

## **EP Global Opportunities Trust plc**

Annual Report and Financial Statements

31 December 2011

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Form of Proxy	Enclosed separately

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

If you have sold or otherwise transferred all of your shares in EP Global Opportunities Trust plc, please forward this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Registered in Scotland No. 259207

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

## COMPANY SUMMARY

<b>Commencement</b>	The Company was incorporated on 13 November 2003. It commenced operations on the admission of its shares to listing on the London Stock Exchange on 15 December 2003.
<b>Investment objective</b>	The Company's objective is to provide Shareholders with an attractive real long-term total return by investing globally in undervalued securities. The portfolio is managed without reference to the composition of any stock market index.
<b>Investment policy</b>	<p>The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world, predominantly in quoted equities. The Company may also invest in unquoted securities, in other listed investment companies (including investment trusts) and in debt instruments, cash or short-term deposits where the Investment Manager believes it is appropriate in the prevailing market or economic conditions. No investment may exceed 15 per cent of the Company's total assets at the time of investment.</p> <p>It is intended that, from time to time, when deemed appropriate, the Company will borrow for investment purposes up to the equivalent of 25 per cent of its total assets. By contrast, the Company's portfolio may from time to time have substantial holdings of debt instruments, cash or short-term deposits.</p> <p>The investment objective and policy are intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are thus 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 Edinburgh Partners considers to be undervalued on an absolute basis.</p> <p>The complete investment policy is set out in the Directors' Report on pages 12 and 13.</p>
<b>Shareholders' funds</b>	£95,092,000 at 31 December 2011.
<b>Market capitalisation</b>	£93,466,000 at 31 December 2011.
<b>Capital structure</b>	<p>At 31 December 2011, there were 55,967,725 ordinary shares in circulation. (The total number of shares in issue was 64,509,642 ordinary shares, of which 8,541,917 ordinary shares were held in treasury.)</p> <p>At 5 March 2012, there were 55,067,725 ordinary shares in circulation. (The total number of shares in issue was 64,509,642 ordinary shares, of which 9,441,917 ordinary shares were held in treasury.)</p>
<b>Savings plans</b>	The Company's ordinary shares are fully eligible for inclusion in ISAs, Junior ISAs and SIPPs. Savings plans and ISAs are available through the BNP Paribas – Edinburgh Partners Savings Scheme and ISA, both for lump sum investments and regular contributions. Details may be obtained from Edinburgh Partners, as detailed on page 10, or through the Company's website <a href="http://www.epgot.com">www.epgot.com</a> .
<b>AIC</b>	The Company is a member of the Association of Investment Companies.
<b>Investment Manager</b>	<p><b>Edinburgh Partners Limited</b></p> <p>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 Edinburgh Partners investment team includes experienced investment professionals with strong investment performance records who believe rigorous fundamental research allied to patience is the basis of long-term investment success. Each of the investment professionals has specific responsibilities for sector and regional research in addition to their fund management role.</p> <p>Edinburgh Partners is committed to investment trusts as flexible, long-term savings vehicles and intends that they should form an important component of its business offering.</p>

## FINANCIAL SUMMARY

	31 December 2011	31 December 2010	Change
<b>Results for year</b>			
Shareholders' funds	<b>£95,092,000</b>	£51,620,000	84.2%
Net asset value per ordinary share ("NAV")	<b>169.9p</b>	188.2p	(9.7)%
Share price	<b>167.0p</b>	186.8p	(10.6)%
Share price discount to NAV	<b>1.7%</b>	0.7%	
Revenue return per ordinary share*	<b>5.0p</b>	3.2p	56.3%
Dividend per ordinary share**	<b>4.2p</b>	2.8p	50.0%

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

\*\* Proposed dividend for the year.

	Year to 31 December 2011 Ordinary share	Year to 31 December 2010 Ordinary share
<b>Year's high/low</b>		
Share price – high	<b>187.3p</b>	186.8p
– low	<b>139.5p</b>	159.5p
NAV – high	<b>193.9p</b>	193.1p
– low	<b>154.4p</b>	162.0p
Share price premium/(discount) to NAV		
– high	<b>2.8%</b>	0.5%
– low	<b>(10.8)%</b>	(6.6)%

### Cost of running the Company

Total expense ratio*	<b>0.8%**</b>	1.3%
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\* Based on total expenses for the year and average monthly net asset value.

\*\* The total expense ratio would have been 1.0 per cent if investment management fees of £236,000 had not been waived as a consequence of the merger with Anglo & Overseas.

## PERFORMANCE RECORD

Year ended 31 December	Shareholders' funds	Net asset value per ordinary share	Share price per ordinary share	Share price discount to net asset value	Revenue return per ordinary share	Dividend per ordinary share
2004*	£26.1m	116.4p	110.5p	5.1%	0.6p	0.4p
2005	£52.2m	156.2p	154.5p	1.1%	1.1p	0.8p
2006	£58.8m	172.8p	170.0p	1.6%	2.1p	1.8p
2007	£57.7m	177.2p	160.0p	9.7%	2.7p	2.3p
2008	£46.4m	150.4p	132.5p	11.9%	3.9p	3.1p
2009	£50.7m	175.9p	172.0p	2.2%	2.7p	2.4p
2010	£51.6m	188.2p	186.8p	0.7%	3.2p	2.8p
2011	£95.1m	169.9p	167.0p	1.7%	5.0p	4.2p**

\* Period 13 November 2003 to 31 December 2004. The Company commenced operations on the admission of its shares to listing on the London Stock Exchange on 15 December 2003.

\*\* Proposed dividend for the year.

## CHAIRMAN'S STATEMENT

### Results

At the year end, our net asset value per share was 169.9p, giving a total return for the twelve months of –8.4 per cent. We do not have a benchmark against which we monitor the performance of the net asset value and the total return. However, your Board does take note of the investment performance of your Company compared to the major stock market indices. The total return for the FTSE All-World Index was –6.6 per cent and for the FTSE All-Share Index was –3.5 per cent.

The share price closed the year at 167p, which was a 10.6 per cent decline from the price at the end of 2010. At the year end, the share price represented a discount of 1.7 per cent to the net asset value per share compared to 0.7 per cent at the end of 2010. We continued our policy of buying in shares with a view to maintaining the share price at close to the net asset value per share. At times, this has been quite challenging because of large intra-day swings in share prices which have become much more frequent. We remain committed to the policy and, during 2011, we bought in a net 3.3 million shares, having issued 1.65 million shares from treasury when the shares were trading at a premium to net asset value.

### Stock market and investment performance

It was a difficult year for equity investors. While stock markets commenced the year on a firm note, they ran out of upward momentum early in 2011. In general, share prices held up during the first half of the year but then fell sharply in the third quarter. The final quarter saw a recovery but it was insufficient to recover earlier losses.

There was plenty for investors to worry about as we entered 2011. A rise in food prices was leading to an increase in inflationary pressures. Energy prices were also in an uptrend, as the "Arab Spring" brought into question the reliability of oil supplies from the countries affected. A number of countries, particularly in Asia and Latin America, and, importantly, China had started to raise interest rates to combat these inflationary pressures. The euro crisis was at an early stage with long-term interest rates in Greece rising sharply and contagion spreading to Ireland, Italy, Portugal and Spain, pushing up their borrowing costs. This put pressure on those countries to raise taxes and cut spending. The UK was taking similar measures to start the process of bringing its budget deficit under control. The US stood out as the one major economy still pursuing stimulative economic policies, both fiscal with tax cuts and monetary by buying in its own long-term bonds, commonly known as "quantitative easing".

It was the Japanese stock market that was the first to suffer a major setback when the country was hit by the tragic effect of the earthquake and subsequent tsunami in March 2011. By the year end, the Japanese Topix Index was down 18.9 per cent, although the strength of the yen over the period reduced this to a 13.9 per cent fall in sterling terms. The S&P Composite Index in the US was the one major market which recovered its earlier losses in the fourth quarter, ending the year at the same level at which it started. The worst performing region was Europe ex UK which suffered from the on-going crisis over the government finances of the southern European countries. The FTSE All-World European Index was down 18.0 per cent when measured in sterling. Asian markets were also very weak with the FTSE All-World Asia Pacific ex Japan Index declining by 17.4 per cent in sterling terms. Asian shares had done particularly well in 2010 and by the end of that year valuations had been looking a bit stretched. (All index figures stated are capital returns.)

In relative terms, we benefited in 2011 from having only a small investment in the regional Asian markets but we were not helped by having around half our assets invested in the Japanese and European markets. The main change to the portfolio during the latter part of the year was to increase our investment in Asia as better value began to appear in the region. A more detailed review of our activities is given in our Investment Manager's report on pages 6 and 7.

### Holding in Edinburgh Partners

We have been encouraged that our Investment Manager, Edinburgh Partners, has continued to see its profits grow despite a difficult year in equity markets. This led us to revalue our equity stake in Edinburgh Partners by £200,000 to £1.7 million.

### **Merger with Anglo & Overseas**

As reported in last year's annual report, we merged with Anglo & Overseas in March 2011. This increased the assets of the Company by £59 million, almost doubling the size of the Company. Anglo & Overseas was also managed by Edinburgh Partners and had the same value based investment philosophy as EP Global Opportunities Trust. There was an obvious logic in putting the two together. Your Board believes that increasing the size will improve the marketability of the shares and reduce the annual running costs as a percentage of total assets. The total expense ratio is shown in the Financial Summary on page 2. The total expense ratio did benefit in 2011 from a one off rebate of part of the investment management fee resulting from the merger.

### **Gearing**

In last year's report, we detailed the introduction of a modest amount of gearing, having entered into a £5 million secured multicurrency loan agreement with Scotiabank Europe. At the time this amounted to approximately 10 per cent of our net assets. Subsequent to the merger with Anglo & Overseas, we increased the amount we could draw down to £10 million, taking the approximate potential gearing back up to about 10 per cent of net assets. At the year end, the equivalent of £4.8 million in Japanese yen and US dollars had been drawn down.

### **Revenue account and dividend**

The revenue return per share of 5.0p as shown in the Income Statement on page 30 is calculated by dividing the revenue after tax by the weighted average number of shares in circulation during the year. This is standard accounting practice. The large increase in the number of shares in circulation as a result of the merger with Anglo & Overseas had a considerable effect on this figure. However, the level of dividend that the Company distributes depends on the total number of shares in circulation at the time the dividend is paid rather than on the weighted average.

The revenue return per share based on the total number of shares in circulation at the year end was 4.7p. This is still a 47 per cent uplift on the previous year's figure. Our income account did benefit from a one-off rebate of part of the investment management fee, negotiated at the time of the merger. As in the past, only one dividend will be paid for the year and the Board is pleased to recommend a 50 per cent increase in the dividend to 4.2p per share. Subject to the approval of Shareholders at the Annual General Meeting, the dividend will be paid on 31 May 2012. Last year, the annual dividend was paid earlier as an interim dividend in March. This was done so that both EP Global Opportunities Trust's Shareholders and Anglo & Overseas' shareholders received their dividends before the merger of the two companies.

### **Outlook**

A number of factors have improved since the dark days last autumn when the euro region seemed to be in permanent crisis. Inflationary pressures have eased. This has enabled countries which had been raising interest rates to start reducing them, creating a healthier environment for equities. The Bank of England commenced a second round of "quantitative easing" and the European Central Bank, while not permitted to follow suit, finally acted decisively to relieve the pressure on European banks by making three-year loans at one per cent available to banks. Meanwhile, the US economy has continued to grow, helped by expansionary monetary and fiscal policies.

There will no doubt be further uncomfortable moments in financial markets during 2012. The western world remains over indebted, the future of the euro remains an issue and energy prices could easily spike upwards as pressure is put on Iran over its nuclear ambitions. It appears harder than ever to predict how the year will develop. However, equities remain reasonably attractive, particularly as they yield more than government bonds, especially so in the UK and USA. We will remain fully invested as long as our Investment Manager can identify shares that represent reasonable value.

### **Teddy Tulloch**

Chairman

7 March 2012

## INVESTMENT MANAGER'S REPORT AND PORTFOLIO ANALYSIS

In 2011 the Company's net asset total return per share was –8.4 per cent. The backdrop to this was the Japanese earthquake and tsunami followed by the threat of nuclear meltdown at Fukushima. Paralleling this were the uprisings in North Africa and the Middle East, with the potential threat to oil and gas supplies. If this were not enough, we had the appearance of a financial/political breakdown in Europe which could have undermined the entire financial system of the region. Finally, we had the floods in Asia which closed substantial parts of the electronic component supply industry causing ripple effects through the supply chain and hurting manufacturing profitability. This made the US, even with its economic issues and forthcoming Presidential election, appear a relative oasis of calm. It was not surprising that financial markets were characterised by volatility and risk aversion.

Investors reacted to the uncertainty by reaching for assets with the greatest perceived safety. Thus, against a backdrop of an unsustainable fiscal position, investors were happy to purchase US Government debt at prices which would only provide positive returns in an environment akin to the Great Depression. The view was presumably that, with the world's reserve currency, investors could at least be guaranteed getting their nominal capital back by investing in US bonds. The question of maintaining long-term purchasing power was clearly subordinated to the requirement to avoid short-term nominal price declines. Similarly, the US equity market proved to be the best performing major market despite the evidence that, on long-term valuation metrics, it is one of the more expensive ones. Although we did make new investments in the US in the period under review, we were relatively opportunistic and in general were reducing exposure as more stocks became expensive. It was mainly the Company's low exposure to the US which contributed to the gap between the Company's net asset total return per share and that of the FTSE All-World Index, which fell by 6.6%.

Despite all the turmoil, we ended the year feeling much better about potential returns. There are a number of reasons for this. By our measures the aggregate valuation of the portfolio is attractive and suggests strong future real returns. The number of companies we are finding as potential investments has risen sharply. The areas where we find value are about as out of favour as it is possible to be. During 2011 we almost found the position where we were liable to be mocked for investing in, for example, an Italian bank. Normally one receives a frown or a stern look, but the mocking suggests that, in the words of Sir John Templeton, the "point of maximum pessimism" cannot be far away.

This is not to say that we are bullish on the prospects for the global economy. We remain of the view that the outlook is one of anaemic growth characterised by consumer retrenchment in the West and net export declines from the East.

The trends of the past thirty years are over and need to be reversed. This is simply a natural part of the economic order but one which sits uncomfortably with policy makers and commentators whose experience is bounded by the period. This applies with even more force to investment professionals. We grew up in an environment where policy in the West consistently favoured consumption and economic stimulus was typically debt-financed encouragement of more consumption. This period has ended. Similarly, the saving and export oriented mercantilist policies of Asia have run their course. The shift of wealth that has occurred will require a concomitant shift in the dynamics of the global economy. This is not a negative, but simply a statement of what we believe is an economic inevitability. It does, though, have profound implications for investment and expenditure patterns globally. It means that consumption facing industries in the West which have had a favourable tailwind now face a much more difficult period. Conversely, the accumulation of savings in the East has to translate into increasing domestic expenditure.

In terms of the portfolio, the changes during the year were largely evolutionary in nature, reflecting our view that little had changed despite the volatility which was evident in markets. In some cases, such as Intel, Unilever and Samsung, we both increased and reduced position sizes in response to sharp share price movements. In other cases, such as Intesa Sanpaolo, the Italian bank, we increased the Company's holding as sentiment turned extremely negative. Although the share price has subsequently recovered somewhat, it is not yet at a level where we would be reducing the holding.

New positions during the year included Microsoft, whose share price had been languishing for some time but fell below our target purchase price. The risk:reward profile for Microsoft was attractive if looking at the existing balance sheet and revenue stream alone, but significantly enhanced if the forthcoming version of Windows proves to be successful. The investment in Illinois Tool Works followed a similar pattern. Illinois Tool Works is a US industrial conglomerate with an outstanding track record both operationally and in terms of making strategic acquisitions. Concern over domestic growth caused a sharp decline in the share price, which brought the company within our valuation range and allowed a purchase to be made.



Japan Tobacco was another new holding introduced during the year. A company with mediocre growth prospects but with enormous cash-flow and the likelihood of a substantial reduction in the number of shares in issue, Japan Tobacco ended up as one of the stronger performers during the year. Similarly, Diageo was purchased around the same time and has also performed well, with strong cash-flow augmented by future growth prospects in emerging markets.

The main negative contributors to performance were a number of the Japanese holdings. The earthquake and tsunami damaged near-term operating conditions. This was then subsequently followed by the floods in Thailand which shut down production of a number of key electronic component facilities. As a consequence, the results for the Japanese fiscal year to March 2012 will be very poor. We expect that this will be reversed in 2012/13 and we will see a rebound in many of their share prices.

Finally we come to Europe, where political barriers have continued to inhibit clear policy direction to the detriment of the European economy and the integrity of the euro. As a consequence, markets fluctuated back and forth between the hope of resolution and the despair of default and potential break-up. More recent signs suggest that the authorities are stumbling towards a resolution which would allow a resumption of more stable conditions. Given the interplay of politics and economics, it is likely that the stumbling will continue in the meantime and markets are likely to react to this. However, the new Government in Italy is a positive development with supply side and taxation reforms expected to be forthcoming. Important as Greece is on a psychological basis, it is Italy that currently holds the key for the future stability of Europe. As time progresses this may well pass to France where the upcoming elections are not entirely helpful to the reforms that will be required.

The recent environment has been characterised by the influence of macro economic and political events. It is expected that this will gradually diminish in the coming years and the focus will shift back to long-term profits growth potential. In this regard the outlook is favourable. The portfolio valuation suggests good real returns can be expected. Equities outside of the US do not look expensive and they certainly compare well on a relative basis to government bonds as an alternative. Despite the subdued economic outlook, we therefore feel optimistic about the potential for appreciation and anticipate that future reports are much more likely to be making reference to encouraging trends than discussing historic negative ones.

**Dr Sandy Nairn**  
Edinburgh Partners Limited

7 March 2012

## **INVESTMENT MANAGER**

### **Edinburgh Partners Limited**

Edinburgh Partners Limited ("Edinburgh Partners") was founded in 2003 as a specialist investment management firm. It manages over £7 billion from institutional clients, including two investment trusts.

The investment partner of Edinburgh Partners with responsibility for managing the portfolio of EP Global Opportunities Trust plc is Dr Sandy Nairn.

### **Sandy Nairn BSc, PhD, ASIP, CFA**

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

## PORTFOLIO OF INVESTMENTS

as at 31 December 2011

Company	Sector	Country	Valuation £'000	% of Net Assets
<b>Equity investments</b>				
<b>20 largest equity investments</b>				
Cisco Systems	Technology	United States	3,616	3.8
Sanofi	Health Care	France	3,559	3.7
Royal Dutch Shell	Oil & Gas	United Kingdom	3,234	3.4
Samsung Electronics	Technology	South Korea	3,233	3.4
China Mobile	Telecommunications	China	3,167	3.3
Singapore Telecommunications	Telecommunications	Singapore	3,163	3.3
Diageo	Consumer Goods	United Kingdom	3,058	3.2
D.R. Horton	Consumer Goods	United States	3,043	3.2
Vodafone	Telecommunications	United Kingdom	3,014	3.2
Unilever	Consumer Goods	Netherlands	3,007	3.2
GlaxoSmithKline	Health Care	United Kingdom	2,971	3.1
Gazprom	Oil & Gas	Russia	2,959	3.1
Illinois Tool Works	Industrials	United States	2,914	3.1
Canon	Technology	Japan	2,829	3.0
Microsoft	Technology	United States	2,770	2.9
Tesco	Consumer Services	United Kingdom	2,732	2.9
Fujitsu	Technology	Japan	2,646	2.8
Heineken	Consumer Goods	Netherlands	2,642	2.8
Deutsche Post	Industrials	Germany	2,558	2.7
ENI	Oil & Gas	Italy	2,500	2.6
<b>Total – 20 largest equity investments</b>			<b>59,615</b>	<b>62.7</b>
<b>Other equity investments</b>				
Japan Tobacco	Consumer Goods	Japan	2,407	2.5
Yamaha Motor	Consumer Goods	Japan	2,338	2.5
Telecom Italia	Telecommunications	Italy	2,334	2.4
Mitsubishi	Industrials	Japan	2,290	2.4
Bridgestone	Consumer Goods	Japan	2,282	2.4
Petrobras	Oil & Gas	Brazil	2,204	2.3
Omron	Industrials	Japan	2,109	2.2
Intesa Sanpaolo	Financials	Italy	2,089	2.2
Panasonic	Consumer Goods	Japan	2,030	2.1
Great Wall Motor	Consumer Goods	China	1,996	2.1
Sony	Consumer Goods	Japan	1,984	2.1
HSBC	Financials	United Kingdom	1,914	2.0
DBS Group	Financials	Singapore	1,858	2.0
Softbank	Telecommunications	Japan	1,816	1.9
Nokia	Technology	Finland	1,785	1.9
Edinburgh Partners Limited	Financials (unlisted)	United Kingdom	1,700	1.8
Swire Pacific	Industrials	Hong Kong	1,594	1.7
Applied Materials	Technology	United States	1,527	1.6
Aviva	Financials	United Kingdom	1,509	1.6
Bank of America	Financials	United States	1,169	1.2
<b>Total – 40 equity investments</b>			<b>98,550</b>	<b>103.6</b>
<b>Cash and net liabilities</b>			<b>(3,458)</b>	<b>(3.6)</b>
<b>Net assets</b>			<b>95,092</b>	<b>100.0</b>

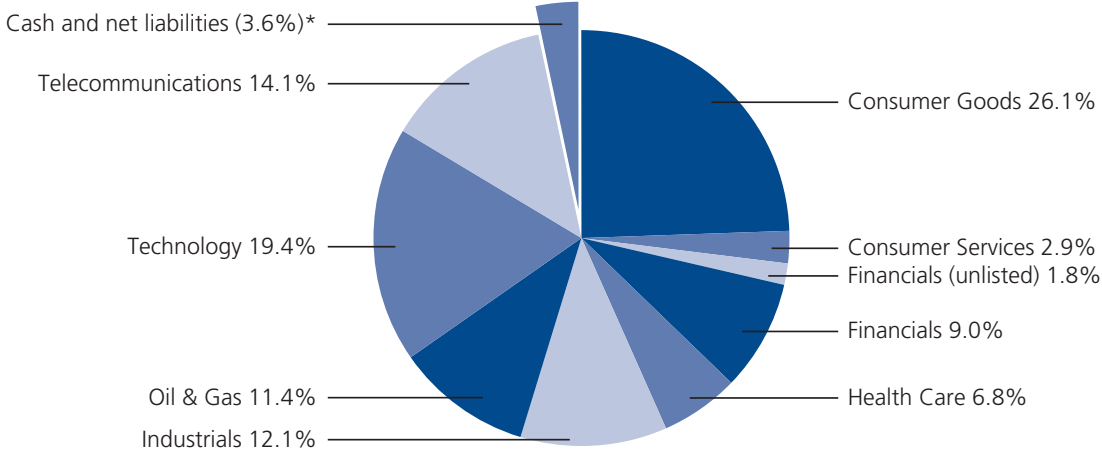
The geographic distribution is based on each investment's principal stock exchange listing, except in instances where this would not give a proper indication of where its activities predominate.

Of the ten largest portfolio investments as at 31 December 2011, the valuations at the previous year end, 31 December 2010, were Cisco Systems £1,559,000; Sanofi £1,275,000; Royal Dutch Shell £1,472,000; Samsung Electronics £1,694,000; China Mobile £1,127,000; Singapore Telecommunications £1,359,000; D.R. Horton £1,379,000 and Vodafone £1,907,000. Diageo and Unilever were new purchases in the year ended 31 December 2011.

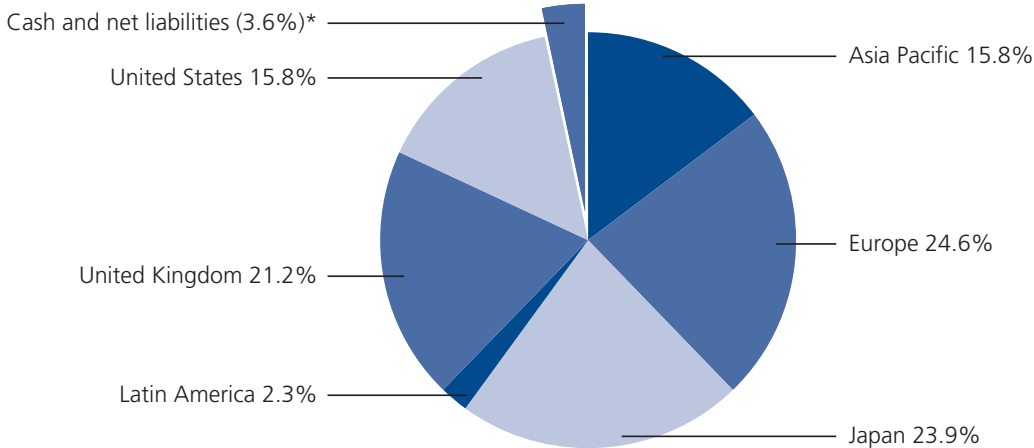
**DISTRIBUTION OF INVESTMENTS**

as at 31 December 2011 (% of net assets)

**Sector distribution**



**Geographical distribution**



\* Cash and net liabilities include foreign currency balances of £624,000 (0.7 per cent), foreign currency loans of £4,835,000 (-5.1 per cent) and foreign currency debtors of £371,000 (0.4 per cent).

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

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

## CORPORATE INFORMATION

### Directors

Teddy Tulloch (Chairman)  
Richard Burns  
David Hough  
Ian McBean  
Giles Weaver

### Secretary and Registered Office

Kenneth J Greig  
12 Charlotte Square  
Edinburgh  
EH2 4DJ

### Investment Manager

Edinburgh Partners Limited  
12 Charlotte Square  
Edinburgh  
EH2 4DJ

Tel: 0131 270 3800

e-mail: [enquiries@edpam.com](mailto:enquiries@edpam.com)  
[www.edinburghpartners.com](http://www.edinburghpartners.com)

### Auditor

Ernst & Young LLP  
Ten George Street  
Edinburgh  
EH2 2DZ

### Solicitor and Sponsor

Dickson Minto W.S.  
16 Charlotte Square  
Edinburgh  
EH2 4DF

### Registrar and Transfer Office

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

Tel: 0870 889 4069

email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)  
[www.computershare.com](http://www.computershare.com)

### Bankers

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

Scotiabank Group PLC  
201 Bishopsgate  
6th Floor  
London  
EC2M 3NS

### Custodian

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

## DIRECTORS

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

### **Teddy Tulloch (Chairman)**

Teddy Tulloch was with Hoare Govett stockbrokers from 1968 until 1970. In 1972 he joined Stewart Ivory & Company and became a director in 1977. He was investment manager of The Scottish American Investment Company plc from 1987 to 1999.

### **Richard Burns (Audit and Management Engagement Committee Chairman)**

Richard Burns became a partner of Baillie Gifford & Co in 1977 and was joint senior partner from 1999 to 2006. He was the manager of Mid Wynd International Investment Trust PLC from the time of its listing in 1981 until 1989 and the manager of The Monks Investment Trust PLC from 1999 to 2006. He is a director of The Bankers Investment Trust PLC, JPMorgan Indian Investment Trust plc, Mid Wynd International Investment Trust PLC and Standard Life Equity Income Trust PLC.

### **David Hough**

David Hough joined Laurence Keen in 1987, being a director from incorporation of Laurence Keen Holdings Limited in 1992 until 1999. He became a director of Rathbone Investment Management Limited on the acquisition of Laurence Keen by Rathbone Brothers in 1999.

### **Ian McBean**

Ian McBean was an investment analyst with Wood, Mackenzie & Co. from 1967 to 1981 when he became deputy head of research. In 1986 he became head of research and in 1988, upon the sale of Wood, Mackenzie & Co. to National Westminster Bank, head of UK equity research for County NatWest Securities. He was an investment manager with Templeton Investment Management between 1990 and 1991 and an investment adviser with Torrie & Co. from 1992 to 1999. He has served as a director of Wood, Mackenzie & Co, Hill Samuel & Co. and County NatWest Limited.

### **Giles Weaver**

Giles Weaver is chairman of Helical Bar plc and Tamar European Industrial Fund Limited. He is a non-executive director of Aberdeen Asset Management plc and IRP Property Investments Limited. He was formerly executive chairman of Murray Johnstone Limited and a director of Anglo & Overseas Plc.

## DIRECTORS' REPORT

The Directors present their Annual Report and Financial Statements for the year to 31 December 2011.

### **Business review**

#### *Status of Company*

The Company is registered as a public limited company and is an investment company within the terms of section 833 of the Companies Act 2006. Its shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange. The Company has received approval from HM Revenue & Customs ("HMRC") as an authorised investment trust under section 842 of the Income and Corporation Taxes Act 1988 for the period from inception to 31 December 2009 and under sections 1158 and 1159 of the Corporation Tax Act 2010 for the year to 31 December 2010. This latter approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval. New regulations for obtaining and retaining investment trust status have been published by HMRC and came into force on 1 January 2012. An application for approval as an investment trust must be made within 90 days after the end of the first accounting period of the Company following implementation of the new regime. If the application is accepted, the Company will be treated as an investment trust company for that period and for each subsequent accounting period, subject to there being no subsequent serious breaches of the regulations.

#### *Activities*

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

A review of the Company's activities during the year is given in the Chairman's Statement on pages 4 and 5 and in the Investment Manager's Report and Portfolio Analysis on pages 6 and 7.

#### *Net asset valuation*

The net asset value per ordinary share ("NAV") at 31 December 2011 was 169.9p (2010: 188.2p).

#### *Results*

The results for the year are set out in the Income Statement on page 30 and the Reconciliation of Movements in Shareholders' Funds on page 32.

#### *Dividends*

The Directors recommend the payment of a final dividend of 4.2p per ordinary share (2010: interim dividend, in lieu of final dividend, of 2.8p). Only one dividend is paid annually. Subject to the approval by Shareholders at the Annual General Meeting of the Company to be held on 24 April 2012, the final dividend will be payable on 31 May 2012 to Shareholders on the register at the close of business on 4 May 2012. The ex-dividend date will be 2 May 2012.

#### *Objective*

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 portfolio is managed without reference to the composition of any stock market index.

#### *Investment policy*

The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world, predominantly in quoted equities. The Company may also invest in unquoted securities, which are not anticipated to exceed 10 per cent of the Company's total assets at the time of investment (excluding shares held in Edinburgh Partners). No investment in the Company's portfolio may exceed 15 per cent of the Company's total assets at the time of investment.

The Company has no present intention to invest in other investment companies or funds but retains the ability to invest no more than 15 per cent of its gross assets in other listed investment companies (including investment trusts).

The Company may also invest a substantial portion of its assets in debt instruments, cash or cash equivalents when the Investment Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities for the portfolio or to maintain liquidity. In addition, the Company may purchase derivatives for the purposes of efficient portfolio management.

It is intended that, from time to time, when deemed appropriate, the Company will borrow for investment purposes up to the equivalent of 25 per cent of its total assets. By contrast, the Company's portfolio may from time to time have substantial holdings of debt instruments, cash or short-term deposits.

The investment objective and policy are intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are thus 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*

The Company's portfolio is managed without reference to any stock market index. Investments are selected for the portfolio only after extensive research by the Investment Manager. The process through which an equity must pass in order to be included in the portfolio is 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 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. Further details of the investment strategy can be found in the Chairman's Statement on pages 4 and 5 and the Investment Manager's Report and Portfolio Analysis on pages 6 and 7.

The Company's Investment Manager is Edinburgh Partners which is an independent specialist investment manager focusing exclusively on achieving returns for investors based on global investment analysis of the highest quality. The Edinburgh Partners investment team includes experienced investment professionals with strong investment performance records who believe rigorous fundamental research allied to patience is the basis of long-term investment success. Each of the investment professionals has specific responsibilities for sector and regional research in addition to their fund management role. Details of the Investment Management Agreement are set out on pages 16 and 17.

#### *Principal risks*

The Board considers that the following are the principal risks associated with investing in the Company: investment and strategy risk, discount volatility risk, market risk (comprising interest rate risk, currency risk and other price risk), liquidity risk, credit risk, interest rate risk, foreign currency risk, gearing risk, regulatory risk, operational risk and financial risk. An explanation of these risks and how they are managed and the policy and practice with regards to financial instruments are contained in note 19 on pages 43 to 46.

#### *Key Performance Indicators*

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objective. The Key Performance Indicators 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.
- Share price premium/(discount) to net asset value per ordinary share.
- Revenue return per ordinary share.
- Total expense ratio.

The Financial Summary on page 2 provides information for the years ended 31 December 2011 and 31 December 2010 on the Key Performance Indicators noted above.

## DIRECTORS' REPORT – continued

### *Current and future developments*

A review of the main features of the year ended 31 December 2011 and the outlook for the coming year can be found in the Chairman's Statement on pages 4 and 5 and the Investment Manager's Report and Portfolio Analysis on pages 6 and 7. The Board's main focus is on the investment return and 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.

On 10 March 2011 a merger of the assets of the Company and Anglo & Overseas was implemented following Shareholder approval. Further information regarding the merger can be found in the Chairman's Statement on page 5 and on page 15.

### *Gearing*

The Company has a £10 million secured multicurrency revolving credit facility with Scotiabank Europe PLC. As at 31 December 2011 £4.8 million had been drawn down under this facility, as detailed in note 19 on page 46.

The use of gearing can cause both gains and losses in the net asset value of the Company to be magnified, as explained more fully in note 19 on page 46.

### *Social, environmental and ethical policy*

EP Global Opportunities Trust plc seeks to invest in companies that are well managed, with high standards of corporate governance. The Directors believe this creates the proper conditions to enhance long-term value for Shareholders. In aiming to achieve a high level of corporate performance the Company adopts a positive approach to corporate governance and engagement with companies in which it invests.

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

The Company itself has no employees and all the Directors are non-executive. The day-to-day management of the Company's business has been delegated to the Company's Investment Manager, Edinburgh Partners, which has an Environmental, SRI and Corporate Governance ("ESG") policy in place. The ESG policy statement, which can be found on their website at [www.edinburghpartners.com](http://www.edinburghpartners.com), describes the manner in which the principles of the UK Stewardship Code are incorporated within the investment process.

### *Share capital*

At 31 December 2011 the Company's issued share capital comprised 64,509,642 ordinary shares, of which 8,541,917 ordinary shares were held in treasury. At general meetings of the Company, one vote is attached to each ordinary share in issue. Own shares held in treasury do not carry voting rights. The total voting rights of the Company at 31 December 2011 were 55,967,725 ordinary shares. There are no restrictions on the transfer of the Company's ordinary shares or special rights attached to these shares regarding control.

As at 5 March 2012, the Company's issued share capital comprised 64,509,642 ordinary shares, of which 9,441,917 ordinary shares were held in treasury. The total voting rights of the Company at 5 March 2012 were 55,067,725 ordinary shares.

### *Purchase of shares*

During the year ended 31 December 2011 the Company purchased in the market 4,968,217 ordinary shares (with a nominal value of £49,682) for treasury, at a total cost of £8,094,000. This represented 15.2 per cent of the issued share capital at 31 December 2010.



The total number of own shares held in treasury as at 31 December 2011, including those shares bought back in prior accounting periods, totalled 8,541,917 ordinary shares. The Board has not set a limit on the number of shares that can be held in treasury at any one time. The maximum number of own shares held in treasury during the year was 8,541,917 ordinary shares (with a nominal value of £85,419) representing 13.2 per cent of the issued share capital at the time they were held in treasury.

Subsequent to the year end and up to 5 March 2012, a further 900,000 ordinary shares (with a nominal value of £9,000) have been purchased for treasury representing 1.4 per cent of the issued share capital at 31 December 2011, at a total cost of £1,524,000.

On 11 October 2005 the Company applied for a block listing of 1,300,000 ordinary shares. As at 31 December 2011 and at the date of this report a balance of 745,830 shares may be issued under this block listing.

#### *Issue of shares*

On 10 March 2011, a total of 31,855,462 new ordinary shares were allotted (with a nominal value of £318,555) to Shareholders in Anglo & Overseas who elected or were deemed to elect to roll over their shareholdings in Anglo & Overseas into shares in the Company under the scheme of reconstruction and voluntary winding up of Anglo & Overseas. The price at which these new ordinary shares were treated as being issued was 186.29p per share. The Company received assets comprising of investments in shares of publicly quoted companies worldwide and cash as consideration for the issue of the new ordinary shares.

#### *Sale of shares from treasury*

During the year the Company sold in the market 1,650,000 ordinary shares (with a nominal value of £16,500) from treasury, representing 5.1 per cent of the issued share capital at 31 December 2010, for a total consideration of £2,926,000. The shares were sold at a premium to the prevailing net asset value. Holding shares in treasury enables a company to issue shares cost effectively that might otherwise have been cancelled.

#### *Cancellation of share premium*

At the general meeting of the Company held on 3 March 2011 a resolution was passed approving the cancellation of the amount standing to the credit of the Company's share premium.

The Court confirmed this cancellation on 23 August 2011 and the Court's order has been registered by the Registrar of Companies. Accordingly, an amount of £77,307,420 has been transferred from the Company's share premium account to its special reserve account. This amount can be treated as a distributable reserve for all purposes permitted by the Companies Act 2006 (as amended), and will enhance substantially the ability of the Company to buy-back its own shares, either into treasury or for cancellation.

#### **Directors**

The Directors in office during the year and at the date of this Report are as shown below:

Teddy Tulloch (appointed on 19 November 2003)  
Richard Burns (appointed on 19 November 2003)  
David Hough (appointed on 19 November 2003)  
Ian McBean (appointed on 19 November 2003)  
Giles Weaver (appointed on 10 March 2011)

Mr Weaver was appointed as a Director following the merger with Anglo & Overseas.

At the forthcoming Annual General Meeting, all Directors will retire and will offer themselves for re-election.

## DIRECTORS' REPORT – continued

### Directors' interests

The interests of the Directors in the ordinary shares of the Company are set out below:

	<b>31 December 2011</b>	31 December 2010 or date of appointment, if later Beneficial
	<b>Beneficial</b>	
<b>Ordinary shares:</b>		
Teddy Tulloch	78,573*	60,000
Richard Burns	852,000	852,000
David Hough	73,000**	54,000**
Ian McBean	187,320	175,000
Giles Weaver	148,584	148,584***

\* 18,573 of these ordinary shares belong to a connected person of Mr Tulloch.

\*\* 15,000 (2010: 9,000) of these ordinary shares belong to a connected person of Mr Hough.

\*\*\* Mr Weaver's interest in ordinary shares is at the date of appointment, being 10 March 2011.

There have been no changes to these interests between 31 December 2011 and the date of this report.

### Substantial share interests

The Company has been informed of the following notifiable interests in the voting rights of the Company:

	<b>31 December 2011</b>		<b>5 March 2012</b>	
	<b>Number</b>	<b>% of</b>	<b>Number</b>	<b>% of</b>
	<b>of shares</b>	<b>voting rights</b>	<b>of shares</b>	<b>voting rights</b>
Rathbone Brothers PLC	3,911,047	6.99	3,911,047	7.10
Brewin Dolphin Securities Limited	3,019,756	5.40	3,019,756	5.48
Noble Grossart Investments Limited	2,470,844	4.41	2,470,844	4.49
Investec Wealth & Investment Limited	2,371,094	4.24	2,207,620	4.01
Legal & General Group plc	1,750,300	3.13	1,750,300	3.18

### Investment Management Agreement

The Company's investments are managed by Edinburgh Partners under an Investment Management Agreement dated 16 April 2008. The Investment Management Agreement has been amended pursuant to the terms of a letter agreement between the Company and Edinburgh Partners dated 3 February 2011 (further details of which are set out below). The Investment Manager receives a management fee of 0.75 per cent per annum (payable quarterly in arrears) of the average month-end market capitalisation up to £100 million and 0.65 per cent of the average month-end market capitalisation above this figure of the issued ordinary shares (excluding treasury shares) during the relevant calendar quarter, plus an administration fee (£75,000 for the year ended 31 December 2011) payable quarterly in arrears and adjusted annually in line with changes in the Retail Price Index.

The Investment Management Agreement may be terminated by either party giving 12 months written notice. No additional compensation is payable to Edinburgh Partners on the termination of the Investment Management Agreement other than the fees payable during the 12 month notice period.

By letter agreement between the Company and Edinburgh Partners dated 3 February 2011, Edinburgh Partners agreed that, following the merger with Anglo & Overseas, the investment management fee arrangements of the Company would be amended by (i) with effect from 1 April 2011, the reduction of the management fee payable by the Company (on a one-off basis) by an amount equal to the amount paid by Anglo & Overseas to Edinburgh Partners in compensation for the early termination of the investment management agreement between Anglo & Overseas and Edinburgh Partners; and (ii) with effect from 10 March 2011, the amendment of the terms of the Investment Management Agreement to provide for the reduction of the management fee payable to 0.65 per cent per annum (payable quarterly in arrears) on that part of the average month-end market capitalisation of the issued ordinary shares (excluding treasury shares) during the relevant calendar quarter which exceeds £100 million. The reduction of the management fee payable by the Company, on a one-off basis for the year ended 31 December 2011, was £236,000.

### **Continuing appointment of the Investment Manager**

The Board keeps the performance of the Investment Manager under continual review. The Audit and Management Engagement Committee has considered the performance of the Investment Manager and the terms of its engagement, including the changes to the Investment Management Agreement set out above. It is the opinion of the Directors that the continuing appointment of Edinburgh Partners on the terms agreed is in the interests of Shareholders as a whole. The reasons for this view are that the investment performance since the launch of the Company is reasonable relative to that of the markets in which the Company invests and because the remuneration of the Investment Manager is fair both in absolute terms and compared to 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.

### **Information about securities carrying voting rights**

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

- The Company's capital structure and voting rights are summarised on pages 2, 14 and 15.
- Details of the substantial Shareholders in the Company are detailed on page 16.
- The giving of powers to issue or buy back the Company's shares require an appropriate resolution to be passed by Shareholders. Proposals for the renewal of the Board's current powers to issue and buy back shares are set out on pages 23 and 24.
- There are: no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review on pages 12 to 15. In addition, notes 19 and 20 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its risk exposure. The Company's principal risks are investment and strategy risk, discount volatility risk, market risk (comprising interest rate risk, currency risk and other price risk), liquidity risk, credit risk, interest rate risk, foreign currency risk, gearing risk, regulatory risk, operational risk and financial risk. The Company's assets consist principally of a diversified portfolio of listed equity shares, which in most circumstances are realisable within a short period of time and exceed its liabilities by a significant amount. The Company has a £10 million secured multicurrency revolving credit facility with Scotiabank Europe PLC. As at 31 December 2011 £4.8 million had been drawn down under this facility, as detailed in note 19 on page 46. 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.

## **DIRECTORS' REPORT – continued**

### **Payment of suppliers**

It is the Company's payment policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to terms used. The Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms. There were no trade creditors outstanding at 31 December 2011.

### **Donations**

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

### **Auditor**

Resolutions to re-appoint Ernst & Young LLP as Auditor to the Company and to authorise the Board to determine its remuneration will be put to Shareholders at the forthcoming Annual General Meeting to be held on 24 April 2012.

### **Corporate governance**

#### **Statement of compliance with the AIC Code of Corporate Governance and Guide ("the AIC Code")**

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") published in October 2010, both of which can be found on the AIC website [www.theaic.co.uk](http://www.theaic.co.uk). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the UK Corporate Governance Code ("UK 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 UK Code), will provide better information to Shareholders. A copy of the UK Code can be found at [www.frc.org.uk](http://www.frc.org.uk).

The Board considers that it has managed its affairs in compliance with the AIC Code and the relevant provisions of the UK Code throughout the year ended 31 December 2011, except where it has concluded that adherence or compliance with any particular principle or recommendation of either of the Codes would not have been appropriate to the Company's circumstances. Similar to the UK Code, the AIC Code specifies a "comply or explain" basis and the Board's report under this section explains any deviation from its recommendations. As set out in the AIC Guide accompanying the AIC Code, the Board considers that the UK Code's recommendations with respect to the role of the chief executive and executive directors' remuneration (there are no executive directors) are not relevant to the Company's circumstances as an externally managed investment trust.

#### *Board of Directors*

The Chairman and each of the Directors is independent of the Investment Manager. Each member of the Board is non-executive. Mr Hough is considered to be independent, notwithstanding his connection with Rathbone Investment Management Limited, a subsidiary of Rathbone Brothers PLC, which is a substantial Shareholder of the Company. The Board reviews the independence of the Directors on a regular basis. The Board considers that length of service does not necessarily compromise the independence or contribution of directors of investment trust companies where experience and continuity can be a significant strength. Therefore no limit has been imposed on the length of service of any Director. All Directors will stand for re-election annually with effect from the Annual General Meeting to be held on 24 April 2012.

The Chairman of the Company is Mr Tulloch. He does not have any significant other commitments that would affect his Chairmanship of the Company. Other than their letters of appointment as Directors, none of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year. These letters of appointment are available for inspection on request to the Company Secretary.

A process of performance evaluation has been undertaken by which the performance of the Chairman, each Director and the Board as a whole has been evaluated in respect of the year ended 31 December 2011. This process consisted of a series of appraisal meetings and discussions between the Chairman and each of the other Directors. The independence of the Directors was considered as part of the evaluation process. The performance of the Chairman was similarly evaluated by the other Directors. As a result of the evaluation, the Board considers that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company. This process is carried out on an annual basis.

The Company's Articles of Association require that each Director is to retire at the first Annual General Meeting following appointment and thereafter at the third Annual General Meeting after the Annual General Meeting at which he was last elected, which reflects the AIC Code requirement for all Directors to retire at least once every three years. The UK Code recommends that all directors of FTSE 350 companies should stand for annual re-election. The Directors have agreed, despite not being a FTSE 350 company, to adopt this provision as they believe it will enhance the Board's accountability to Shareholders and its independence from the Investment Manager. Accordingly, all Directors of the Company will stand for re-election annually with effect from the forthcoming Annual General Meeting. This decision will create a policy whereby Directors are required to seek election more frequently than as currently set out in the Company's Articles of Association. The Board strongly recommends the re-election of each of the Directors to Shareholders on the basis of their expertise and experience in investment matters and, following the performance evaluation, their continuing effectiveness and commitment to the Company.

The Directors have adopted a formal schedule of matters reserved for the Board that cannot be delegated to a committee or to any other party. These reserved matters include approval of Annual and Half-yearly reports and financial statements, circulars and other Shareholder communications, appointment and removal of Board members and officers of the Company, changes to the Company's objectives and accounting policies and the use of gearing and derivative instruments for investment purposes.

The Board delegates decisions regarding the day-to-day investment of the Company's portfolio to the Investment Manager. Representatives of the Investment Manager attend Board meetings and provide reports on investments, marketing, operational and administrative matters.

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. During the calendar year 2011, four such scheduled meetings were held and each Director's attendance is set out in the table below. Additional meetings are held on an ad-hoc basis as required.

	<b>Scheduled Board meetings</b>		<b>Audit and Management Engagement Committee meetings</b>	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Teddy Tulloch	4	4	3	3
Richard Burns	4	4	3	3
David Hough	4	3*	n/a	n/a
Ian McBean	4	4	3	3
Giles Weaver	3	2**	1	1

\* Mr Hough was unable to attend one meeting due to illness.

\*\* Mr Weaver was unable to attend one meeting that had been arranged prior to his appointment as a Director.

The Board does not consider it necessary for a senior independent director to be appointed, as all of the Directors are independent. Further, given the number of Directors, the Board does not consider it necessary for the Company to establish separate nomination and remuneration committees and all of the matters that can be delegated to such committees are considered by the Board as a whole. The Board has agreed terms of reference when considering issues that would normally be delegated to those committees, copies of which are available from the Company's registered office on request. The Board considers that the combined knowledge and experience of its members enables it to successfully fulfil the role of the nomination and remuneration committees.

## DIRECTORS' REPORT – continued

The Board has established an Audit and Management Engagement Committee (the "Committee") to assist with its operations. The terms of the delegated responsibilities are clearly defined in formal terms of reference (copies of which are available on request from the Company's registered office). The Committee normally will meet formally at least twice a year and consists of Mr Burns, who is chairman, Mr McBean, Mr Tulloch and Mr Weaver. The Board believes it is appropriate for the Chairman of the Company, Mr Tulloch, to be a member of the Audit and Management Engagement Committee because it does not believe that the provisions of the UK Code relating to Audit Committees are relevant to an investment company with a small Board comprised wholly of independent, non-executive Directors. It believes that Mr Tulloch provides a valuable contribution to the Audit and Management Engagement Committee and that his membership enhances the operation of the Committee and its interaction with the Board. It is considered that there is a range of recent and relevant financial experience amongst the members of the Committee. During the year ended 31 December 2011, three meetings were held and each Directors' attendance is set out on the previous page.

The primary responsibilities of the Committee are to review the integrity and contents of the Company's financial statements and accounting policies; to consider compliance with regulatory and financial reporting requirements; to review the Company's internal control and risk management systems; to review annually the need for the Company to have its own internal audit function; to consider the independence and objectivity of the Company's Auditor and the effectiveness of the audit; and to make recommendations to the Board in relation to the appointment and remuneration of the Auditor. The Committee has direct access to the Company's Auditor, who attends the relevant Committee meeting to report on the audit of the Company and its review of the Company's Annual Report and financial statements. The Committee has the opportunity to meet with the Company's Auditor without the Investment Manager being present.

The Board's policy is that non-audit services may be carried out by the Company's Auditor unless there is a conflict of interest. Decisions about the provision of non-audit services are made on a case-by-case basis.

The Committee has considered the independence and objectivity of the Auditor and has noted that the non-audit services provided in the year related to the merger with Anglo & Overseas. This comprised services as Reporting Accountant and taxation advice totalling £35,000 (2010: nil). As part of the merger agreement, Anglo & Overseas agreed to pay any merger costs incurred by the Company and as a consequence these costs are not detailed within these financial statements. The Committee does not consider that this has affected the independence of the Auditor. The Committee is satisfied that Ernst & Young LLP has fulfilled its obligations to the Company and its Shareholders and has recommended to the Board the re-appointment of Ernst & Young LLP as Auditor to the Company.

The Company's management functions are delegated to the Investment Manager, Edinburgh Partners. The Audit and Management Engagement Committee considers the performance of the Investment Manager, the terms of its engagement and, on an annual basis, makes a recommendation to the Board about the continued appointment of the Investment Manager.

### *Conflicts of interest*

A Director must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict"). The Company's Articles of Association give the Directors authority to approve such situations, where appropriate. It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a situational conflict arising.

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

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

*Independent professional advice, insurance and indemnity*

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

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

*Directors' remuneration*

All Directors act in a non-executive capacity and the fees for their services are approved by the whole Board. Full details of Directors' remuneration are given in the Directors' Remuneration Report on pages 25 and 26.

*Internal control review*

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

An ongoing process, in accordance with the guidance of the Financial Reporting Council on internal controls, has been implemented for identifying, evaluating and managing risks faced by the Company. This process has been in place throughout the year ended 31 December 2011 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 year ended 31 December 2011 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 objective. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

*Internal control assessment process*

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

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

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

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

## DIRECTORS' REPORT – continued

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:

- copies of their ISAE 3402, SSAE 16, SAS 70, or equivalent, reports on an annual basis;
- 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” policies in place; and
- assurances that appropriate bribery risk and anti-corruption policies are in place to ensure compliance with the Bribery Act 2010, which became effective on 1 July 2011.

The Board receives a report from the Investment Manager's Compliance Department at each Board meeting.

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 company secretarial services to Edinburgh Partners and the Company;
- custody of assets is undertaken by The Bank of New York Mellon;
- the duties of investment management, accounting and the custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information provided by Edinburgh Partners and Capita Sinclair Henderson Limited 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. It is therefore felt that there is no need for the Company to have an internal audit function. However, this need is reviewed annually.

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 systems of internal financial control during the year ended 31 December 2011, 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 procedures are followed and that the applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and also for compliance with the statutory obligations of the Company.



### *Relations with Shareholders*

Communication with Shareholders is given a high priority by both the Board and the Investment Manager. The Directors have a policy of maintaining regular contact with major Shareholders and are always available to enter into dialogue with Shareholders. A regular dialogue is maintained with the Company's institutional Shareholders and private direct asset managers through the Investment Manager, which regularly reports to the Board on any such contact, the views of Shareholders and any changes to the composition of the share register. All Shareholders are encouraged to attend and vote at the Annual General Meeting during which the Board and Investment Manager are available to discuss issues affecting the Company. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the registered office address.

Copies of the Half-yearly and Annual Reports are dispatched to Shareholders by mail and are also available for downloading from the Company's website [www.epgot.com](http://www.epgot.com).

### **Special business at the Annual General Meeting**

At the General Meeting held on 28 April 2011 the Company was granted authority to purchase up to 14.99 per cent of the Company's ordinary shares in issue (excluding treasury shares) amounting to 8,852,635 ordinary shares. Details of shares bought back during the year can be found on pages 14 and 15. As at 5 March 2012, the Company may purchase up to 3,663,418 ordinary shares under the existing authority.

Resolution 11 (a Special Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to purchase (either for cancellation or to hold in treasury) up to 8,254,651 ordinary shares (being 14.99 per cent of the issued share capital (excluding treasury shares) as at 5 March 2012), or if less, 14.99 per cent of the issued share capital (excluding treasury shares) immediately following the passing of the resolution. In accordance with the Listing Rules of the FSA, the price paid for shares will be not less than 1p per ordinary share, and not more than the higher of (i) 5 per cent above the average mid-market prices of those shares as derived from the Daily Official List of the London Stock Exchange for the five business days before the shares are purchased and (ii) the amount stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulations 2003 (being a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out).

It is the Board's policy that purchases of shares will only be made through the market for cash at prices below the prevailing net asset value of the shares. The authority will be used when supply exceeds demand and where the Directors consider it to be in the best interests of Shareholders and the Company. Shares purchased will be cancelled or placed into treasury at the determination of the Directors. The authority, if given, will lapse at the conclusion of the Company's next Annual General Meeting after the passing of this resolution (which must be held no later than 30 June 2013).

Resolution 12 (an Ordinary Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue up to an aggregate nominal value of £183,559 representing 18,355,900 ordinary shares (being approximately one-third of the issued share capital (excluding treasury shares) as at 5 March 2012) in accordance with statutory pre-emption rights. In addition, in accordance with the guidance from the Association of British Insurers on the expectations of institutional investors in relation to the authority of directors to allot shares, paragraph (b) of Resolution 12 will authorise the Directors to allot additional ordinary shares up to a maximum nominal amount of £183,559 which is approximately a further one-third of the issued share capital (excluding treasury shares) as at 5 March 2012. However, the Directors will only be able to allot those shares for the purpose of a rights issue in which the new shares are offered to Shareholders in proportion to their then shareholdings.

The authority, if given, will lapse at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 30 June 2013). The authority will be used where Directors consider it to be in the best interests of Shareholders. The Directors will only issue new ordinary shares at a price at or above the prevailing net asset value per share.

## **DIRECTORS' REPORT – continued**

Resolution 13 (a Special Resolution), as set out in the notice of meeting, if passed, will renew the Directors' authority to issue shares (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing Shareholders in proportion to their shareholdings (subject to certain exclusions), and (iii) to persons other than existing Shareholders up to an aggregate nominal value of £55,067, representing 5,506,700 ordinary shares (being approximately 10 per cent of the issued share capital (excluding treasury shares) as at 5 March 2012) without first having to offer such shares to existing Shareholders. This authority relates to either issues of new shares or sales of own shares held in treasury. The authority, if given, will lapse at the conclusion of the Company's next Annual General Meeting after the passing of this resolution (which must be held no later than 30 June 2013). The authority will be used where Directors consider it to be in the best interests of Shareholders. The Directors will only issue new ordinary shares at a price at or above the prevailing net asset value per share. The passing of Resolution 13 is subject to the passing of Resolution 12.

As at 5 March 2012, the Company holds 9,441,917 ordinary shares in treasury, representing 14.64 per cent of the issued share capital.

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

### **Directors' Recommendation**

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

By order of the Board  
**Kenneth J Greig**  
Secretary

7 March 2012

## **DIRECTORS' REMUNERATION REPORT**

The Directors submit this Report in accordance with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. An Ordinary Resolution will be put to the Shareholders to approve this report at the forthcoming Annual General Meeting to be held on 24 April 2012.

The law requires your Company's Auditor to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 28 and 29.

### **Remuneration Committee**

The Board consists entirely of independent non-executive Directors and it is therefore not considered appropriate for the Company to establish a separate remuneration committee.

### **Policy on Directors' fees**

The Company follows the recommendation of the AIC Code that Directors' remuneration should reflect their duties and responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the value of their contribution and the experience of the Board as a whole, and is determined with reference to comparable investment trusts. It is intended that this policy will continue for the year ending 31 December 2012 and for subsequent financial years.

The fees of the Directors are determined within the limits set out in the Company's Articles of Association. There are no performance conditions attaching to the remuneration of the Directors and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits, as the Board does not consider such arrangements or benefits necessary or appropriate.

Directors' fees have not been increased for five years, the last increase having been made on 1 July 2006. In light of that, and following a review of the current level of Directors' fees in comparison to other investment companies, the Board determined that, with effect from 1 January 2012, the Directors' fees would be increased from £13,000 to £16,000 and that the Chairman's fee would be increased from £17,000 to £23,000. Further, an additional payment of £2,000 would be made to Mr Burns in his capacity as chairman of the Audit and Management Engagement Committee.

### **Directors' service contracts**

The Company does not enter into service contracts with its Directors. Instead, the Company has a policy of entering into a letter of appointment with each of its Directors. The Company's policy when determining the duration of notice periods and termination payments under such letters of appointment is to follow prevailing best practice guidelines. The Company has adopted a policy whereby all Directors will stand for re-election annually.

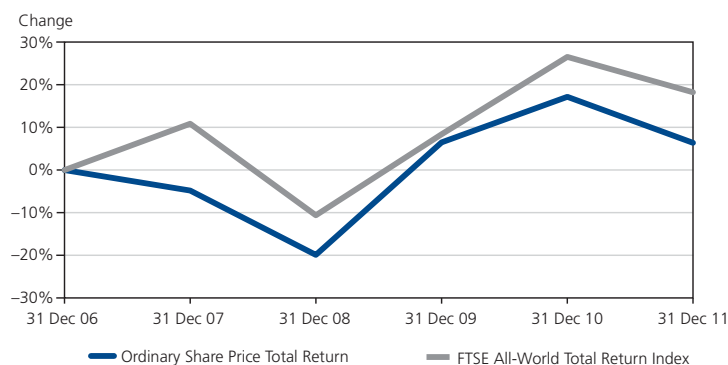
There is no notice period and no provision for compensation upon early termination of appointment.

## DIRECTORS' REMUNERATION REPORT – continued

### Your Company's performance

The graph below compares the total return (assuming all dividends are reinvested) to Shareholders, compared to the return of the FTSE All-World Total Return Index. Although the Company has no formal benchmark, this index 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.

#### 5 year performance



Source: Edinburgh Partners

### Directors' emoluments for the year (audited)

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

	1 January 2011 to 31 December 2011	1 January 2010 to 31 December 2010
	£	£
Teddy Tulloch (Chairman)	<b>17,000</b>	17,000
Richard Burns	<b>13,000</b>	13,000
David Hough	<b>13,000</b>	13,000
Ian McBean	<b>13,000</b>	13,000
Giles Weaver*	<b>10,519</b>	–
	<hr/> <b>66,519</b> <hr/>	<hr/> 56,000 <hr/>

\* Appointed a Director on 10 March 2011.

Fees in respect of the services of David Hough are paid to his principal employer, Rathbone Brothers plc.

### Approval

The Directors' Remuneration Report was approved by the Board on 7 March 2012 and signed on its behalf by:

#### Teddy Tulloch

Chairman

# MANAGEMENT REPORT AND STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE ANNUAL REPORT AND FINANCIAL STATEMENTS

## Management report

Listed companies are required by the FSA's Disclosure and Transparency Rules (the "Rules") to include a management report within their annual report and financial statements.

The information required to be included in the management report for the purpose of these Rules is included in the Chairman's Statement on pages 4 and 5, the Investment Manager's Report and Portfolio Analysis on pages 6 and 7 and the Business Review contained in the Directors' Report on pages 12 to 15. Therefore no separate management report has been included.

## Statement of Directors' responsibilities in relation to the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006 and include the information required by the Listing Rules of the FSA. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the Chairman's Statement, the Investment Manager's Report and Portfolio Analysis and the Directors' Report include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The Directors 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 ought to have been 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.

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.

On behalf of the Board

**Teddy Tulloch**

Chairman

7 March 2012

## **INDEPENDENT AUDITOR'S REPORT**

to the members of EP Global Opportunities Trust plc  
for the year ended 31 December 2011

We have audited the financial statements of EP Global Opportunities Trust plc for the year ended 31 December 2011 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implication for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion:

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 17, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the Shareholders by the Board on Directors' remuneration.

**Susan Dawe** (Senior Statutory Auditor)  
for and on behalf of  
**Ernst & Young LLP, Statutory Auditor**  
Edinburgh

7 March 2012

## INCOME STATEMENT

for the year ended 31 December 2011

		2011			2010		
	Note	Revenue	Capital	Total	Revenue	Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/gains on investments at fair value	8	–	(12,273)	(12,273)	–	3,149	3,149
Foreign exchange losses on capital items		–	(296)	(296)	–	(35)	(35)
Income	2	3,625	–	3,625	1,635	–	1,635
Investment management fee	3	(432)	–	(432)	(365)	–	(365)
Other expenses	4	(273)	–	(273)	(276)	–	(276)
<b>Net return before finance costs and taxation</b>		<b>2,920</b>	<b>(12,569)</b>	<b>(9,649)</b>	994	3,114	4,108
<b>Finance costs</b>							
Interest payable and similar charges		(99)	–	(99)	–	–	–
<b>Net return before taxation</b>		<b>2,821</b>	<b>(12,569)</b>	<b>(9,748)</b>	994	3,114	4,108
Taxation	5	(181)	–	(181)	(100)	–	(100)
<b>Net return after taxation</b>		<b>2,640</b>	<b>(12,569)</b>	<b>(9,929)</b>	894	3,114	4,008
<b>Return per ordinary share</b>	7	pence <b>5.0</b>	pence <b>(23.9)</b>	pence <b>(18.9)</b>	pence 3.2	pence 11.0	pence 14.2

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

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

### Dividend information

A final dividend for the year of 4.2p per ordinary share (2010: interim dividend in lieu of final dividend of 2.8p) has been recommended. Subject to Shareholder approval, this dividend will be payable on 31 May 2012 to Shareholders on the register at the close of business on 4 May 2012. The ex-dividend date will be 2 May 2012. Based on 55,067,725 ordinary shares, being the number of ordinary shares in issue (excluding shares held in treasury) on 5 March 2012, the total dividend payment will amount to £2,313,000. In accordance with FRS 21, dividends are accounted for in the period in which they are paid. Further information on dividend distributions can be found in note 6 on page 37.

The notes on pages 34 to 47 form part of these financial statements.



## BALANCE SHEET

as at 31 December 2011

	Note	2011 £'000	2010 £'000
<b>Fixed asset investments:</b>			
Investments at fair value through profit or loss	8	<b>98,550</b>	51,312
<b>Current assets:</b>			
Debtors	10	<b>975</b>	193
Cash at bank and short-term deposits		<b>908</b>	350
		<b>1,883</b>	543
<b>Creditors: amounts falling due within one year</b>			
Creditors	11	<b>506</b>	235
Loans	19	<b>4,835</b>	–
		<b>5,341</b>	235
<b>Net current (liabilities)/assets</b>		<b>(3,458)</b>	308
<b>Net assets</b>		<b>95,092</b>	51,620
<b>Capital and reserves:</b>			
Called-up share capital	12	<b>645</b>	327
Capital redemption reserve		<b>14</b>	14
Share premium account	13	–	17,991
Special reserve		<b>82,321</b>	10,486
Capital reserve		<b>8,636</b>	21,205
Revenue reserve		<b>3,476</b>	1,597
<b>Total Shareholders' funds</b>		<b>95,092</b>	51,620
<b>Net asset value per ordinary share</b>	15	pence <b>169.9</b>	pence 188.2

These financial statements were approved and authorised for issue by the Board of Directors on 7 March 2012 and were signed on its behalf by:

**Teddy Tulloch**  
Chairman

Registered in Scotland No. 259207

The notes on pages 34 to 47 form part of these financial statements.

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2011

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Year ended 31 December 2011</b>							
At 31 December 2010	327	14	17,991	10,486	21,205	1,597	51,620
Issue of new shares on merger with Anglo & Overseas	318	–	59,025	–	–	–	59,343
Share purchases for treasury	–	–	–	(8,094)	–	–	(8,094)
Sale of shares from treasury	–	–	291	2,635	–	–	2,926
Cancellation of share premium	–	–	(77,307)	77,307	–	–	–
Share premium cancellation expenses	–	–	–	(13)	–	–	(13)
Net return after taxation for the year	–	–	–	–	(12,569)	2,640	(9,929)
Dividends paid	–	–	–	–	–	(761)	(761)
<b>At 31 December 2011</b>	<b>645</b>	<b>14</b>	<b>–</b>	<b>82,321</b>	<b>8,636</b>	<b>3,476</b>	<b>95,092</b>
<b>Year ended 31 December 2010</b>							
At 31 December 2009	327	14	17,991	12,905	18,091	1,384	50,712
Net return after taxation for the year	–	–	–	–	3,114	894	4,008
Dividends paid	–	–	–	–	–	(681)	(681)
Share purchases for treasury	–	–	–	(2,419)	–	–	(2,419)
<b>At 31 December 2010</b>	<b>327</b>	<b>14</b>	<b>17,991</b>	<b>10,486</b>	<b>21,205</b>	<b>1,597</b>	<b>51,620</b>

The issue of new shares on the merger with Anglo & Overseas of £59,343,000 detailed above consisted of the transfer of investments of £58,005,000 and cash of £1,338,000.

The notes on pages 34 to 47 form part of these financial statements.

## CASH FLOW STATEMENT

for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
<b>Operating activities:</b>			
Investment income received		<b>3,449</b>	1,601
Refund of VAT, including interest, on investment management and administration fees		–	138
Investment management fees paid		<b>(354)</b>	(361)
Secretarial fees paid		<b>(74)</b>	(71)
Other expenses paid		<b>(213)</b>	(125)
<b>Net cash inflow from operating activities</b>	16	<b>2,808</b>	1,182
<b>Servicing of finance</b>		<b>(88)</b>	–
<b>Taxation</b>		<b>(109)</b>	(70)
<b>Capital expenditure and financial investment:</b>			
Purchases of investments		<b>(25,069)</b>	(12,957)
Sales of investments		<b>22,903</b>	14,126
Exchange losses on settlement		<b>(43)</b>	(40)
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(2,209)</b>	1,129
<b>Net cash inflow before equity dividend and financing</b>		<b>402</b>	2,241
<b>Equity dividend paid</b>	6	<b>(761)</b>	(681)
<b>Financing:</b>			
Cash received in relation to merger with Anglo & Overseas		<b>1,338</b>	–
Shares sold from treasury		<b>2,926</b>	–
Shares purchased for treasury		<b>(7,916)</b>	(2,419)
Expenses incurred on share premium cancellation		<b>(13)</b>	–
<b>Net cash outflow from financing</b>		<b>(3,665)</b>	(2,419)
<b>Decrease in cash</b>	17	<b>(4,024)</b>	(859)

The notes on pages 34 to 47 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2011

## 1 Accounting policies

### Accounting convention

The financial statements are prepared on a going concern basis in accordance with the Companies Act 2006, UK Generally Accepted Accounting Practice ("UK GAAP") and with the AIC Statement of Recommended Practice issued in January 2009 relating to the Financial Statements of Investment Trust Companies and Venture Capital Trusts. All of the Company's activities are continuing.

### Income recognition

Dividend and other investment income is included as revenue on the ex-dividend date. Deposit interest and underwriting commission receivable is included on an accruals basis.

Dividends are accounted for in accordance with Financial Reporting Standard No. 16: Current Taxation on the basis of income actually receivable, without adjustment for the tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax.

### Management expenses and finance costs

All management expenses and finance costs are accounted for on an accruals basis. All operating expenses and finance costs 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 in the Income Statement. Transaction costs are included within the gains and losses on investment sales, as disclosed in the Income Statement.

### Investments

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

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

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the Balance Sheet date, without adjustment for transaction costs necessary to realise the asset. Unlisted investments will be valued by the Directors at fair value, using the guidelines on valuation published by the International Private Equity and Venture Capital Association. This represents the Directors' view of the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have any intention to sell their holding in the near future.

### Foreign currency

The functional and reporting currency of the Company is sterling because that is the currency of the primary economic environment in which the Company operates.

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

## 1 Accounting policies – continued

### Taxation

The charge for taxation is based on the net revenue for the year and 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 No. 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

In accordance with Financial Reporting Standard No. 21: "Events after the Balance Sheet Date", final dividends are recognised as a liability in the period in which they have been approved by shareholders in a general meeting. Interim dividends are recognised as a liability in the period in which they have been declared and paid.

### Loans

All loans are initially recognised at the sterling equivalent cost, being the fair value of the consideration received. After initial recognition, the loans are revalued using exchange rates at the appropriate date, with the gain or loss being recognised in the capital reserve.

### Own shares held in treasury

From time to time the Company buys back shares and holds them in treasury for potential sale at a later date or for cancellation. In accordance with Financial Reporting Standard No. 25: "Financial Instruments: Disclosure and Presentation", the consideration paid and received for these shares is accounted for in Shareholders' funds and, in accordance with the AIC Statement of Recommended Practice issued in January 2009, the cost has been allocated to the Company's special reserve. The cost of shares re-issued from treasury is calculated by taking the average cost of shares held in treasury at the time of re-issue.

<b>2 Income</b>	<b>2011</b>	2010
	£'000	£'000
<b>Income from investments:</b>		
UK net dividend income	<b>994</b>	486
Overseas dividends	<b>2,627</b>	1,147
Interest on liquidity funds	<b>4</b>	2
	<hr/>	<hr/>
	<b>3,625</b>	1,635
	<hr/>	<hr/>
<b>Total income comprises:</b>		
Dividends	<b>3,625</b>	1,635
	<hr/>	<hr/>
	<b>3,625</b>	1,635
	<hr/>	<hr/>
<b>3 Investment management fee</b>	<b>2011</b>	2010
	£'000	£'000
Investment management fee	<b>432</b>	365
	<hr/>	<hr/>

The investment management fee is paid quarterly in arrears, at the rate of 0.75 per cent per annum of the market capitalisation of the issued ordinary shares (excluding treasury shares) of the Company up to £100,000,000 and at a rate of 0.65 per cent per annum of the market capitalisation which exceeds this amount. At 31 December 2011 there was £171,000 outstanding (2010: £93,000).

## NOTES TO THE FINANCIAL STATEMENTS – continued

at 31 December 2011

### 3 Investment management fee – continued

As detailed on page 17 of the Directors' Report, the Investment Manager, as part of the Company's merger with Anglo & Overseas, agreed to reduce its management fee payable by the Company on a one-off basis by £236,000 in the year ended 31 December 2011.

In addition, the Investment Manager received an administration fee of £75,000 as detailed in note 4 (2010: £72,000). At 31 December 2011 there was £19,000 outstanding (2010: £18,000).

4 Other expenses	2011	2010
	£'000	£'000
Administration and secretarial fees	75	72
Auditor's remuneration for:		
Audit	18	18
Directors' remuneration	67	56
Other	113	130
	<u>273</u>	<u>276</u>

An amount of £35,000 (excluding VAT) was paid to the Auditor, Ernst & Young LLP, for non-audit services in the year ended 31 December 2011 in relation to the merger with Anglo & Overseas. As part of the merger agreement Anglo & Overseas agreed to pay any merger costs incurred by the Company and as a consequence this cost is not detailed within these financial statements.

### 5 Taxation

a) Analysis of charge in year

	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Current tax:</b>						
Overseas tax suffered	181	–	181	100	–	100
	<u>181</u>	<u>–</u>	<u>181</u>	<u>100</u>	<u>–</u>	<u>100</u>

b) The current taxation charge for the year ended 31 December 2011 is lower than the theoretical rate of Corporation Tax in the UK of 26.5 per cent (2010: 28 per cent) (NB The standard rate of Corporation Tax was 28 per cent to 31 March 2011 and 26 per cent from 1 April 2011). The differences are explained below:

	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net return before taxation	2,821	(12,569)	(9,748)	994	3,114	4,108
Theoretical tax at UK Corporation Tax rate of 26.5 per cent (2010: 28 per cent)	748	(3,331)	(2,583)	278	872	1,150
Effects of:						
– UK dividends that are not taxable	(263)	–	(263)	(136)	–	(136)
– Foreign dividends that are not taxable	(518)	–	(518)	(257)	–	(257)
– Accrued income exempt on receipt	–	–	–	(7)	–	(7)
– Non-taxable investment losses/(gains)	–	3,344	3,344	–	(872)	(872)
– Unrelieved excess expenses	33	(13)	20	122	–	122
– Overseas tax suffered	181	–	181	100	–	100
	<u>181</u>	<u>–</u>	<u>181</u>	<u>100</u>	<u>–</u>	<u>100</u>

## 5 Taxation – continued

At 31 December 2011 the Company had unrelieved management expenses of £511,000 (31 December 2010: £435,000). It is unlikely that the Company will generate sufficient taxable income in the future to use these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

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

## 6 Dividends

	2011	2010
	£'000	£'000
<b>Declared and paid</b>		
2010 interim dividend of 2.8p per ordinary share paid in March 2011 (2009: interim dividend of 2.4p paid in March 2010)	<b>761</b>	681
	<b>761</b>	681
<b>Net revenue return after taxation</b>	<b>2,640</b>	894
<b>Proposed</b>		
2011 final dividend of 4.2p (2010: interim dividend of 2.8p declared) per ordinary share	<b>2,313</b>	761
	<b>2,313</b>	761

The Directors recommend a final dividend for the year of 4.2p per ordinary share (2010: interim dividend in lieu of final dividend of 2.8p declared). Subject to approval by Shareholders at the Annual General Meeting to be held on 24 April 2012, this dividend will be payable on 31 May 2012 to Shareholders on the register at the close of business on 4 May 2012. The ex-dividend date will be 2 May 2012. Based on 55,067,725 ordinary shares, being the number of ordinary shares in issue (excluding shares held in treasury) at 5 March 2012, the total dividend payment will amount to £2,313,000.

## 7 Return per ordinary share

	2011			2010		
	Net return £'000	Ordinary shares*	Per share pence	Net return £'000	Ordinary shares*	Per share pence
Revenue return after taxation	<b>2,640</b>	<b>52,641,529</b>	<b>5.0</b>	894	28,149,994	3.2
Capital return after taxation	<b>(12,569)</b>	<b>52,641,529</b>	<b>(23.9)</b>	3,114	28,149,994	11.0
Total return	<b>(9,929)</b>	<b>52,641,529</b>	<b>(18.9)</b>	4,008	28,149,994	14.2

\* Weighted average number of ordinary shares, excluding shares held in treasury, in issue during the year.

## NOTES TO THE FINANCIAL STATEMENTS – continued

at 31 December 2011

### 8 Investments

	2011	2010
	£'000	£'000
Listed investments	<b>96,850</b>	49,812
Unlisted investments	<b>1,700</b>	1,500
	<b>98,550</b>	51,312

	Unlisted	Listed	2011	2010
	£'000	£'000	Total	Total
			£'000	£'000
<i>Analysis of investment portfolio movements</i>				
Opening book cost	<b>214</b>	<b>47,749</b>	<b>47,963</b>	46,249
Opening investment holding gains	<b>1,286</b>	<b>2,063</b>	<b>3,349</b>	3,005
Opening valuation	<b>1,500</b>	<b>49,812</b>	<b>51,312</b>	49,254
Movements in the year:				
Purchases at cost	–	<b>83,081</b>	<b>83,081</b>	12,056
Sales – proceeds	–	<b>(23,570)</b>	<b>(23,570)</b>	(13,147)
– realised gains on sales	–	<b>282</b>	<b>282</b>	2,805
Increase/(decrease) in investment holding gains	<b>200</b>	<b>(12,755)</b>	<b>(12,555)</b>	344
Closing valuation	<b>1,700</b>	<b>96,850</b>	<b>98,550</b>	51,312
Closing book cost	<b>214</b>	<b>107,542</b>	<b>107,756</b>	47,963
Closing investment holding gains/(losses)	<b>1,486</b>	<b>(10,692)</b>	<b>(9,206)</b>	3,349
Closing valuation	<b>1,700</b>	<b>96,850</b>	<b>98,550</b>	51,312

	Unlisted	Listed	2011	2010
	£'000	£'000	Total	Total
			£'000	£'000
<i>Analysis of capital gains and losses</i>				
Realised gains on sales	–	<b>282</b>	<b>282</b>	2,805
Increase/(decrease) in investment holding gains	<b>200</b>	<b>(12,755)</b>	<b>(12,555)</b>	344
Gains/(losses) on investments	<b>200</b>	<b>(12,473)</b>	<b>(12,273)</b>	3,149

The purchases at cost of £83,081,000 detailed above include investments of £58,005,000 transferred to the Company as a result of the merger with Anglo & Overseas at fair value.

The unlisted investment is the 71,294 shares in Edinburgh Partners as disclosed in the Chairman's Statement on page 4.

#### Fair value hierarchy

In accordance with Financial Reporting Standard No. 29: "Financial Instruments: Disclosures", the Company must disclose the fair value hierarchy of financial instruments.

All of the Company's financial instruments fall into level 1, being valued at quoted prices in active markets, except its investment in Edinburgh Partners which falls into level 3 and is valued using an unquoted price that is derived from inputs that are not based on observable market data. A reconciliation of the fair value movements of level 3 investments is shown in the unlisted column of the table above.



## 8 Investments – continued

### Transaction costs

During the year the Company incurred transaction costs of £44,000 (2010: £28,000) and £28,000 (2010: £16,000) on purchases and sales of investments respectively. These amounts are included in (losses)/gains on investments at fair value, as disclosed in the Income Statement on page 30.

## 9 Significant holdings

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

<b>10 Debtors</b>	<b>2011</b>	2010
	£'000	£'000
Due from brokers	<b>667</b>	–
Dividends receivable	<b>280</b>	104
Prepayments and accrued income	<b>20</b>	10
Taxation recoverable	<b>8</b>	79
	<b>975</b>	193

<b>11 Creditors: amounts falling due within one year</b>	<b>2011</b>	2010
	£'000	£'000
Due to brokers	<b>7</b>	–
Other creditors and accruals	<b>499</b>	235
	<b>506</b>	235

<b>12 Share capital</b>	<b>Number of shares</b>	<b>2011</b>	<b>Number of shares</b>	<b>2010</b>
	Ordinary 1p	£'000	Ordinary 1p	£'000
<i>Allotted, called up and fully paid:</i>				
At 1 January	<b>32,654,180</b>	<b>327</b>	32,654,180	327
Issued on merger with Anglo & Overseas	<b>31,855,462</b>	<b>318</b>	–	–
At 31 December	<b>64,509,642</b>	<b>645</b>	32,654,180	327

### Duration of the Company

The Company does not have a termination date or the requirement for any periodic continuation vote.

## 13 Share premium

At the General Meeting of the Company held on 3 March 2011 a resolution was passed approving the cancellation of the Company's share premium account.

The Court subsequently confirmed this cancellation and an amount of £77,307,000 was transferred from the Company's share premium account to its special reserve account. This amount can be treated as a distributable reserve for all purposes permitted by the Companies Act 2006 (as amended), and will enhance substantially the ability of the Company to buy-back its own shares, either into treasury or for cancellation.

## NOTES TO THE FINANCIAL STATEMENTS – continued

at 31 December 2011

### 14 Own shares held in treasury

Details of own shares purchased for and sold from treasury are shown below:

	<b>2011</b>	2010
	Number of shares	Number of shares
At 1 January	<b>5,223,700</b>	3,830,000
Shares purchased for treasury	<b>4,968,217</b>	1,393,700
Shares sold from treasury	<b>(1,650,000)</b>	–
At 31 December	<b>8,541,917</b>	5,223,700

During the year ended 31 December 2011, 4,968,217 shares were purchased for treasury at a cost of £4,968,000 and 1,650,000 shares were sold from treasury at a cost of £2,635,000. The proceeds from the issue of shares from treasury was £2,926,000, and the premium of £291,000 was recognised in the share premium account, which was subsequently cancelled, as detailed in note 13 on page 39 of these financial statements.

### 15 Net asset value per share

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

	<b>2011</b>	2010
	pence	pence
Ordinary share	<b>169.9</b>	188.2

The net asset value per ordinary share is based on net assets of £95,092,000 (2010: £51,620,000) and on 55,967,725 (2010: 27,430,480) ordinary shares, being the number of ordinary shares, excluding shares held in treasury, in issue at the year end.

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

	<b>2011</b>	2010
	£'000	£'000
Net return before finance costs and taxation	<b>(9,649)</b>	4,108
Net gains/(losses) on capital items	<b>12,569</b>	(3,114)
Increase in creditors	<b>74</b>	83
(Increase)/decrease in debtors and accrued income	<b>(186)</b>	105
Net cash inflow from operating activities	<b>2,808</b>	1,182

**17 Reconciliation of net cash flow to movement in net funds**

	<b>2011</b>	2010
	£'000	£'000
Decrease in cash for the year	<b>(4,024)</b>	(859)
Realised exchange (losses)/gains	<b>(253)</b>	23
	<b>(4,277)</b>	(836)
Net funds at 1 January	<b>350</b>	1,186
Net funds at 31 December	<b>(3,927)</b>	350

	<b>At</b>		<b>Exchange</b>		<b>At</b>
	<b>1 January</b>	<b>Cash</b>	<b>gains/</b>	<b>31 December</b>	<b>2011</b>
	£'000	£'000	(losses)	£'000	£'000
Cash at bank	<b>350</b>	<b>468</b>	<b>90</b>	<b>908</b>	<b>908</b>
Loans	–	<b>(4,492)</b>	<b>(343)</b>	<b>(4,835)</b>	<b>(4,835)</b>
	<b>350</b>	<b>(4,024)</b>	<b>(253)</b>	<b>(3,927)</b>	<b>(3,927)</b>

	<b>At</b>		<b>At</b>
	<b>1 January</b>	<b>Cash</b>	<b>Exchange</b>
	2010	flows	gains
	£'000	£'000	£'000
Cash at bank	1,186	(859)	23
	1,186	(859)	23
	350	350	350

## NOTES TO THE FINANCIAL STATEMENTS – continued

at 31 December 2011

### 18 Analysis of financial assets and liabilities

#### Interest rate and currency profile

The interest rate and currency profile of the Company's financial assets and liabilities were:

	2011			2010		
	Total	No interest rate exposure	Cash flow interest rate risk exposure	Total	No interest rate exposure	Cash flow interest rate risk exposure
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Equity shares</b>						
Japanese yen	22,729	22,729	–	12,890	12,890	–
Euro	20,475	20,475	–	6,179	6,179	–
US dollar	20,202	20,202	–	13,291	13,291	–
Sterling	20,132	20,132	–	11,240	11,240	–
Hong Kong dollar	6,758	6,758	–	1,127	1,127	–
Singapore dollar	5,021	5,021	–	1,359	1,359	–
South Korean won	3,233	3,233	–	1,694	1,694	–
Swiss franc	–	–	–	2,382	2,382	–
Norwegian krone	–	–	–	1,150	1,150	–
<b>Cash at bank and short-term deposits</b>						
US dollar	480	–	480	17	–	17
Sterling	284	–	284	333	–	333
Hong Kong dollar	144	–	144	–	–	–
<b>Debtors</b>						
Japanese yen	–	–	–	8	8	–
Euro	278	278	–	46	46	–
US dollar	19	19	–	7	7	–
Sterling	604	604	–	69	69	–
Singapore dollar	70	70	–	30	30	–
Swiss franc	4	4	–	29	29	–
Norwegian krone	–	–	–	4	4	–
<b>Short-term creditors</b>						
Sterling	(499)	(499)	–	(235)	(235)	–
Hong Kong dollar	(7)	(7)	–	–	–	–
<b>Loans</b>						
Japanese yen	(2,969)	–	(2,969)	–	–	–
US dollar	(1,866)	–	(1,866)	–	–	–
	<b>95,092</b>	<b>99,019</b>	<b>(3,927)</b>	<b>51,620</b>	<b>51,270</b>	<b>350</b>

At 31 December 2011 the Company had no financial liabilities other than the short-term creditors and loans as stated above (2010: £nil). All financial assets and liabilities of the Company are held at fair value.

## 19 Risk analysis

### Risks

The principal risks the Company faces are:

- Investment and strategy risk
- Discount volatility risk
- Market risk (comprising interest rate risk, currency risk and other price risk)
- Liquidity risk
- Credit risk
- Interest rate risk
- Foreign currency risk
- Gearing risk
- Regulatory risk
- Operational risk
- Financial 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, quarterly. The Company may enter into derivative contracts to manage risk but has not done so to date. A description of the principal risks the Company faces is detailed below.

#### Investment and strategy risk

There can be no guarantee that the objective of the Company will be achieved.

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.

#### Discount volatility risk

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

The Board actively monitors the discount at which the Company's shares trade, and is committed to using its powers to allot or repurchase the Company's ordinary shares with a view to maintaining the middle market price at which the shares trade at close to the net asset value most recently published by the Company (taking into account the effect on the net asset value per share of any rights to which the shares are trading ex-dividend).

The Board's commitment to allot or repurchase ordinary shares is subject to it being satisfied that any offer to allot or purchase shares is in the best interests of Shareholders of the Company as a whole, the Board having the requisite authority pursuant to the Articles of Association and relevant legislation to allot or purchase shares, and all other applicable legislative and regulatory provisions.

During the year ended 31 December 2011 the Company issued 31,855,462 (2010: nil) ordinary shares as a result of the merger with Anglo & Overseas.

During the year ended 31 December 2011 the Company sold 1,650,000 (2010: nil) ordinary shares from treasury.

During the year ended 31 December 2011 the Company bought back 4,968,217 (2010: 1,393,700) ordinary shares into treasury.

## NOTES TO THE FINANCIAL STATEMENTS – continued

at 31 December 2011

### 19 Risk analysis – continued

#### Market price risk

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

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

Details of the Company's investment portfolio as at 31 December 2011 are disclosed on page 8 of these financial statements.

If the investment portfolio valuation fell by 1 per cent from the amount detailed in the financial statements as at 31 December 2011 it would have the effect, with all other variables held constant, of reducing the total return before taxation and therefore net assets by £986,000 (2010: £513,000). An increase of 1 per cent in the investment portfolio valuation would have an equal and opposite effect on the total return before taxation and net assets.

#### Liquidity risk

The Company's policy with regard to liquidity is to ensure continuity of funding. Short-term flexibility is achieved through cash management.

The Company's assets comprise mainly of readily realisable securities which can be sold freely to meet funding requirements if necessary. Securities listed on a recognised stock exchange have been valued at bid prices and exchange rates ruling at the close of business on 31 December 2011. In certain circumstances, the market prices at which investments are valued may not represent the realisable value of those investments, taking into account both the size of the Company's holding and the frequency with which such investments are traded.

#### Credit risk

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

The carrying amounts of financial assets best represent the maximum credit risk exposure at the Balance Sheet date. The Company's listed investments are held on its behalf by The Bank of New York Mellon acting as the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal controls reports.

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

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

The maximum exposure to credit risk as at 31 December 2011 was £100,433,000 (2010: £51,855,000). The calculation is based on the Company's credit risk exposure as at 31 December 2011 and this may not be representative of the year as a whole.

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

## 19 Risk analysis – continued

### Interest rate risk

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

Details of the Company's interest rate exposure as at 31 December 2011 are disclosed in note 18 on page 42 of these financial statements.

The majority of the Company's assets were non-interest bearing as at 31 December 2011. Surplus cash is invested in liquidity funds.

During the year a £10,000,000 secured multicurrency revolving credit facility was entered into with Scotiabank Europe PLC, of which £4,835,000 had been drawn down at 31 December 2011, incurring an average interest rate of 1.4743 per cent per annum.

If interest rates had reduced by 0.25 per cent (2010: 0.25 per cent) from those obtained as at 31 December 2011 it would have the effect, with all other variables held constant, of increasing the total return before taxation and therefore net assets on an annualised basis by £10,000 (2010: reducing the total return before taxation and net assets by £1,000 on an annualised basis). If there had been an increase in interest rates of 0.25 per cent (2010: 0.25 per cent) there would have been an equal and opposite effect in the total return before taxation and net assets. The calculations are based on cash at bank, short-term deposits and the revolving credit facility as at 31 December 2011 and these may not be representative of the year as a whole.

The maturity profile of the Company's financial liabilities is as follows:

	<b>As at 31 December 2011</b>	As at 31 December 2010
	£'000	£'000
In one year or less	<b>4,835</b>	–
In more than one, but not more than two years	–	–
In more than two, but not more than five years	–	–
	<hr/>	<hr/>
	<b>4,835</b>	–
	<hr/>	<hr/>

### Foreign currency risk

The base currency of the Company is sterling. The international nature of the Company's investment activities gives rise to a currency risk which is inherent in the performance of its overseas investments. The Company's overseas income is also subject to currency fluctuations.

It is not the Company's policy to hedge this risk on a continuous basis.

Details of the Company's foreign currency risk exposure as at 31 December 2011 are disclosed in note 18 on page 42 of these financial statements.

If sterling had strengthened by 1 per cent against all other currencies on 31 December 2011, with all other variables held constant, it would have the effect of reducing the total return before taxation and net assets by £746,000 (2010: £402,000). If sterling had weakened by 1 per cent against all other currencies there would have been an equal and opposite effect on the total return before taxation and net assets.

## NOTES TO THE FINANCIAL STATEMENTS – continued

at 31 December 2011

### 19 Risk analysis – continued

#### Gearing risk

Gearing is used to enhance long-term returns to Shareholders. The Company is permitted to employ gearing should the Board feel it appropriate to do so up to a maximum of 25 per cent of total assets.

On 14 January 2011 the Company entered into a one-year £5,000,000 secured multicurrency revolving credit facility, which was increased to £10,000,000 on 4 May 2011 subsequent to the merger with Anglo & Overseas. As at 31 December 2011 £4,835,000 had been drawn down under this facility. Interest on any amounts drawn down under this facility was chargeable at a margin of 1.20 per cent per annum above the British Bankers' Association Interest Settlement Rate at the time of draw down. As a result of entering into this facility, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

The principal financial covenants of the facility are that the adjusted asset coverage shall not be less than 4:1 and net assets shall not fall below £25,000,000. The Company has entered into a security deed with Scotiabank Europe PLC, whereby Scotiabank Europe PLC has a full title guarantee and continuing security to the assets of the Company for the discharge of its liabilities. The financial covenants were met in the year ended 31 December 2011. The facility was extended for a further year on 13 January 2012 at a margin of 1.10 per cent per annum above the British Bankers' Association Interest Settlement Rate at the time of draw down.

The use of gearing is likely to lead to volatility in the net asset value per share, meaning that a relatively small movement either down or up in the value of the Company's total investments may result in a magnified movement in the same direction of the net asset value per share. The greater the level of gearing, the greater the level of risk and likely fluctuation in the share price.

#### Regulatory risk

Failure to qualify under the terms of Sections 1158 and 1159 of the Corporation Tax Act 2010 (formerly Section 842 of the Income and Corporation Taxes Act 1988) may lead to the Company being subject to capital gains tax. A breach of the rules of the London Stock Exchange may result in censure by the Financial Services Authority ("FSA") and/or the Company's suspension from listing.

The Board has agreed service levels with the Secretary and Investment Manager which include active and regular review of compliance with these 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. The main risk is that third parties may fail to ensure that statutory requirements such as Companies Act and London Stock Exchange requirements are met.

The Board regularly receives and reviews management information on third parties which the Secretary compiles. In addition, each of the third parties provides a copy of its report on internal controls (ISAE 3402, SSAE 16, SAS 70 or equivalent) to the Board each year.

#### Financial risk

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

The Investment Manager employs independent administrators to prepare all financial statements and meets with the independent auditor at least once a year to discuss all financial matters including appropriate accounting policies.

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

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 year. These risks are formalised within the Company's risk assessment matrix.



## 20 Capital management policies

The Company's objective is to provide Shareholders with an attractive real long-term total return by investing globally in undervalued securities. The portfolio is managed without reference to the comparison of any stock market index. In pursuing this objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. This involves the ability to: issue and buyback share capital within limits set by the Shareholders in general meeting; borrow monies in the short and long-term; and pay dividends to Shareholders out of current year revenue earnings as well as out of brought forward revenue reserves.

The Company's capital comprises:

	<b>2011</b>	2010
	£'000	£'000
Called-up share capital	<b>645</b>	327
Capital redemption reserve	<b>14</b>	14
Share premium account	–	17,991
Special reserve	<b>82,321</b>	10,486
Capital reserve	<b>8,636</b>	21,205
Revenue reserve	<b>3,476</b>	1,597
	<hr/>	<hr/>
Total Shareholders' funds	<b>95,092</b>	51,620

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

## 21 Transactions with the Investment Manager

Information with respect to transactions with the Investment Manager is provided in note 3 on pages 35 and 36 of these financial statements and on pages 16 and 17 in the Directors' Report.

## GLOSSARY OF INVESTMENT TRUST TECHNICAL TERMS

### **Discount/Premium**

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

### **Gearing**

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

### **ISAs, Junior ISAs and SIPPs**

Individual Savings Accounts, Junior ISAs and Self-Invested Personal Pensions.

### **Net asset value per share**

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

### **Total assets**

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

### **Total expense ratio**

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

### **Total return**

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

### **Treasury shares**

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

## SHAREHOLDER INFORMATION

### Investing in the Company

The Company's ordinary shares are traded on the London Stock Exchange. You can buy or sell shares through your stockbroker, bank or other professional investment adviser. Shares in the Company may also be bought and held in an ISA or Share Plan through the BNP Paribas – Edinburgh Partners Savings Scheme and ISA. Further information is available on the Company's website [www.epgot.com](http://www.epgot.com) or on the Edinburgh Partners' website [www.edinburghpartners.com](http://www.edinburghpartners.com) or by telephone on 0845 358 1100.

### Frequency of NAV publication

The Company's ordinary share net asset value is released daily to the London Stock Exchange and published on the Company's website [www.epgot.com](http://www.epgot.com) and on the Edinburgh Partners' website [www.edinburghpartners.com](http://www.edinburghpartners.com).

### Sources of further information

The Company's ordinary share price is quoted daily in the Financial Times under "Investment Companies". Previous day closing price, daily net asset value and other portfolio information is published on the Company's website [www.epgot.com](http://www.epgot.com) and on the Edinburgh Partners' website [www.edinburghpartners.com](http://www.edinburghpartners.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](http://www.londonstockexchange.com), and the AIC, [www.theaic.co.uk](http://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 4069 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 10. You can check your shareholding and find practical help on transferring shares or updating your details at [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

### Key dates

Company's year end	31 December
Annual results announced	March
Annual General Meeting	April
Dividend paid	May
Company's half-year end	30 June
Interim results announced	August

### Interim Management Statements

In accordance with the Disclosure and Transparency Rules, the Company will be releasing Interim Management Statements ("IMS") for the quarters ending 31 March 2012 and 30 September 2012. These will be released to the London Stock Exchange and may be viewed at the Company's website [www.epgot.com](http://www.epgot.com).

### Risk warning

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

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at The Bonham Hotel, 35 Drumsheugh Gardens, Edinburgh EH3 7RN on Tuesday, 24 April 2012, at 12.00 noon to transact the business set out in the resolutions below.

	<b>Resolution on Form of Proxy</b>
<b>Ordinary business</b>	
To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:	
1 To receive and, if thought fit, to accept the Reports of the Directors and Auditor and the audited financial statements for the year ended 31 December 2011.	Resolution 1
2 To receive and approve the Directors' Remuneration Report for the year ended 31 December 2011.	Resolution 2
3 To declare a final dividend of 4.2p per ordinary share for the year ended 31 December 2011.	Resolution 3
4 To reappoint Ernst & Young LLP as Auditor to the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.	Resolution 4
5 To authorise the Directors to determine the remuneration of the Auditor of the Company.	Resolution 5
6 To re-elect Mr Tulloch as a Director of the Company.	Resolution 6
7 To re-elect Mr Burns as a Director of the Company.	Resolution 7
8 To re-elect Mr Hough as a Director of the Company.	Resolution 8
9 To re-elect Mr McBean as a Director of the Company.	Resolution 9
10 To re-elect Mr Weaver as a Director of the Company.	Resolution 10

**Special business**

11 To consider and, if thought fit, pass the following resolution as a Special Resolution:	Resolution 11
<p>THAT in substitution for any existing authority, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the "Act"), to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors of the Company shall from time to time determine, provided that:</p> <ul style="list-style-type: none"> <li>(i) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 8,254,651 (or, if less, 14.99 per cent of the number of ordinary shares in issue (excluding treasury shares) immediately following the passing of this resolution);</li> <li>(ii) the minimum price (exclusive of expenses) which may be paid by the Company for an ordinary share shall be 1p;</li> </ul>	

- (iii) the maximum price (exclusive of expenses) which may be paid by the Company for an ordinary share shall be no more than the higher of (a) 105 per cent of the average of the closing mid-market price of such shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days prior to the date of the purchase; and (b) the amount stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulations 2003;
- (iv) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 30 June 2013), unless previously renewed, varied or revoked by the Company in general meeting; and
- (v) the Company may at any time make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract or contracts.

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

Resolution 12

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

- (a) up to an aggregate nominal amount of £183,559 (being approximately one-third of the issued share capital (excluding treasury shares) as at 5 March 2012); and
- (b) comprising equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £183,559 in connection with an offer by way of a rights issue:
  - (i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings: and
  - (ii) to holders of other equity securities (if any) as required by the rights of those securities or as the Directors otherwise consider necessary,

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

provided that the authorities conferred on the Directors by paragraph (a) and (b) above shall, unless renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 30 June 2013), save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so the Directors of the Company may allot shares or grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

## NOTICE OF ANNUAL GENERAL MEETING – continued

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

Resolution 13

THAT, subject to the passing of Resolution 12 above (and in substitution for all subsisting authorities to the extent unused but without prejudice to the exercise of any such power prior to the date hereof), the Directors be and are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

(a) in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of Resolution 12, by way of a rights issue only):

- (i) to holder of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other equity securities (if any) as required by the rights of those securities or as Directors otherwise consider necessary,

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

(b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £55,067 (being approximately 10 per cent of the issued share capital (excluding treasury shares) as at 5 March 2012)

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (which must be held no later than 30 June 2013), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

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

Resolution 14

THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company (which must be held no later than 30 June 2013).

By order of the Board

**Kenneth J Greig,**

Secretary

EP Global Opportunities Trust plc

Registered Office: 12 Charlotte Square, Edinburgh EH2 4DJ

7 March 2012

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

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

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appears in the Company's Register of Members in respect of the joint holders (the first named being the most senior).

Note 2: The "vote withheld" option on the proxy form is provided to enable a Shareholder to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculations of the proportion of votes "for" or "against" a particular resolution.

Note 3: Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours (excluding non-working days) before the start of the meeting or any adjournment thereof. Instructions on how to vote through CREST can be found by accessing the following website: [www.euroclear.com/CREST](http://www.euroclear.com/CREST). Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically as required by section 333A of the Companies Act 2006.

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

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

## NOTICE OF ANNUAL GENERAL MEETING – continued

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

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

- Note 4: A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”) may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Note 1 above do not apply to a Nominated Person. The rights described in this Note can only be exercised by registered members of the Company.
- Note 5: As at 5 March 2012 (the latest practicable date prior to the publication of this notice) the Company’s issued share capital amounted to 64,509,642 ordinary shares carrying one vote each. After deducting 9,441,917 ordinary shares held in treasury, which do not have voting rights, the total voting rights in the Company as at 5 March 2012 were 55,067,725 votes.
- Note 6: Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, as amended and/or the purposes of section 360B of the Companies Act 2006, the Company specifies that only those Shareholders registered on the Register of Members of the Company as at 6.00 pm on 20 April 2012 (or, in the event that the meeting is adjourned, only those Shareholders registered on the Register of Members of the Company as at 6.00 pm on the day which is two days (excluding non-working days) prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- Note 7: In accordance with section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:
- a) to do so would:
    - (i) interfere unduly with the preparation for the meeting, or
    - (ii) involve the disclosure of confidential information;
  - b) the answer has already been given on a website in the form of an answer to a question; or
  - c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.



- Note 8: A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company (provided, in the case of multiple corporate representatives of the same corporate Shareholder, they are appointed in respect of different shares owned by the corporate Shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate Shareholders can also appoint one or more proxies in accordance with Note 1. On a vote on a resolution on a show of hands, each authorised person has the same voting rights to which the corporation would be entitled. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:
- a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
  - b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
- Note 9: Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
- Note 10: Any person holding 3 per cent or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his/her proxy is to ensure that both he/she and his/her proxy comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
- Note 11: A copy of this notice of Annual General Meeting is available on the Company's website at [www.epgot.com](http://www.epgot.com).
- Note 12: The letters of appointment of the Directors of the Company will be available for inspection on the day of the Annual General Meeting at The Bonham Hotel, 35 Drumsheugh Gardens, Edinburgh EH3 7RN from 11.45 am until the conclusion of the meeting.
- Note 13: The Annual Report incorporating this Notice of Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice, will be available on the Company's website at [www.epgot.com](http://www.epgot.com).

**NOTES**



