appreciation and income growth in accordance with its investment policy.

The Company's capital comprises:

| | 31 July 2010 £'000 | 31 July 2009 £'000 |
|----------------------------|--------------------------|--------------------------|
| Called-up share capital | 8,327 | 8,458 |
| Special reserve | 64,415 | 67,233 |
| Capital redemption reserve | 695 | 564 |
| Capital reserve | 3,437 | (5,983) |
| Revenue reserve | 3,762 | 3,417 |
| | <hr/> | <hr/> |
| Total shareholders' funds | 80,636 | 73,689 |

The Company's objectives for managing capital are the same as the previous year and have been complied with throughout the year.

20 Transactions with the Investment Manager

Information with respect to transactions with the Investment Manager is provided in note 3 on page 40 of these Financial Statements and on page 21 in the Directors' Report.

GLOSSARY OF INVESTMENT TRUST TECHNICAL TERMS

Discount

If the share price of an investment trust is lower than the net asset value (“NAV”) per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Gearing

Gearing is the process whereby changes in the total assets of a company have an exaggerated effect on the net assets of that company's ordinary shares due to the presence of borrowings.

ISAs and SIPPs

Individual Savings Accounts and Self-Invested Personal Pensions.

Net asset value per share

The NAV per share is shareholders' funds expressed as an amount per individual share. Shareholders' funds are the total value of a company's assets, at current market value, having deducted all prior charges at their par value (or at their market value).

Portfolio turnover

This is a measure of how frequently investments are traded and is calculated by taking the total amount of investment sales during the year divided by the average monthly net assets.

Total assets

Total assets less current liabilities before deducting prior charges. Prior charges include all loans used for investment purposes.

Total expense ratio

The total operating expenses incurred by a company, including any charged to capital (excluding interest costs) as a percentage of average monthly net assets.

Total return

The combined effect of any dividends paid, together with the rise or fall in the share price or NAV. Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the trust at the time the shares go ex-dividend (the share price total return) or in the assets of the investment trust at its NAV per share (the NAV total return). Total return per share statistics are calculated on the basis of the weighted average number of shares in issue.

Treasury shares

Shares previously issued by a company that have been bought back from shareholders to be held by a company for potential sale at a later date or cancellation.

SHAREHOLDER INFORMATION

Investing in the Company

The Company's Ordinary Shares are traded on the London Stock Exchange. You can buy or sell shares through your stockbroker, bank or other professional investment adviser. Shares in the Company may also be bought and held in an ISA or Share Plan through the BNP Paribas - Edinburgh Partners Savings Scheme and ISA. The savings scheme administrator was changed from Halifax Share Dealing Limited to BNP Paribas Securities Services subsequent to the year end. Further information is available on the Edinburgh Partners' website www.edinburghpartners.com and on the Company's website www.angloandoverseasplc.com or by telephone on 0845 358 1100.

Frequency of NAV publication

The Company's Ordinary Share net asset value is released daily to the London Stock Exchange and published on the Edinburgh Partners' website www.edinburghpartners.com and on the Company's website www.angloandoverseasplc.com.

Sources of further information

The Company's Ordinary Share price is quoted daily in the Financial Times under "Investment Companies" and the Daily Telegraph under "Investment Trusts". Previous day closing price, net asset value and other portfolio information is published on the Edinburgh Partners' website www.edinburghpartners.com and the Company's website www.angloandoverseasplc.com. Other useful information on investment trusts, such as prices, net asset values and company announcements, can be found on the websites of the London Stock Exchange www.londonstockexchange.com and the AIC www.theaic.co.uk.

Share register enquiries

The register for the Ordinary Shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0870 889 3190 or email: web.queries@computershare.co.uk. Changes of name and/or address must be notified in writing to the Registrar, at the address shown on page 13.

Key dates

| | |
|---------------------------|------------|
| Company's year end | 31 July |
| Annual results announced | October |
| AGM | November |
| Final dividend | November |
| Company's half year end | 31 January |
| Interim results announced | March |
| Interim dividend | April |

Interim Management Statements

In accordance with the Disclosure and Transparency Rules, the Company will be releasing Interim Management Statements ("IMS") for the quarters ending 31 October 2010 and 30 April 2011. These will be released to the London Stock Exchange and may be viewed at the Company's website.

Risk warning

This document is not a recommendation, offer or invitation to buy, sell or hold shares of the Company. If you wish to deal in shares of the Company, you should contact an authorised professional investment adviser. The value of the Company's shares may fluctuate and investors may not get back the full value of their investment. Past performance is no guarantee of future performance. The Company invests in overseas securities; changes in the rates of exchange may also cause the value of your investment (and any income received) to go down or up.

NOTICE OF ANNUAL GENERAL MEETING
Anglo & Overseas Plc (the "Company")

NOTICE IS HEREBY GIVEN that the fifth ANNUAL GENERAL MEETING of the Company will be held at The Chamber of Shipping, 12 Carthusian Street, London EC1M 6EZ on Friday, 19 November 2010 at 11.00 am for the following purposes:

| | Resolution on Form of Proxy |
|--|--|
| Ordinary business | |
| 1 To receive and, if thought fit, to accept the Reports of the Directors and Auditor and the audited Financial Statements for the year ended 31 July 2010. | Resolution 1 |
| 2 To receive and approve the Directors' Remuneration Report for the year ended 31 July 2010. | Resolution 2 |
| 3 To declare a final dividend of 2.16p per Ordinary Share for the year ended 31 July 2010. | Resolution 3 |
| 4 To re-appoint KPMG Audit Plc as Auditor of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company. | Resolution 4 |
| 5 To authorise the Directors to determine the remuneration of the Auditor of the Company. | Resolution 5 |
| 6 To re-elect John Pearmund as a Director of the Company. | Resolution 6 |
| 7 To re-elect Christopher Duffett as a Director of the Company. | Resolution 7 |
| 8 To re-elect John Sussens as a Director of the Company. | Resolution 8 |
| 9 To re-elect Giles Weaver as a Director of the Company. | Resolution 9 |
| Special business | |
| 10 To consider and, if thought fit, to pass the following resolution as a Special Resolution: | Resolution 10 |
| <p>THAT the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 10p each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors of the Company shall from time to time determine, provided that:</p> <p>(i) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 10,975,360 (or, if less, 14.99% of the number of Ordinary Shares in issue (excluding treasury shares) immediately following the passing of this resolution);</p> <p>(ii) the minimum price (exclusive of expenses) which may be paid by the Company for an Ordinary Share shall be 10p;</p> <p>(iii) the maximum price (exclusive of expenses) which may be paid by the Company for an Ordinary Share shall be no more than the higher of (a) 105% of the average of the closing mid-market price of such shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days prior to the date of the purchase and (b) the amount stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation;</p> | |

NOTICE OF ANNUAL GENERAL MEETING - continued

- (iv) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, unless previously renewed, varied or revoked by the Company in general meeting; and
- (v) the Company may at any time make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract or contracts.

11. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

Resolution 11

THAT the Directors of the Company be and they are hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused), pursuant to Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights"):

- (A) up to an aggregate nominal amount of £2,440,596, (being approximately one-third of the issued share capital (excluding treasury shares) as at the date of this report); and
- (B) comprising equity securities (within the meaning of Section 560 of the Act) up to a further aggregate nominal amount of £2,440,596 in connection with an offer by way of a rights issue:
 - (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities (if any) as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts),

provided that the authorities conferred on the Directors by paragraphs (A) and (B) above shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares or grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

12. To consider and, if thought fit, pass the following resolution as a Special Resolution:

Resolution 12

THAT, subject to the passing of Resolution 11 above (and in substitution for all subsisting authorities to the extent unused but without prejudice to the exercise of any such power prior to the date hereof), the Directors be and are hereby empowered pursuant to Section 570 and Section 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (a) in connection with an offer of equity securities (but in the case of the authority granted under paragraph (B) of Resolution 11, by way of a rights issue only):
 - (i) to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities (if any) as required by the rights of those securities or as the Directors otherwise consider necessary,and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter (including any such problems arising by virtue of equity securities being represented by depositary receipts); and
- (b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £732,179 (being approximately 10% of the issued share capital (excluding treasury shares) as at the date of this report)

and shall expire at the conclusion of the Company's next Annual General Meeting after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

13. To consider and, if thought fit, pass the following resolution as a Special Resolution:

Resolution 13

THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than Annual General Meetings) on not less than 14 clear days' notice, such authority to expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution.

By order of the Board:

Kenneth J Greig

Secretary

Registered Office: Beaufort House, 51 New North Road, Exeter EX4 4EP

6 October 2010

NOTICE OF ANNUAL GENERAL MEETING - continued

Note 1: Pursuant to section 324 of the Companies Act 2006, a member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy or proxies to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed, they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, should be lodged at the office of the Company's Registrar, Computershare Investor Services PLC, the Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 48 hours before the time of the meeting or any adjournment thereof. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.

To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares to which each proxy appointment relates to or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.

Note 2: Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours before the start of the meeting or any adjournment thereof. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment thereof by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/crest). The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Note 3: A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statements of the rights of members in relation to the appointment of proxies in Note 1 above do not apply to a Nominated Person. The rights described in this Note can only be exercised by registered members of the Company.

Note 4: As at 5 October 2010 (the business day prior to the publication of this notice) the Company's issued share capital amounted to 83,275,319 Ordinary Shares carrying one vote each. After deducting 10,057,438 Ordinary Shares held in treasury, which do not have voting rights, the total voting rights in the Company as at 5 October 2010 were 73,217,881 votes.

Note 5: Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, as amended and/or the purposes of Section 360 B of the Companies Act 2006, the Company specifies that only those Shareholders registered on the Register of Members of the Company as at 6.00 pm on 17 November 2010 (or, in the event that the meeting is adjourned, only those Shareholders registered on the Register of Members of the Company as at 6.00pm on the day which is two days prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Note 6: In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:

- a) to do so would:
 - (i) interfere unduly with the preparation for the meeting, or
 - (ii) involve the disclosure of confidential information;
- b) the answer has already been given on a website in the form of an answer to a question; or
- c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Note 7: A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 1. On a vote on a resolution on a show of hands, each authorised person has the same voting rights to which the corporation would be entitled. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:

- a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way;
- b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

NOTICE OF ANNUAL GENERAL MEETING - continued

Note 8: Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Note 9: A copy of this notice of Annual General Meeting is available on the Company's website: www.angloandoverseasplc.com.

Note 10: The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at The Chamber of Shipping, 12 Carthusian Street, London EC1M 6EZ from 10:45 am until the conclusion of the meeting:

a) letters of appointment of the Directors of the Company.

Note 11: This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 5 October 2010 (the business day prior to the publication of this Notice) and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice, will be available on the Company's website www.angloandoverseasplc.com.

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