

# ANGLO & OVERSEAS PLC



Interim Report  
31 January 2006

## INVESTMENT OBJECTIVE & POLICY

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 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 will be managed without reference to the composition of any stockmarket index.

## FINANCIAL SUMMARY

	31 January 2006	29 July 2005*	% change
<b>Results for period</b>			
Shareholders' funds	<b>£101,657,000</b>	£89,674,000	13.4%
Net asset value per Ordinary Share**	<b>112.68p</b>	99.95p	12.7%
Mid-market price per Ordinary Share	<b>106.75p</b>	100.00p	6.8%
Discount/(premium) to NAV	<b>5.3%</b>	(0.1)%	
Revenue return per Ordinary Share***	<b>0.72p</b>	-	
Capital return per Ordinary Share***	<b>12.73p</b>	-	

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

\*\* Excluding current period revenue.

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

## CHAIRMAN'S STATEMENT

This is the first interim report of your Company, and thus the first opportunity to write formally to shareholders, since the Company commenced operations on 29 July 2005. The Company was established as the successor to Anglo & Overseas Trust PLC, which was wound-up under a Scheme of Arrangement.

Following the Scheme of Arrangement, assets of the former company 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. The Company expects to pay dividends twice a year, in May and November. The first such dividend will be the interim dividend for the period covered by this report of 0.6p per share, payable on 8 May 2006 to shareholders on the register as at 21 April 2006. The ex-dividend date will be 19 April 2006.

The Board strongly believes that creating returns for shareholders is best achieved by investing with a long-term time horizon. The investments are managed without reference to stock market indices (although some comparative information follows) and no hedging is employed in relation to foreign currency movements. As such it is difficult to comment on the returns your Company has generated in the reporting period. However, early as it

is, it is pleasing to note that the net asset value per share (capital, unaudited) as at 31 January 2006 had risen to 112.7p from 100p at the commencement date. This represents an increase of 12.7%, excluding accrued income for the period. Over the same period, the comparative return of the FTSE All-Share Index was 11% and 10% for the FTSE All-World (ex-UK) Index. The share price represented a discount to the net asset value as at 31 January 2006 of approximately 5.3%.

The UK economic environment is expected to remain relatively benign, with a reasonable level of economic growth and inflation largely under control. However, there is no disguising the positive impact the UK consumer has made to growth in recent years through spending in the High Street and the property market. Much of this spending has been financed by debt and with energy costs rising it is likely that the consumer will be more subdued this year. Similarly, rising energy, commodity and increasingly labour costs are squeezing profit margins of many companies. Corporate activity is expected to remain high as a combination of strong cash-flow and relatively low borrowing costs helps finance acquisitions. The resulting returns of cash back to shareholders, together with strong dividend growth and share buy-backs are expected to remain supportive to the UK equity market.

Globally, the economic backdrop is probably now best described as mixed. On the positive side, our Investment Manager believes that the end of deflation in Japan is now gradually transforming into economic recovery. This provides a significant boost given the recessionary/deflationary conditions of the past 10-15 years. On the other hand, US growth continues to be driven by the consumer on the back of asset inflation in the housing market. For some time there have been expectations that households will be forced to retrench and rebuild their balance sheets causing consumption, and hence growth, to slow. There has thus far been little sign of this occurring. Deferring retrenchment, however, makes its occurrence more rather than less likely. Our Investment Manager consequently believes it is fair to assume that global economic growth may be slightly lower than that which has been witnessed during the recovery of the past few years.

In terms of valuations our Manager's analysis suggests that although valuations are on the expensive side of fair value they are not particularly extended and are supported by very strong cash-flow and reasonable balance sheets. Since we continue to find undervalued companies the prospective returns remain good and the Manager intends to remain fairly fully invested. We therefore expect that the portfolio will retain a relatively fully invested position and are cautiously optimistic about what the immediate future will bring.

In the Company's prospectus of 24 June 2005, it was stated that the Directors intended to encourage demand for the shares through actively marketing them to potential investors and by buying-in shares where appropriate. Edinburgh Partners now produces regular bulletins and meets with existing and potential investors and advisers to provide information on the Company's progress. Edinburgh Partners has also established an investment trust savings scheme through which shares in the Company may be purchased and held via ISAs, PEPs and a Share Plan. During the period, the Board also considered it appropriate to exercise the Company's powers to buy-in shares and 76,674 shares were bought-in for holding in treasury.

Shortly after the Company commenced business, it successfully applied to join the Association of Investment Trust Companies, whose work the Directors strongly support.

**Robert Alcock**  
Chairman  
29 March 2006

## INCOME STATEMENT

for the period 12 May 2005\* to 31 January 2006

	Revenue £'000	Capital £'000	Total £'000
Gains on investments	-	11,495	11,495
Exchange losses on capital items	-	(76)	(76)
Income	871	-	871
Investment management fee	-	-	-
Other expenses	(203)	-	(203)
<b>Net return before taxation</b>	<b>668</b>	<b>11,419</b>	<b>12,087</b>
Taxation	(22)	-	(22)
<b>Net return on ordinary activities after taxation</b>	<b>646</b>	<b>11,419</b>	<b>12,065</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>
<b>Return per Ordinary Share**</b>	<b>0.72</b>	<b>12.73</b>	<b>13.45</b>

The total column of this statement is the profit and loss account of the Company.

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

\*\* The revenue return per Ordinary Share is based on earnings of £646,000 and on 89,716,758 Ordinary Shares being the weighted average number of Ordinary Shares in issue during the period (excluding treasury shares).

The capital return per Ordinary Share is based on net capital gains of £11,419,000 and on 89,716,758 Ordinary Shares being the weighted average number of Ordinary Shares in issue during the period (excluding treasury shares).

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

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

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the period 12 May 2005 to 31 January 2006

	£'000
Opening shareholders' funds	-
Issue of shares	8,972
Premium on issue of shares	80,752
Costs of share issue	(50)
Cost of own shares bought into treasury	(82)
Net return on ordinary activities after taxation	<u>12,065</u>
<b>Closing shareholders' funds</b>	<b><u>101,657</u></b>



## STATEMENT OF CASH FLOWS

for the period 12 May 2005 to 31 January 2006

	£'000
<b>Operating activities</b>	
Investment income received	600
Bank deposit interest received	92
Administration fee paid	(26)
Other cash payments	(99)
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<b>Net cash inflow from operating activities</b>	<b>567</b>
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<b>Capital expenditure and financial investment</b>	
Purchases of investments	(38,847)
Sales of investments	12,974
Exchange losses on settlement	(45)
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<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(25,918)</b>
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<b>Net cash outflow before financing</b>	<b>(25,351)</b>
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<b>Financing</b>	
Proceeds of share issue	31,757
Costs of share issue	(50)
Amounts paid-up on Redeemable Preference Shares	13
Own shares purchased and held in treasury	(82)
	<hr/>
<b>Net cash inflow from financing</b>	<b>31,638</b>
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<b>Increase in cash</b>	<b>6,287</b>
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	note 3

## NOTES

### 1. Financial information

These accounts are unaudited and are not the Company's statutory accounts, as defined in section 240 of the Companies Act 1985. They have been prepared using the accounting policies set out in the Listing Particulars, which have been delivered to the Registrar of Companies, and in accordance with applicable accounting standards and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies issued in January 2003 and revised in December 2005.

### 2. Status of Company

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

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

	Period to 31 January 2006 £'000
Increase in cash in period	6,287
Unrealised foreign exchange loss	<u>(76)</u>
Change in net cash	6,211
Net cash at 12 May 2005	<u>-</u>
<b>Net cash at 31 January 2006</b>	<b><u>6,211</u></b>

### 4. Dividends

The Directors have declared an initial interim dividend in respect of the year ending 31 July 2006 of 0.6p per share, to be paid on 8 May 2006 to shareholders on the register as at 21 April 2006.

Under FRS 21: 'Events after the Balance Sheet Date', interim dividends are recognised within the period in which they are paid. Therefore no dividend has been accrued within the interim financial statements.

## 20 LARGEST INVESTMENTS: UNITED KINGDOM

as at 31 January 2006

Company	Industrial Classification	Valuation £'000
Northern Rock	Banks	2,550
Royal Bank of Scotland	Banks	2,480
Vodafone	Mobile Telecommunications	2,183
Bradford and Bingley	Banks	2,159
Kier	Construction & Materials	2,038
Centrica	Gas, Water & Multi Utilities	1,761
International Power	Electricity	1,695
GlaxoSmithKline	Pharmaceuticals & Biotechnology	1,654
Lloyds TSB	Banks	1,630
Menzies (John)	Support Services	1,385
HSBC	Banks	1,354
Baggeridge Brick	Construction & Materials	1,296
BOC	Chemicals	1,260
Legal and General	Life Insurance	1,259
McBride	Household Goods	1,241
Robert Wiseman Dairies	Food Producers	1,202
Whatman	Health Care Equipment & Services	1,144
FirstGroup	Travel & Leisure	1,133
Hays	Support Services	1,116
Wilson Bowden	Household Goods	1,113
<b>Total - top 20 United Kingdom investments (31.14% of total net assets)</b>		<b><u>31,653</u></b>

## 20 LARGEST INVESTMENTS: INTERNATIONAL

as at 31 January 2006

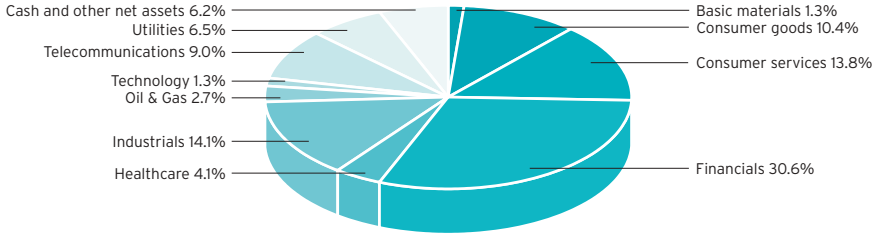
Company	Industrial Classification	Country	Valuation £'000
Daiwa House Industry	Household Goods	Japan	1,988
Randstad	Support Services	Netherlands	1,852
UBS	Banks	Switzerland	1,767
Mizuho Financial	Financials	Japan	1,705
Philippine Long Distance	Fixed Line Telecommunications	Philippines	1,699
E.On	General Industrials	Germany	1,644
Electrolux	Household Goods	Sweden	1,643
Itochu	Support Services	Japan	1,628
Nexity	Real Estate	France	1,598
Bank Mandiri	Banks	Indonesia	1,591
KPN	Fixed Line Telecommunications	Netherlands	1,586
Korea Electric Power	Electricity	Korea, Republic of	1,500
ENI	Oil & Gas Producers	Italy	1,444
Banque Cantonale Vaudoise	Banks	Switzerland	1,429
Deutsche Post	Industrial Transportation	Germany	1,423
Credit Agricole	Banks	France	1,419
Pfizer	Pharmaceuticals & Biotechnology	United States	1,400
DT Beteiligungs	Equity Investment Instruments	Germany	1,379
AGFA Gevaert	Electronic & Electrical Equipment	Belgium	1,348
KDDI	Mobile Telecommunications	Japan	1,339
<b>Total - top 20 International investments (30.87% of total net assets)</b>			<b><u>31,382</u></b>

# DISTRIBUTION OF INVESTMENTS

as at 31 January 2006 (% of total net assets)

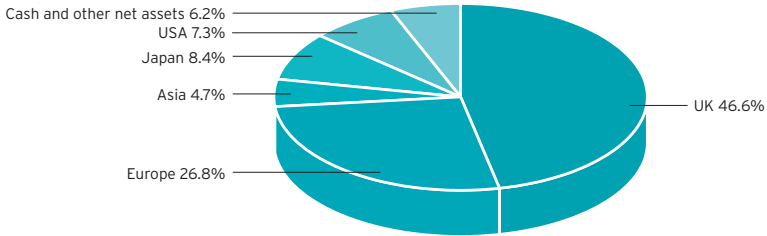
## Sector distribution

as at 31 January 2006



## Geographical distribution

as at 31 January 2006



## 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](http://www.edinburghpartners.com), or by telephone on 0845 850 0181.

### Share price

The Company's Ordinary Shares are listed on the London Stock Exchange. The mid-market price is quoted daily in the Financial Times under 'Investment Companies' and under 'Investment Trusts' in the Daily Telegraph. Previous day closing price, net asset value and other portfolio information is published on Edinburgh Partners' website: [www.edinburghpartners.com](http://www.edinburghpartners.com) and the Company's website: [www.angloandoverseasplc.com](http://www.angloandoverseasplc.com).

### NAV

The Company's unaudited Ordinary Share net asset value is released daily to the London Stock Exchange.

### 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 702 0010 or email [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk). Changes of name and/or address must be notified in writing to the Registrar at the address shown on page 14.

### Key dates

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

### Sources of further information

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](http://www.londonstockexchange.com)) and the AITC ([www.aitc.co.uk](http://www.aitc.co.uk)).

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.

## RISK FACTORS

An investment in the Company should be regarded as long term and is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.

The market value of, and the income derived from, the Ordinary Shares can fluctuate. The Company's share price may go down as well as up. Past performance is not necessarily a guide to future performance. There is no guarantee that the market price of the Ordinary Shares will fully reflect their underlying net asset value. Fluctuations in exchange rates will affect the value of overseas investments held by the Company. Investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of the Company will be met. The levels of, and reliefs from, taxation may change.

The Company is a UK Public Limited Company. Its shares are listed on the London Stock Exchange. The Company is not regulated or authorised by the Financial Services Authority.

Employees of Edinburgh Partners may (subject to applicable laws and regulations) hold shares in the Company and may buy, sell or offer to deal in the Company's shares from time to time.

## DIRECTORS, MANAGER AND ADVISERS

<b>Directors (all non-executive)</b>	Robert Alcock (Chairman) Christopher Duffett John Pearmund John Sussens Giles Weaver
<b>Secretary and Registered Office</b>	Kenneth J Greig 23 Cathedral Yard Exeter EX1 1HB
<b>Investment Manager</b>	Edinburgh Partners Limited 12 Charlotte Square Edinburgh EH2 4DJ
<b>Registrar and Transfer Office</b>	Computershare Investor Services PLC PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
<b>Broker</b>	JPMorgan Cazenove Limited 20 Moorgate London EC2R 6DA
<b>Auditors</b>	KPMG Audit PLC 100 Temple Street Bristol BS1 6AG
<b>Solicitor</b>	Norton Rose Kempson House Camomile Street London EC3A 7AN
<b>Bankers and Custodian</b>	The Bank of New York One Canada Square Canary Wharf London E14 5AL

*No. 5451176*

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







