

**North Atlantic Smaller Companies Investment Trust plc**  
**Half Yearly Financial Report for the six months ended**  
**31 July 2009**

**Objective of the company and financial highlights**

The objective of the Company is to provide capital appreciation through investment in a portfolio of smaller companies principally based in countries bordering the North Atlantic Ocean.

		31 July 2009 (unaudited)	31 January 2009 (audited)	% Change
Net asset value per 5p Ordinary Share*:				
	Basic	1,315p	1,204p	9.2
	Diluted	1,029p	944p	9.0
Mid-market price of the 5p Ordinary Shares		791.5p	618.5p	28.0
Discount to diluted net asset value*		23.1%	34.5%	
Standard & Poor's 500 Composite Index**		590.8	568.0	4.0
Russell 2000 **		333.1	305.1	9.2
FTSE All-Share Index		2,353.5	2,078.9	13.2
US Dollar/Sterling exchange rate		1.6579	1.4417	15.0

\* Including retained revenue for the period.

\*\* Sterling adjusted.

## **Chief executive's review**

I am pleased to report that during the six month period to 31 July 2009, the fully diluted net asset value of the Company rose by 9% outperforming the Sterling adjusted Standard and Poor's Composite Index which rose by 4%.

Net income for the period amounted to a loss of £105,000 (2008: profit £264,000) despite the successful recovery from HM Revenue & Customs of approximately £450,000 for VAT overpaid on investment management fees and certain other fees in the past, following the decision in the Fleming Claverhouse case. Consistent with long term policy, your Directors do not intend to pay a dividend. Although no shares or Convertible Unsecured Loan Stock ("CULS") were acquired for cancellation during the period, 100,000 CULS were acquired in early August.

### **Listed equities**

Smaller companies which had been heavily hit in the third quarter of 2008 achieved a major rally from the lows that were reached in March. In particular, Castle Support Services, RPC Group, Essenden and BBA performed well assisted by operating results which were generally better than market expectations. Oryx International Growth Fund also saw a notable increase in its net asset value. The principal disappointment was Communisis which, due to weaker than expected profitability, fell some 40% over the period.

The Company's only major new position was Celsis which performed in line with the market and for which the Company is participating in a recommended takeover following the end of the period.

The Company's cash balance increased during the period as the holdings in Filtronic, GNE and Fayrewood were liquidated and a number of the escrow payments from businesses sold in the past two years have been released.

### **Unlisted equities**

The unquoted portfolio benefited from the successful takeover of GNE by Norcliffe Investments. GNE's assets have now been liquidated realising a profit to the Company in excess of £3 million.

Hampton Trust successfully sold an intellectual property asset which resulted in a write-up in the value of the investment and a return of capital in cash of some £5.6 million. Against this, it was necessary to write off in full the holding in Crendon Industrial.

Small investments were made in Valiant Holdings and approximately £2.8 million was invested in Orthoproducts to enable that company to make a small acquisition.

### **Outlook**

The market's strong rally has continued into August and the Company continues to benefit from this. In addition, a number of the listed companies are in discussions which may lead to an offer for the business. However, some very significant problems remain meaning that any recovery in economic activity is likely to be muted. World economies in general are now dependant on unsustainable levels of government borrowing, unemployment continues to rise and consumer debt levels are too high. Bank stocks have led the advance in the stock market as they claw themselves back from oblivion. Despite Government assurances to the contrary, credit for business remains extremely tight and, when available, very expensive.

In these circumstances it is intended that the Company continue with its conservative approach to the markets over the balance of the fiscal year.

C H B Mills  
Chief Executive  
10 September 2009

**Top ten investments**  
as at 31 July 2009

Company		Fair value £'000	% of net assets
Castle Support Services PLC	UK Quoted on AIM	19,840	10.2
Oryx International Growth Fund Limited*+	UK Listed	14,213	7.3
RPC Group PLC	UK Listed	11,150	5.7
Nationwide Accident Repair Services PLC	UK Quoted on AIM	8,500	4.4
BBA Aviation Group PLC	UK Listed	8,115	4.2
Hampton Trust Group	UK Unquoted	7,440	3.8
Trident Private Equity Fund II LP	Cayman Islands Unquoted	6,842	3.5
Asset Co Limited Preference Shares	UK Unquoted	6,500	3.3
Bionostics Holdings Limited Preference Shares	US Unquoted	6,102	3.1
US Treasury Bills	US Treasury Stock	6,030	3.1
		<u>94,732</u>	<u>48.6</u>

\* Incorporated in Guernsey

+ Oryx is accounted for in the Group accounts as an Associate under the equity method of accounting. The valuation shown above is the Group's share of Oryx's net assets. All other investments are valued at fair value.

## **Interim management report**

### **Investment objective**

The objective of North Atlantic Smaller Companies Investment Trust PLC ("the Company") is to provide capital appreciation through investment in a portfolio of smaller companies principally based in countries bordering the North Atlantic Ocean.

### **Material events**

At the Annual General Meeting of the Company held on 30 June 2009, Mr Enrique Foster Gittes stepped down as Chairman after ten years in the role. Mr Gittes will remain on the Board as a Non-Executive Director. The Honourable Peregrine Moncreiffe, who re-joined the Board on 17 November 2008, became Chairman of the Company following the Annual General Meeting.

On 23 July 2009 there was a meeting of the holders of the Company's Convertible Unsecured Loan Stock 2013 ("CULS") at which an Extraordinary Resolution was passed authorising the purchase of the Company's own ordinary shares for cancellation. The Company is authorised to purchase its own shares, in line with Article 11 of the Company's Articles of Association. However, under the trust deed dated 26 November 1993 constituting the CULS, the Company also required the authorisation of the Stockholders in order to obtain the Buy Back Authority.

The Directors intend to exercise this authority only when, in the light of market conditions prevailing at the time and taking into account investment opportunities, appropriate gearing levels and the overall financial position, they believe that the effect of such purchases will be to increase the underlying value per Ordinary Share having regard to the interests of shareholders and loan stock holders generally.

### **Material transactions**

The Board does not consider that there were any material transactions during the period ended 31 July 2009.

### **Risk profile**

The principal risks and uncertainties for the remaining six months of the year continue to be as described in the Annual Report for the year ended 31 January 2009 on pages 65–74. The principal risks arising from the Group's financial instruments are market price risk and foreign currency risk. The Directors review and agree policies with the Joint Manager, North Atlantic Value LLP, for managing these risks. The policies have remained substantially unchanged in the six months since the year end.

The Group does not have any significant exposure to credit risk arising from any one individual party. Credit risk is spread across a number of companies, each having an immaterial effect on the Group's cash flows, should a default occur.

To support its investment in unquoted companies, the Group may periodically agree to guarantee all or part of the borrowings of investee companies. Provision is made for any costs that may be incurred when the Directors consider it likely that the guarantee will crystallise.

The Group's exposure to market price risk comprises mainly movements in the value of the Group's investments. It should be noted that the prices of options tend to be more volatile than the prices of the underlying securities.

The functional and presentational currency of the Group is Sterling, and therefore, the Group's principal exposure to foreign currency risk comprises investments priced in other currencies, principally US Dollars.

The Group invests in equities and other investments that are readily realisable.

### **Related party transactions**

These are listed in note 9 to the half yearly condensed financial statements.

### **CULS**

The CULS were issued in units of 5p each. The units are redeemable at par on 31 May 2013, unless previously redeemed, purchased by the Company, or converted at the option of the holder.

During the period ended 31 July 2009, 28,679 (2008: 20,340) units of CULS were converted into Ordinary Shares of 5p each at the rate of one 5p Ordinary Share for every unit of 5p. The Company did not purchase any units of CULS for cancellation during the period under review (2008: 520,000).

The CULS units are convertible into Ordinary Shares of 5p each at a rate of one Ordinary Share for every 5p unit, one month after despatch of the audited accounts in each of the years 2009 to 2013 inclusive.

Interest is payable to holders of the CULS at a rate of 0.5p gross per 5p unit per annum on 31 January each year.

C H B Mills  
Chief Executive  
10 September 2009

## **Responsibility statement**

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within this half yearly financial report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The half yearly financial report includes a fair review of the information required by the FSA's Disclosure and Transparency Rule 4.2.7R being disclosure of important events that have occurred during the first six months of the financial year, their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
- The half yearly financial report includes a fair review of the information required by the FSA's Disclosure and Transparency Rule 4.2.8R being disclosure of related party transactions during the first six months of the financial year, how they have materially affected the financial position of the Company during the period and any changes therein.

The half yearly financial report was approved by the Board on 10 September 2009 and the above responsibility statement was signed on its behalf by:

C H B Mills  
Chief Executive

## Consolidated statement of comprehensive income

	Six months ended 31 July 2009 (unaudited)			Six months ended 31 July 2008 (unaudited)		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment income	1,058	–	1,058	2,200	–	2,200
Net gains/(losses) on investments at fair value through profit or loss	–	14,070	14,070	–	(17,117)	(17,117)
Currency exchange gains/(losses)	–	225	225	–	(207)	(207)
<b>total income</b>	<b>1,058</b>	<b>14,295</b>	<b>15,353</b>	<b>2,200</b>	<b>(17,324)</b>	<b>(15,124)</b>
Expenses						
Investment management fee (note 2)*	(480)	(422)	(902)	(1,238)	(11)	(1,249)
Share based remuneration	–	–	–	(90)	–	(90)
Other expenses	(548)	–	(548)	(351)	–	(351)
Share of net return of associate	–	2,985	2,985	–	(2,063)	(2,063)
<b>profit before finance costs and taxation</b>	<b>30</b>	<b>16,858</b>	<b>16,888</b>	<b>521</b>	<b>(19,398)</b>	<b>(18,877)</b>
Finance costs	(133)	–	(133)	(257)	–	(257)
<b>profit before taxation</b>	<b>(103)</b>	<b>16,858</b>	<b>16,755</b>	<b>264</b>	<b>(19,398)</b>	<b>(19,134)</b>
Taxation	(2)	–	(2)	–	–	–
<b>profit for the period</b>	<b>(105)</b>	<b>16,858</b>	<b>16,753</b>	<b>264</b>	<b>(19,398)</b>	<b>(19,134)</b>
<b>other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>total comprehensive income for the period</b>	<b>(105)</b>	<b>16,858</b>	<b>16,753</b>	<b>264</b>	<b>(19,398)</b>	<b>(19,134)</b>
<b>earnings per ordinary share (note 4)</b>						
Basic			113.22p			(129.46)p
Diluted			89.87p			(98.27)p

All of the profit/ (loss) for the period and the total comprehensive income for the period is attributable to the owners of the Company.

The total column of the statement is the Statement of Comprehensive Income of the Company prepared in accordance with IFRS. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies.

All items in the above Statement derive from continuing operations. No operations were acquired or discontinued in the period.

\* Net of VAT refund.

**consolidated statement of comprehensive income** (continued)

	Year ended 31 January 2009 (audited)		
	Revenue return £'000	Capital return £'000	Total £'000
Investment income	4,285	–	4,285
Net gains/(losses) on investments at fair value through profit or loss	–	(54,325)	(54,325)
Currency exchange gains/(losses)	–	7,042	7,042
<b>total income</b>	<b>4,285</b>	<b>(47,283)</b>	<b>(42,998)</b>
Expenses			
Investment management fee (note 2)	(2,475)	(110)	(2,585)
Share based remuneration	(50)	–	(50)
Other expenses	(733)	–	(733)
Share of net return of associate	–	(7,677)	(7,677)
<b>profit before finance costs and taxation</b>	<b>1,027</b>	<b>(55,070)</b>	<b>(54,043)</b>
Finance costs	(487)	–	(487)
<b>profit before taxation</b>	<b>540</b>	<b>(55,070)</b>	<b>(54,530)</b>
Taxation	(2)	–	(2)
<b>profit for the year</b>	<b>538</b>	<b>(55,070)</b>	<b>(54,532)</b>
<b>other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>total comprehensive income for the period</b>	<b>538</b>	<b>(55,070)</b>	<b>(54,532)</b>
<b>earnings per ordinary share (note 4)</b>			
Basic			(368.77)p
Diluted			(284.47)p

All of the profit/ (loss) for the period and the total comprehensive income for the period is attributable to the owners of the Company.

The total column of the statement is the Statement of Comprehensive Income of the Company prepared in accordance with IFRS. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies.

All items in the above Statement derive from continuing operations. No operations were acquired or discontinued in the period.



## Consolidated statement of changes in equity

	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>Six months ended 31 July 2009 (unaudited)</b>							
31 January 2009	740	29	1,348	629	177,766	(2,392)	178,120
Total recognised income and expenses for the period	–	–	–	–	16,858	(105)	16,753
Arising on conversion of CULS	1	–	–	–	–	–	1
31 July 2009	741	29	1,348	629	194,624	(2,497)	194,874
<b>Year ended 31 January 2009 (audited)</b>							
31 January 2008	739	34	1,341	629	238,161	(2,930)	237,974
Total recognised income and expenses for the year	–	–	–	–	(55,070)	538	(54,532)
Premium paid on repurchase of CULS	–	–	–	–	(5,325)	–	(5,325)
Share Options expense	–	–	90	–	–	–	90
Exercise of Management Options	–	–	(83)	–	–	–	(83)
Arising on conversion of CULS	1	(5)	–	–	–	–	(4)
31 January 2009	740	29	1,348	629	177,766	(2,392)	178,120
<b>Six months ended 31 July 2008 (unaudited)</b>							
31 January 2008	739	34	1,341	629	238,161	(2,930)	237,974
Total recognised income and expenses for the period	–	–	–	–	(19,398)	264	(19,134)
Premium paid on repurchase of CULS	–	(4)	–	–	(4,680)	–	(4,684)
Share Options expense	–	–	90	–	–	–	90
Arising on conversion of CULS	1	–	–	–	–	–	1
31 July 2008	740	30	1,431	629	214,083	(2,666)	214,247

## Consolidated balance sheet

	31 July 2009 (unaudited) £'000	31 January 2009 (audited) £'000	31 July 2008 (unaudited) £'000
<b>non current assets</b>			
Investments at fair value through profit or loss	153,294	147,505	188,574
Investments accounted for using the equity method	14,213	11,228	16,842
	<u>167,507</u>	<u>158,733</u>	<u>205,416</u>
<b>current assets</b>			
Investments held for trading in Subsidiary Companies	367	–	1
Trade and other receivables	3,582	3,989	4,386
Cash and cash equivalents	35,604	25,514	13,533
	<u>39,553</u>	<u>29,503</u>	<u>17,920</u>
<b>total assets</b>	<u>207,060</u>	<u>188,236</u>	<u>223,336</u>
<b>current liabilities</b>			
Bank loans and overdrafts	(7,358)	(7,874)	(7,285)
Investments held for trading – derivatives	(533)	(838)	(122)
Trade and other payables	(4,132)	(1,240)	(1,513)
	<u>(12,023)</u>	<u>(9,952)</u>	<u>(8,920)</u>
<b>total assets less current liabilities</b>	<u>195,037</u>	<u>178,284</u>	<u>214,416</u>
<b>non current liabilities</b>			
CULS	(163)	(164)	(169)
	<u>(163)</u>	<u>(164)</u>	<u>(169)</u>
<b>total liabilities</b>	<u>(12,186)</u>	<u>(10,116)</u>	<u>(9,089)</u>
<b>net assets</b>	<u>194,874</u>	<u>178,120</u>	<u>214,247</u>
<b>represented by:</b>			
Share capital	741	740	740
Equity component of CULS	29	29	30
Share options reserve	1,348	1,348	1,431
Share premium account	629	629	629
Capital reserve	194,624	177,766	214,083
Revenue reserve	(2,497)	(2,392)	(2,666)
	<u>194,874</u>	<u>178,120</u>	<u>214,247</u>
<b>equity attributable to equity holders of the parent</b>	<u>194,874</u>	<u>178,120</u>	<u>214,247</u>
<b>net asset value per ordinary share (note 5):</b>			
Basic	1,315p	1,204p	1,448p
Diluted	1,029p	944p	1,121p

## Consolidated cash flow statement

	Six months ended 31 July 2009 (unaudited) £'000	Six months ended 31 July 2008 (unaudited) £'000	Year ended 31 January 2009 (audited) £'000
<b>cash flows from operating activities</b>			
Investment income received	1,133	1,892	3,202
Bank deposit interest received	17	161	376
Other income	29	78	100
Sale of investments by dealing Subsidiary	(341)	–	–
Investment Manager's fees paid	(1,219)	(2,486)	(3,626)
Other cash payments	(53)	(378)	(466)
<b>cash expended from operations</b>	(434)	(733)	(414)
Bank interest paid	(188)	(280)	(457)
CULS interest paid	–	–	(19)
<b>net cash outflow from operating activities</b>	(622)	(1,013)	(890)
<b>cash flows from investing activities</b>			
Purchases of investments	(71,870)	(85,219)	(153,593)
Sales of investments	82,218	97,803	172,624
<b>net cash inflow from investing activities</b>	10,348	12,584	19,031
<b>cash flows from financing activities</b>			
Repayment of fixed term borrowings	(282)	(3,506)	(2,777)
Increase in fixed term borrowings	–	1,108	–
Repurchase of CULS for cancellation	–	(3,995)	(5,357)
Management options exercised	–	–	(83)
<b>net cash outflow from financing activities</b>	(282)	(6,393)	(8,217)
<b>increase in cash and cash equivalents for the period</b>	9,444	5,178	9,924
<b>cash and cash equivalents at the start of the period</b>	25,514	8,504	8,504
Revaluation of foreign currency balances	646	(149)	7,086
<b>cash and cash equivalents at the end of the period</b>	35,604	13,533	25,514

## Notes

### 1. Basis of preparation

North Atlantic Smaller Companies Investment Trust PLC ("NASCIT") is a Company incorporated and registered in England and Wales under the Companies Acts 1948 to 1967.

The condensed consolidated interim financial information for the six months ended 31 July 2009 have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all financial information required for full annual financial statements. They have been prepared using the accounting policies adopted in the audited financial statements for the year ended 31 January 2009. Those financial statements were prepared in accordance with International Financial Reporting Standards. In addition the Company has adopted the Association of Investment Companies Statement of Recommended Practice regarding the Financial Statements of Investment Trust Companies and Venture Capital Trusts issued January 2009.

The condensed consolidated interim financial information consolidate the financial statements of the Company and its wholly owned Subsidiary, Consolidated Venture Finance Limited, for the six months ended 31 July 2009.

### 2. Investment management and performance fees

A Performance Fee is only payable if the investment portfolio outperforms the Sterling adjusted Standard & Poor's 500 Composite Index at the end of each financial year and is limited to a maximum payment of 0.5% of Shareholders' Funds.

In accordance with the Statement of Recommended Practice ("SORP") for investment trust companies, an amount is included in these financial statements for the Performance Fee that could be payable based on investment performance to 31 July 2009.

At that date, a Performance Fee of £422,000, has been accrued for in the accounts (31 July 2008: £11,000 including irrecoverable VAT; 31 January 2009: £110,000) and is allocated 100% to capital.

### 3. Taxation

The Company has an effective tax rate of 0%. The estimated effective tax rate is 0% as investment gains are exempt from tax owing to the Company's status as an Investment Trust and there is expected to be an excess of management expenses over taxable income and thus there is no charge for corporation tax.

#### 4. Earnings per ordinary share

	*Net return £'000	Revenue Ordinary Shares	Per Share pence	*Net return £'000	Capital Ordinary Shares	Per Share pence
<b>Six months ended 31 July 2009</b>						
(unaudited)						
Basic return per Share	(105)	14,796,974	(0.71)	16,858	14,796,974	113.93
Options conversion**	–	–		–	–	
CULS***	19	3,865,078		–	3,865,078	
Diluted return per Share	<u>(86)</u>	<u>18,662,052</u>	<u>(0.46)</u>	<u>16,858</u>	<u>18,662,052</u>	<u>90.33</u>
<b>Six months ended 31 July 2008</b>						
(unaudited)						
Basic return per Share	264	14,779,454	1.79	(19,398)	14,779,454	(131.25)
Options conversion**	–	268,431		–	268,431	
CULS***	22	4,401,141		–	4,401,141	
Diluted return per Share	<u>286</u>	<u>19,449,026</u>	<u>1.47</u>	<u>(19,398)</u>	<u>19,449,026</u>	<u>(99.74)</u>
<b>Year ended 31 January 2009</b>						
(audited)						
Basic return per Share	538	14,787,546	3.64	(55,070)	14,787,546	(372.41)
Options conversion**	–	201,023		–	201,023	
CULS***	21	4,173,720		–	4,173,720	
Diluted return per Share	<u>559</u>	<u>19,162,289</u>	<u>2.92</u>	<u>(55,070)</u>	<u>19,162,289</u>	<u>(287.39)</u>

Basic return per Ordinary Share has been calculated using the weighted average number of Ordinary Shares in issue during the period.

\* Net return on ordinary activities attributable to Ordinary Shareholders.

\*\* Excess of the total number of potential Shares on option conversion over the number that could be issued at average market price, as calculated in accordance with IAS 33: Earnings per Share.

\*\*\* CULS assumed converted as average share price during the period was greater than the conversion price.

#### 4. Earnings per ordinary share (continued)

	*Net return £'000	Total Ordinary Shares	Per Share pence
<b>Six months ended 31 July 2009</b> (unaudited)			
Basic return per Share	16,753	14,796,974	113.22
Options conversion**	–	–	
CULS***	19	3,865,078	
Diluted return per Share	<u>16,772</u>	<u>18,662,052</u>	89.87
<b>Six months ended 31 July 2008</b> (unaudited)			
Basic return per Share	(19,134)	14,779,454	(129.46)
Options conversion**	–	268,431	
CULS***	22	4,401,141	
Diluted return per Share	<u>(19,112)</u>	<u>19,449,026</u>	(98.27)
<b>Year ended 31 January 2009</b> (audited)			
Basic return per Share	(54,532)	14,787,546	(368.77)
Options conversion**	–	201,023	
CULS***	21	4,173,720	
Diluted return per Share	<u>(54,511)</u>	<u>19,162,289</u>	(284.47)

Basic return per Ordinary Share has been calculated using the weighted average number of Ordinary Shares in issue during the period.

\* Net return on ordinary activities attributable to Ordinary Shareholders.

\*\* Excess of the total number of potential Shares on option conversion over the number that could be issued at average market price, as calculated in accordance with IAS 33: Earnings per Share.

\*\*\* CULS assumed converted as average share price during the period was greater than the conversion price.

## 5. Net asset value per ordinary share

The basic net asset value per Ordinary Share is based on net assets of £194,874,000 (31 January 2009: £178,120,000; 31 July 2008: £214,247,000) and on 14,824,227 Ordinary Shares (31 January 2009: 14,795,548; 31 July 2008: 14,795,548) being the number of Ordinary Shares in issue at the period end.

The diluted net asset value per Ordinary Share is calculated on the assumption that the outstanding 2013 CULS are fully converted at par and that all 1,017,500 (31 January 2009: 1,017,500; 31 July 2008: 1,030,000) Share Options in-the-money were exercised at the prevailing exercise prices, giving a total of 19,679,552 issued Ordinary Shares (31 January 2009: 19,679,552; 31 July 2008: 19,802,052).

## 6. Debenture loan – convertible unsecured loan stock ('CULS') 2013

On 22 July 2009 28,679 CULS units were converted into 28,679 Ordinary shares of 5p each at a rate of one 5p Ordinary share for every unit of 5p.

At 31 July 2009 3,837,825 CULS units remained outstanding.

## 7. Bank loans

The Company's multi-currency loan Revolving Credit Facility of up to £9 million was due to expire on 31 July 2009. During the period the Company negotiated an extension on this facility to 31 July 2010.

During the period the Company repaid €300,000. The Company currently has 7.3 million Euros and 2 million Canadian Dollars drawn down which are due for repayment within the next six months.

## 8. Reconciliation of total return from ordinary activities before finance costs and taxation to cash expended from operations

	Six months ended 31 July 2009 (unaudited) £'000	Six months ended 31 July 2008 (unaudited) £'000	Year ended 31 January 2009 (audited) £'000
Profit/(loss) before finance costs and taxation*	16,888	(18,877)	(54,043)
(Gains)losses on investments	(14,295)	17,324	47,283
Share based remuneration	–	90	90
Share of net return of associate	(2,985)	2,063	7,677
Dividends and interest reinvested	(297)	(433)	(804)
Decrease in debtors and accrued income	157	206	636
Changes relating to investments of dealing Subsidiaries	(280)	305	126
Increase/(decrease) in creditors and accruals	380	(1,411)	(1,377)
Tax on investment income	(2)	–	(2)
cash expended from operations	(434)	(733)	(414)

\* including share of net return of associate

## 9. Related party transactions

The Joint Manager, North Atlantic Value LLP, is regarded as a related party of the Company. The amounts payable to the Joint Manager and Growth Financial Services Limited ("GFS") in respect of investment management for the six months to 31 July 2009 are as follows:

	Six months ended 31 July 2009 (unaudited) £'000	Six months ended 31 July 2008 (unaudited) £'000	Year ended 31 January 2009 (audited) £'000
Annual fee	938	1,238	2,475
VAT reclaimed on Investment Management fees	(458)	–	–
Performance fee	422	10	110
Irrecoverable VAT thereon	–	1	–
	<u>902</u>	<u>1,249</u>	<u>2,585</u>

In addition to the management fees disclosed above, North Atlantic Value LLP is also paid:

- an activity fee of £225 per transaction as reimbursement of custodian and related transaction costs incurred on the Company's behalf.
- an investment management related fee of £100,000 per annum.

## 10. Financial information

The annual financial information contained in this Half Yearly Report does not constitute full Statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the periods ended 31 July 2009 and 31 July 2008 is not a financial year and has not been audited. The statutory accounts for the financial year ended 31 January 2009 have been delivered to the Registrar of Companies and received an Audit Report which was unqualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying the Report and did not contain statements under Section 237(2) and (3) of the Companies Act 1985.

## Shareholder information

### Financial calendar

Preliminary results: May  
Annual Report: May  
Annual General Meeting: June  
Half Yearly figures announced: September  
Half Yearly Report posted: September

### Share price

The Company's mid-market share price and CULS price are quoted daily in the Financial Times appearing under "Investment Companies".

They also appear on:

Reuters: Convertible Loan Stock NASp.L  
Bloomberg: NAS. LN  
SEAQ Ordinary Shares: NAS  
Trustnet: [www.trustnet.ltd.uk](http://www.trustnet.ltd.uk)

### Net asset value

The latest net asset value of the Company can be found on the North Atlantic Value LLP website: [www.navalvalue.co.uk](http://www.navalvalue.co.uk)

### Share dealing

Investors wishing to purchase more Ordinary Shares or dispose of all or part of their holding may do so through a stockbroker. Many banks also offer this service.

The Company's registrars are Capita Registrars. In the event of any queries regarding your holding of shares, please contact the registrars on: 0870 458 4577, or by email on [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

Changes of name or address must be notified to the registrars in writing at:



Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Directors**

The Hon. P D Moncreiffe (Chairman)  
C H B Mills (Chief Executive)  
E F Gittes  
K Siem  
C L A Irby  
O R Grace

**Joint Manager**

North Atlantic Value LLP  
*(Authorised and regulated by the Financial Services Authority)*  
Ground Floor  
Ryder Court  
14 Ryder Street  
London SW1Y 6QB  
Telephone: 020 7747 5678

**Financial Adviser and Stockbroker**

Arbuthnot Securities Limited  
Arbuthnot House  
20 Ropemaker Street  
London EC2Y 9AR

**Company Secretary and Registered Office**

J O Hambro Capital Management Limited  
Ground Floor  
Ryder Court  
14 Ryder Street  
London SW1Y 6QB  
Telephone: 020 7747 5681

**Registrars**

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Auditors**

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

**Bankers**

Allied Irish Banks, p.l.c.  
St Helen's  
1 Undershaft  
London EC3A 8AB