

ANGLO & OVERSEAS PLC

The logo graphic consists of two stylized, overlapping wavy lines. The top line is light grey and the bottom line is teal, both curving upwards from left to right.

Annual Report
For the period ended 28 July 2006



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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. The Company invests principally in securities of publicly quoted companies worldwide, though it may invest up to 5 per cent of its gross assets in unquoted securities. There are concentrated UK and international portfolios, with each portfolio representing between 40 and 60 per cent of the Company's total investments, and comprising 30 to 40 securities. The Company's investments are managed without reference to the composition of any stock market index.
Shareholders' funds	£105,834,000 as at 28 July 2006
Market capitalisation	£97,242,000 as at 28 July 2006
Capital structure	As at 28 July 2006, the Company's authorised share capital comprised 399,500,000 Ordinary Shares of 10p each, of which 89,724,381 (including 306,674 shares held in treasury) were issued and fully paid. As at the date of this report, the Company had 89,724,381 Ordinary Shares in issue (including 824,174 shares held in treasury).
Savings plans	The Company's Ordinary Shares are eligible for inclusion in ISAs, PEPs and SIPPs. Savings plans, ISAs and PEP 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 described on page 42, or via the Company's website www.angloandoverseasplc.com .
AIC	The Company is a member of the Association of Investment Companies (formerly known as the Association of Investment Trust Companies).
Investment Manager	Edinburgh Partners Limited Edinburgh Partners was founded in 2003 as a specialist investment management firm focusing exclusively on achieving 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 and 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 his fund management role. Edinburgh Partners is committed to investment trusts as flexible, long-term savings vehicles and intends that they should form the core of its business offering.

FINANCIAL SUMMARY

	28 July 2006	29 July 2005*	% change
Results for the period			
Shareholders' funds	£105,834,000	£89,674,000	18.0%
Net asset value per Ordinary Share	118.36p	99.95p	18.4%
Mid-market price per Ordinary Share	108.75p	100.00p	8.8%
Discount/(premium) to NAV (excluding income)	6.7%	(0.1)%	
Revenue return per Ordinary Share**	2.38p		
Capital return per Ordinary Share**	16.63p		
Dividend per Ordinary Share***	1.92p		
Period's high/low			
Share price - high	115.00p		
- low	93.25p		
NAV - high	122.37p		
- low	97.76p		
Share price premium/(discount) to NAV			
- high	1.9%		
- low	(8.9)%		
Cost of running the Company			
Total expense ratio	0.4%		

* As at 29 July 2005, the date on which the Company's Ordinary Shares were admitted to listing.

** Based on the weighted average number of shares in issue during the period.

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

CHAIRMAN'S STATEMENT

Results

This is the first Annual Report of Anglo & Overseas Plc since its commencement in July 2005 as the successor to Anglo & Overseas Trust PLC. Assets of the former company, which was wound up under a scheme of reconstruction (under section 110 of the Insolvency Act 1986), were transferred to form the investment portfolio of your Company under the investment management of Edinburgh Partners Limited. The Company's investments now comprise concentrated UK and international portfolios, with the objective being to achieve above average returns over the longer term through both capital appreciation and income growth.

Investment performance

I am pleased to report that your Company has performed well during its first period. Over the period to 28 July 2006 the net asset value of the Company has risen by 18.4% from its initial net asset value of 99.95p to 118.36p. Including the interim dividend of 0.6p per share, which was paid in May 2006, the total return for the period is 19.0%.

Although the Company's portfolio is not managed by reference to any stock market index, some comparisons may be useful. The total return (i.e. capital appreciation plus dividends) from the FT All-Share Index over the same period was 18.4%. The corresponding total return from the FT All-World ex UK index was 7.4%, giving a total of 12.9% from an average of these two indices.

As the Directors have decided not to adopt a formal benchmark, the Company is free to follow its investment policy of investing in shares which the Investment Manager, Edinburgh Partners, considers to offer the best value over the longer term. One consequence of this policy is that the composition of investments held in the Company's portfolio is likely to differ from portfolios which are linked to market indices. During the period the UK portfolio had only very limited exposure to energy and resource stocks and the international portfolio has been, relative to global equity indices, overweight in Europe and underweight in the US.

The Company has the power, when it is deemed appropriate, to borrow up to the equivalent of 10 per cent of net assets for investment purposes. Currently, however, the Company does not have any such borrowings in place, as the Directors consider that the right circumstances have not arisen.

Share price and discount

As at 28 July 2006 the Company's share price was 108.75p. This represented a discount to net asset value per share (excluding income) of 6.7%. Over the financial period the discount averaged slightly over 5%.

Your Board believes that it is extremely important that the shares of your Company trade in a relatively narrow range around asset value. As a consequence, the Board seeks to actively encourage demand by marketing your Company to potential investors and by being prepared to exercise its powers to issue new shares, and to buy-in existing shares, in appropriate circumstances.

The Company has appointed G&N Collective Funds Services to provide marketing services, including arranging presentations by Edinburgh Partners to existing and prospective shareholders. Edinburgh Partners also operates a savings plan through which the Company's shares can be purchased. Information on the share price, net asset value and the portfolio are published on the Company's and Edinburgh Partners' websites.

CHAIRMAN'S STATEMENT - continued

At the Company's launch, the Directors were granted authority to buy back up to 14.99% of the Company's shares in the open market, where they believe this to be in the best interests of the Company, and for such shares to be either cancelled or placed in treasury. The Board has therefore established guidelines for the repurchase of shares where it considers supply exceeds demand and that repurchase will not dilute the net asset value of the remaining shares. During the financial period the Directors exercised this authority to repurchase a total of 306,674 shares which were placed in treasury. The authority to buy-in shares will expire at the conclusion of this period's Annual General Meeting and a Special Resolution will be proposed at the meeting for its renewal, as well as one to allow the sale of shares out of treasury for cash without first offering such shares pro-rata to existing shareholders.

Dividend

Our investment policy is driven by the selection of stocks where our Investment Manager perceives the best value to be, rather than by income considerations, and as a result we have not adopted any formal policy to aim for a particular level of dividend. For this period the Board is recommending a final dividend of 1.32p per share. Subject to approval by shareholders at the Annual General Meeting on 10 November 2006 this will be paid on 15 November 2006 to shareholders on the register as at 27 October 2006. The ex-dividend date will be 25 October 2006. Together with the interim dividend of 0.6p per share paid last May this will make a dividend of 1.92p for the period. Our net revenue this period has benefited from the fact that Edinburgh Partners waived the Investment Management fee for the Company's first period.

Outlook

Global equity markets rose, almost in a straight line, following the market low-point of 2003. With over three years of solid returns it was perhaps inevitable that investor confidence had grown to a point where insufficient attention was being paid to risk. All investment judgements are concerned with the trade off between risk and return. During the month of May 2006 risk reappeared on investors' radar screens. The obvious catalyst has been the persistent rise in global inflation and central banks' interest rate responses. There is little that has more impact on investors' attitude to risk than a rise in the cost of money. This would suggest a period of more subdued returns. Global economic growth is likely to slow in response to more restrictive economic policy. Inflation does not appear pervasive and hence interest rates may be near their peak. However, slowing growth implies slower profit growth and this is likely to hold back equity prices. On the other hand, the corporate sector has relatively strong balance sheets, cash flow and muted valuations. As a consequence there are many investment opportunities available and our Investment Manager expects to maintain a relatively fully invested position. The investment key is having the patience for investment opportunities to be realised.

Robert Alcock
Chairman

5 October 2006

MANAGER'S REPORT AND PORTFOLIO ANALYSIS

The Company's investments are managed in concentrated UK and international equity portfolios, each currently comprising approximately half the Company's total assets. Although we expect to be almost fully invested, our stock-specific approach to buying undervalued shares meant that some time was needed to construct the portfolio initially.

Over the course of the period the geographic balance of the overseas assets changed to reflect the increasing value we see in the US market. Our investments there now represent 24% of the overseas portfolio. We have comparatively limited investments in Japan, with just over 12% of overseas assets held there. Although economic recovery is becoming increasingly evident in Japan, the valuation of most companies more than fully reflects this. European companies still look good value and the bulk of overseas assets (57%) are still held within that region.

The new purchases in the USA were centred on the technology sector. From having held no technology companies at the start of the reporting period our weighting in the sector moved to 4% of the combined portfolio by the period end. We also added to telecommunications sector holdings over the course of the period with the weighting moving from 6% to 10%. This reflects the very strong cash generation and dividend potential of most industry participants.

The financial sector has been strongly represented in the portfolio throughout the period and has generated strong performance. Investors had become too concerned with the potential for bad debt provisions as interest rate rises took effect and had ignored the industry's favourable growth prospects. At the period end, financial sector exposure was 32%.

By contrast we see little value in resource and oil shares, where headline-grabbing commodity rises have boosted new supply projects and increased industry costs. We sold our only investment in the UK oil sector, Wood Group, during the winter, taking our resource and oil exposure down to just 3% at the end of the period.

Both UK and overseas holdings added to the investment performance of the portfolio in the period. We believe that the best returns stem from buying shares in companies which are undervalued relative to their long-term profit potential. It was pleasing that the re-rating of a number of our investments was achieved quite quickly and the net asset value of the Company grew as a result.

In the UK portion of the portfolio we enjoyed strong contributions from our investments in International Power, Northern Rock and Premier Asset Management.

International Power is a global power generation company and has benefited from the upward trend in wholesale prices and gross margins. Growth will come from development projects and acquisitions. While we have returned over 40% from this investment, it is not without risk, given the high level of debt and sensitivity to power prices, which are largely without its control.

Northern Rock is principally a UK mortgage bank. It is the lowest cost operator in this competitive sector and continues to win market share. It is a prime beneficiary of Basel II, which should allow less regulatory capital to be retained. This will allow faster growth and also greater distributions to shareholders. The shares have performed very well in the period under review, but we still view them as significantly undervalued.

Another success has been Premier Asset Management, where the shares have more than doubled. This is a small fund management company that has grown by acquisition and by their success in offering fund-of-funds to financial advisers. With a relatively fixed cost base, the majority of growth should be translated into profits. The shares may pause after the recent rapid growth, but, on our 5 year time horizon, still offer considerable value.

Unfortunately, not every investment has been an unqualified success in the period under review. Share prices follow long-term earnings and over short periods, such as one year, there is often considerable volatility. The investment in Macfarlane has still to realise its potential.

MANAGER'S REPORT AND PORTFOLIO ANALYSIS - continued

Macfarlane is the UK's largest distributor of packaging materials. The group has been in fire-fighting mode since the late 90's and many peripheral businesses have been sold. The balance sheet has been rebuilt and will have net cash this year. While sales and margin recovery have been slower than originally forecast, we remain confident that organic growth with small, bolt-on acquisitions and margin recovery, will drive earnings forward in the years ahead. With a prospective yield of over 6%, investors will be rewarded for their patience.

The overseas holdings which contributed most to the portfolio were Mizuho Bank, Barry Callebaut and Randstad.

Ten years of recession in Japan had left Mizuho Bank with an asset base valued at one eighth of that of Citicorp's. We bought the shares because we believed that the cycle of bad loan write offs was coming to an end. The depressed valuation did not reflect the potential for gains on the bank's investment portfolio and for higher interest margins as Japan's long-standing policy of zero interest rates came to an end. After a substantial re-rating, continued progress will depend on the further improvement in the Japanese economy.

Barry Callebaut is the world's largest commercial chocolate manufacturer. It supplies a wide range of customers from multinational choc ice makers to gourmet patisserie chefs. An ill-judged foray into branded confectionery in Germany had hit the company's share price, but management's decision to address its loss-making operations gave it strong recovery prospects. In addition raw material prices, notably those of hazelnuts, started to move in a favourable direction.

The Dutch-based staffing company Randstad is active in 18 different countries, but is most exposed to the labour markets in The Netherlands, US and Belgium. It stands to benefit from reduced regulation of temporary staffing throughout Europe and the desire of employers to find one-stop human resource providers. These prospects are augmented by acquisition opportunities in new markets in Eastern Europe, China and India. The shares did not reflect the management's focus on improving margins to acceptable industry levels and as profitability improved the shares enjoyed a re-rating.

However, our investment in Acom has so far proved disappointing. Although the Japanese instant credit company should benefit from improving consumer confidence, it was held back by worries over regulatory intervention in high interest rate lending. New legislation will be debated in the autumn and clarity over what the company can charge ought to allow investors to assess the true value of Acom's franchise.

Overall we are pleased with the performance generated by the portfolio in the period. We will continue to invest in companies which are cheaply valued relative to their long-term profit potential. Our research suggests that markets are not overvalued, but that investors are not paying sufficient attention to risk within particular sectors and geographies. As a result our portfolio is positioned slightly more defensively than it has been in the past but we remain confident of achieving attractive returns.

Dr Sandy Nairn
Edinburgh Partners Limited

5 October 2006

PORTFOLIO OF INVESTMENTS
as at 28 July 2006

Company	Industrial Classification	Country	Valuation £'000
Northern Rock	Banks	United Kingdom	2,806
Royal Bank of Scotland	Banks	United Kingdom	2,501
Bradford and Bingley	Banks	United Kingdom	2,331
Vodafone	Mobile Telecommunication	United Kingdom	2,319
Centrica	Gas, Water and Multi-utilities	United Kingdom	1,952
Randstad	Support Services	Netherlands	1,884
Dell	Technology and Hardware Equipment	United States	1,760
KPN	Fixed Line Telecommunications	Netherlands	1,758
AGFA Gevaert	Electronic and Electrical Equipment	Belgium	1,748
Philippine Long Distance	Fixed Line Telecommunications	Philippines	1,746
Lloyds TSB	Banks	United Kingdom	1,741
E.On	Gas, Water and Multi-utilities	Germany	1,728
UBS	Banks	Switzerland	1,693
Mizuho Financial	Banks	Japan	1,665
Menzies (John)	Support Services	United Kingdom	1,622
HSBC	Banks	United Kingdom	1,607
Itochu	Support Services	Japan	1,595
KDDI	Mobile Telecommunication	Japan	1,575
Symantec	Software and Computer Services	United States	1,565
Credit Agricole	Banks	France	1,556
Total - 20 largest investments (35.1% of total net assets)			37,152
Bank Mandiri	Banks	Indonesia	1,529
Barry Callebaut	Food Producers	Switzerland	1,518
Nexity	Real Estate	France	1,515
Swiss Life	Life Insurance	Switzerland	1,512
Robert Wiseman	Food Producers	United Kingdom	1,471
Portugal Telecom	Fixed Line Telecommunications	Portugal	1,463
Ahold	Food and Drug Retailers	Netherlands	1,460
FirstGroup	Travel and Leisure	United Kingdom	1,450
Bank of America	Banks	United States	1,441
Brammer	Support Services	United Kingdom	1,429
Banco Popular	Banks	Spain	1,427
Hays	Support Services	United Kingdom	1,404
ENI	Oil and Gas Producers	Italy	1,396
DT Beteiligungs	Equity Investment Instruments	Germany	1,394
Domestic & General	Non Life Insurance	United Kingdom	1,362
Pfizer	Pharmaceuticals and Biotechnology	United States	1,356
Balfour Beatty	Construction and Materials	United Kingdom	1,348
Deutsche Post	Industrial Transportation	Germany	1,342
Baggeridge Brick	Construction and Materials	United Kingdom	1,336
Johnson and Johnson	Pharmaceuticals and Biotechnology	United States	1,315
Foreningssparbank	Banks	Sweden	1,314
GlaxoSmithKline	Pharmaceuticals and Biotechnology	United Kingdom	1,254
McBride	Household Goods	United Kingdom	1,238
Intel	Technology and Hardware Equipment	United States	1,237
Scottish and Newcastle	Beverages	United Kingdom	1,228
Countrywide Financial	General Financial	United States	1,209
Next	General Retailers	United Kingdom	1,208
Hyder Consulting	Support Services	United Kingdom	1,203
Conocophillips	Oil and Gas Producers	United States	1,201

PORTFOLIO OF INVESTMENTS - continued
as at 28 July 2006

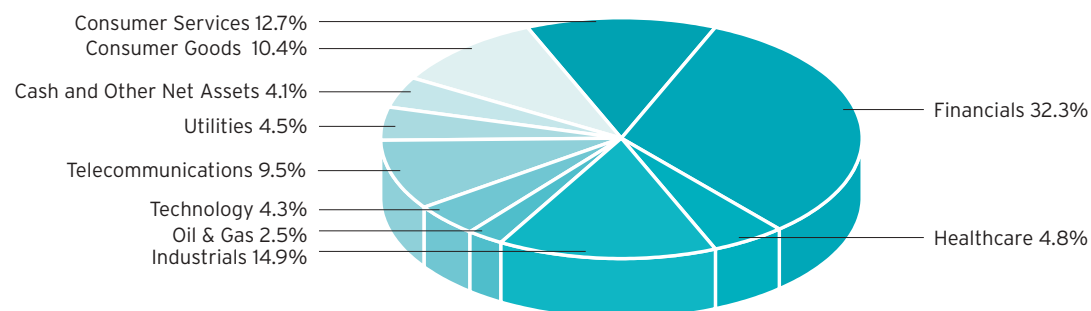
Company	Industrial Classification	Country	Valuation £'000
Wilson Bowden	Household Goods	United Kingdom	1,198
Morrison (W) Supermarket	Food and Drug Retailers	United Kingdom	1,187
Deutsche Telekom	Fixed Line Telecommunications	Germany	1,171
Whatman	Health Care Equipment and Services	United Kingdom	1,170
Smith WH	General Retailers	United Kingdom	1,166
Allied Irish Banks	Banks	Ireland	1,133
Arcelik	Household Goods	Turkey	1,118
British American Tobacco	Tobacco	United Kingdom	1,118
William Hill	Travel and Leisure	United Kingdom	1,111
International Power	Electricity	United Kingdom	1,109
Liz Claiborne	Personal Goods	United States	1,079
British Airways	Travel and Leisure	United Kingdom	1,072
Alliance and Leicester	Banks	United Kingdom	1,063
Yell	Media	United Kingdom	1,033
Majestic Wine	Food and Drug Retailers	United Kingdom	1,007
Jardine Lloyd Thompson	Non Life Insurance	United Kingdom	1,002
Stagecoach	Travel and Leisure	United Kingdom	999
Acom	General Financial	Japan	997
Redrow	Household Goods	United Kingdom	993
Premier Asset Management	General Financial	United Kingdom	986
MacFarlane	Support Services	United Kingdom	866
Johnston Press	Media	United Kingdom	858
Mothercare	General Retailers	United Kingdom	853
Standard Life	Life Insurance	United Kingdom	442
Total - 73 investments (95.9% of total net assets)			101,443
Cash and other net assets			4,391
Total net assets			105,834

DISTRIBUTION OF INVESTMENTS

as at 28 July 2006 (% of total net assets)

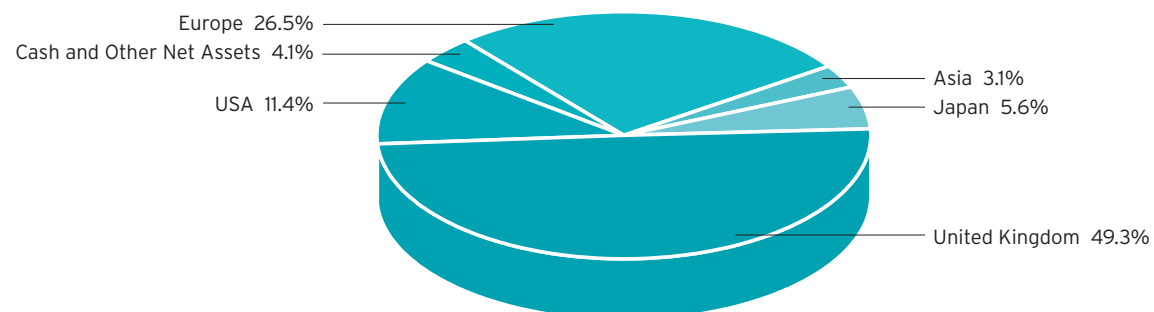
Sector distribution

as at 28 July 2006



Geographical distribution

as at 28 July 2006



Source: Edinburgh Partners Limited

INVESTMENT MANAGER

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

Sandy Nairn (45) 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 sectors of energy and telecommunications and manages international and global equity portfolios. He has overall responsibility for the 'Pan Geography' team. Previously he was chief investment officer of Scottish Widows Investment Partnership and spent 10 years with Templeton Investment Management, latterly as director of global equity research.

Graham Campbell (46) 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 consumer goods and the service sectors and is lead manager of all UK equity portfolios. Graham was previously head of retail funds at Scottish Widows Investment Partnership (2001 to 2003). Prior to that Graham spent 10 years with Edinburgh Fund Managers as an investment director.

Kenneth Greig (47) 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 International. Prior to joining Edinburgh Partners he was head of the legal and technical team at Scottish Widows Investment Partnership.

Stephen Anderson (45) BSc Stephen is a founder and an Investment Partner of Edinburgh Partners. He researches the technology, auto and industrial sectors and is also responsible for overseeing the development of Edinburgh Partner's research and portfolio management infrastructure and the 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 Stephen held a variety of senior posts at Murray Johnstone.

Ian Cormack (39) BA, ASIP Ian is an Investment Partner with Edinburgh Partners. He is responsible for oversight of Edinburgh Partners UK small cap research. He also covers the capital goods sectors and is a manager of UK portfolios. Ian was previously an investment director at Scottish Widows Investment Partnership from March 2002. Prior to that, Ian spent 13 years with Standard Life Investments. Ian has experience in managing both UK large cap and small cap portfolios.

Anthony Mather (40) BA, ASIP Tony is an Investment Partner with Edinburgh Partners. He is responsible for research of UK consumer goods, utilities, media and tobacco, is a member of the UK equity team and manager for 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 for several income and growth retail funds.

Dale Robertson (36) BComm, CA, ASIP Dale is an Investment Partner with Edinburgh Partners. He has research responsibility for the global financial and healthcare sectors and manages Edinburgh Partners European portfolios and is a member of the 'Pan Geography' team. 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 (40) BA (Hons) Robin is an Investment Partner with Edinburgh Partners and has responsibility for global and international portfolios and for researching the resource sectors. He was previously a European equity research manager at Scottish Widows Investment Partnership.

DIRECTORS AND CORPORATE INFORMATION

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

Robert Alcock (Chairman)

Robert Alcock, aged 65, is the senior independent director of Huntsworth PLC, a non-executive director of Connaught 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 63, 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 Trust Companies. He is a director of The City Disputes Panel and of Friends of The Peterhouse and was formerly a member of the Takeover Panel.

John Pearmund

John Pearmund, aged 53, 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 PLC and was formerly chief executive of Freemans PLC and a director of Sears plc.

John Sussens

John Sussens, aged 60, is a non-executive director of Admiral Group plc, Cookson Group plc and Phoenix IT Group Plc. He was a non-executive of Chubb plc, Searchspace Limited and group managing director of Misys plc.

Giles Weaver

Giles Weaver, aged 60, is chairman of Charter Pan-European Trust PLC and a non-executive director of Aberdeen Asset Management PLC, Henderson Far East Income Trust plc, Investec High Income Trust PLC, Isotron PLC and ISIS Property Trust 2 Ltd. He is chairman of Helical Bar PLC and was formerly chairman of Murray Johnstone Ltd and a director of Ivory & Sime PLC.

Secretary and Registered Office

Kenneth J Greig
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Exeter EX4 4EP

Investment Manager

Edinburgh Partners Limited
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Edinburgh EH2 4DJ

Auditors

KPMG Audit PLC
1 Canada Square
Canary Wharf
London E14 5AG

Registrar and Transfer Office

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Marketing Adviser

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

Solicitor

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

Bankers and Custodian

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

Stockbroker

JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

DIRECTORS' REPORT

The Directors present their Annual Report and Financial Statements for the period to 28 July 2006. In order that the Company's first financial period is aligned with its first tax accounting period, this Annual Report and Financial Statements has been prepared as at 28 July 2006 (being 365 days from the date that the Company commenced trading), as permitted by Section 223 of the 1985 Companies Act. The Company's accounting reference date remains as 31 July. This is the first period of trading and hence no comparative information is provided. Anglo & Overseas Plc was established as a successor vehicle to Anglo & Overseas Trust PLC. Under a scheme of reconstruction, Anglo & Overseas Trust PLC was voluntarily wound-up and its assets were transferred to Anglo & Overseas Plc under the investment management of Edinburgh Partners Limited.

Business Review

Under the new financial reporting requirements, UK listed companies with financial years beginning on or after 1 April 2005 are required to include a Business Review within their directors' reports. 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 year and the position at the year 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

Anglo & Overseas Plc carries on business as an investment trust. Its shares are listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange and its affairs are directed in order to satisfy the conditions for HM Revenue & Customs under section 842 of the Income and Corporation Taxes Act 1998 ("ICTA 1988").

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.

The Company invests principally in securities of publicly quoted companies worldwide, though it may invest 5 per cent of its gross assets in unquoted securities. There are concentrated UK and international portfolios, with each portfolio representing between 40 and 60 per cent of the Company's total investments, and comprising 30 to 40 securities. The Company's investments are managed without reference to the composition of any stock market index.

It is intended from time to time, and when deemed appropriate, that the Company will borrow for investment purposes up to the equivalent of 10 per cent of its net assets at the time of draw-down of the relevant borrowings.

The investment objective and policy are intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are constrained in their decision making and asset allocation. The objective and policy allow the Company to be constrained in its investment selection only by valuation and to be pragmatic in portfolio construction by only investing in securities which the Investment Manager considers to be undervalued on an absolute basis.

Investment strategy

As stated above, the Company is managed without reference to any stock market index. Investments are selected for the portfolio only after extensive research which we believe 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 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.

Edinburgh Partners Limited is committed to investment trusts as flexible, long-term savings vehicles and intends that they should form the core of its business offering. Each of the investment professionals has specific responsibilities for sector and regional research in addition to his fund management role.

Principal risks and controls

The Board considers that the following are the principal risks associated with investing in the Company:

Investment and strategy, discount volatility, market risk, liquidity risk, foreign currency risk, gearing risk, regulatory risk, operational risk, financial risk and risk relating to the loss of key personnel.

Investment and strategy: Anglo & Overseas Plc may underperform 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 quarterly reports from the Investment Manager detailing all portfolio transactions and any other significant changes in the market or stock outlooks.

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: The Board recognises that it is in the long-term interests of shareholders to reduce the discount volatility and believes that the prime driver of discounts over the longer-term is 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.

DIRECTORS' REPORT - continued

The Board actively monitors the discount for Anglo & Overseas 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. During the period the following buy backs have been made:

Date of buyback	Number of shares	Price paid per share
28.12.05	40,874	£1.057
30.01.06	35,800	£1.071
29.03.06	15,000	£1.133
24.04.06	50,000	£1.143
17.05.06	50,000	£1.094
27.06.06	70,000	£1.065
05.07.06	35,000	£1.098
06.07.06	10,000	£1.100
Total number of shares held in treasury as at 28 July 2006	306,674	

Subsequent to the period end, the following buy backs have been made:

Date	Number of shares	Price paid per share
03.08.06	400,000	£1.079
31.08.06	67,500	£1.120
05.09.06	50,000	£1.135
Total number of shares held in treasury at the date of this report	824,174	

All of the share buy backs shown above were made at prices below the prevailing net asset value of the shares.

These shares were bought back to be held in treasury. The Board has the authority to buy back up to 14.99% of the shares in issue, although only 10% of the Company's share capital may be held in treasury at any one time. Any buy back of shares has been made in accordance with The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 and within the guidelines established from time to time by the Board. 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). Further details of the Company's share buy back powers can be found on page 17.

During the forthcoming year the Directors will consider selling shares from treasury, in order to meet demand as it arises. Any shares sold from treasury will only be at prices at or above the prevailing net asset value per share (plus costs of the relevant sale). This should result in a positive overall effect on shareholders if shares are bought back at a discount and then sold at a price at or above the net asset value per share.

Market risk: The Company is exposed to market risk due to fluctuations in the market prices of its investments.

The Investment Manager actively monitors market and economic data and reports to the Board, which considers investment policy on a regular basis. The NAV of the Company is issued daily to London Stock Exchange.

Liquidity risk: The Company's policy with regard to liquidity is to ensure continuity of funding. Short-term flexibility is achieved through overdraft facilities.

The Company's assets consist mainly of readily realisable securities which can be sold freely to meet funding requirements if necessary.

Foreign currency risk: 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 fluctuation.

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.

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. The Board has indicated its intention that for the time being gearing would not exceed 10% of net asset value. 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 28 July 2006, nor does it at the date of this Report.

Regulatory risk: Failure to satisfy the conditions of Section 842 of the ICTA 1988 may lead to Anglo & Overseas Plc being subject to tax on realised capital gains. 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 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 of assets. The main risk is that third parties might 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 their report on internal controls (FRAG 21 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 meets with the independent Auditor at least twice a year to discuss all financial matters including appropriate accounting policies.

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

Key person 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 together with a review of any new risks which may have arisen during the period. These risks are formalised within the Company's risk assessment matrix.

DIRECTORS' REPORT - continued

Performance

Results and dividends: The results for the period are set out in the Income Statement on page 29. The Directors recommend a dividend of 1.32p (Interim 2006: 0.6p) per ordinary share amounting to £1,173,000 (Interim 2006: £538,000) to be paid on 15 November 2006 to shareholders on the register as at the close of business on 27 October 2006.

Net Asset Value: The net asset value per Ordinary Share including revenue reserve as at 28 July 2006 was 118.36p.

Further information on the performance of the Company may be found in the Chairman's Statement on pages 3 and 4.

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 per Ordinary share
- Share price
- Discount/premium
- Dividend per share
- Earnings per share
- Portfolio turnover
- Expense ratio

The records of the key performance indicators are shown below:

	At inception	At 28 July 2006	Change
Net Asset Value per share	99.95p	118.36p	+18.4%
Share price	100p	108.75p	+8.8%
(Premium)/discount	(0.1)%	6.7%	
Expense ratio		0.4%	

For period from inception to 28 July 2006

Dividend per share	1.92p
Earnings per share	2.38p
Portfolio turnover	36%

Current and future developments

A review of the main features of the period is to be found in the Chairman's Statement on pages 3 and 4 and the Manager's Report on pages 5 and 6. 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.

Status of the Company

The Company is registered as a public limited company under the Companies Act 1985 (as amended) and is an investment company within the terms of Section 266 of that Act. The Company will seek approval from the Inland Revenue as an authorised investment trust under Section 842 of the ICTA 1988 for the period from inception to 28 July 2006. 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.

Activities

The principal activity of the Company is to carry on business as an investment trust.

A review of the Company's activities is given in the Chairman's Statement on pages 3 and 4 and in the Manager's Report on pages 5 and 6.

Net asset valuation

The net asset value per Ordinary Share as at 28 July 2006 was 118.36p.

Results

The results for the period are set out in the Income Statement on page 29 and the Reconciliation of Movements in Shareholders' Funds on page 30.

Dividends

The Directors recommend the payment of a final dividend of 1.32p per Ordinary Share, payable on 15 November 2006 to shareholders on the register as at the close of business on 27 October 2006. The ex-dividend date will be 25 October 2006.

Purchase of own shares

At the extraordinary general meeting held on 23 June 2005 the Directors were granted the authority, on admission to trading, to purchase up to 14.99% (13,449,684) of the Company's Ordinary Shares (either for cancellation or for placing into treasury). During the period 306,674 Shares were purchased and placed into treasury. Subsequent to the period end, a further 517,500 Shares were purchased and placed into treasury. Details of all of these purchases can be found in the Business Review.

As at the date of this report, the Company may purchase up to 12,625,510 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 13,326,141 Ordinary Shares, being 14.99% of the Company's issued share capital (excluding shares held in treasury) as at the date of this report or, if less, 14.99% of the issued share capital (excluding shares held in treasury) immediately following the passing of this resolution.

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.

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 that might otherwise have been cancelled quickly and cost effectively. 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 under an Investment Management Agreement dated 23 June 2005 (the "Investment Management Agreement"). The Investment Manager has waived its right to a management fee for the period to 31 July 2006, although it received an administration fee in respect of this period of £100,000. From 1 August 2006 it will receive a management fee of 0.125% per quarter of the market capitalisation of the issued Ordinary Shares, payable quarterly in arrears, plus an administration fee of £100,000 per annum, payable quarterly in arrears and adjusted annually in line with changes in the Retail Prices Index. The agreement is for an initial period of two years, terminable by 12 months' notice by either party. Following the Company's first anniversary since admission to trading, 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.

DIRECTORS' REPORT - continued

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 this view are that the investment performance of the Company is satisfactory relative to that of the markets in which the Company invests and because the remuneration of the Investment Manager is 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.

Directors

The Directors in office during the period and at the date of this Report are as shown below. Further information on the Directors can be found on page 11.

Robert Alcock
Christopher Duffett
John Pearmund
John Sussens
Giles Weaver

The Chairman of the Company is Robert Alcock. He does not have any significant other commitments that would affect his chairmanship 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 period. These letters of appointment are available for inspection on request.

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. 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, all of the Directors will offer themselves for election, this being the first such meeting of the Company. The Board strongly recommends the election of each of the Directors to shareholders, on the basis of their individual expertise and experience in investment matters and their 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 period ended 28 July 2006. 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 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 period and the attendance of each Director is shown below:

Number of Board meetings held during the period: 7

Number of meetings attended by each Director:

Robert Alcock	6
Christopher Duffett	6
John Pearmund	6
John Sussens	7
Giles Weaver	6

Subsequent to the period 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 period to deal with specific matters, such as purchases of the Company's own shares.

Directors' interests

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

	28 July 2006	29 July 2005
Ordinary Shares:		
Robert Alcock	15,335	15,252
- Beneficial interest	10,000	-
- Non-beneficial interest	5,335	15,252
Christopher Duffett	43,613	23,613
John Pearmund	19,771	12,432
John Sussens	5,000	-
Giles Weaver	118,065	118,065

There have been no changes to these holdings between 28 July 2006 and the date of this report.

Substantial share interests

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

	No. of Shares	% of issued share capital
John Leng & Co (wholly owned subsidiary of DC Thomson & Co)	3,541,950	3.98

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 Pre-amble 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 11.

The Board has appointed John Pearmund as the Company's Senior Independent Director. The Company does not have a chief executive officer, but in appointing a management company, the roles of Chairman and chief executive officer are effectively separated.

Representatives from the Investment Manager attend Board meetings and provide reports on investments, marketing, operational and administrative matters.

DIRECTORS' REPORT - continued

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 sufficient 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 twice a year. The number of Audit Committee meetings held during the period and the attendance of each Committee member is shown below:

Number of Audit Committee meetings held during the period	2
Number of meetings attended by each member:	
Robert Alcock	2
Christopher Duffett	2
John Pearmund	2
John Sussens	1
Giles Weaver	1

One further meeting of the Committee has been held subsequent to the period 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 will meet 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. The Committee did not meet during the Company's first period as, during the set-up of the Company, matters that would normally have been dealt with by the Committee were dealt with by the Board. One meeting of the Committee took place subsequent to the period end, which was attended by all members of the Committee.

Full details of the remuneration arrangements for Directors can be found in the Directors' Remuneration Report on pages 24 and 25.

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. No meetings of the Committee were held during the period, as during the set-up of the Company, matters that would normally have been dealt with by the Nomination Committee were dealt with by the Board. One meeting was held subsequent to the period end, which was attended by all members of the Nomination 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 period 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.

DIRECTORS' REPORT - continued

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;
- 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.

The Company does not have an internal audit function. 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 period, as set out above.

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, who is responsible for ensuring that Board and Committee procedures are followed and that the applicable regulations are complied with. The 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. The Interim Report for 2006 was dispatched to shareholders in accordance with the Listing Rules.

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 the period end.

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 10 (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) 13,326,141 Ordinary Shares (being 14.99% of the issued share capital as at the date of this report) or, if less, 14.99% of the issued shares (excluding those held in treasury) immediately following the passing of this resolution.

Resolution 11 (an Ordinary Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue up to 29,908,127 Ordinary Shares (being one third of the issued share capital as at 28 July 2006), in accordance with statutory pre-emption rights.

Resolution 12 (a Special Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue up to 8,972,438 Ordinary Shares (being 10% of the issued share capital as at 28 July 2006) without first having to offer these shares to existing shareholders. This authority relates to either issues of new Shares or sales of Shares held in treasury.

By order of the Board
Kenneth J Greig
Secretary

5 October 2006

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 27 and 28.

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 20.

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 period ending July 2007 and for subsequent financial years.

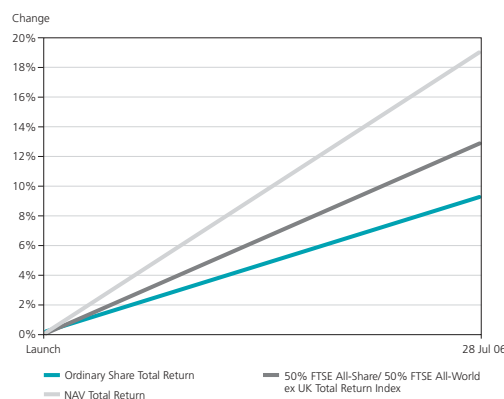
The fees of the Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

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 period. 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 6.7% discount as at 28 July 2006.



Source: Edinburgh Partners Limited

Directors' emoluments for the period (audited)

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

	12 May 2005 to 28 July 2006
	£
Robert Alcock	36,000
Christopher Duffett	21,000
John Pearmund	21,000
John Sussens	21,000
Giles Weaver	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 5 October 2006.

Robert Alcock
Chairman

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 period.

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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

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

We have audited the Financial Statements of Anglo & Overseas Plc for the period ended 28 July 2006 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Statement of Cash Flows 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 page 26.

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. The information given in the Directors' Report includes that specific information presented in the Business Review. We also 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 2003 FRC 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.

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 28 July 2006 and of its profit for the period 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
London

5 October 2006

INCOME STATEMENT

for the period 12 May 2005* to 28 July 2006

	Notes	Revenue £'000	Capital £'000	Total £'000
Gains on investments	8	-	14,976	14,976
Foreign exchange losses on capital items	8	-	(70)	(70)
Income	2	2,744	-	2,744
Investment management fee	3	-	-	-
Other expenses	4	(402)	-	(402)
Net return before finance costs and and taxation		2,342	14,906	17,248
Taxation	5	(213)	-	(213)
Net return after taxation		2,129	14,906	17,035
Return per Ordinary Share**	7	pence 2.38	pence 16.63	pence 19.01

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.

* The Company was incorporated on 12 May 2005, but did not commence operations until 29 July 2005.

** Based on the weighted average number of shares in issue during the period from commencement of operations.

The notes on pages 33 to 40 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the period 12 May 2005 to 28 July 2006

	Notes	Called-up share capital £'000	Share premium account £'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 28 July 2006										
As at 12 May 2005		-	-	-	-	-	-	-	-	-
Issue of shares	14	8,972	-	-	-	-	-	-	-	8,972
Premium on issue of shares		-	80,752	-	-	-	-	-	-	80,752
Costs of share issue		-	(50)	-	-	-	-	-	-	(50)
Transfer on cancellation of share premium account		-	(80,702)	80,702	-	-	-	-	-	-
Cost of own shares bought into treasury	19	-	-	-	-	-	-	-	(337)	(337)
Repurchase and cancellation of preference shares		-	-	(50)	50	-	-	-	-	-
Unrealised appreciation on investments before transfer on disposal	8	-	-	-	-	-	8,803	-	-	8,803
Net gain on realisation of investments	8	-	-	-	-	6,173	-	-	-	6,173
Foreign exchange losses on capital items	8	-	-	-	-	-	(70)	-	-	(70)
Dividends paid in the period	6	-	-	-	-	-	-	(538)	-	(538)
Retained net return for the period		-	-	-	-	-	-	2,129	-	2,129
As at 28 July 2006		8,972	-	80,652	50	6,173	8,733	1,591	(337)	105,834

The notes on pages 33 to 40 form part of these financial statements.

BALANCE SHEET
as at 28 July 2006

	Notes	£'000
Fixed assets:		
Investments	8	101,443
Current assets:		
Debtors	10	663
Short-term investments - cash on deposit		3,339
Cash at bank		1,610
		<hr/>
		5,612
		<hr/>
Creditors - amounts falling due within one year	11	1,221
		<hr/>
Net current assets		4,391
		<hr/>
Total net assets		105,834
		<hr/>
Capital and reserves:		
Called-up share capital	14	8,972
Special reserve		80,652
Capital redemption reserve		50
Capital reserve - realised		6,173
- unrealised		8,733
Distributable revenue reserve		1,591
Own shares held in treasury	19	(337)
		<hr/>
Total equity shareholders' funds		105,834
		<hr/>
		pence
Net asset value per Ordinary Share	15	118.36

These financial statements were approved by the Board of Directors on 5 October 2006.

Robert Alcock
Chairman

The notes on pages 33 to 40 form part of these financial statements.

STATEMENT OF CASH FLOWS
for the period 12 May 2005 to 28 July 2006

	Notes	£'000
Operating activities:		
Investment income received		2,216
Bank deposit interest received		119
Secretarial fees paid		(76)
Other cash payments		(302)
		<hr/>
Net cash inflow from operating activities	16	1,957
Capital expenditure and financial investment		
Purchases of investments		(67,095)
Sales of investments		39,384
Exchange losses on settlement		(59)
		<hr/>
Net cash outflow from capital expenditure and financial investment		(27,770)
Equity dividends paid		(538)
		<hr/>
Net cash outflow before financing		(26,351)
		<hr/>
Financing:		
Proceeds of share issues		31,757
Costs of share issue		(50)
Own shares purchased and held in treasury		(337)
		<hr/>
Net cash inflow from financing		31,370
		<hr/>
Increase in cash	17, 18	5,019
		<hr/>

The notes on pages 33 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

at 28 July 2006

1 Accounting policies

Accounting convention

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 2005 (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 unrealised gains and losses on investments and impairment of investments recognised in the Income Statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

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

Foreign currency

Transactions denominated in foreign currencies are converted to sterling at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 28 July 2006

1 Accounting policies - continued

Taxation

The charge for taxation is based on the net revenue for the period. 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.

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.

2 Income	£'000
Income from listed investments:	
UK dividend income	1,628
Overseas dividends	992
	<hr/>
	2,620
Other income:	
Bank interest receivable	124
	<hr/>
	2,744
	<hr/>
Total income comprises:	
Dividends	2,620
Interest	124
	<hr/>
	2,744
	<hr/>
3 Investment Management fee	£'000
Investment Management fee	-
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No Investment Management fee is payable in the period to 28 July 2006.

The Investment Manager receives an administration fee of £100,000 per annum (excluding VAT) subject to an annual RPI uplift.

4 Other expenses	£'000
Administration and Secretarial fees	100
Auditor's remuneration for:	
Audit	20
Audit related fee	10
Directors' remuneration	120
Other	152
	<hr/>
	402
	<hr/>

5 Taxation	£'000
a) Analysis of charge in period	
Current tax:	
UK Corporation tax	213
Overseas tax suffered	165
Double taxation relief	(165)
	<hr/>
Taxation	213
	<hr/>

b) The current taxation charge for the period is lower than the standard rate of Corporation Tax in the UK (30%). The differences are explained below:

	£'000
Net return before taxation	2,342
	<hr/>
Theoretical tax at UK corporation tax rate of 30%	702
Effects of:	
- UK dividends that are not taxable	(489)
	<hr/>
	213
	<hr/>

The tax charge has been reconciled to the revenue return rather than to the total return as the capital return is not subject to tax.

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

6 Dividends	£'000
Declared and paid	
2006 interim dividend of 0.60p per Ordinary Share	538
	<hr/>
Proposed	
2006 final dividend of 1.32p* per Ordinary Share	1,173
	<hr/>

* Figure based on number of shares in issue as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 28 July 2006

7 Return per Ordinary Share	Net return £'000	Ordinary Shares*	Per share pence
Revenue return	2,129	89,646,481	2.38
Capital return	14,906	89,646,481	16.63
Total			<u>19.01</u>

* Weighted average number of Ordinary Shares in issue during the period.

8 Investments	£'000
Listed investments	<u>101,443</u>
	£'000
<i>Analysis of investment portfolio movements</i>	
Opening book cost	-
Opening unrealised appreciation	-
Opening valuation	-
Movements in the period:	
Purchases at cost - Transfer from Anglo & Overseas Trust PLC	57,967
- Cash purchases during the period	68,167
Sales - proceeds	(39,667)
- realised gains on sales	6,173
Increase in unrealised appreciation	8,803
Closing valuation	<u>101,443</u>
Closing book cost	92,640
Closing unrealised appreciation	8,803
	<u>101,443</u>
	£'000
<i>Analysis of capital gains and losses</i>	
Realised gains on sales	6,173
Increase in unrealised appreciation on investments	8,803
Foreign exchange loss on capital items	(70)
Gains on investments	<u>14,906</u>

Transaction costs

During the period the Company incurred transaction costs of £286,000 and £74,000 on purchases and sales of investments respectively. These amounts are included in 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.

10 Debtors	£'000
Dividends receivable	239
Prepayments and accrued income	30
Amounts due from brokers	334
Taxation recoverable	60
	<hr/>
	663

11 Creditors: amounts falling due within one year	£'000
Amounts due to brokers	1,065
Other creditors and accruals	108
Taxation	48
	<hr/>
	1,221

12 Provision for liabilities and charges

No provision for liabilities and charges is considered necessary at the Company's period end. There were no amounts unprovided in respect of deferred taxation.

13 Contingent liabilities

At the period end there were no outstanding commitments in respect of investments carrying an obligation for future subscriptions.

14 Share capital	£
<i>Authorised:</i>	
399,500,000 Ordinary Shares of 10p each	39,950,000
	<hr/>
<i>Allotted, called-up and fully paid:</i>	
89,724,381 Ordinary Shares of 10p each	8,972,438
	<hr/>

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:

	pence
Ordinary Share	118.36

The net asset value per Ordinary Share is based on net assets of £105,834,000 and on 89,417,707 Ordinary Shares being the number of Ordinary Shares in issue at the period end having been adjusted for the shares held in treasury.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 28 July 2006

16 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	£'000
Net return before finance costs and taxation	17,248
Net gains on investments	(14,906)
Increase in creditors	108
Increase in debtors and accrued income	(269)
Tax deducted from investment income	(164)
Tax recoverable	(60)
	<hr/>
Net cash inflow from operating activities	1,957
	<hr/>
17 Reconciliation of net cash flow to movement in net funds	£'000
Increase in cash for the period	5,019
	<hr/>
Net funds at 12 May 2005	-
	<hr/>
Net funds at 28 July 2006	5,019
	<hr/>
18 Reconciliation of net cash flow to movement in net cash	Period to 28 July 2006 £'000
Increase in cash in period	5,019
Unrealised foreign exchange loss	(70)
	<hr/>
	4,949
	<hr/>
Change in net cash	4,949
Net cash at 12 May 2005	-
	<hr/>
Net cash at 28 July 2006	4,949
	<hr/>

19 Own shares held in treasury

During the period, the Company made the following treasury purchases of Ordinary Shares of 10p each:

Date	Number of shares purchased	Price per share pence	Book cost £'000
28.12.05	40,874	105.7	43
30.01.06	35,800	107.1	39
29.03.06	15,000	113.3	17
24.04.06	50,000	114.3	58
17.05.06	50,000	109.4	55
27.06.06	70,000	106.5	75
5.07.06	35,000	109.8	39
6.07.06	10,000	110.0	11
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	306,674		337
			<hr/>

20 Analysis of financial assets and liabilities

The investment objective of the Company is to provide shareholders with an attractive real long-term total return by investing globally in undervalued securities.

The principal risks the Company faces through the holding of financial instruments are:

- Market price risk, i.e. the movements in value of investment holdings caused by factors other than currency movements;
- Foreign currency risk;
- Liquidity risk.

The Investment Manager monitors the financial 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.

Market price risk

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.

Foreign currency risk

The base currency of the Company is sterling and, therefore, the Company's principal exposure to foreign currency risk comprises investments in securities priced in other currencies.

Liquidity risk

The Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments 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 28 July 2006. 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.

Mitigating factors to these risks can be found on pages 14 and 15 of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS - continued
at 28 July 2006

20 Analysis of financial assets and liabilities - continued

The interest rate profile of the Company's financial assets was:

	Total £'000	Financial assets on which no interest is received £'000	Floating rate financial assets - fair value £'000
Equity shares			
Euro	20,976	20,976	-
Sterling	52,042	52,042	-
Japanese Yen	5,833	5,833	-
US Dollar	13,908	13,908	-
Swiss Franc	4,723	4,723	-
Indonesian Rupiah	1,529	1,529	-
Turkish Lira	1,118	1,118	-
Swedish Krona	1,314	1,314	-
Short-term investments - cash on deposit			
Sterling	2,000	-	2,000
US Dollar	1,339	-	1,339
Cash at bank			
Sterling	310	-	310
US Dollar	1,300	-	1,300
	106,392	101,443	4,949

At 28 July 2006 the Company had no financial liabilities other than short-term creditors.

Fair value of financial assets and liabilities

All financial assets and liabilities of the Company are held at fair value.

21 Related parties

During the period the Investment Manager, Edinburgh Partners Limited, paid the Company £12,500 in respect of redeemable preference shares, in line with the Company's prospectus, to allow the Company to list on the London Stock Exchange. These shares were repaid at cost to Edinburgh Partners and cancelled during the period.

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

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, PEPs and SIPPs

Individual Savings Accounts, Personal Equity Plans and Self-Invested Personal Pensions.

Net asset value ("NAV")

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).

Treasury shares

Shares previously issued by a company that have been bought back from shareholders to be held by the company for potential sale 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 via 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. Changes of name and/or address must be notified in writing to the Registrar, at the address shown on page 11.

Key dates

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

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.

No. 5451176

An investment company as defined under Section 266 of the Companies Act 1985

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the first ANNUAL GENERAL MEETING of the Company will be held at The Chamber of Shipping, 12 Carthusian Street, London EC1M 6EZ on Friday, 10 November 2006, at 11.00am 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 period ended 28 July 2006.	Resolution 1
2 To receive and approve the Directors' Remuneration Report for the period ended 28 July 2006.	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 elect Robert Alcock as a Director of the Company.	Resolution 4
5 To elect Christopher Duffett as a Director of the Company.	Resolution 5
6 To elect John Pearmund as a Director of the Company.	Resolution 6
7 To elect John Sussens as a Director of the Company.	Resolution 7
8 To elect Giles Weaver as a Director of the Company.	Resolution 8
9 To declare a final dividend of 1.32p per Ordinary Share for the period ended 28 July 2006.	Resolution 9
Special business	
10 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 13,326,141 Shares or, if less, 14.99% of the issued shares 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 2007, 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 10

NOTICE OF ANNUAL GENERAL MEETING - continued

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

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 Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £2,990,812 (being one third of the issued share capital as at 28 July 2006), such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2007, 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.

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

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 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 £897,243 (being 10% of the issued share capital as at 28 July 2006).

and shall expire at the conclusion of the Company's next Annual General Meeting to be held in 2007, 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 12 the words "pursuant to any existing authority given in accordance with Section 80 of the Act" were omitted.

By order of the Board:

Kenneth J Greig

Secretary

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

5 October 2006

Notes to the Notice of Annual General Meeting

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of him or her. A proxy need not also be a member of the Company. To be effective, forms of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1985 of that power or authority must be lodged with the Company's Registrar, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Lodgement of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. Personalised proxy forms (or, in the case of those shareholders within the Edinburgh Partners Investment Trust Savings Scheme, forms of direction) for this purpose have been sent to shareholders together with this annual report and accounts.

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 11:00am on 8 November 2006 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of the adjourned meeting, shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 11.00am on 8 November 2006 (or in the event that the meeting is adjourned, 48 hours before the time of the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provisions in any enactment, the Articles of Association of the Company or any other instrument to the contrary.

Shareholders (and any proxy or representatives they appoint) agree, by attending the meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.

Note: The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays, Sundays and Public Holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting:

- a) A statement of all transactions of each Director and of their family interests in the share capital of the Company.
- b) The Articles of Association.
- c) The Directors' letters of appointment.

