



Annual Report
For the year ended 31 July 2008

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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, together with the accompanying 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 14.</p>
Shareholders' funds	£84,076,000 as at 31 July 2008
Market capitalisation	£72,041,000 as at 31 July 2008
Capital structure	As at 31 July 2008, the Company's authorised share capital comprised 399,500,000 Ordinary Shares of 10p each, of which 88,938,819 (including 8,893,438 own shares held in treasury) were issued and fully paid. As at the date of this report, the Company had 88,538,819 Ordinary Shares in issue (including 8,853,438 own shares held in treasury).
Savings plans	The Company's Ordinary Shares are eligible for inclusion in ISAs and SIPPs. Savings plans and ISA transfers are available through the Edinburgh Partners Investment Trust Savings Scheme, both for lump sum investments and regular contributions. Details may be obtained from Edinburgh Partners, as detailed on page 50, or via 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 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 founders of Edinburgh Partners 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

	31 July 2008	31 July 2007	% change
Shareholders' funds	£84,076,000	£115,705,000	(27.3)%
Net asset value ("NAV") per Ordinary Share	105.04p	130.99p	(19.8)%
Share price per Ordinary Share	90.00p	118.25p	(23.9)%
Share price discount to NAV	14.3%	9.7%	
	Year to 31 July 2008	29 July 2006 to 31 July 2007	
Capital return per Ordinary Share*	(28.20)p	11.69p	
Revenue return per Ordinary Share*	3.41p	2.81p	
Total return per Ordinary Share*	(24.79)p	14.50p	
Dividend per Ordinary Share**	2.84p	2.20p	
Period's high/low			
NAV - high	131.80p	139.03p	
- low	98.05p	114.28p	
Share price - high	119.00p	131.75p	
- low	81.25p	107.50p	
Share price discount to NAV			
- low	6.7%	2.4%	
- high	18.4%	9.9%	
Cost of running the Company			
Total expense ratio	0.9%	0.9%	

* 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.

CHAIRMAN'S STATEMENT

Results

The economic slowdown, to which I alluded in my annual statement last year, has hit global financial markets hard. Given our previous caution, it is clearly disappointing that the out-turn for the year was less favourable than returns achieved in previous years.

During the year to 31 July 2008 the net asset value per share fell to 105p from 131p as at 31 July 2007. This represents a decrease of 19.8% for the year. The total return in the period was -18.3%, after including dividends paid.

The Company's portfolio is not managed with reference to any stock market index, as your Directors have decided not to adopt a formal benchmark. Nonetheless, we continue to believe it would be useful to highlight the performance of your Company against market indices for comparative purposes.

The total return from the FTSE All Share Index over the year to 31 July 2008, was -13.3%, while the corresponding total return from the FTSE All World ex UK Index was -6.7%. The total return from the average of these two indices over the period under review was -10.1%.

Investment Strategy

Following a period of consultation with the Company's advisers, in May 2008 shareholders approved the adoption of a new investment policy. The new investment policy removes the geographical restrictions so that the Investment Manager may invest without reference to geographical constraints. The Board also took into consideration the income and capital elements of total return and the importance many shareholders place on dividend income.

In the year under review, UK exposure was reduced from 54% to 47%. Holdings in European countries increased from 25% to 33%, while US exposure remained constant at around 15%. Exposure to the Asia/Pacific Basin region was 3% at the year end.

There is more detailed comment in the Manager's Report and Portfolio Analysis on performance and company and geographical exposure on pages 5 to 7.

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 will therefore be volatile. The Directors continue to believe in the merits of a fundamental, long-term approach, particularly as we navigate through more difficult economic conditions.

Share Price and Discount

As at 31 July 2008 the Company's share price was 90p. This represents a discount to net asset value per share (including income) of 14.3%. This compares with a discount of 9.7% at the previous year end.

Your Board continues to believe that the shares of your Company should trade at a relatively narrow range around the net asset value. Market conditions were clearly unhelpful and discounts for investment trusts generally widened over the period.

It is hoped that the revised investment policy will be more attractive to existing and potential shareholders. To this end the Investment Manager has actively marketed the Company through a series of investor presentations across the UK. In addition, private investors can purchase shares in the Company through savings plans operated by Edinburgh Partners, details of which can be found on the Edinburgh Partners' website www.edinburghpartners.com and the Company's website www.angloandoverseasplc.com.

Another important tool used to manage the discount is to buy-back shares. In the year ended 31 July 2008, the Company purchased and placed into treasury or purchased for cancellation a total of 8,284,715 shares (representing 9.8% of shares originally in issue) at a cost of £8,524,000.

CHAIRMAN'S STATEMENT - continued

The authority to repurchase shares will expire at the Annual General Meeting on 12 November 2008 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 authority will be used when supply exceeds demand and where the Directors consider it to be in the best interests of Shareholders. No shares will be repurchased if it would dilute the net asset value of the remaining shares.

Revenue and Dividend

There was a significant increase in the revenue generated from the portfolio in the period under review. Net revenue per share was 3.41p, compared to 2.81p in the prior year, an increase of 21.4%.

At the half year the Directors increased the interim dividend by 29.0% to 0.8p. It is my pleasure to recommend a final dividend of 2.04p, which compares with the prior year final dividend of 1.58p. The total dividend for the year will be 2.84p, an increase of 29.1%. The Board is aware of the importance that shareholders place on dividend income and believe this a greater emphasis on dividends will be welcomed by shareholders and make the Company's shares more attractive to new investors.

Subject to the approval of shareholders at the Annual General Meeting on 12 November 2008 the proposed final dividend of 2.04p will be paid on 24 November 2008 to shareholders on the register as at 31 October 2008. The ex-dividend date will be 29 October 2008.

Outlook

The turbulence in financial markets has resulted in unprecedented write-downs in financial assets and losses for many of the world's largest banks. This has led to a shortage of liquidity and has constrained the amount the financial sector is willing or able to lend and has increased the cost of borrowing to customers. When this is combined with uncomfortable levels of inflation and with many governments and individuals already financially over-stretched, a sharp slowdown in economic growth is unavoidable. An inevitable effect of this adjustment is that it is likely that the volatility that we have experienced in financial markets will continue.

We should not forget that times of change tend also to bring opportunities. In my half year report I wrote of fortitude and patience as some of the necessary attributes to successful long-term investing. We remain cautious in our outlook, but expect to retain the flexibility to take advantage of some of the outstanding investment opportunities that will occur.

I will retire as Chairman and as a Director of the Company following the Annual General Meeting on 12 November. I would like to take this opportunity to thank the Board for their support. I look forward to watching the progress of the Company in the years ahead.

I am delighted to hand over to John Pearmund, who will be the next Chairman of your Company. I am confident that John's experience and perspective will prove to be of great value to the Company.

Robert Alcock
Chairman

9 October 2008

MANAGER'S REPORT AND PORTFOLIO ANALYSIS

Economic and Geographic Overview

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 it is constructed without reference to the composition of any stock market index, or any geographic, industrial, or sectoral asset allocation limits. Consequently, over short periods of time, relative performance is likely to be volatile against any index.

Nevertheless, it is disappointing to report negative returns and performance significantly behind comparative indices, as detailed in the Chairman's Statement. There were two principal factors that impacted returns over the last year: the poor performance of bank shares and investors' belief in the possibility of emerging markets decoupling from slowing growth in the US and Europe.

The portfolio's banking exposure detracted from performance. Our modelling of bank company earnings was based on an expectation of slowing growth and an accompanying decrease in profitability. Against this backdrop we saw reasonable long-term valuations within the sector. The past twelve months have revealed a level of off-balance sheet borrowing and lending by the banks which has severely compromised their capital base. This hidden activity has forced substantial capital destruction across the sector and hit share prices accordingly. When the stock-market is hit by such an unforeseen event, share prices tend to react violently and typically overshoot. Whilst there are certainly short-term risks in the financial sector and more capital raising is almost inevitable for many banks, we continue to find value in this sector.

The economic slowdown and higher cost of bank lending is important for the global corporate sector. If we need an example of this we need look no further than the UK or US house-building sectors. The impact of slowing economic growth is now spreading beyond the banking and house building sectors. We have long believed the 'decoupling arguments' to be suspect. These arguments posited the view that emerging markets, particularly Brazil, Russia, India and China were growing fast enough to take up the slack from a sharply slowing US and Europe. Whilst in the very long-run these economies will become more supportive of global growth in their own right, in the short-run, they are dependent upon expenditure from Western economies. Moreover, the comparative sizes of the emerging economies is such that it is hard to see how they could compensate for a developed economy recession. This realisation is now becoming a consensus view and is slowly being translated by analysts into falling corporate earnings forecasts.

Whilst this realisation is now becoming increasingly widely recognised and discounted by markets, our view was not shared by others over the last financial year. Emerging markets' returns fell over that period by only 3.9%. While we are attracted to the longer term growth opportunities in these economies, we have so far found relatively few investments where share prices meet our valuation criteria. As the evidence mounts of a global slowdown, it is clear that emerging markets will not be immune. Indeed, with relatively lower levels of disposable income, the emerging market consumer will be more exposed to rising energy and food price inflation and governments who attempt to subsidise these commodities are having their reserves rapidly eroded. Fundamentals and share prices are now moving as we expected, and it is encouraging that in recent months our low exposure has benefited returns.

We are only at the early stages of economic slowdown. Bankruptcies and unemployment will rise from here. As was highlighted in the half yearly report, "It is unfortunate that this slowdown is also occurring at the same time that many governments are constrained in their fiscal response by high levels of public expenditure and debt." The alternative stimulus of interest rate cuts are being held back as independent central banks remain wary of persistent inflation, especially in food and energy prices. Providing this does not extend to rising labour costs, as looks likely, we expect the slowing global economy to ease the pressure on prices and interest rate cuts will be back on the agenda.

Portfolio

Portfolio construction is based upon our analysis of long-term earnings and risk. Despite the difficult economic environment described above, we continue to find companies which are attractive investments.

While the outlook for the banking sector will be troubled for some time, as highlighted in September 2008 with the failure of Lehman Brothers, the takeover of Merrill Lynch by the Bank of America in the USA and the proposed takeover of HBOS by Lloyds TSB in the UK, a very significant amount of potential future bad news is already incorporated into share prices. We intend to maintain a meaningful exposure, somewhere between 10%-20% of the portfolio, ahead of the upturn.

One area that we identified as meeting our investment criteria over the past year has been the healthcare sector. Earnings growth has declined in recent years, due to pressure on healthcare spending, generic competition, safety issues and new product pipeline failures. This has resulted in the sector moving out of favour and share prices declining. However, many of the companies still have attractive new product pipelines, which meet real patient needs and have financial flexibility provided by strong cash generation and robust balance sheets. As a result, investments were made into Johnson & Johnson, Novartis and Roche, bringing the exposure in the sector to 14% at the year end.

Earnings reliability is also likely to be increasingly rewarded by investors, providing valuations are attractive. We view much of the telecoms sector and utilities as being capable of providing this predictability and while earnings growth will be modest, the total return characteristics of these sectors, which together account for around 20% of the portfolio, remain attractive.

Another notable change in the portfolio over the last year has been the increase in holdings in the oil & gas sector, to over 8% of the total. We have added BP and ENI where poor share price performance allowed us to build positions. In addition we acquired a holding in LDK Solar, a manufacturer of solar panels, which is expected to be a major beneficiary of the growth in solar power generation.

The credit crunch is not bad news for all companies. We recently invested in Provident Financial. It is the UK's largest weekly collected credit business, specialising in sub-prime lending. Unlike the banks, it borrows long and lends short. Returns are driven by lending growth and impairment charges. With UK banks and many traditional competitors reluctant or unable to lend, the number of potential customers for Provident Financial will continue to rise. The balance sheet has surplus capital and secured funding in place that can finance growth. These are ideal conditions for Provident Financial.

We also built a position in InBev. This is the world's largest brewer and is typically the No. 1 or 2 player throughout the 30 countries in which it operates. Despite being the biggest company in the sector, its objective is to grow revenues faster than the industry average and revenues faster than volumes. Top line revenue growth will be driven by emerging market consumers increasing beer consumption as incomes rise and also by the increasing segmentation of the beer market and growth of premium brands. InBev recently successfully bid for Anheuser Busch, the owner of the Budweiser brand. The combination of both businesses offers efficiency improvements and opportunities from extending the brand portfolio.

Outlook

It is too early to speculate on any green shoots of recovery. We are just heading into the downturn in the UK and growth is slowing in other major economies. Excessive government spending and consumer borrowing and speculation will have to be squeezed much further, before the cycle can turn. Share prices in sectors such as financials, housebuilders and retailers suggest that we are in for a long and deep recession. Companies in these sectors tend to have short order books and are quickly influenced by consumer confidence. The ripples of the credit crunch and economic slowdown are now extending to other sectors. We remain hopeful that inflation will moderate as economic demand slows and as previous price rises fall out of the annual inflation calculation. This will provide the opportunity for central banks to reduce interest rates and lessen the negative impact of the economic slowdown.

We are confident that the portfolio is positioned to do well in this difficult environment. A significant proportion of our companies can demonstrate the visibility and predictability of earnings which is prized by investors at these times. In addition, we believe there is significant upside potential in financial stocks, once current uncertainties diminish. Over the course of the next year to eighteen months, it is likely that we will look to re-invest the proceeds from the disposal of some holdings in utilities, telecommunications and healthcare, into more economically sensitive investments, once valuations become more aligned with their earnings prospects.

Graham Campbell

Edinburgh Partners Limited

Dr Sandy Nairn

Edinburgh Partners Limited

9 October 2008

PORTFOLIO OF INVESTMENTS

as at 31 July 2008

20 Largest Investments

Company	Sector	Country	Valuation £'000	% of Net Assets
Novartis	Healthcare	Switzerland	3,008	3.6
GlaxoSmithKline	Healthcare	United Kingdom	2,587	3.1
ENI	Oil & Gas	Italy	2,312	2.8
Mothercare	Consumer Services	United Kingdom	2,257	2.7
KPN	Telecommunications	Netherlands	2,243	2.7
Provident Financial	Financials	United Kingdom	2,200	2.6
Wells Fargo	Financials	United States	2,139	2.6
Rexam	Industrials	United Kingdom	2,129	2.5
E.On	Utilities	Germany	2,123	2.5
Vodafone	Telecommunications	United Kingdom	2,041	2.4
BP	Oil & Gas	United Kingdom	1,956	2.3
Compass	Consumer Services	United Kingdom	1,921	2.3
Deutsche Telecom	Telecommunications	Germany	1,788	2.1
Roche	Healthcare	Switzerland	1,776	2.1
Sanofi-Aventis	Healthcare	France	1,775	2.1
Johnson & Johnson	Healthcare	United States	1,727	2.1
LDK Solar	Oil & Gas	China	1,543	1.8
Morrison (WM) Supermarkets	Consumer Services	United Kingdom	1,489	1.8
Royal Bank of Scotland	Financials	United Kingdom	1,458	1.7
Persimmon	Consumer Goods	United Kingdom	1,444	1.7
Total - 20 Largest Investments			39,916	47.5

Other Investments

Company	Sector	Country	Valuation £'000	% of Net Assets
Centrica	Utilities	United Kingdom	1,416	1.7
Dell	Technology	United States	1,414	1.7
National Grid	Utilities	United Kingdom	1,336	1.6
Gazprom	Oil & Gas	Russia	1,264	1.5
William Hill	Consumer Services	United Kingdom	1,258	1.5
Unilever	Consumer Goods	United Kingdom	1,257	1.5
Portugal Telecom	Telecommunications	Portugal	1,218	1.4
InBev	Consumer Goods	Belgium	1,192	1.4
TeliaSonera	Telecommunications	Sweden	1,187	1.4
Balfour Beatty	Industrials	United Kingdom	1,151	1.4
Brammer	Industrials	United Kingdom	1,146	1.4
Hyder Consulting	Industrials	United Kingdom	1,134	1.3
BT	Telecommunications	United Kingdom	1,130	1.3
Intel	Technology	United States	1,120	1.3
DT Beteiligungs	Financials	Germany	1,105	1.3
Reed Elsevier	Consumer Services	United Kingdom	1,098	1.3
Scottish & Southern Energy	Utilities	United Kingdom	1,066	1.3
Sage Group	Technology	United Kingdom	1,058	1.3
General Electric	Industrials	United States	1,057	1.3
Telefonica	Telecommunications	Spain	1,054	1.3
Aviva	Financials	United Kingdom	1,034	1.2
T Is Bankasi	Financials	Turkey	1,027	1.2
Intesa Sanpaola	Financials	Italy	987	1.2

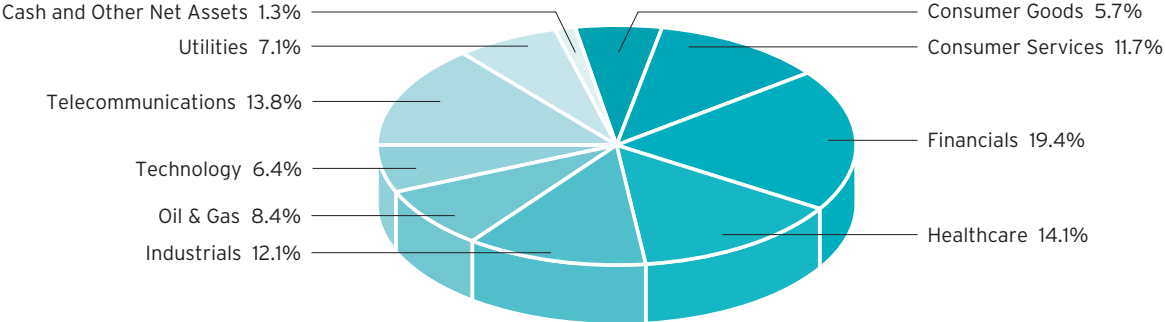
PORTFOLIO OF INVESTMENTS - continued
as at 31 July 2008

Other Investments - continued

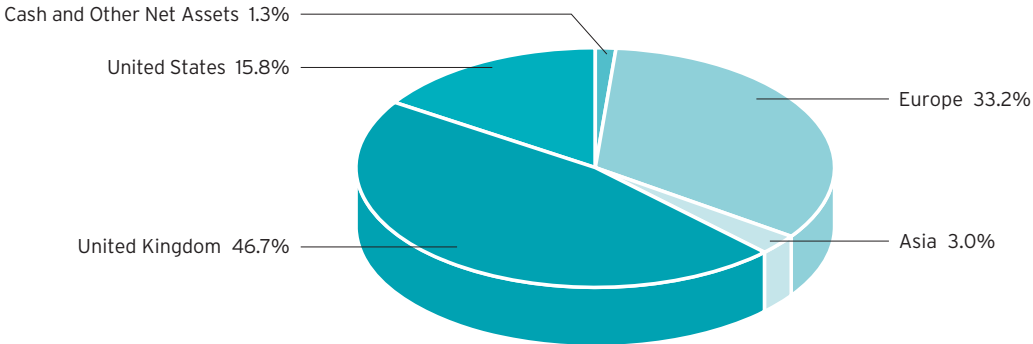
Company	Sector	Country	Valuation £'000	% of Net Assets
General Dynamics	Industrials	United States	973	1.2
SK Telecom	Telecommunications	Korea, Republic of	969	1.2
Lloyds TSB	Financials	United Kingdom	945	1.1
Siemens	Industrials	Germany	932	1.1
McBride	Consumer Goods	United Kingdom	926	1.1
Pfizer	Healthcare	United States	912	1.1
Ericsson	Technology	Sweden	898	1.1
MacFarlane	Industrials	United Kingdom	871	1.0
Bank of America	Financials	United States	864	1.0
Cisco Systems	Technology	United States	855	1.0
Legal & General	Financials	United Kingdom	831	1.0
Home Depot	Consumer Services	United States	829	1.0
Banque Cantonale Vaudoise	Financials	Switzerland	786	0.9
SIG	Industrials	United Kingdom	752	0.9
Citigroup	Financials	United States	737	0.9
Close Brothers	Financials	United Kingdom	717	0.8
British Airways	Consumer Services	United Kingdom	702	0.8
HBOS	Financials	United Kingdom	660	0.8
American International Group	Financials	United States	505	0.6
Collins Stewart	Financials	United Kingdom	434	0.5
Yell	Consumer Services	United Kingdom	264	0.3
Total - 64 investments			82,987	98.7
Cash and other net assets			1,089	1.3
Net assets			84,076	100.0

DISTRIBUTION OF INVESTMENTS
as at 31 July 2008 (% of net assets)

Sector distribution
as at 31 July 2008



Geographical distribution
as at 31 July 2008



Source: Edinburgh Partners Limited

INVESTMENT MANAGER

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

Sandy Nairn (47) 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.

Graham Campbell (48) BA, MBA, ASIP Graham is one of the founders, an Investment Partner and a Director of Edinburgh Partners. He is responsible for company research into the global pharmaceutical sector and is lead manager of all UK equity portfolios. He was previously head of retail funds at Scottish Widows Investment Partnership from 2001 to 2003. Prior to that he spent ten years with Edinburgh Fund Managers as an investment director.

Kenneth Greig (49) 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 (46) 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 (47) BSc Stephen is a founder and an Investment Partner of Edinburgh Partners. He is responsible for Edinburgh Partner's portfolio risk appraisal and control functions. 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.

Ian Cormack (41) BA, ASIP Ian is an Investment Partner with Edinburgh Partners. He is responsible for the global buildings and chemical sectors and is a manager of UK portfolios. Ian 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 (42) BA, ASIP Tony is an Investment Partner with Edinburgh Partners. He is responsible for research of global utilities, media and tobacco sectors, is a member of the UK equity team and manager of UK equity income 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 of several income and growth retail funds.

Christine Montgomery (47) Christine is an Investment Partner with Edinburgh Partners. She has research responsibility for the global insurance sector. From 2001 to 2007 at Franklin Templeton she helped build the institutional separate account business in Europe and the Middle East. Prior to that she spent twelve years at Aegon, where she held a number of positions including head of equities and head of fixed interest.

George Ritchie (45) George is an Investment Partner with Edinburgh Partners. He has responsibility for researching the global industrials sector. 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 (37) BComm, CA, ASIP Dale is an Investment Partner with Edinburgh Partners. He has research responsibility for the global banking 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.

Robin Weir (42) BA (Hons) Robin is an Investment Partner with Edinburgh Partners and has responsibility for global and international portfolios and for researching the global resources sector. He was previously a European equity research manager at Scottish Widows Investment Partnership. Prior to that he spent ten years at Murray Johnstone, where he was UK equity investment director. He began his investment career with Nomura International in London and Tokyo.

DIRECTORS AND CORPORATE INFORMATION

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

Robert Alcock (Chairman)

Robert Alcock, aged 67, is the senior independent director of Huntsworth PLC, a non-executive director of Connaught PLC, senior independent director of Leed Petroleum PLC and chairman of Next Pensions Limited. He was formerly a non-executive director of Capita Group PLC, Simon Group PLC and a director of Cornwell Parker PLC, Norcros PLC, Black & Decker Inc. and the Gulf Oil Company.

Christopher Duffett

Christopher Duffett, aged 65, 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 and is a former chairman of the Association of Investment Companies and formerly a member of the Takeover Panel.

John Pearmund

John Pearmund, aged 55, is the Senior Independent Director of the Company and is Chairman of the Audit Committee. A Chartered Accountant, he is chief executive of Domestic & General Group Limited and was formerly chief executive of Freemans PLC and a director of Sears plc.

John Sussens

John Sussens, aged 62, is senior independent director of Admiral Group plc, Cookson Group plc and Phoenix IT Group plc. He was a non-executive director of Chubb plc, Searchspace Limited and group managing director of Misys plc.

Giles Weaver

Giles Weaver, aged 62, is chairman of Helical Bar plc, Charter European Trust plc, AH Medical Properties plc and Kenmore 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 Ltd.

Secretary and Registered Office

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Exeter EX4 4EP

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Auditors

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Registrar and Transfer Office

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Marketing Adviser

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Solicitor

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Bankers and Custodian

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Stockbroker

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DIRECTORS' REPORT

The Directors present their Annual Report and Financial Statements for the year to 31 July 2008.

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 and an analysis of its performance during the financial period and the position at the period end. To aid understanding of these areas the Board are 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 we make.

Business and status of the Company

The Company is registered as a public limited company under the Companies Act 1985 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 ICTA 1988 for the period from 29 July 2006 to 31 July 2007. 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 under Section 842 each year.

The Company's investment policy, strategy and portfolio analysis set out below and in the Annual Report provides information in relation to its investment activities as required by the listing rules for closed ended investment funds.

DIRECTORS' REPORT - continued

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

The Company's investment policy was amended and approved by shareholders at the Extraordinary General Meeting held on 16 May 2008. The current policy is set out below:

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 founders of Edinburgh Partners Limited 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.

Edinburgh Partners Limited 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. In accordance with the Company's investment objective and policy stated above, 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.

A detailed review of how the Company's assets have been invested is contained in the Chairman's Statement on pages 3 and 4 and the Manager's Report and Portfolio Analysis on pages 5 to 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 64 investments, excluding cash and other net assets, as at 31 July 2008, with the largest investment representing 3.6% 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 19 on pages 44 to 48. 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 Section 842 of the Income and Corporation Taxes Act 1988 may lead to Anglo & Overseas Plc being subject to capital gains tax. A breach of the rules of the London Stock Exchange may result in censure by the Financial Services Authority ("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 ICTA 1988 and FSA requirements. These checks are reviewed monthly and at each Board meeting.

Operational risk

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 third parties may fail to ensure that statutory requirements such as Companies Act and London Stock Exchange requirements 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 (AAF 01/06 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 Board employs independent administrators to prepare all Financial Statements and the Audit Committee meets with the independent auditors 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.

DIRECTORS' REPORT - continued

Key personnel risk

There is a risk that key personnel within the Investment Manager might leave the company or are not 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.

The Board undertakes an annual assessment and review of all the risks stated above in note 19 on pages 44 to 48 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 are set out in the Income Statement on page 31 and in the Reconciliation of Movements in Shareholders' Funds on page 33.

The Directors recommend a final dividend of 2.04p (2007: 1.58p) per Ordinary Share to be paid on 24 November 2008 to shareholders on the register as at the close of business on 31 October 2008. The ex-dividend date will be 29 October 2008. Subject to shareholders approving the final dividend, the total dividend for the year ended 31 July 2008, including the interim dividend of 0.80p (2007: 0.62p) will total 2.84p (2007: 2.20p).

Further information on the performance of the Company may be found in the Chairman's Statement on pages 3 and 4 and the Manager's Report and Portfolio Analysis on pages 5 to 7.

Net asset value: The net asset value per Ordinary Share including revenue reserves as at 31 July 2008 was 105.04p (2007: 130.99p).

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:

- Net asset value ("NAV") per Ordinary Share
- Share price
- Discount/premium to NAV
- Revenue return per share
- Dividend per share
- Portfolio turnover
- Total expense ratio

The records of the key performance indicators are shown below:

	31 July 2008	31 July 2007	Change
Net asset value per Ordinary Share	105.04p	130.99p	(19.8)%
Share price per Ordinary Share	90.00p	118.25p	(23.9)%
Discount to NAV	14.3%	9.7%	

	Year to 31 July 2008	29 July 2006 to 31 July 2007
Revenue return per share	3.41p	2.81p
Dividend per share	2.84p	2.20p
Portfolio turnover	54%	45%
Total expense ratio	0.9%	0.9%

Current and future developments

A review of the main features of the year is to be found in the Chairman's Statement on pages 3 and 4 and in the Manager's Report and Portfolio Analysis on pages 5 to 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.

Purchase of own shares

At the Annual General Meeting held on 8 November 2007 the Directors were granted the authority to purchase up to 14.99% of the Company's Ordinary Shares (either for cancellation or for placing into treasury). Any buybacks of shares has been made in accordance with the Companies (acquisition at own shares) (Treasury shares) Regulations 2003 and within the guidelines established from time to time by the Board. In total this amounted to 13,106,413 Ordinary Shares. During the period from 8 November 2007 to 31 July 2008, 6,682,438 shares (with a nominal value of £668,244) were purchased and placed into treasury, 706,562 shares (with a nominal value of £70,656) were purchased for cancellation and 79,000 shares (with a nominal value of £7,900) were cancelled from treasury. These 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 Act, being 10% of the issued share capital at any one time. The maximum number of own shares held in treasury during the year was 8,972,438 shares (with a nominal value of £897,244) representing 10% of the issued share capital of 89,724,384 Ordinary Shares at the time they were held in treasury.

The total number of own shares held in treasury as at 31 July 2008, including those shares bought back in the prior accounting period, totalled 8,893,438 Ordinary Shares.

Subsequent to the year end and up to the date of this report, a further 360,000 shares (with a nominal value of £36,000) were purchased for cancellation and in addition, 40,000 shares (with a nominal value of £4,000) were cancelled from treasury. The total number of own shares held in treasury at the date of this report is 8,853,438 shares.

As at the date of this report, the Company may purchase up to 5,357,413 Ordinary Shares under this existing authority. The Directors will seek to renew this authority at the forthcoming Annual General Meeting. The renewed authority will authorise the Company to make market purchases of up to 11,944,838 Ordinary Shares, being 14.99% of the Company's issued share capital (excluding own shares held in treasury) as at the date of this report or, if less, 14.99% of the issued share capital (excluding own shares held in treasury) immediately following the passing of the relevant resolution.

DIRECTORS' REPORT - continued

In accordance with the Listing Rules of the UK Listing Authority, the price paid for shares will be not less than 10p per Ordinary Share, and not more than 5% above the average middle market quotations 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. 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.

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.

Issue of shares from treasury

In accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, the Company is permitted to hold up to 10% of its issued Ordinary Shares in treasury at any one time. Holding shares in treasury enables a company to issue shares cost effectively that might otherwise have been cancelled quickly. The Board will only sell shares from treasury at a price at or above the prevailing net asset value per share.

Management Agreement

The Company's investments are managed by Edinburgh Partners Limited ("Edinburgh Partners") under an Investment Management Agreement dated 23 June 2005 (the "Investment Management Agreement"). From 1 August 2006 Edinburgh Partners received a management fee of 0.125% per quarter of the market capitalisation of the issued Ordinary Shares, payable quarterly in arrears. In addition it receives an administration fee (£107,000 per annum for the year ended 31 July 2008), payable quarterly in arrears and adjusted annually in line with changes in the Retail Prices Index. The 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 while investment performance was disappointing in the year ended 31 July 2008 during a period of difficult market conditions 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.

Related party

Edinburgh Partners, as Investment Manager of the Company, is considered to be a related party by virtue of its management contract with the Company. During the year, services with a total value of £539,000 (31 July 2007: £650,000) were purchased by the Company from Edinburgh Partners. At 31 July 2008, the amount due to Edinburgh Partners, disclosed under creditors was £123,000 (31 July 2007: £165,000). Where applicable amounts are exclusive of VAT.

Directors

The Directors in 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 12.

Robert Alcock
Christopher Duffett
John Pearmund
John Sussens
Giles Weaver

The Chairman of the Company is Robert Alcock. He has sufficient time to fulfil all duties required as Chairman of the Company. All of the Directors are non-executive and independent of the Investment Manager. Other than their letters of appointment as Directors, none of the Directors has a contract of service with the Company nor has there been any other 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 require that one third of the Directors retire by rotation at each Annual General Meeting, and at least at every third Annual General Meeting, which reflects the AIC Code requirement for all Directors to retire at least once every three years. At the forthcoming Annual General Meeting, the provision relating to the retirement of Directors within the Company's Articles of Association are being altered so 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. The Board believes that the Articles provide an appropriate way of ensuring the Board's accountability to shareholders and its independence from the Investment Manager.

At the forthcoming Annual General Meeting, Christopher Duffett will retire as Director of the Company and will offer himself for re-election. The Board strongly recommends the re-election of Christopher Duffett to shareholders, on the basis of his individual expertise and experience in investment matters and his continuing effectiveness and commitment to the Company.

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 2008. This evaluation consisted of a questionnaire based approach, the results of which were discussed in detail between the Chairman and each of the Directors.

The Directors of the Company receive daily notification of net asset value, 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 and risks. The number of Board meetings held during the year and the attendance of each Director is shown below:

Number of Board meetings held during the year:	5
Number of meetings attended by each Director:	
Robert Alcock	5
Christopher Duffett	5
John Pearmund	5
John Sussens	4
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 and meetings held by telephone conference facility were held during the year to deal with specific matters, such as purchases of the Company's own shares.

DIRECTORS' REPORT - continued

Directors' interests

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

	31 July 2008	31 July 2007
Ordinary Shares:		
Robert Alcock	20,000	20,000
Christopher Duffett	73,613	73,613
John Pearmund	35,230	26,427
John Sussens	5,000	5,000
Giles Weaver	240,000	240,000

There have been no changes to these holdings between 31 July 2008 and the date of this report.

Voting rights

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 in issue at the year end was 80,045,381. The total voting rights of the Company in issue as at the date of this report is 79,685,381. There are no restrictions on the transfer of the Company's shares or special rights attached to these shares regarding control.

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
John Leng & Co (wholly owned subsidiary of DC Thomson & Co)	3,541,950	4.44
Legal & General Group Plc	3,379,680	4.24

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"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of 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), will provide better information to shareholders.

The Company has complied 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 Combined 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 12.

The Board has appointed John Pearmund as the Company's Senior Independent Director.

Representatives from the Investment Manager are invited to Board meetings to provide reports on investments, marketing, 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.

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, 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 John Pearmund and comprises all members of the Board. The Directors believe that Mr Pearmund, 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. The Committee meets at least twice at the time of the annual and interim 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 Management Agreement, assess the continuing appointment of the Manager and the Company's other service providers and agree the remuneration of the Directors. One meeting of the Remuneration and Management Engagement Committee was held during the year and this meeting 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 25 and 26.

DIRECTORS' REPORT - continued

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. 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.

Independent professional advice and insurance

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.

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 Turnbull Committee 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;
- 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;
- Details of the “whistle blowing” 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;
- The Board reviews financial information produced by the Investment Manager and Capita Sinclair Henderson 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.

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Kenneth 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.

Going concern

After due consideration, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the Financial Statements.

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 2008 (31 July 2007: nil).

Social, environmental & ethical policy

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

Auditor

A resolution to re-appoint KPMG Audit Plc as Auditor to 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

Resolution 6 (a Special Resolution), as set out in the notice of meeting, if passed, will give the Directors the authority to purchase in the market (either for cancellation or placing into treasury) 11,944,838 Ordinary Shares (being 14.99% of the issued share capital (excluding own shares held in treasury) as at the date of this report) or, if less, 14.99% of the issued share capital (excluding own shares held in treasury) immediately following the passing of this resolution. The authority, if given, will lapse at the Company's 2009 Annual General Meeting. The authority will be used when supply exceeds demand and where the Directors consider it to be in the best interest of Shareholders.

Resolution 7 (an Ordinary Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue up to 29,646,273 Ordinary Shares (being one third of the issued share capital as at 31 July 2008), in accordance with statutory pre-emption rights. The authority, if given, will lapse at the Company's 2009 Annual General Meeting. The authority will be used where the Directors consider it to be in the best interest of Shareholders.

Resolution 8 (a Special Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue up to 8,893,881 Ordinary Shares (being 10% of the issued share capital as at 31 July 2008) without first having to offer these 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 Company's 2009 Annual General Meeting.

Resolution to amend Articles of Association

Resolution 9 (a Special Resolution), as set out in the notice of the meeting, it passed, will authorise the Company to adopt new Articles of Association.

Company law and best practice has undergone a number of changes since the current Articles of Association is the Company were adopted in June 2005, particularly since January 2007 when the staged implementation of the Companies Act 2006 commenced. The Board considers that it is prudent to replace the Company's existing Articles of Association with new Articles of Association to take account of these developments.

A summary of the material changes brought about by the proposed adoption of the new Articles of Association as set out in the Appendix to the Notice of Annual General Meeting on pages 55 and 56 of this document. Other changes, which are of a minor, technical or clarifying nature have not been noted in the Appendix.

By order of the Board

Kenneth J Greig

Secretary

9 October 2008

DIRECTORS' REMUNERATION REPORT

The Directors submit this Report in accordance with the requirements of Schedule 7A to the Companies Act 1985. 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 Auditor 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 29 and 30.

Remuneration and Management Engagement Committee

Remuneration of the Directors is considered by the Remuneration and Management Engagement Committee. Details of this Committee can be found on page 21.

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. It is intended that this policy will continue for the year ending 31 July 2009 and for subsequent financial years.

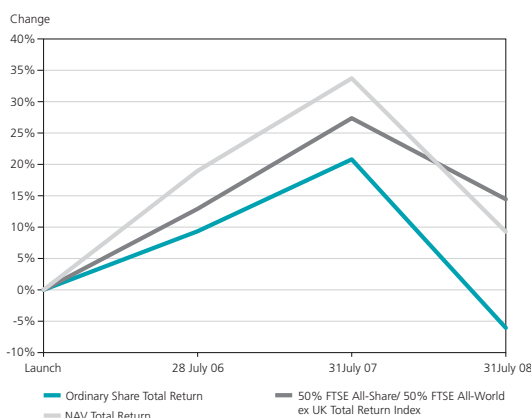
The fees of the Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' service contracts

Other than letters of appointment governing their appointment as Directors, none of the Directors has a contract of service with the Company, nor has there been any contract or arrangement between the Company and any Director at any time during the year. The terms of their appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after his appointment and re-election at least every three years after that.

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 14.3% discount as at 31 July 2008.



Source: Edinburgh Partners Limited

DIRECTORS' REMUNERATION REPORT - continued

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 2008	29 July 2006 to 31 July 2007
	£	£
Robert Alcock	36,000	36,000
Christopher Duffett	21,000	21,000
John Pearmund	26,000	21,000
John Sussens	21,000	21,000
Giles Weaver	21,000	21,000

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

Approval

The Directors' Remuneration Report was approved by the Board on 9 October 2008 and agreed 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 and 4, the Manager's Report and Portfolio Analysis on pages 5 to 7 and the Business Review contained in the Directors' Report on pages 13 to 17. 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 Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

The Financial Statements are required by law to 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 year.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with 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 www.angloandoverseasplc.com. The work carried out by KPMG Audit Plc as independent auditors of the Company does not involve consideration of the maintenance and integrity of the website and accordingly they accept no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in the annual reports may differ from legislation in other jurisdictions.

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

The Directors confirm to the best of their knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

Robert Alcock
Chairman

9 October 2008

INDEPENDENT AUDITORS' REPORT

to the members of Anglo & Overseas Plc

We have audited the Financial Statements of Anglo & Overseas Plc for the year ended 31 July 2008 which comprise the Income Statement, the Balance Sheet, the Statement of Cash Flows, the Reconciliation of Movements in Shareholders' Funds and the related notes. These Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on pages 27 and 28.

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- The Financial Statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 July 2008 and of its loss for the year then ended;
- The Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the Financial Statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
1 Canada Square
Canary Wharf
London E14 5AG

9 October 2008

INCOME STATEMENT
for the year ended 31 July 2008

	Notes	Year to 31 July 2008			29 July 2006 to 31 July 2007		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	8	–	(24,260)	(24,260)	–	11,119	11,119
Foreign exchange gains/(losses) on capital items	8	–	476	476	–	(416)	(416)
Income	2	3,918	–	3,918	3,452	–	3,452
Investment management fee	3	(216)	(216)	(432)	(274)	(273)	(547)
Other expenses	4	(467)	–	(467)	(496)	(42)	(538)
Net return/(loss) before interest and taxation		3,235	(24,000)	(20,765)	2,682	10,388	13,070
Interest paid		(5)	–	(5)	–	–	–
Net return/(loss) before taxation		3,230	(24,000)	(20,770)	2,682	10,388	13,070
Taxation	5	(338)	63	(275)	(191)	–	(191)
Net return/(loss) after taxation		2,892	(23,937)	(21,045)	2,491	10,388	12,879
Return per Ordinary Share*	7	pence 3.41	pence (28.20)	pence (24.79)	pence 2.81	pence 11.69	pence 14.50

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.

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

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

The notes on pages 36 to 48 form part of these Financial Statements.

BALANCE SHEET
as at 31 July 2008

	Notes	31 July 2008 £'000	31 July 2007 £'000
Fixed assets:			
Investments at fair value	8	82,987	115,447
Current assets:			
Debtors	10	474	457
Cash at bank		2,352	99
		<u>2,826</u>	<u>556</u>
Creditors - amounts falling due within one year	11	<u>1,737</u>	<u>298</u>
Net current assets		<u>1,089</u>	<u>258</u>
Net assets		<u>84,076</u>	<u>115,705</u>
Capital and reserves:			
Called-up share capital	14	8,894	8,972
Special reserve		79,949	80,652
Capital redemption reserve		128	50
Capital reserve - realised		1,357	19,812
- unrealised		-	5,482
Distributable revenue reserve		3,189	2,357
Own shares held in treasury	18	(9,441)	(1,620)
Total equity shareholders' funds		<u>84,076</u>	<u>115,705</u>
Net asset value per Ordinary Share	15	<u>pence 105.04</u>	<u>pence 130.99</u>

These financial statements were approved by the Board of Directors on 9 October 2008.

Robert Alcock
Chairman

The notes on pages 36 to 48 form part of these Financial Statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 July 2008

	Notes	Called-up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve - realised - £'000	Capital reserve unrealised £'000	Distributable revenue reserve £'000	Own shares held in treasury £'000	Total equity shareholders' funds £'000
Year ended 31 July 2008									
As at 31 July 2007		8,972	80,652	50	19,812	5,482	2,357	(1,620)	115,705
Movement in fair value of investments		-	-	-	5,552	(5,552)	-	-	-
As at 31 July 2007 (restated)		8,972	80,652	50	25,364	(70)	2,357	(1,620)	115,705
Cost of own shares bought for cancellation		(70)	(619)	70	-	-	-	-	(619)
Cost of own shares bought into treasury	18	-	-	-	-	-	-	(7,905)	(7,905)
Cost of own shares cancelled from treasury		(8)	(84)	8	-	-	-	84	-
Movement in fair value of investments	8	-	-	-	(20,768)	-	-	-	(20,768)
Net loss on realisation of investments	8	-	-	-	(3,492)	-	-	-	(3,492)
Foreign exchange gains on capital items	8	-	-	-	406	70	-	-	476
Dividends paid in the year	6	-	-	-	-	-	(2,060)	-	(2,060)
Investment management fee	3	-	-	-	(216)	-	-	-	(216)
Tax on investment management fee		-	-	-	63	-	-	-	63
Retained net return for the year		-	-	-	-	-	2,892	-	2,892
As at 31 July 2008		8,894	79,949	128	1,357	-	3,189	(9,441)	84,076

In accordance with TECH01/08 issued by the Institute of Chartered Accountants in England and Wales, changes in the fair value of investments, which are readily converted to cash at the balance sheet date, are included in the realised capital reserve rather than the unrealised capital reserve. The balances on both reserves as at 31 July 2007 have been restated by a reserve transfer to reflect this change.

The notes on pages 36 to 48 form part of these Financial Statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued
for the year ended 31 July 2008

	Notes	Called-up share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Distributable revenue reserve £'000	Own shares held in treasury £'000	Total equity shareholders' funds £'000
Period ended 31 July 2007									
As at 28 July 2006		8,972	80,652	50	6,173	8,733	1,591	(337)	105,834
Cost of own shares bought into treasury	18	-	-	-	-	-	-	(1,283)	(1,283)
Unrealised appreciation on investments	8	-	-	-	-	(3,251)	-	-	(3,251)
Net gain on realisation of investments	8	-	-	-	14,370	-	-	-	14,370
Foreign exchange losses on capital items	8	-	-	-	(416)	-	-	-	(416)
Dividends paid in the period	6	-	-	-	-	-	(1,725)	-	(1,725)
Investment management fee (including VAT)	3	-	-	-	(315)	-	-	-	(315)
Retained net return for the period		-	-	-	-	-	2,491	-	2,491
As at 31 July 2007		8,972	80,652	50	19,812	5,482	2,357	(1,620)	115,705

The notes on pages 36 to 48 form part of these Financial Statements.

STATEMENT OF CASH FLOWS
for the year ended 31 July 2008

		Year to 31 July 2008	29 July 2006 to 31 July 2007
	Notes	£'000	£'000
Operating activities:			
Investment income received		3,619	3,138
Bank deposit interest received		9	16
Investment management fees paid		(475)	(408)
Administration and secretarial fees paid		(106)	(102)
Other cash payments		(393)	(394)
Net cash inflow from operating activities	16	2,654	2,250
Servicing of finance			
Interest paid		(5)	–
Taxation		–	(61)
Capital expenditure and financial investment			
Purchases of investments		(41,136)	(56,070)
Sales of investments		50,591	52,373
Exchange gains/(losses) on settlement		489	(334)
Net cash inflow/(outflow) from capital expenditure and financial investment		9,944	(4,031)
Equity dividends paid		(2,060)	(1,725)
Net cash inflow/(outflow) before financing		10,533	(3,567)
Financing:			
Shares purchased for cancellation		(375)	–
Own shares purchased and held in treasury		(7,905)	(1,283)
Net cash outflow from financing		(8,280)	(1,283)
Increase/(decrease) in cash	17	2,253	(4,850)

The notes on pages 36 to 48 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS at 31 July 2008

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards and the Statement of Recommended Practice regarding the Financial Statements of Investment Trust Companies ("SORP") issued in January 2003 (revised December 2005). 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 the revenue account in the Income Statement except costs that are incidental to the acquisition or disposal of investments, which are charged to the capital account. Transaction costs are included within the gains and losses on investment sales, as disclosed in the Income Statement.

The Investment Manager's fee is allocated 50% to capital and 50% 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. In accordance with TECH01/08, issued by the Institute of Chartered Accountants in England and Wales, the net movement arising from changes in the fair value of investments that can be readily converted to cash, are treated as realised gains and losses. The Company considers all of its investments to be readily convertible to cash. 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 the revenue account 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 revenue 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 (realised)

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 that can be readily converted to cash without accepting adverse terms;
- realised exchange differences of a capital nature; and
- expenses, together with related taxation effect, charged to this account in accordance with the above policies.

Capital reserve (unrealised)

The following is accounted for in this reserve:

- net movement arising from changes in the fair value of investments that cannot be readily converted to cash without accepting adverse terms, held at the year end.

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.

Own shares held in treasury

Own shares held in treasury represents the consideration paid for shares bought into and held in treasury and is shown as a deduction from shareholders' funds. 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 2008

2 Income	Year to 31 July 2008 £'000	29 July 2006 to 31 July 2007 £'000
Income from listed investments:		
UK dividend income	2,005	1,935
Overseas dividends	1,696	1,331
Deposit funds	207	174
Interest	1	2
	<u>3,909</u>	<u>3,442</u>
Other income:		
Bank interest receivable	9	10
	<u>3,918</u>	<u>3,452</u>
Total income comprises:		
Dividends	3,908	3,440
Interest	10	12
	<u>3,918</u>	<u>3,452</u>

3 Investment Management fee	Year to 31 July 2008			29 July 2006 to 31 July 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment Management fee	<u>216</u>	<u>216</u>	<u>432</u>	<u>274</u>	<u>273</u>	<u>547</u>

The Investment Management fee is paid quarterly in arrears, at the rate of 0.5% per annum (excluding VAT) of the market capitalisation of the Company. At 31 July 2008 there was £96,000 outstanding (2007: £139,000). In addition, the Investment Manager received an administration fee of £107,000 per annum (excluding VAT) subject to an annual RPI uplift (2007: £103,000) (see note 4 below). At 31 July 2008 there was £27,000 (excluding VAT) outstanding (2007: £26,000).

4 Other expenses	Year to 31 July 2008 £'000	29 July 2006 to 31 July 2007 £'000
Administration and secretarial fees	107	103
Auditors' remuneration	25	23
Directors' remuneration	125	120
Printing	15	22
Registrars' fees	23	14
Irrecoverable VAT	23	100
Other	149	156
	<u>467</u>	<u>538</u>

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

5 Taxation

	Year to 31 July 2008			29 July 2006 to 31 July 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
a) Analysis of charge in year						
Current tax:						
UK corporation tax	338	(63)	275	189	–	189
Overseas tax suffered	275	–	275	191	–	191
Double taxation relief	(275)	–	(275)	(189)	–	(189)
	338	(63)	275	191	–	191

b) The current taxation charge for the year is lower than the standard rate of Corporation Tax in the UK of 30% to 31 March 2008 and 28% from 1 April 2008. The differences are explained below:

	Year to 31 July 2008			29 July 2006 to 31 July 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	3,230	(24,000)	(20,770)	2,682	10,388	13,070
Theoretical tax at UK corporation tax rate of 28%/30%	947	(7,040)	(6,093)	805	3,116	3,921
Effects of:						
- UK dividends that are not taxable	(589)	–	(589)	(581)	–	(581)
- Non-taxable investment losses/(gains)	–	6,977	6,977	–	(3,211)	(3,211)
- Irrecoverable overseas tax	–	–	–	2	–	2
- Brought forward overseas tax utilised	(20)	–	(20)	–	–	–
- Taxable income capitalised	–	–	–	–	60	60
- Relieved capital expenses	–	–	–	(35)	35	–
	338	(63)	275	191	–	191

c) Factors that may affect future tax charges

After allowing for accrued taxable income at the year end, the Company has eligible unrelieved foreign tax of £nil (2007: £2,300) that is available to offset against tax chargeable on future taxable overseas revenue. No deferred tax asset has been recognised in respect of these amounts as they will only be recoverable to the extent that there is sufficient future taxable overseas revenue, not relieved by future eligible foreign tax suffered.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2008

6 Dividends

	Year to 31 July 2008 £'000	29 July 2006 to 31 July 2007 £'000
Declared and paid		
2007 final dividend of 1.58p (2006: 1.32p) per Ordinary Share	1,393	1,173
2008 interim dividend of 0.80p per Ordinary Share (2007 interim dividend of 0.62p per Ordinary Share)	667	552
	<u>2,060</u>	<u>1,725</u>
Proposed		
2008 final dividend of 2.04p* (2007: 1.58p) per Ordinary Share	1,626	1,395

* Figure based on 79,685,381 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 2008			29 July 2006 to 31 July 2007		
	Net return £'000	Ordinary Shares*	Per share pence	Net return £'000	Ordinary Shares*	Per share pence
Revenue return	2,892	84,870,031	3.41	2,491	88,841,774	2.81
Capital return	(23,937)	84,870,031	(28.20)	10,388	88,841,774	11.69
Total	<u>(21,045)</u>		<u>(24.79)</u>	<u>12,879</u>		<u>14.50</u>

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

8 Investments	31 July 2008 £'000	31 July 2007 £'000
Listed investments	82,987	115,447
	£'000	£'000
<i>Analysis of investment portfolio movements</i>		
Opening book cost	109,895	92,640
Opening fair value adjustment	5,552	8,803
Opening valuation	115,447	101,443
Movements in the year:		
Purchases at cost - cash purchases during the year	42,404	55,005
Sales - proceeds	(50,604)	(52,120)
- (losses)/gains on sales	(3,492)	14,370
Changes in fair value of investments	(20,768)	(3,251)
Closing valuation	82,987	115,447
Closing book cost	98,203	109,895
Closing fair value adjustment	(15,216)	5,552
	82,987	115,447
	£'000	£'000
<i>Analysis of capital gains and losses</i>		
Realised (losses)/gains on sales	(3,492)	14,370
Changes in fair value of investments	(20,768)	(3,251)
	(24,260)	11,119
Foreign exchange gains/(losses) on capital items	476	(416)
(Losses)/gains on investments	(23,784)	10,703

Transaction costs

During the year the Company incurred transaction costs of £160,000 (2007: £255,000) and £90,000 (2007: £116,000) 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% or more of the share capital of portfolio companies that are material in the context of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2008

10 Debtors	31 July	31 July
	2008	2007
	£'000	£'000
Dividends receivable	260	224
Prepayments and accrued income	55	113
Taxation recoverable	159	120
	<hr/> 474 <hr/>	<hr/> 457 <hr/>
11 Creditors: amounts falling due within one year	31 July	31 July
	2008	2007
	£'000	£'000
Amounts due to brokers	1,268	–
Other creditors and accruals	225	298
Amounts due on share buy-backs	244	–
	<hr/> 1,737 <hr/>	<hr/> 298 <hr/>

12 Provision for liabilities and charges

No provision for liabilities and charges is considered necessary at the Company's year end (2007: nil). There were no amounts unprovided in respect of deferred taxation (2007: nil).

13 Commitments and contingencies

The Directors are aware of the AIC/Claverhouse judgement which was made in 2007 regarding the charging of VAT on investment management fees. It is possible that the Company will be able to recover an amount of VAT that it has paid on its investment management fees. The Directors have not recognised the potential back claim of VAT in these annual results as it is not expected to be material.

At 31 July 2008 there were no outstanding commitments in respect of investments carrying an obligation for future subscriptions (2007: nil).

14 Share capital

	31 July	31 July
	2008	2007
	£'000	£'000
Authorised:		
399,500,000 Ordinary Shares of 10p each	39,950	39,950
	<hr/>	<hr/>
Allotted, called-up and fully paid:		
88,938,819 (2007: 89,724,381) Ordinary Shares of 10p each	8,894	8,972
	<hr/>	<hr/>

In the year ended 31 July 2008, the Company purchased 706,562 shares for cancellation (2007: nil) and 79,000 shares were cancelled from treasury (2007: nil).

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 2008 pence	31 July 2007 pence
Ordinary Share	<u>105.04</u>	<u>130.99</u>

The net asset value per Ordinary Share is based on net assets of £84,076,000 (2007: £115,705,000) and on 80,045,381 (2007: 88,330,096) 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 2008 £'000	29 July 2006 to 31 July 2007 £'000
Net return before finance costs and taxation	(20,765)	13,070
Net losses/(gains) on investments	23,784	(10,703)
(Decrease)/increase in creditors	(73)	190
Decrease/(increase) in debtors and accrued income	22	(56)
Tax deducted from investment income	(275)	(191)
Tax recoverable	(39)	(60)
Net cash inflow from operating activities	<u>2,654</u>	<u>2,250</u>

17 Reconciliation of net cash flow to movement in net cash

	Year to 31 July 2008 £'000	29 July 2006 to 31 July 2007 £'000
Increase/(decrease) in cash in year	<u>2,253</u>	<u>(4,850)</u>
	<u>2,253</u>	<u>(4,850)</u>
Change in net cash	2,253	(4,850)
Net cash at 31 July 2007 (28 July 2006)	<u>99</u>	<u>4,949</u>
Net cash at 31 July 2008 (31 July 2007)	<u>2,352</u>	<u>99</u>

18 Own shares held in treasury

	31 July 2008		31 July 2007	
	Number of shares	Cost £'000	Number of shares	Cost £'000
Balance of treasury shares held at beginning of year	1,394,285	1,620	306,674	337
Shares purchased to be held in treasury	7,578,153	7,905	1,087,611	1,283
Shares cancelled from treasury	(79,000)	(84)	–	–
Balance of treasury shares held at end of year	<u>8,893,438</u>	<u>9,441</u>	<u>1,394,285</u>	<u>1,620</u>

19 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 risk 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 15 and 16 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 14 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 buyback policy. Equally the Company will issue shares in order to meet demand as it arises.

19 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 2008 is disclosed below

	31 July 2008					31 July 2007				
	No Cash flow		Fair value		Fixed interest rate	No Cash flow		Fair value		Fixed interest rate
	interest rate exposure	interest rate exposure	interest rate exposure	interest rate exposure		interest rate exposure	interest rate exposure	interest rate exposure	interest rate exposure	
£'000	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	%	
Equity shares										
Euro	17,985	17,985	–	–	–	24,067	24,067	–	–	–
Sterling	39,414	39,414	–	–	–	61,861	61,861	–	–	–
Japanese Yen	–	–	–	–	–	3,487	3,487	–	–	–
US Dollar	16,906	16,906	–	–	–	19,281	19,281	–	–	–
Swiss Franc	5,570	5,570	–	–	–	2,752	2,752	–	–	–
Turkish Lira	1,027	1,027	–	–	–	1,181	1,181	–	–	–
Swedish Krona	2,085	2,085	–	–	–	–	–	–	–	–
Treasury stock										
Sterling	–	–	–	–	–	2,818	–	–	2,818	5
Cash at bank										
Euro	–	–	–	–	–	6	–	6	–	–
Turkish Lira	2	–	2	–	–	2	–	2	–	–
Sterling	1,954	–	1,954	–	–	91	–	91	–	–
US Dollar	396	–	396	–	–	–	–	–	–	–
Debtors										
Sterling	447	447	–	–	–	432	432	–	–	–
	85,786	83,434	2,352	–		115,978	113,061	99	2,818	

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

At 31 July 2008 the Company had no financial liabilities other than short-term creditors (2007: £nil). All financial assets and liabilities of the Company are held at fair value.

The majority of the Company's assets were non-interest bearing as at 31 July 2008. There was limited exposure to interest bearing liabilities during the year ended 31 July 2008. Surplus cash is invested in money market funds.

If interest rates had reduced by 1 per cent from those obtained as at 31 July 2008 it would have the effect, with all other variables held constant, of reducing the net revenue return before taxation on an annualised basis by £24,000 (2007: £1,000). If there had been an increase in interest rates of 1 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 2008 and these may not be representative of the year as a whole.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2008

19 Financial Instruments - continued

Currency risk - continued

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 2008 is detailed below:

	31 July 2008					31 July 2007				
	Total Investments		Cash		Debtors*Creditors	Total Investments		Cash		Debtors*Creditors
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	
Euro	17,985	17,985	–	–	–	24,073	24,067	6	–	–
Sterling	40,078	39,414	1,954	447	(1,737)	64,904	64,679	91	432	(298)
Japanese Yen	–	–	–	–	–	3,487	3,487	–	–	–
US Dollar	17,302	16,906	396	–	–	19,281	19,281	–	–	–
Swiss Franc	5,570	5,570	–	–	–	2,752	2,752	–	–	–
Turkish Lira	1,029	1,027	2	–	–	1,183	1,181	2	–	–
Swedish Krona	2,085	2,085	–	–	–	–	–	–	–	–
	84,049	82,987	2,352	447	(1,737)	115,680	115,447	99	432	(298)

* 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 2008, with all other variables held constant, it would have the effect of reducing the net capital return before taxation by £440,000 (2007: £508,000). 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 2008 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.

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.

19 Financial Instruments - continued

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 2008 is 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 is the fair value of investments of £82,987,000.

If the investment portfolio valuation fell by 1 per cent from the amount detailed in the Financial Statements as at 31 July 2008 it would have the effect, with all other variables held constant, of reducing the net capital return before taxation by £830,000 (2007: £1,154,000). An increase of 1% 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 2008 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 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 2008. 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 2008 was £85,813,000 (2007: £116,003,000). The calculation is based on the Company's credit risk exposure as at 31 July 2008 and this may not be representative of the year as a whole.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
at 31 July 2008

19 Financial Instruments - continued

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% 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 2008 (2007: nil).

The Board undertakes an annual assessment and review of all the risks stated above and in the Director's Report on pages 15 and 16 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. All financial assets are disclosed at fair value through profit or loss.

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 2008 (and 31 July 2007) all financial liabilities were due within one year and are stated at fair value.

20 Related parties

All information with respect to transactions with related parties is provided in the Directors' Report in these Financial Statements.

GLOSSARY OF INVESTMENT TRUST TECHNICAL TERMS

Discount

If the share price of an investment trust is lower than the 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 ("NAV") 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).

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 total shareholders' funds.

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 the company for potential sale or cancellation at a later date.

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, PEP or Share Plan through the Edinburgh Partners Investment Trust Savings Scheme. 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 850 0181.

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 and the Daily Telegraph under "Investment Companies". 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 e-mail: 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 12.

Key dates

Company's year end	31 July
Annual results announced	October
AGM and final dividend	November
Company's half year end	31 January
Interim results announced	March
Interim dividend	May

Interim Management Statements

In accordance with the recently introduced Disclosure and Transparency Rules, the Company will be releasing Interim Management Statements ("IMS") for the quarters ending 31 October 2008 and 30 April 2009. These will be released to the stock exchange and may be viewed at the Company's website.

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

NOTICE IS HEREBY GIVEN that the second ANNUAL GENERAL MEETING of the Company will be held at The Chamber of Shipping, 12 Carthusian Street, London EC1M 6EZ on Wednesday, 12 November 2008, 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 2008.	Resolution 1
2 To receive and approve the Directors' Remuneration Report for the year ended 31 July 2008.	Resolution 2
3 To reappoint KPMG Audit Plc as Auditor to the Company and to authorise the Directors to determine their remuneration.	Resolution 3
4 To re-elect Christopher Duffett as a Director of the Company.	Resolution 4
5 To declare a final dividend of 2.04p per Ordinary Share for the year ended 31 July 2008.	Resolution 5
Special business	
6 To consider and, if thought fit, pass the following resolution as a Special Resolution: THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 (as amended) (the "Act") to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 10p each in the capital of the Company ("Shares") provided that: (a) the maximum aggregate number of Shares hereby authorised to be purchased is 11,944,838 Shares or, if less, 14.99% of the issued share capital (excluding own shares held in treasury) immediately following the passing of this resolution; (b) the minimum price which may be paid for such shares is 10 pence per Share; (c) the maximum price (exclusive of expenses) which may be paid for a Share shall not be more than 5 per cent above the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the relevant Shares for the five business days immediately preceding the date on which the relevant Shares are purchased; (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Company's Annual General Meeting to be held in 2009, save that the Company may, prior to such expiry, enter into a contract or arrangement to purchase Shares under such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Shares pursuant to any such contract or arrangement as if the authority conferred hereby had not expired.	Resolution 6
7 To consider and, if thought fit, pass the following resolution as an Ordinary Resolution: THAT in substitution for any existing power under Section 80 of the Companies Act 1985 (as amended) (the "Act") but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Act, to exercise all the powers of the	Resolution 7

NOTICE OF ANNUAL GENERAL MEETING - continued

Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £2,964,627 (being one third of the issued share capital as at 31 July 2008), such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2009, save that the Company may make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

- 8 To consider and, if thought fit, pass the following resolution as a Special Resolution: Resolution 8

THAT in substitution for any existing power under Section 95 of the Companies Act 1985 (as amended) (the "Act") 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 95 of the Act to allot equity securities (within the meaning of Section 94(2) to Section 94(3A) of the Act) wholly for cash pursuant to any existing authority given in accordance with Section 80 of the Act as if Section 89(1) 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, or the subject of, an offer of such securities by way of rights to holders of Ordinary Shares of 10 pence each in the capital of the Company ("Shares") in proportion (as nearly as may be practicable) to their respective holdings of such Shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems arising in connection with the laws of, or the requirements of any regulatory body or stock exchange and in any territory;
- (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £889,388 (being 10% of the issued share capital as at 31 July 2008).

and shall expire at the conclusion of the Company's next Annual General Meeting to be held in 2009, 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 offers or agreements notwithstanding that the power conferred by this resolution has expired.

This power shall apply in relation to a sale of shares held as treasury shares which is an allotment of equity securities by virtue of Section 94(3A) of the Act as if in the first paragraph of this Resolution 8 the words "pursuant to any existing authority given in accordance with Section 80 of the Act" were omitted.

- 9 To consider and, if thought fit, pass the following resolution as a Special Resolution: Resolution 9

That the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairman of the meeting be adopted as the articles of association of the Company in substitution for, and to the entire exclusion of, the existing articles of association of the Company.

By order of the Board:

Kenneth J Greig

Secretary

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

9 October 2008

Note 1: A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy 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 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. 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.

Note 2: CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting 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's specifications and must contain the information required for such instructions, as described in the CREST Manual. 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 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 Notes 1 and 2 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.

Note 4: As at 9 October 2008 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 88,538,819 Ordinary Shares carrying one vote each. After deducting 8,853,438 Ordinary Shares held in treasury, which do not have voting rights, the total voting rights in the Company as at 9 October 2008 were 79,685,381 votes.

NOTICE OF ANNUAL GENERAL MEETING - continued

Note 5: Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders registered on the Register of Members of the Company as at 6.00pm on 10 November 2008 (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 order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that: (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that corporate shareholder present at the meeting then, on a poll, those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives in attendance on behalf of the corporate shareholder who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in paragraph (i) of this Note 6.

Note 7: The following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose LLP, 3 More London, Riverside, London 3EI 2AQ 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 10:45am until the conclusion of the meeting:

- a) Letters of appointment of the Chairman and the Non-executive Directors of the Company.
- b) A copy of the Articles of Association of the Company as proposed to be adopted with effect from the passing of resolution 9.

APPENDIX

Summary of the principal changes to the Company's Articles of Association

1 Form of resolution

The current Articles contain a provision that where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed, as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions and the relevant provisions have therefore been removed.

2 Variation of class rights

The current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the new Articles.

3 Convening of general meetings of shareholders

The provisions in the current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular, a general meeting to consider a special resolution can be convened on 14 days' notice, whereas previously 21 days' notice was required.

4 Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands, whereas under the current Articles proxies are only entitled to vote on a poll. Multiple proxies may be appointed, provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways, then under the Companies Act 2006 the power is treated as not being exercised). The new Articles reflect all of these new provisions.

5 Age of directors on appointment

The current Articles provide for the application of section 293 of the Companies Act 1985, which used to restrict the appointment of any person as a director who had attained the age of 70 years or more unless certain special procedures were followed. Following the repeal of section 293, such provision has been removed from the new Articles.

6 Retirement of Directors at annual general meetings

The provisions relating to the retirement of Directors have been altered so 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, the new Articles, in line with the Combined Code on Corporate Governance, provide that any Director who has been with the Company for a continuous period of 9 years or more must retire, although they are free to seek re-election.

7 Alternate directors

The ability for Directors to appoint alternates has been removed, as this is not particularly appropriate for an investment trust with an entirely non-executive Board.

8 Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The new Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

8 Conflicts of interest (continued)

There are safeguards which will apply when the Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision and secondly, 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 will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the new Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

9 Notice of Board meetings

Under the current Articles, when a Director is abroad he can request that notices of Directors' meetings are sent to him at a specified address and if he does not do so, he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad. It has been replaced with a more general provision that a Director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

10 Sealing of documents

The new Articles allow for share certificates and other documents to be sealed by one Director in the presence of a witness who attests his signature or by such other persons as the Board (or a committee thereof) may appoint for the purpose, as permitted by the Companies Act 2006.

11 Records to be kept

The provision in the current Articles requiring the Board to cause accounting records to be kept has been removed, as this requirement is contained in the Companies Act 2006.

12 Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The Company does not currently communicate with its shareholders in either of these ways, but the new Articles will allow communications to members in electronic form and, in addition, they will permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

13 Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. These new Articles reflect these provisions.

