North Atlantic Smaller Companies Investment Trust plc

Annual Report

for the year ended 31 January 2009

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form of proxy	loose leaf

The cover depicts a painting by the artist Charles Brooking (1723–1759) entitled "The Capture of the "Marquis d'Antin" and the "Louis Erasme" by the English Privateers "Duke" and "Prince Frederick" 10 July 1745.

The Company is a member of the Association of Investment Companies.

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.

	2009	% change	2008	2007	2006	2005
revenue						
Gross income (£'000)	**4,285**	(17.7)	5,208	3,951	4,052	3,671
Net revenue after tax attributable to Shareholders of the Parent (£'000)	**538**	(57.7)	1,272	224	876	23
Basic return per Ordinary Share – revenue	**3.64p**	(58.9)	8.86p	1.65p	6.66p	0.18p
– capital	**(372.41)p**	(1,669.2)	(21.05)p	229.52p	339.44p	224.16p
assets						
Total assets less current liabilities (£'000)	**178,120**	(25.2)	238,166	250,549	221,122	177,457
Net asset value per 5p Ordinary Share:						
Basic	**1,204p**	(25.3)	1,611p	1,755p	1,597p	1,334p
Diluted	**944p**	(21.9)	1,209p	1,217p	1,063p	860p
Mid-market price of the 5p Ordinary Shares at 31 January	**618.5p**	(39.7)	1,025.0p	1,153.0p	1,022.5p	794.5p
discount to diluted net asset value	34.5%	19.3	15.2%	5.3%	3.8%	7.6%

indices and exchange rates at 31 January						
Standard & Poor's 500 Composite Index	**825.9**	(40.1)	1,378.6	1,438.2	1,280.1	1,181.3
Russell 2000 Index	**443.5**	(37.8)	713.3	800.3	733.2	624.0
US Dollar/Sterling exchange rate	**1.4417**	(27.5)	1.9880	1.9574	1.7774	1.8861
Standard & Poor's 500 Composite – Sterling adjusted	**568.0**	(18.1)	693.4	734.8	720.2	626.3
Russell 2000 – Sterling adjusted	**305.1**	(15.0)	358.8	408.9	412.5	330.8
FTSE All-Share Index	**2,078.9**	(30.7)	3,000.1	3,211.8	2,928.6	2,441.2

corporate summary

introduction	North Atlantic Smaller Companies Investment Trust plc (NASCIT) is an investment trust whose shares are listed on the London Stock Exchange.
objective and investment strategy	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. The Company invests in both listed and unlisted companies.
company's business	The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and its business is that of an investment trust. The business of the Company's subsidiary undertaking is an investment dealing and holding company.
risk	Investment in small companies is generally perceived to carry a greater risk than investment in large companies. This is reasonable when comparing individual companies, but is much less so when comparing the volatility of returns from a diversified portfolio of small and large companies. The Board believe that the Company's portfolio is diversified. Since returns from large and small companies vary, there is an opportunity for investors to reduce overall risk by holding a portfolio containing both large and small companies together.
	The Company outsources all of its main operational activities to recognised third party providers.
AIC	The Company is a member of the Association of Investment Companies (AIC).
joint managers	The Joint Managers are Christopher Mills through Growth Financial Services Limited and North Atlantic Value LLP.
company secretary	The Company Secretary is J O Hambro Capital Management Limited, Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB

directors

*†#• **Enrique Foster Gittes (USA) (Chairman)**, aged 69, joined the Board in 1992 and was appointed Chairman on 20 July 1998. He is an American lawyer who was president of Hambro America in New York until 1983, responsible for venture capital investment and subsequently chairman of European Home Products PLC until 1988 and a director of Scholl PLC until 1994. He was a founder and a director of Denison International PLC until 1999 and is currently President of Bodega Foster SA, Mendoza, Argentina. He was formerly a non-executive director of J O Hambro Capital Management (Bermuda) Limited and formerly a director of North Atlantic Value (General Partner) Limited (part of the same group as the Joint Manager).

Christopher H B Mills, aged 56, is the Company's Chief Executive and Investment Manager and joined the Board in August 1984 (formerly Consolidated Venture Trust plc). He is currently a member and Chief Investment Officer of North Atlantic Value LLP. In addition, he is a non-executive director of numerous UK companies which are either now or have in the past five years been publicly quoted, further details of which are included in note 19 of the financial statements.

*†#• **Kristian Siem (Norwegian)**, aged 60, joined the Board in April 2001. He is chairman of Siem Industries Inc., an industrial company which includes offshore oil and gas drilling, sub-sea construction services and marine transportation worldwide. He is also a director of various companies in Norway, Sweden, Portugal and the Cayman Islands.

*†#• **Charles L A Irby**, aged 63, joined the Board in December 2002 (Chairman of the Audit Committee). He is a non-executive director of Great Portland Estates PLC and QBE Insurance Group Limited and was Chairman of Aberdeen Asset Management PLC from 1999 to January 2009. He was head of corporate finance of ING Barings from 1992 to 1999 and a managing director from 1995 to 1999. He was also a member of the Panel on Takeovers and Mergers from 1997 to 1998.

*†#• **Oliver R Grace Jr. (USA)**, aged 55, joined the Board on 16 May 2006. He has been co-chairman of Associated Asset Management, Inc. since 1987, a company incorporated in Delaware. He was previously a director of Moscow Cablecom Corp, a Russian cable company and Redbus plc. He was a director of Second London American Trust PLC (in members' voluntary liquidation) and is president of Grace Developments, Inc.

*†#• **The Hon. Peregrine D E M Moncreiffe**, aged 58, re-joined the Board on 17 November 2008 (having previously been a director of the Company from 1993–2006). He has over the years worked in London, New York and the Far East, with Credit Suisse First Boston, Lehman Brothers and Buchanan Partners. During the last five years, he has been a director of UA Group Plc and Moncreiffe & Co. Plc.

* Non-Executive
† Independent
\# Member of the Audit Committee
• Member of the Remuneration Committee

chairman's statement

The year ended 31 January 2009 saw a decline in the diluted net asset value of 21.9% as compared to a fall in the FTSE Small Cap Index of 40.9% and a fall in the Standard & Poor's Composite Index of 18.1%. The fall in the Standard & Poor's Composite Index would have been 40.1% but for the weakness in Sterling.

The revenue account showed a profit after taxation of £538,000 (2008: £1,121,000). Consistent with the Company's long-term policy, the Directors are not recommending the payment of a dividend (2008: nil).

During the year, the Company redeemed 630,000 units of Convertible Unsecured Loan Stock 2013 for cancellation at a discount to net asset value.

A commentary on the quoted and unquoted portfolios can be found in the Investment Managers' Report on page 5.

board changes

More than ten years have passed since I became Chairman of the Company. I have decided that the Annual General Meeting in June will be my last as Chairman. However, I will remain a Non-Executive Director for the balance of my term – and beyond, if shareholders so choose. We are fortunate that the Hon. Peregrine Moncreiffe, who rejoined the Board in November 2008, has agreed to become Chairman following the Annual General Meeting. Peregrine was first appointed as a Director of the Company in 1993 but resigned in 2006 for personal reasons. We are delighted to welcome him back and announce his re-appointment. Unfortunately Philip Swinstead tendered his resignation as a Director of the Company on 15 January 2009 due to the pressure of his other business commitments. The Board thank Philip for his valuable contribution and services to the Company.

outlook

It gives me little pleasure to reflect on my comments of last year when I reported in my Statement that "the subprime crisis is the first of a series of problems which will hit the banking industry, with excessive debt on leveraged buyouts and reckless loans to value on commercial real estate, becoming significant issues…"

These problems have now surfaced with a vengeance with all major economies facing a sharp period of recession with a real risk that it will be both prolonged and deep. The banking system has effectively frozen, consumers are desperately trying to reduce expenditure either to reduce debt or preserve their savings as interest rates fall effectively to zero. A collapse in world trade, which is already evident, will only compound problems and it is most unlikely that equity markets will perform in the current environment.

Fortunately, the Company has substantial cash and other liquid assets amounting to circa £25.5 million and little debt, so appears well placed to benefit from the inevitable opportunities that will arise over the coming twelve months.

Enrique Foster Gittes *Chairman*
20 May 2009

investment managers' report

quoted portfolio

The United States portfolio performed extremely well during the year ended 31 January 2009 as a direct result of the takeover of its largest holding, WH Energy Services. The other large holding, Sterling Construction, also performed well, significantly outperforming the indices as investors focused on companies which will benefit from continued infrastructure spending.

Sadly, the United Kingdom portfolio could not avoid the carnage of the UK Small Cap sector despite in many cases, such as Castle Support Services, Communisis and Nationwide Accident, results significantly exceeding market expectations.

As to our major holdings, Ashtead Group was sold before the share price fell a further 50% and Whatman was taken over.

The UK quoted portfolio has no direct exposure to the banking industry and its exposure to housebuilding is limited to MJ Gleeson, a company which has no debt.

unquoted portfolio

It was an extremely busy year for the unquoted portfolio. On the positive side, Motherwell Bridge was sold for an £18 million profit and for £4 million above last year's value. Trident Private Equity II performed well, returned capital to the Company and is now fully invested. Worldport was liquidated at above cost and Primesco and Craegmoor were sold.

Against this, it was necessary to write off Crucible and Jaffer at a cost to the Company of approximately £5 million.

It was also necessary to review the value of the Company's property holdings in view of the sharp fall in property values and this cost the Company a further £7.9 million during the year.

The only new unquoted was an investment in AssetCo Abu Dhabi which is described in greater detail later in this report on page 9.

Harry Gittes, our Chairman, has decided to step down but has kindly agreed to remain on the Board as a Non-Executive Director. He has been an outstanding Chairman for the past ten years and on behalf of the Board I would like to thank him for all of his hard work.

Christopher H B Mills *Chief Executive & Investment Manager*
20 May 2009

sector analysis of investments at fair value

equities, convertible securities & loan stocks as a % of total portfolio valuation	United States 31.01.09 %	United Kingdom 31.01.09 %	Europe 31.01.09 %	Total 31.01.09 %	Total 31.01.08 %
Support Services	1.9	12.0	–	13.9	10.7
General Industrials	–	13.8	–	13.8	12.2
Investment Companies	–	12.6	–	12.6	16.1
Real Estate	–	7.5	4.1	11.6	9.8
Manufacturing	5.4	0.3	–	5.7	0.2
Industrial Engineering	–	5.4	–	5.4	8.9
Technology Hardware & Equipment	1.3	4.0	–	5.3	0.8
Travel & Leisure	–	4.1	–	4.1	5.3
Healthcare, Equipment & Services	0.3	3.1	–	3.4	4.6
Construction & Materials	–	3.0	–	3.0	6.6
Communications	–	2.9	–	2.9	1.6
Transport	–	2.7	–	2.7	–
Aerospace and Defence	2.3	–	–	2.3	–
Oil & Gas	0.9	1.1	–	2.0	3.7
Media	–	1.7	–	1.7	1.4
Food Producers	–	0.7	–	0.7	0.5
General Financial	–	0.2	–	0.2	3.7
Electronic & Electrical Equipment	–	0.1	–	0.1	–
Industrial Transportation	–	–	–	–	4.4
Consumer Cyclical	–	–	–	–	1.4
	12.1	75.2	4.1	91.4	91.9
treasury bills	8.6	–	–	8.6	8.1
total at 31 January 2009	20.7	75.2	4.1	100.0	
total at 31 January 2008	23.9	73.7	2.4		100.0

twenty largest investments
as at 31 January 2009

equities (including convertibles, loan stocks and related financing)		At fair value £'000
Castle Support Services PLC	UK Quoted on AIM	13,950
Oryx International Growth Fund Limited *†	UK Listed	11,228
Nationwide Accident Repair Services PLC	UK Quoted on AIM	9,100
Bionostics Holdings Limited	USA Unquoted	8,420
RPC Group PLC	UK Listed	8,400
Hampton Trust Group	UK Unquoted	7,515
Trident Private Equity Fund II LP	Cayman Islands Unquoted	7,138
AssetCo (Abu Dhabi) Limited	Unlisted	6,500
Martley Limited	Jersey Unquoted	5,590
Gleeson (MJ) Group PLC	UK Listed	4,814
ten largest investments		82,655
Avanti Communications Group PLC	UK Unquoted (loan notes)	4,783
Inspired Gaming Group PLC	UK Quoted on AIM	4,576
BBA Aviation Group PLC	UK Listed	4,440
Fayrewood PLC**	UK Listed	4,392
Orthoplastics Limited	UK Unquoted	4,000
Communisis PLC	UK Listed	3,848
Sterling Construction Inc.	USA Listed	3,721
Glass America	USA Unquoted	3,040
Chrysalis PLC	UK Listed	2,678
Payzone PLC ††	European Quoted on AIM	2,533
twenty largest investments		120,666
Aggregate of other investments at fair value		24,202
		144,868
USA Treasury Bills		13,865
total value of investments and associates of the group		158,733

* 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.

** Fayrewood PLC delisted from AIM on 13 February 2009 and re-registered as a private limited company, Fayrewood Limited on 17 February 2009.

†† incorporated in Republic of Ireland.

unlisted investments profile

as at 31 January 2009

	2009 Fair value £'000
Bionostics Holdings Limited (USA) *Cost: £6,130,000*	8,420
Bionostics is a specialist developer of medical diagnostic products, principally liquid control, that are used to test the accuracy of calibrated blood testing devices. The company had a good year in 2008 beating both the previous year and the budget. Despite the difficult economic environment, trading in the current year is again expected to be in line with the budget. The last twelve months have seen an extraordinary increase in the new long-term orders that will increase sales by over 70% over the next three years, with the benefits starting around September this year. This will have a marked impact on profitability which should grow even faster than sales. Bionostic's debt is less than 2.5x EBITDA with interest cover of circa 4.0x.	
Hampton Trust Group (UK) *Cost: £7,515,000*	7,515
Hampton had a good year in a very difficult property market. A number of assets were sold above holding cost and a major property in Talbot Gateway, which was vacant at the time of our purchase of the business, is now fully let to quality covenants. A further significant sale is expected above book value within the next few months. The company is conservatively valued with interest cover of nearly 4x and with a debt to asset ratio of approximately 65% despite the fall in the property market. A write down was taken during the year to reflect lower property values.	
Trident Private Equity Fund II LP (Cayman Islands) *Cost: £1,215,000*	7,138
Trident Private Equity Fund II LP (TPE2) is a £64 million offshore private equity limited partnership. The fund's investment objective is to generate high absolute returns by investing in a portfolio of unquoted investments in small to medium sized companies in the UK. The fund concentrates primarily on leveraged buyouts and similar transactions, including public-to-private and pre IPO investments. At 31 January 2009, 100% of NASCIT's commitment of £10 million, had been drawn down and invested in ten private equity transactions. To date, the Company has received £1,275,000 in distributions from TPE2.	
Carried forward	23,073

unlisted investments profile

as at 31 January 2009

	2009 Fair value £'000
Brought forward	23,073
AssetCo (Abu Dhabi) Limited *Cost: £6,500,000* AssetCo is the leading company in the UK providing support services to the UK fire and rescue services. AssetCo Abu Dhabi is a special purpose vehicle set up to exploit AssetCo's potential to gain significant revenues and profits in the Middle East. The investment has a yield of 6% and carries significant warrants to acquire shares in AssetCo in the event the anticipated Middle Eastern contract arises. AssetCo Abu Dhabi has no debt at this time.	6,500
Martley Limited (Jersey) *Cost: £5,086,000* Martley Limited is a Jersey registered property company. Through its Luxembourg subsidiary companies, it invests in commercial property in Europe. The company part owns five properties within a Luxembourg based office park constructed in 2003. The gross lettable area totals approximately 21,500 square feet. The properties are fully let to tenants including several blue chip international companies. Since the investment was made, substantial amounts of debt have been repaid, rates have risen and the fund is now returning money to investors. However, a small write down was taken in the year to reflect general market conditions.	5,590
Avanti Communications Group plc (UK) *Cost: £4,751,000* Avanti Communications supplies fixed satellite communications services to business institutional and residential customers in the UK, Europe and the Middle East including broadband and data connectivity through satellite capacity leased from third parties. It announced its half-yearly results for the six months ended 31 December 2008 on 2 February 2009 and stated that turnover had increased 28% to £3.2 million although an operating loss of £1.0 million was reported. The company has made excellent progress in contracting with wholesale partners in Europe and has won several regional government projects whereby government funds the cost of installing a fixed number of rural customers. The launch of the HYLAS satellite is now expected in the last quarter of 2009.	4,783
Carried forward	**39,946**

unlisted investments profile

as at 31 January 2009

	2009 Fair value £'000
Brought forward	39,946
Orthoplastics Limited (UK) *Cost: £849,000*	4,000
Orthoplastics is one of only two companies in the world which manufactures premium-grade Ultra High Molecular Weight Polyethylene to the orthopaedics industry. In addition, it manufactures components for orthopaedic devices. The company, which has approximately 48% of the world market, had an outstanding year in the period to 31 March 2009, with EBITDA rising by over 150%. New capital was put into the business to significantly increase manufacturing capacity which will be available in December 2009. Significant orders for new components have also been received so the company is expecting a further substantial increase in profits in the year ending 31 March 2010. The company is in the process of acquiring a complementary business in orthopaedic metal components which will largely be funded with equity (£3 million from your Company). Proforma debt will be circa 0.5x EBITDA post completion. Orthoplastics is valued at approximately 6x EBITDA March 2009 results and approximately 3.5x projected 2010.	
Glass America (USA) *Cost: £2,360,000*	3,040
Glass America is a consolidator of automotive glass repair companies in the United States. Last year it suffered from higher petrol prices which reduced the amount of driving in the summer months. However, the company finished its fourth quarter well and the year as a whole was only moderately below budget. So far results in 2009 have been extremely good and is it therefore expected that the current year will be a record. Debt in the business is approximately 1.5x last year's EBITDA and perhaps as little as 1x 2009 expected results.	
Telos Corporation (USA) *Cost: £1,365,000*	2,079
Telos is a provider of IT solutions to the US Federal Government, the military, the intelligence community and commercial enterprises. The company has continued to perform strongly and has virtually no debt. It is expected that part of our investment in the preference shares will be redeemed this year. The company intends to sell itself as and when market conditions improve.	
Carried forward	49,065

unlisted investments profile

as at 31 January 2009

	2009 Fair value £'000
Brought forward	49,065
Forefront Group (UK) *Cost: £1,762,000* Forefront is a specialist civil engineering business focusing primarily on the gas supply industry. The company undertakes gas mains replacement and repair and the laying of new mains and is one of only three UK companies with the necessary equipment and trained operatives to undertake the inhibition of gas flow whilst 'in situ' gas mains are replaced or repaired. Forefront has a dominant position in eastern Greater London. Performance in 2008 was disappointing but we expect a major recovery in the current year which should lead to a liquidity event within the next eighteen months.	1,762
Crendon Industrial (UK) *Cost: £3,291,000* The Crendon Industrial Park is a 30 acre site currently providing 230,545 square feet of modern and refurbished industrial and office premises. There are around 100 businesses located within the estate and occupancy levels are close to 100%. In addition to the present accommodation on the site, there is also a development area of 10.66 acres with outline planning approval for a further 80,000 square feet of industrial and office accommodation. It was necessary to write down the valuation during the year to reflect lower property values but we expect to regain our cost basis over the next three years.	1,694
Merchant Properties Unit Trust (UK) *Cost: £2,717,000* The Merchant Properties Unit Trust is a portfolio of 30 Travis Perkins trade counter units purchased for £32.5m and simultaneously let back to Travis Perkins on 25-year leases with fixed uplifts at 3% p.a., reflecting an initial yield of 6%. The shares were written down during the year reflecting the weakness in the property market.	1,137
Kiln Lane, Immingham (UK) *Cost: £1,000,000* This is a 53,000 square feet industrial unit on an 18.1 acre site at the Kiln Lane Industrial Estate. The property is let on two leases to Paragon Automotive Limited, expiring in 2010. The investment was written down during the year to reflect adverse property market conditions. The Company owns 88% of Kiln Lane, but the Board has chosen not to consolidate on the basis of non-materiality.	750
Carried forward	54,408

unlisted investments profile

as at 31 January 2009

	2009 Fair value £'000
Brought forward	54,408
Darby Browallia LLP (UK) *Cost: £546,000* Darby Browallia purchased Darby Glass Limited, the UK's largest independent supplier of insulating glass units and street furniture to both the commercial and domestic marketplace. It has sold off operations and returned capital to the Company. It is expected that the balance of the assets will be sold over the next few months yielding a good profit above the current valuation.	546
Ramen Holdings Limited (UK) *Cost: £418,000* Ramen is the holding company for Wagamama restaurants, which continues to grow and perform well. At the end of 2008, there were 65 restaurants open in the UK, as well as 37 sites open under franchise outside the UK. However, in view of falling valuations across the restaurant industry, it was necessary to write down the valuation in the year.	200
Other unlisted investments	5,649
Total value of unlisted investments at fair value*	**60,803**

* Includes unlisted loan notes in these companies with a total value of £5,783,000.

unlisted investments profile (AIM quoted)

as at 31 January 2009

	2009 Fair value £'000
Castle Support Services PLC *Cost: £4,326,000*	**13,950**
Castle Support Services announced its results for the year ended 30 June 2008 on 13 October 2008 (which included the first full year's trading for DM Technical Services Limited (DMTS) and reported that revenue for the year had increased by approximately 11% to £116.3 million, whilst operating profit (before pension settlement and profit on disposals) had significantly improved by approximately 21% to £15.4 million. These results demonstrate the strong market position held by DMTS in the provision of specialist inspection, repair and maintenance services for generators, motors and ancillary rotating equipment. In January 2008, the company completed a strategic move into the Middle East region through the acquisition of a 50% shareholding in a Dubai-based company. The company continues to experience encouraging levels of activity and expects to make further progress during the course of the next year.	
Nationwide Accident Repair Services PLC *Cost: £2,582,000*	**9,100**
Nationwide provides automotive crash repair and accident administration services to the UK insurance industry. With a national network of accident repair centres located across England, Scotland and Wales employing over 2,200 people, it is the largest dedicated provider of accident repair services in the UK. The company announced its half-yearly results for the six months ended 30 June 2008 on 9 September 2008 and reported that revenue was up 16% to £88.3 million and profits before tax had increased by 14% to £3.9 million. The company expects that the strength of its contract base and additional capacity leaves it well positioned for growth.	
Inspired Gaming Group PLC *Cost: £15,998,000*	**4,576**
Inspired Gaming Group is the leading player worldwide in the Open Server-Based Gaming (Open SBG™) market and is also the leading provider of analogue and Open SBG™ machines in the UK for the leisure and gaming markets. The group provides Open SBG™ software systems and Open SBG™ digital and networked terminals in 10 countries. The group's customer base includes bars, casinos, bingo halls, licensed betting offices, holiday parks and other out of home leisure venues. Key customers include the major gaming companies such as Gala Coral Group, William Hill, Betfred, Bourne Leisure and Stanleybet. On 31 October 2008, the company announced that since the sale of the loss-making Pubs Division and the completion of a £40 million fund raising via the issue of Convertible Unsecured Preference Shares in July 2008, trading across the group had been encouraging. The group is currently in discussions with various parties regarding offers received for certain of its divisions and for the group as a whole.	
Carried forward	**27,626**

unlisted investments profile (AIM quoted)

as at 31 January 2009

	2009 Bid value £'000
Brought forward	27,626
Georgica PLC *Cost: £9,200,000*	1,988

Georgica is the UK's largest operator of ten pin bowling alleys and operates under the Tenpin brand name. The company announced it had rejected several approaches to take over the business and ended talks with potential bidders, stating that offers had been received but, due to both a difficult banking market and deteriorating trading conditions, none of these had resulted in an acceptable offer. Exit from this company will be pushed back to later in the year with an acceptable offer being made. Georgica is well funded and profitable and we believe the fall is overdone and the company represents very compelling value.

On 10 March 2009, the company announced its proposal to establish Georgica as a wholly-owned subsidiary of a new-co, Essenden PLC, by means of a scheme of arrangement under which Georgica shareholders will receive new ordinary shares in Essenden and loan notes in exchange for their existing ordinary shares in Georgica. The scheme was approved by shareholders on 20 April 2009.

AssetCo PLC (UK) *Cost: £1,393,000*	531

AssetCo is the pioneering provider of integrated support services, vehicles and equipment to UK and overseas emergency services and homeland security organisations. It is at the forefront of providing support for the emergency services and has pioneered the development of the UK's most extensive range of integrated support services. AssetCo has established the UK's only Integrated Vehicle and Equipment Solution Centre and the UK's first dedicated Swift Water and Flood Rescue Centre. It has also established dedicated centres for Technology and Communications and Technical Rescue Training. Earlier in the year, AssetCo raised £15 million through the issue of preference shares by AssetCo (Abu Dhabi) Limited, a wholly owned subsidiary of AssetCo plc, to support its activities in the Middle East with the intention of securing long term integrated support service contracts.

Carried forward	30,145

unlisted investments profile (AIM quoted)

as at 31 January 2009

	2009 Bid value £'000
Brought forward	30,145
Payzone PLC (formerly Cardpoint PLC) *Cost: £5,893,000*	311

Payzone was formed from the merger of Cardpoint and Alphyra in December 2007. The merged entity is a European market leader in payment systems, mobile-phone top up cards and ATMs, operating in several different countries including the UK. Payzone has a particularly strong presence in Germany and a key benefit of the merger will be the upside to be gained from the roll-out of Cardpoint's ATM product in that market as well as an estimated €6.5m of cost synergies. In addition, the combined companies have a strong position in a number of Eastern European markets such as Romania, Greece and Poland, including important contacts with local government agencies that should be an important source of revenue going forward.

Other AIM quoted investments	5,090
Total value of AIM quoted investments at bid value	35,546

group report of the directors
for the year ended 31 January 2009

The Directors present their Report (incorporating the Business Review) and the financial statements for the year ended 31 January 2009.

results and dividends

The total net deficit after taxation for the financial year ended 31 January 2009 amounted to £54,532,000 (2008: total net deficit £1,579,000). The Board do not propose a final dividend (2008: nil).

investment policy

1. The maximum investment limit is 15% of the Company's investments in any one company at the time of the investment.
2. Gearing is limited to a maximum of 30% of net assets.
3. The Company invests on both sides of the Atlantic, with the weighting varying from time to time.
4. The Company will invest in unquoted securities as and when opportunities arise.

investment approach

The Company invests in a diversified range of companies, both quoted and unquoted, on both sides of the Atlantic in accordance with the above Investment Policy.

Christopher Mills, the Joint Investment Manager, is responsible for the construction of the portfolio and details of the principal investments are set out on pages 7 to 15. The top twenty largest investments are listed on page 7.

When analysing a potential investment, the Managers will employ a number of valuation techniques depending on their relevance to the particular investment. The primary objective when deciding on a potential investment is the sustainability and growth of long term cash flow.

In respect of the unquoted portfolio, regular contact is maintained with the management of prospective and existing investments as well as rigorous financial and business analysis of these companies. It is recognised that different types of business perform better than others depending on economic cycles and market conditions and this is reflected within the range of investments in the portfolio.

The Company's activities have not changed in the year ended 31 January 2009 and the Directors anticipate that the Company will continue to operate on the same basis during the current financial year.

financial instruments

The financial instruments employed by the Company primarily comprise equity and loan stock investments, although it does hold cash and liquid resources and various items such as debtors and creditors that arise directly from its operations. Further details of the Company's risk management objectives and policies relating to the use of financial instruments can be found in Note 18 to the financial statements on pages 65 to 74.

business review

At 31 January 2009, the diluted net asset value (NAV) per share was 944p (31 January 2008: 1,209p), a decrease of 21.92% during the year, compared to a fall of 18.08% during the year in the Standard & Poor's 500 Composite Index (Sterling adjusted). As stated in the Investment Managers' Report on page 5, the US quoted portfolio performed extremely well during the year as a direct result of the takeover of its largest holding.

A review of the performance of the Company's business during the year (as required by section 417 of the Companies Act 2006) is included in the Chairman's Statement and Investment Managers' Report incorporated into this Report by reference.

The Company has no employees and accordingly this business review does not contain any information regarding employees. As an investment trust, the Board do not believe that the Company's business has an impact on the environment and has not put into place any policies regarding social and community issues. The Board does not believe that this will change in the near future but, if it were to do so, they would immediately review these matters.

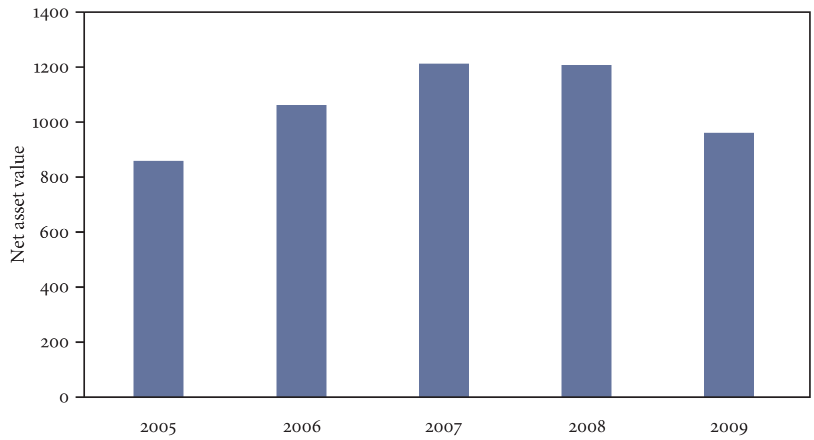
group report of the directors

for the year ended 31 January 2009

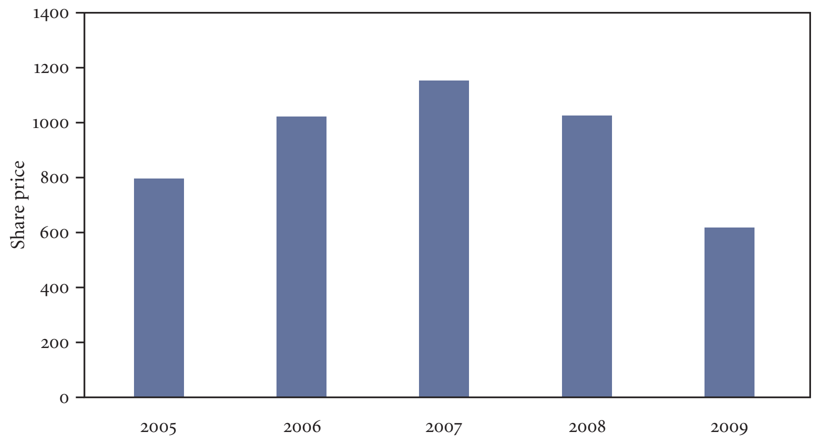
key performance indicators

The Directors regard the following as the key indicators pertaining to the Company's performance:

(i) **net asset value per ordinary share:** the following chart illustrates the movement in the fully diluted net asset value per Ordinary Share over the past five years.



(ii) **total return per ordinary share:** the following chart illustrates the movement in total return per Ordinary Share over the past five years:



(iii) **performance against benchmark**

The performance of the Company's share price is measured against the Standard & Poor's 500 Composite Index and the Russell 2000 Index, the Company's benchmarks. A graph comparing performance can be found in the Directors' Remuneration Report on page 32.

group report of the directors

for the year ended 31 January 2009

future prospects

The Directors believe that the year ending January 2010 will see further progress, especially from the unquoted portfolio, which continues to offer the potential for further significant appreciation.

taxation status

In the opinion of the Directors, the Company has conducted its affairs so as to be able to seek approved investment trust status from Her Majesty's Revenue & Customs under Section 842 of the Income and Corporation Taxes Act 1988 for the accounting year ended 31 January 2009. Pursuant to arrangements between The Association of Investment Companies and Her Majesty's Revenue & Customs, who have agreed that written approval of investment trust status can be granted within the Corporation Tax Self Assessment Regime, written approval for all accounting years to 31 January 2008 has been granted.

share capital

The Company's issued share capital consists of 14,795,548 Ordinary Shares of 5p nominal value each. All shares hold equal rights with no restrictions and no shares carry special rights with regards to the control of the Company. There are no special rights attached to the shares in the event that the Company is wound up.

In addition, the Company has 3,866,504 Convertible Unsecured Loan Stock (CULS) 2013 of 5p nominal value in issue. Holders of CULS have the right to convert their stock into shares once a year and the Conversion Notice will be sent to the relevant holders with the Report and Accounts. There are no voting rights attached to the CULS. In the event of winding up the holders of CULS may be entitled to repayment of the principal amount of the stock together with accrued interest. Full details are provided in the Trust Deed dated 26 November 1993.

share valuations

On 31 January 2009, the middle market quotation and the diluted net asset value per 5p Ordinary Share were 618.5p and 944p respectively. The comparable figures at 31 January 2008 were 1,025.0p and 1,209p respectively.

donations

The Company does not make any political or charitable donations.

substantial shareholders

At the date of this report, the following interests in the Ordinary Shares of the Company which exceed 3% of the issued share capital have been notified to the Company:

	Number of Ordinary Shares	% of issued share capital
C H B Mills	2,777,150	18.77
Lloyds Banking Group Plc	1,426,901	9.64
J O Hambro Investment Management Limited	1,176,542	7.95
Legal & General Group Plc	626,036	4.23
Findlay Park US Smaller Companies Fund Plc	595,000	4.02

group report of the directors

for the year ended 31 January 2009

directors

The biographical details for Directors currently in office are shown on page 3.

The Hon. Peregrine Moncreiffe was re-appointed to the Board on 17 November 2008.

Mr Philip Swinstead resigned as a Director of the Company on 15 January 2009.

In accordance with Article 55 of the Company's Articles of Association, Mr O R Grace and Mr C L A Irby retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for re-election.

Also, in accordance with Article 55 of the Company's Articles of Association, The Hon. P D Moncreiffe, being a Director appointed during the year, retires and offers himself for election.

In accordance with Listing Rule 15.2.13A, which requires Directors or members of the Manager to be subject to annual election, Mr C H B Mills is subject to annual election as he is both Chief Executive and a member of the Joint Manager and, accordingly, a resolution to re-elect him as a Director is included in the Notice of Annual General Meeting on page 79.

The Chairman and other members of the Board recommend that the Directors retiring be re-elected. The Chairman has confirmed that all Directors retiring have been subject to performance evaluation and as part of this evaluation the Chairman confirms that they continue to demonstrate commitment to their role and in his view continue to responsibly fulfil their functions.

directors' interests

The interests of the Directors as notified to the Company (beneficial unless otherwise stated) in the Ordinary Shares and Convertible Unsecured Loan Stock (CULS) 2013 of the Company as at 31 January 2009 and 31 January 2008 were as follows:

	31 January 2009		31 January 2008	
	5p Ordinary Shares	**Units of CULS**	5p Ordinary Shares	Units of CULS
E F Gittes	**200,000**	–	200,000	–
C H B Mills	**2,777,150**	–	2,748,000	–
K Siem*	–	–	–	–
C L A Irby	**25,000**	–	25,000	–
O R Grace	**280,429**	**321,135**	80,429	321,135
P E Swinstead (resigned 15/01/09)	–	–	8,200	–
The Hon. P D Moncreiffe (appointed 17/11/08)	**278,130**	–	N/A	N/A

* Siem Capital International Limited, a company which is indirectly controlled by a trust of which Mr Siem and his family are potential beneficiaries, is ultimately interested in 145,000 Ordinary Shares and 2,000 units of CULS (2008: 145,000 Ordinary Shares and 2,000 units of CULS).

Details of Directors' remuneration and interests in Share Options are described in the Directors' Remuneration Report on pages 29 to 32.

Save as disclosed, there have been no changes to the above interests between 31 January 2009 and the date of this report.

Save as disclosed below or in notes 3 and 19 to the financial statements, no Director was party to or had any interest in any contract or arrangement with the Company at any time during the year.

group report of the directors

for the year ended 31 January 2009

risk profile

The Company's risk profile is set out in note 18 to the financial statements on pages 65 to 74. The principal risks to the Company and its Shareholders are investment risk, market price risk and foreign currency risk.

investment management agreements

Pursuant to the Management, Administration and Custody Agreement dated 7 January 1993, as amended by the Amendment and Restatement Agreement on 19 March 2002, novated in November 2003 to North Atlantic Value LLP, the Joint Manager provides management and administration services to the Company.

The Management, Administration and Custody Agreement continues unless thereafter terminated by either party on not less than four months' notice in writing or may be terminated forthwith as a result of a material breach of the agreement or the insolvency of either party. No compensation is payable on termination of the Agreement. The Board reviews the activities of both the Joint Manager and the Chief Executive. The Chief Executive carries out day-to-day investment decisions for and on behalf of the Company. As part of this review, the Board is satisfied that the continuing appointment of the Joint Manager, on the terms agreed, is in the best interests of Shareholders. Mr Mills has been Chief Executive of the Company since 1984 and the Board consider it is in the best interest of the Company for this arrangement to continue.

As part of this review, the Board has given consideration to the experience, skills and commitment of the Chief Executive in addition to the personnel, services and resources provided by the Joint Manager. The Company's performance over the last year is described in the Chairman's Statement on page 4. The Board considers that the arrangements between the Chief Executive and the Joint Manager continue to work well.

related party transactions

Mr Mills, the Chief Executive, is Chief Investment Officer and a member of North Atlantic Value LLP, Joint Manager to the Company. Mr Mills makes day-to-day investment decisions for the Company in his capacity as its Chief Executive and this position is distinct from his position as Chief Investment Officer of the Joint Manager. Mr Mills is a director and a substantial shareholder of J O Hambro Capital Management Group Limited, the holding company of the Corporate Company Secretary, J O Hambro Capital Management Limited and Designated Members of the Joint Manager. Mr Mills is a director and the sole shareholder of Growth Financial Services Limited (GFS).

Pursuant to the Secondment Services Agreement between the Company, GFS and Mr Mills and the Management, Administration and Custody Agreement between the Company and North Atlantic Value LLP, Mr Mills is responsible for the day-to-day investment decisions in conjunction with the Joint Manager, North Atlantic Value LLP. The Secondment Services Agreement continues until terminated by the Company or GFS on not less than twelve months' notice. Details of the related party transactions and fees payable are disclosed in note 19 on pages 75 and 76 and in the Directors' Remuneration Report on pages 29 to 32. The Investment Management Fees are disclosed in note 3 on pages 50 and 51. The Performance Fee payable to GFS is disclosed in the Directors' Remuneration Report on pages 29 and 30 and note 3 of the financial statements on pages 50 and 51.

With the exception of the matters referred to above, during the year no Director was materially interested in any contract of significance (as defined by the UK Listing Authority Listing Rules) entered into by the Company.

group report of the directors

for the year ended 31 January 2009

institutional investors – use of voting rights

The Chief Executive and the Joint Manager, in the absence of explicit instruction from the Board, are empowered to exercise discretion in the use of the Company's voting rights in respect of investments and to then report to the Board, where appropriate, regarding decisions taken. The Board have considered whether it is appropriate to adopt a voting policy and an investment policy with regard to social, ethical and environmental issues and concluded that it is not appropriate to change the existing arrangements.

creditors' payment policy

It is the Company's policy to settle investment transactions according to the settlement periods operating for the relevant markets. For other creditors, it is the Company's policy to pay amounts due to them as and when they become due. All supplier invoices received by 31 January 2009 had been paid (31 January 2008 – all supplier invoices paid).

soft commission

The Joint Manager receives indirect benefits for certain investment services in the form of soft commission as a result of an agreement with a broker. The value of services supplied may depend upon a minimum threshold of commissions or a percentage of such commissions arising on dealings in securities for all clients including the Company. The practice of best execution is not compromised by this arrangement.

auditors

A resolution to reappoint Grant Thornton UK LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

explanatory notes for special business at the annual general meeting

The following resolutions (if passed) would allow the Board to issue Shares without first offering them to existing Shareholders. Although the Directors have no current intention of exercising either of the authorities (if renewed) to allot Shares or disapply pre-emption rights, they reserve the right to allot Shares at any time.

Resolution 8 – Ordinary Resolution – Renewal of Directors' authority to allot shares
The authority given to the Directors at the last Annual General Meeting to allot Shares expires at the conclusion of this year's meeting. Resolution 8 will renew the authority to allot Shares of the Company on similar terms. If Resolution 8 is passed, the Directors will have the authority to allot Shares up to the aggregate nominal amount of £246,592 representing one third of the current issued share capital. This authority will expire at the next Annual General Meeting of the Company or, if earlier, 15 months after the passing of this resolution.

Resolution 9 – Special Resolution – Renewal of Directors' authority for the disapplication of pre-emption rights
The authority given to Directors to disapply pre-emption rights expires at the Annual General Meeting. Resolution 9 will renew the disapplication of pre-emption rights thereby authorising the Directors to allot equity securities for cash up to a maximum aggregate renewal amount of £36,988 representing 739,777 Ordinary Shares of 5p each, being equivalent to 5% of the current issued share capital, without first offering such securities to existing Shareholders.

group report of the directors

for the year ended 31 January 2009

Resolution 10 – Special Resolution – Authority to purchase the Company's own shares
The Board are seeking Shareholders' approval to purchase the Company's Ordinary Shares in the market in order to attempt to narrow the discount to net asset value at which the shares are currently trading. Resolution 10 seeks the authority of Shareholders to purchase a maximum of 1,479,554 Ordinary Shares representing 10% of the current issued share capital. 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 generally. Shares will not be bought at a price of less than 5 pence each being the nominal value of each share nor more than 5% above the average middle market quotation of the shares over the preceding five business days nor will they be purchased during periods when the Company would be prohibited from making such purchases. Purchases will be made within guidelines set by the Board and using available reserves. Ordinary Shares purchased will be cancelled and the number of shares in issue reduced accordingly.

The separate approval of the holders of the Convertible Unsecured Loan Stock 2013 issued by the Company is also required to approve the purchase by the Company of its own shares. A meeting of holders of the Convertible Unsecured Loan Stock 2013 will therefore be convened for the purposes of authorising the Directors to undertake such purchases.

Resolution 11 – Special Resolution – Notice of general meetings
This resolution is required to reflect the proposed implementation in August 2009 of the Shareholder Rights Directive. The regulation implementing this Directive will increase the notice period for general meetings of the Company to 21 days. The company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 11 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

These resolutions are contained in the Notice of Annual General Meeting on pages 79 to 82.

By Order of the Board

J O Hambro Capital Management Limited
Company Secretary
Registered Office:
Ground Floor
Ryder Court
14 Ryder Street
London SW1Y 6QB

Registered No: 1091347
20 May 2009

directors' responsibility statement

for the year ended 31 January 2009

responsibility statement required by disclosure and transparency rule (DTR) 4.1.12.

(i) To the best of our knowledge and belief the financial statements for the year ended 31 January 2009, prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"), give a true and fair view of the assets, liabilities, financial position and loss of the Company and Group;

(ii) The Group Report of the Directors includes a fair review of the development and performance of the business and the position of the Company and Group together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board of North Atlantic Smaller Companies Investment Trust PLC

Enrique Foster Gittes
Chairman
20 May 2009

statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union 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 Group and Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's Auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

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

Enrique Foster Gittes
Chairman
20 May 2009

corporate governance

Statement of Compliance with The Provisions of the Combined Code on Corporate Governance 2006

This statement describes how the principles of the Combined Code on Corporate Governance ("the Code"), issued by the Financial Reporting Council in July 2003 and revised in June 2006, have been applied to the affairs of the Company. In applying the principles of the Code, the Directors have also taken account of the Code of Corporate Governance published by the Association of Investment Companies ("the AIC Code"), which established the framework of best practice specifically for the Boards of investment trust companies.

directors

Brief biographical details of the Directors in office are set out on page 3. The Board consists of six Directors, five of whom are Non Executive and considered by the Board to be independent of the Company's Joint Manager for the purposes of the Code. The Board considers that it has the appropriate balance of skills, experience, ages and length of service in the circumstances. The majority of the Board is considered to be independent.

The Board acts as the Nomination Committee and meets as and when necessary to discharge its role in nominating a new Director to the Board and succession planning.

The Board is a small Board and individual members have a wide range of qualifications and expertise to bring to any debate. The Board normally meets four times a year and at other times as necessary. The Directors have no service contracts. The contract for Mr Mills' services as a Director is with Growth Financial Services Limited. The Articles of Association provide that newly appointed Directors are required to submit themselves for election by Shareholders at the General Meeting following their appointment and for all Directors to be re-elected at least once every three years. Your Board has considered the need to appoint a senior independent director but believes that this is not necessary as the majority of the Directors are independent. The Board lays down guidelines within which the Chief Executive and the Joint Manager implement investment policy and has a Schedule of Matters reserved to it. The Chief Executive and the Joint Manager are responsible for managing the Company and its portfolio of assets on a discretionary basis, subject to the supervision of the Board.

The Chairman and other members of the Board recommend that the Directors retiring be re-elected. The Chairman has confirmed that all Directors retiring have been subject to performance evaluation and as part of this evaluation the Chairman confirms that they continue to demonstrate commitment to their role and in his view continue to responsibly fulfil their functions.

board meetings

The Board has a schedule of matters reserved to it and sets down matters which require prior approval of the Board. The Chief Executive and Joint Manager carry out day-to-day activities pursuant to the terms of the management arrangements in place. In addition to scheduled Board Meetings the Board may carry out certain urgent matters not requiring debate by way of delegation to a Committee of the Board or by resolution in writing of all Directors.

corporate governance

Statement of Compliance with The Provisions of the Combined Code on Corporate Governance 2006

attendance at board meetings, audit and remuneration committees

	Total number in year 4 Board Meetings	Total number in year 2 Audit Committees	Total number in year 1 Remuneration Committee
E F Gittes	4	2	1
C H B Mills	4	N/A	N/A
K Siem	2	1	1
C L A Irby	3	1	1
O R Grace	4	2	1
P E Swinstead (resigned 15/01/09)	1	1	1
The Hon. P D Moncreiffe (appointed 17/11/08)	1	N/A	N/A

remuneration committee

All of the Non-Executive Directors comprise the Remuneration Committee. The Remuneration Committee reviews the remuneration paid to North Atlantic Value LLP and GFS pursuant to the Management Agreements. The remuneration of GFS is disclosed in the Directors' Remuneration Report on pages 29 to 32 and also in note 3 on pages 50 and 51.

audit committee

The Board is supported by an Audit Committee which comprises all of the Non-Executive Directors and chaired by Mr Irby. The Audit Committee meets representatives of the Joint Manager twice a year, who report on the proper conduct of business in accordance with the regulatory environment in which both the Company and the Joint Manager operate. The Company's Auditors also attend the Audit Committee at its request, at least once a year and comment on their work procedures, the quality and effectiveness of the Company's accounting procedures and their findings in relation to the Company's statutory audit. The responsibilities of the Audit Committee include a review of the risk analysis, effectiveness of the internal control environment, accounting policies and the terms of appointment of the Auditors. The Audit Committee is authorised to take such independent professional advice (including legal advice) and to secure the attendance of any external advisers with relevant expertise as it considers necessary. The Audit Committee is also responsible for the review of the Annual and Half-yearly Reports, the nature and scope of the external audit, their findings and the provision of any non-audit services. The Audit Committee is satisfied that the Auditors are independent.

The Board is satisfied that Grant Thornton UK LLP has adequate policies and safeguards in place to ensure that their objectivity and independence is maintained. The Auditors provide some non-audit services, primarily in the provision of taxation advice. The Audit Committee receive each year a report from the Auditors as to any matters the Auditors consider bear on their independence and which require disclosure to the Company.

corporate governance

Statement of Compliance with The Provisions of the Combined Code on Corporate Governance 2006

The Committee's terms of reference are available from the Company Secretary. The Audit Committee met twice during the year to review the Half-yearly and Annual financial statements and to review reports and hold discussions with the Chief Executive and Joint Manager. In carrying out its duties during this review, the Audit Committee considered inter alia the annual budget, internal control reports, the risk management framework, the effectiveness of the external audit process, the independence and objectivity of the External Auditors, the Audit Plan, Audit Reports and Corporate Governance Report including the Code. The Audit Committee has considered the need to take out separate insurance cover for Mr Mills. The Audit Committee considers that the Committee as a whole has the relevant and recent financial experience required to carry out its duties and does not consider it appropriate to rely on any one member with financial expertise. The Audit Committee is satisfied that the Auditors are independent, notwithstanding the proportion of non audit fees in the year to 31 January 2009. The Audit Committee considers that the Auditors' objectivity and independence is not impaired by the performance by the Auditors of non audit services. The Audit Committee does not consider that the appointment of a third party unfamiliar with the Company to carry out non audit services would benefit Shareholders since they would incur unnecessary additional expense.

The Company carries out its activities using the services of third party service providers; it has no staff of its own.

shareholder relations

The Company, through the Chief Executive and Joint Manager, has regular contact with its Institutional Shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private Shareholders and encourages them to participate. The Annual General Meeting is attended by the Chairman and the Chief Executive.

The Notice of the Annual General Meeting sets out the business of the meeting and can be found on pages 79 and 80. The special business is also explained more fully in the Explanatory Notes on pages 21 and 22. Separate resolutions are proposed for each substantive issue.

nominations committee

The Board is a small Board and fulfills the function of the Nominations Committee as a whole. The Nominations Committee considers the leadership needs and succession of the Board when making decisions on new appointments. Compatibility with each and every Director is considered a priority. The Board considers that the current size of the Board is the optimum size and does not consider that there are any vacancies. The Nominations Committee met and nominated The Hon. P D Moncreiffe to the Board during the year.

the company secretary

The Board has direct access to the advice and services of the Corporate Company Secretary, J O Hambro Capital Management Limited, responsible for ensuring that the Board and Committee procedures are followed and that the applicable regulations are complied with. The Corporate Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports.

accountability and audit

The Statement of Going Concern is given on the following page and the Board's responsibilities with regard to the financial statements are set out on page 24. The Report of the Independent Auditor is on pages 33 and 34.

corporate governance

Statement of Compliance with The Provisions of the Combined Code on Corporate Governance 2006

internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The Board has regularly reviewed the effectiveness of the system of internal control in place. The Board believes that the key risks identified and implementation of the system to monitor and manage those risks are appropriate to the Company's business as an investment trust. The ongoing risk assessment includes the monitoring of the financial, operational and compliance risks as well as an evaluation of the scope and quality of the system of internal control adopted by the third party service providers. The Board regularly reviews the delegated services to ensure their continued competitiveness and effectiveness. The system is designed to ensure regular communication of the results of monitoring by the third parties to the Board and the incidence of any significant control failings or weaknesses that have been identified and the extent to which they have resulted in unforeseen outcomes or contingences that may have a material impact on the Group's performance or operations. This review process was in place throughout the year under review and including the period to the date of the approval of the Annual Report. The Board believes that, although robust, the Company's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can provide only reasonable and not absolute assurance against material misstatement or loss. The Company does not have an internal audit function as it uses third party service providers and does not employ any staff, nor does the Board consider it appropriate to do so.

going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. They have, therefore, adopted the going concern basis in preparing these financial statements.

compliance

Throughout the year ended 31 January 2009 the Company has complied with the Code, except as follows:

The Company did not comply with the following provisions at any time during the year ended 31 January 2009.

A.1.3, A.3.3, A.4.6, A.6.1 as the Board consists of five Non Executive Independent Directors and the Chief Executive, the Board do not consider it appropriate to comply with these Code provisions.

A.7.2 This provision is complied with save that, Non Executive Directors are not appointed for specific terms but their appointment is terminable on one months notice.

D.1.2 This provision is not strictly complied with insofar as it is the Chief Executive and Joint Manager, who has regular contact with major Shareholders. All Directors attend the Annual General Meeting and are available to communicate with Shareholders.

directors' remuneration report

for the year ended 31 January 2009

This Report has been prepared in accordance with the requirements of Company Law and the Listing Rules. An ordinary resolution for the approval of this Report will be put to the Members at the forthcoming Annual General Meeting.

The law requires your Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on pages 33 and 34.

role and composition

The Remuneration Committee consists of the Chairman and the Independent Non Executive Directors.

The Remuneration Committee is responsible for determining all aspects of Directors' remuneration. No Director participates in discussions on his own remuneration. The Committee takes independent professional advice where it considers this is appropriate. No such advice has been received in the year.

non-executive directors

The fees payable to Non-Executive Directors are agreed by the Board following the recommendation of the Chairman of the Board and with the assistance of independent external advice on comparable organisations and appointments. Non-Executive Directors' fees are determined by the Board, or by a Committee authorised by the Board subject to the limits set out in the Company's Articles of Association.

Non-Executive Directors do not have service contracts nor do they have the benefit of notice periods, termination payments, benefits in kind or option schemes.

chief executive

The Chief Executive is responsible for the day-to-day investment decisions. He has no service contract with the Company; his appointment is pursuant to the Secondment Services Agreement dated 7 January 1993 between the Company, the Chief Executive and Growth Financial Services Limited. The Remuneration Committee has no plans to alter the remuneration structure for the Chief Executive. As stated in note 19 on pages 75 and 76 the Chief Executive is entitled to retain any fees received from investee companies in respect of his role as a non-executive director of these entities; such a role is considered to benefit Shareholders since it allows the Chief Executive to monitor the performance of the investee company more closely than would be possible under other circumstances.

directors' remuneration report
for the year ended 31 January 2009

remuneration of directors (audited)

Chief Executive	**2009**	2008
	£	£
Fees	**20,000**	19,500
Investment Management and related fees	**990,000**	1,017,000
Performance Fee	**–**	1,197,000
Total (excluding irrecoverable VAT)	**1,010,000**	2,233,500

The total fees of £1,010,000, in respect of Mr Mills' services as a Director and Chief Executive are payable to Growth Financial Services Limited (GFS), as described on page 20. GFS receives, and is contractually entitled to receive, part of the Annual Fee payable to the Joint Managers, (GFS and North Atlantic Value LLP) in respect of the investment management activities of the Chief Executive pursuant to the Investment Management Agreements described on page 20 and note 3 on pages 50 and 51 to the financial statements.

Mr Mills is the sole shareholder and director of GFS.

The Performance Fee is a contractual entitlement pursuant to the Secondment Services Agreement dated 7 January 1993 as amended and is paid to GFS.

No pension or other benefits are paid to the Chief Executive.

Non-Executive Directors	**2009**	2008
	£	£
E F Gittes (Chairman)	**24,000**	24,000
K Siem	**20,000**	19,500
C L A Irby	**20,000**	19,500
O R Grace	**20,000**	19,500
P E Swinstead (resigned 15 January 2009)	**19,140**	7,000
The Hon. P D Moncreiffe (appointed 17 November 2008)*	**–**	–
	103,140	89,500

* The Hon. P D Moncreiffe is not receiving a fee in respect of his services as a Director of the Company.

No Directors receive any benefits in kind.

service contracts

No Director has a service contract. The contract for the Chief Executive's services and the carrying on of day-to-day investment decisions is with GFS and contained in the Secondment Services Agreement between GFS and the Company as noted in the paragraph describing the Chief Executive's activities.

directors' remuneration report

for the year ended 31 January 2009

interests in options (audited)

	No. of options at 1 February 2008	Year of grant	Price	Exercised/ cancelled during the year	Grant of options during the year	Price	No. of options at 31 January 2009
C H B Mills	100,000*	2000	677.57p	–	–	–	100,000
	300,000	2002	645.54p	–	–	–	300,000
	200,000	2003	663.80p	–	–	–	200,000
	300,000	2005	875.60p	–	–	–	300,000

* These Options were granted for nil consideration under the 1994 Executive Share Option Scheme and are exercisable at any time between 30 October 2003 and 30 October 2010.

The Options granted in 2002, 2003 and 2005 were granted for nil consideration under the 2002 Executive Share Option Scheme which replaced the 1994 Scheme.

The Options granted in 2002 are exercisable at any time between 6 December 2005 and 6 December 2012.

The Options granted in 2003 are exercisable at any time between 25 September 2006 and 25 September 2013.

The Options granted in 2005 are exercisable at any time between 9 June 2008 and 9 June 2015, subject to the criteria below being met.

During the year 12,500 Management options were repurchased and cancelled costing the option holder £83,000 to exercise the option. The cost to the Company was £43,000.

The 2002 Executive Share Option Scheme is designed to incentivise the Chief Executive and provide the Remuneration Committee with the flexibility to incentivise those individuals contributing to the performance of the Company to achieving exceptional results through stretching performance targets and to deliver success for Shareholders.

The 2002 Executive Share Option Scheme permits options to be granted to a maximum of 5% of the current issued Share Capital.

The Share Option Scheme is an unapproved scheme. Options will normally be exercisable between three and ten years from the date of grant. Options granted under the 2002 Share Executive Option Scheme may only be exercisable if the fully diluted net asset value of the Company (ignoring dilution on the exercise of Share Options) has grown at a compound rate of five per cent. per annum over a period of at least three years following the grant of options and has grown by a percentage at least equal to sixty per cent. of the percentage increase in the Sterling adjusted Standard & Poor's 500 Composite Index in the three year period between the date of grant and the third anniversary of the date of the grant of Options. The criteria for the 300,000 Options issued in 2002 and the 200,000 Options issued in 2003 have been met and they are, therefore, now exercisable at any time.

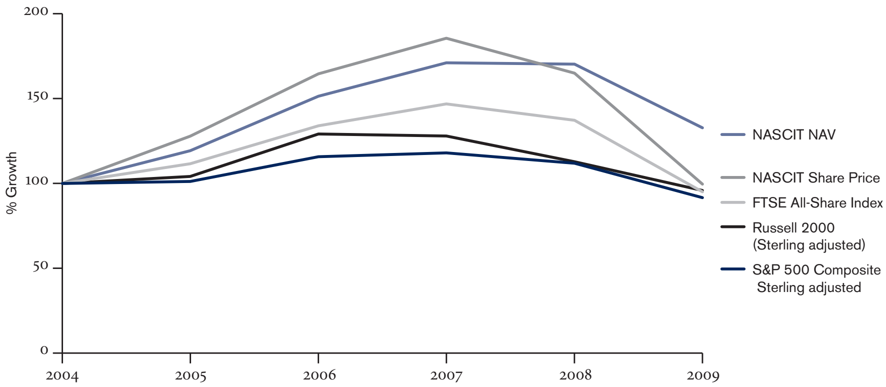
The highest and lowest mid-market price of the Company's Ordinary Shares during the year was 1,077p and 599.5p respectively. The mid-market price of the Company's Ordinary Shares at 31 January 2009 was 618.5p.

directors' remuneration report
for the year ended 31 January 2009

company's performance

The following graph compares over a five year period the total Shareholder return on the Company's Shares with a hypothetical holding of Shares of the same kinds and number as those by reference to which a broad equity market index is calculated.

Graph showing total Shareholder return over 5 years as compared to total Shareholder return of a broad equity market index over the last 5 years. (Source: Financial Data/Datastream)



The equity market indices chosen are the Sterling adjusted Russell 2000 and the Sterling adjusted Standard & Poor's 500 Composite Index. After consultation with major Shareholders, 60% of this latter index was selected as the additional equity index-related benchmark to supplement the absolute five per cent. per annum growth rate hurdle for the 2002 Executive Option Scheme. The FTSE All-Share Index is also included for comparative purposes as the portfolio currently consists of UK incorporated companies as well as US companies.

This Report was approved by the Board on 20 May 2009 and signed by Enrique Foster Gittes, Chairman.

Enrique Foster Gittes
Chairman
20 May 2009

report of the independent auditor

to the members of north atlantic smaller companies investment trust plc

We have audited the consolidated and parent company financial statements (the 'financial statements') of North Atlantic Smaller Companies Investment Trust Plc for the year ended 31 January 2009 which comprise the Consolidated income statement, the Consolidated and Company statement of changes in shareholders' equity, the Consolidated and Company balance sheets, the Consolidated and Company cash flow statement and notes to the financial statements. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Group Report of the Directors is consistent with the financial statements. The information given in the Group Report of the Directors includes that specific information presented in the Chairman's Statement and Investment Manager's Report that is cross referred from the business review sections of the Group Report of the Directors.

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

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

report of the independent auditor
to the members of north atlantic smaller companies investment trust plc

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Objective of the company and financial highlights, Corporate summary, Chairman's Statement, Investment Manager's Report, Sector analysis of investments at fair value, Twenty largest investments, Unlisted investments profile, Group Report of the Directors, Corporate governance and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

basis of audit opinion

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

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

opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the affairs of the Group as at 31 January 2009 and of its loss for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 January 2009;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Group Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
London, England
20 May 2009

consolidated income statement

for the year ended 31 January

	Notes	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
investments							
(Losses)/gains on investments	10	–	(54,325)	(54,325)	–	3,300	3,300
Exchange differences	10	–	7,042	7,042	–	(540)	(540)
net investment results		–	(47,283)	(47,283)	–	2,760	2,760
income	2	4,285	–	4,285	5,208	–	5,208
expenses							
Investment management fee	3	(2,475)	(110)	(2,585)	(2,512)	(1,237)	(3,749)
Other expenses	4	(733)	–	(733)	(954)	–	(954)
Share based remuneration	5	(50)	–	(50)	(255)	–	(255)
Interest payable and similar charges	6	(487)	–	(487)	(366)	–	(366)
total expenses		(3,745)	(110)	(3,855)	(4,087)	(1,237)	(5,324)
Share of net return of associate	10	–	(7,677)	(7,677)	–	(4,223)	(4,223)
profit before taxation		540	(55,070)	(54,530)	1,121	(2,700)	(1,579)
Taxation	7	(2)	–	(2)	–	–	–
transfer to reserves		538	(55,070)	(54,532)	1,121	(2,700)	(1,579)
attributable to:							
Equity holders of the parent		538	(55,070)	(54,532)	1,272	(3,021)	(1,749)
Minority interest	8	–	–	–	(151)	321	170
		538	(55,070)	(54,532)	1,121	(2,700)	(1,579)
return per ordinary share:							
Basic	9			(368.77)p			(12.19)p
Diluted	9			(284.47)p			(8.73)p

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies (AIC).

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 49.

All items in the above statement derive from continuing operations.

The notes on pages 44 to 77 form part of these financial statements.

consolidated statement of changes in equity

for the year ended 31 January

group	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve – realised £'000
2009					
31 January 2008	**739**	**34**	**1,341**	**629**	**180,033**
Total recognised income and expenses for the year	–	–	–	–	**24,924**
Total recognised income and expenses for the year	–	–	–	–	**24,924**
Share Options expense	–	–	**90**	–	–
Exercise of Management Options	–	–	**(83)**	–	–
Premium paid on repurchase of CULS	–	–	–	–	**(5,325)**
Arising on conversion of CULS	**1**	**(5)**	–	–	–
31 January 2009	**740**	**29**	**1,348**	**629**	**199,632**

	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve – realised £'000
2008					
31 January 2007	689	43	1,086	629	183,887
Total recognised income and expenses for the year	–	–	–	–	4,802
Total recognised income and expenses for the year	–	–	–	–	4,802
Share Options expense	–	–	255	–	–
Arising on deconsolidation of AOT	–	–	–	–	(6,181)
Premium paid on repurchase of CULS	–	–	–	–	(2,475)
Arising on conversion of CULS	50	(9)	–	–	–
31 January 2008	739	34	1,341	629	180,033

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 49.

The notes on pages 44 to 77 form part of these financial statements.

consolidated statement of changes in equity

for the year ended 31 January

Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000	Minority interest £'000	Total £'000	group
					2009
58,128	**(2,930)**	**237,974**	**–**	**237,974**	31 January 2008
(79,994)	**538**	**(54,532)**	**–**	**(54,532)**	Total recognised income and expenses for the year
(79,994)	**538**	**(54,532)**	**–**	**(54,532)**	Total recognised income and expenses for the year
–	**–**	**90**	**–**	**90**	Share Options expense
–	**–**	**(83)**	**–**	**(83)**	Exercise of Management Options
–	**–**	**(5,325)**	**–**	**(5,325)**	Premium paid on repurchase of CULS
–	**–**	**(4)**	**–**	**(4)**	Arising on conversion of CULS
(21,866)	**(2,392)**	**178,120**	**–**	**178,120**	31 January 2009

Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000	Minority interest £'000	Total £'000	
					2008
60,476	(4,908)	241,902	7,740	249,642	31 January 2007
(7,823)	1,272	(1,749)	170	(1,579)	Total recognised income and expenses for the year
(7,823)	1,272	(1,749)	170	(1,579)	Total recognised income and expenses for the year
–	–	255	–	255	Share Options expense
5,475	706	–	(7,910)	(7,910)	Arising on deconsolidation of AOT
–	–	(2,475)	–	(2,475)	Premium paid on repurchase of CULS
–	–	41	–	41	Arising on conversion of CULS
58,128	(2,930)	237,974	–	237,974	31 January 2008

company statement of changes in equity
for the year ended 31 January

company	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000
2009				
31 January 2008	**739**	**34**	**1,341**	**629**
Total recognised income and expenses for the year	–	–	–	–
Total recognised income and expenses for the year	–	–	–	–
Share Options expense	–	–	**90**	–
Exercise of Management Options	–	–	(83)	–
Premium paid on repurchase of CULS	–	–	–	–
Arising on conversion of CULS	**1**	(5)	–	–
31 January 2009	**740**	**29**	**1,348**	**629**

	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000
2008				
31 January 2007	689	43	1,086	629
Total recognised income and expenses for the year	–	–	–	–
Total recognised income and expenses for the year	–	–	–	–
Share Options expense	–	–	255	–
Premium paid on repurchase of CULS	–	–	–	–
Arising on conversion of CULS	50	(9)	–	–
31 January 2008	739	34	1,341	629

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 49.

The notes on pages 44 to 77 form part of these financial statements.

company statement of changes in equity

for the year ended 31 January

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000	company
				2009
178,340	**59,443**	**(2,552)**	**237,974**	31 January 2008
25,038	**(80,108)**	**538**	**(54,532)**	Total recognised income and expenses for the year
25,038	**(80,108)**	**538**	**(54,532)**	Total recognised income and expenses for the year
–	**–**	**–**	**90**	Share Options expense
–	**–**	**–**	**(83)**	Exercise of Management Options
(5,325)	**–**	**–**	**(5,325)**	Premium paid on repurchase of CULS
–	**–**	**–**	**(4)**	Arising on conversion of CULS
198,053	**(20,665)**	**(2,014)**	**178,120**	31 January 2009

Capital reserve – realised £'000	Capital reserve – unrealised £'000	Reserve revenue £'000	Total £'000	
				2008
176,056	67,461	(4,061)	241,903	31 January 2007
4,759	(8,018)	1,509	(1,750)	Total recognised income and expenses for the year
4,759	(8,018)	1,509	(1,750)	Total recognised income and expenses for the year
–	–	–	255	Share Options expense
(2,475)	–	–	(2,475)	Premium paid on repurchase of CULS
–	–	–	41	Arising on conversion of CULS
178,340	59,443	(2,552)	237,974	31 January 2008

consolidated and company balance sheets
as at 31 January

	Notes	**Group 2009 £'000**	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
non current assets					
Investments at fair value through profit or loss	10	**147,505**	231,820	**158,733**	250,748
Investments accounted for using the equity method	10	**11,228**	18,928	**–**	–
		158,733	250,748	**158,733**	250,748
current assets					
Investments held for trading in Subsidiary Companies		**–**	308	**–**	–
Trade and other receivables	11	**3,989**	4,169	**4,005**	4,477
Cash and cash equivalents		**25,514**	8,504	**25,498**	8,504
		29,503	12,981	**29,503**	12,981
total assets		**188,236**	263,729	**188,236**	263,729
current liabilities					
Bank loans and overdrafts	12	**(7,874)**	(9,356)	**(7,874)**	(9,356)
Investments held for trading – derivatives	10	**(838)**	(612)	**(838)**	(612)
Trade and other payables	13	**(1,240)**	(15,595)	**(1,240)**	(15,595)
		(9,952)	(25,563)	**(9,952)**	(25,563)
total assets less current liabilities		**178,284**	238,166	**178,284**	238,166
non current liabilities					
CULS	14	**(164)**	(192)	**(164)**	(192)
		(164)	(192)	**(164)**	(192)
total liabilities		**(10,116)**	(25,755)	**(10,116)**	(25,755)
net assets		**178,120**	237,974	**178,120**	237,974

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 49.

The notes on pages 44 to 77 form part of these financial statements.

consolidated and company balance sheets
as at 31 January

	Notes	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
represented by:					
Share capital	15	**740**	739	**740**	739
Equity component of CULS		**29**	34	**29**	34
Share options reserve		**1,348**	1,341	**1,348**	1,341
Share premium account		**629**	629	**629**	629
Capital reserve – realised		**199,632**	180,033	**198,053**	178,340
Capital reserve – unrealised		**(21,866)**	58,128	**(20,665)**	59,443
Revenue reserve		**(2,392)**	(2,930)	**(2,014)**	(2,552)
total equity attributable to equity holders of the parent		**178,120**	237,974	**178,120**	237,974
net asset value per ordinary share:					
Basic	9	**1,204p**	1,611p		
Diluted	9	**944p**	1,209p		

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 49.

These financial statements were approved by the Board of Directors on 20 May 2009 and signed on its behalf by:

Enrique Foster Gittes, *Chairman*

The notes on pages 44 to 77 form part of these financial statements.

consolidated cash flow statement

for the year ended 31 January

group	Notes	2009 £'000	2008 £'000
cash flows from operating activities			
Investment income received		3,202	4,147
Bank deposit interest received		376	690
Other income		100	78
Sale of investments by dealing Subsidiary		–	(220)
Investment Manager's fees paid		(3,626)	(3,772)
Other cash payments		(466)	(705)
cash (expended)/received from operations	16	(414)	218
Bank interest paid		(457)	(282)
CULS interest paid		(19)	(23)
net cash outflow from operating activities		(890)	(87)
cash flows from investing activities			
Purchases of investments		(153,593)	(171,086)
Sales of investments		172,624	167,098
net cash inflow/(outflow) from investing activities		19,031	(3,988)
cash flows from financing activities			
Repayment of fixed term borrowings		(2,777)	(554)
Increase in fixed term borrowings		–	7,113
Repurchase of CULS for cancellation		(5,357)	(2,485)
Management Options exercised		(83)	–
net cash (outflow)/inflow from financing activities		(8,217)	4,074
increase/(decrease) in cash and cash equivalents for the year		9,924	(1)
cash and cash equivalents at the start of the year		8,504	9,497
Arising on deconsolidation of AOT		–	(1,091)
Revaluation of foreign currency balances		7,086	99
cash and cash equivalents at the end of the year	17	25,514	8,504

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 49.

The notes on pages 44 to 77 form part of these financial statements.

company cash flow statement

for the year ended 31 January

company	Note	2009 £'000	2008 £'000
cash flows from operating activities			
Investment income received		3,202	4,147
Bank deposit interest received		223	595
Other income		8	78
Investment Manager's fees paid		(3,626)	(3,777)
Other cash payments		(467)	(693)
cash (expended)/received from operations	16	(660)	350
Bank interest paid		(457)	(282)
CULS interest paid		(19)	(23)
net cash (outflow)/inflow from operating activities		(1,136)	45
cash flows from investing activities			
Purchases of investments		(153,593)	(165,368)
Sales of investments		172,624	163,148
net cash inflow/(outflow) from investing activities		19,031	(2,220)
cash flows from financing activities			
Repayment of fixed term borrowings		(2,777)	(554)
Increase in fixed term borrowings		–	7,113
Repurchase of CULS for cancellation		(5,357)	(2,485)
Management Options exercised		(83)	–
Short-term loans net repaid by subsidiary		230	5,971
net cash (outflow)/inflow from financing activities		(7,987)	10,045
increase in cash and cash equivalents for the year		9,908	7,870
cash and cash equivalents at the start of the year		8,504	542
Revaluation of foreign currency balances		7,086	92
cash and cash equivalents at the end of the year	17	25,498	8,504

The financial statements have been prepared in accordance with the accounting policies on pages 44 to 49.

The notes on pages 44 to 77 form part of these financial statements.

notes to the financial statements

1 accounting policies

North Atlantic Smaller Companies Investment Trust plc (NASCIT) is a Company incorporated in Great Britain and registered in England and Wales under the Companies Acts 1948 to 1967. The consolidated Annual Report for the Group for the year ended 31 January 2009 comprises the results of the Company and its Subsidiary – Consolidated Venture Finance Limited (together referred to as the Group).

Standards that have been adopted during the previous year

IFRS 7 Financial Instrument: Disclosures
IAS 1 (amendment) Presentation of Financial Statements.

New standards and interpretations not applied

At the date of authorisation of these financial statements, the following standards and interpretations have not been applied in these financial statements since they were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)		*Effective date*
IAS 1 (revised)	Presentation of Financial Statements Comprehensive revision including requiring a statement of comprehensive income	1 January 2009
IFRS 8	Operating Segments	1 January 2009
IAS 23	Borrowing Costs (revised March 2007)	1 January 2009
IAS 27	Consolidated Financial Statements (revised)	1 July 2009
IFRS 2	Share based payment: vesting conditions	1 January 2009
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 16	Hedges of a Net Investment in a foreign operation	1 October 2008
IFRIC 17	Distribution of Non Cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets to Customers	1 July 2009

The Directors have chosen not to early adopt these standards and interpretations as they do not anticipate that they would have a material impact on the Group's financial statements in the period of initial application.

(a) basis of preparation/statement of compliance

The consolidated annual financial statements of the Group and the annual financial statements of the Company have been prepared in conformity with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Accounting Standards and Standing Interpretation Committee, interpretations approved by the International Accounting Standards Committee that remain in effect and to the extent they have been adopted by the European Union. They have also been prepared in accordance with applicable requirements of England and Wales company law and reflect the following policies which have been adopted and applied consistently. The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP) for investment trust companies, except to any extent where it conflicts with IFRS.

1 accounting policies continued

(b) convention

The financial statements are presented in Sterling rounded to the nearest thousand. The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of investments and derivatives designated at fair value through profit or loss.

(c) basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its wholly owned Subsidiary undertaking, Consolidated Venture Finance Limited, drawn up to 31 January 2009 and the results of its majority owned subsidiary, American Opportunity Trust PLC up to 22 February 2007.

Except as shown in (e) below, in accordance with IAS 28 (Investments in Associates), investments where the Company holds, directly or indirectly, more than 20% or more of the voting power of the investee, or otherwise has significant influence, are not accounted for as associates. Instead they are accounted for in the same way as other investments designated as at fair value through profit or loss.

In accordance with the exemptions given by s230 of the Companies Act 1985, the Company has not presented its own Income Statement. The amount of the Company's loss for the financial year dealt with in the accounts of the Group is £54,532,000 (2008: £1,750,000).

(d) segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business. The Group invests in smaller companies principally based in countries bordering the North Atlantic Ocean.

(e) oryx

NASCIT is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of Oryx. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of Oryx are incorporated in the consolidated accounts using the equity method of accounting. Oryx is carried in the Consolidated Balance Sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of Oryx.

(f) investments

All non current investments held by the Group, other than the investment in Oryx, are designated at 'fair value through profit or loss' on initial acquisition. Investments are initially recognised at fair value, being the value of the consideration given.

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information about the portfolio is provided internally on that basis to the Company's Board of Directors and other key management personnel.

1 accounting policies continued

(f) investments continued

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments recognised in the Income Statement and (apart from those on current asset investments) allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

Investments are included in the Balance Sheet on the following basis:

(i) quoted at market value on a recognised stock exchange

Securities quoted on recognised stock exchanges are valued at the market bid price and exchange rates ruling at the balance sheet date. With the exception of AIM quoted sets stocks, which are valued using latest trade price, which is equivalent to the fair value.

Unexpired traded put and call options are held in current liabilities as investments held for trading – derivatives and are revalued to the prevailing fair value at the balance sheet date.

(ii) unlisted at market value

Treasury Bills are valued at fair value having been adjusted for movements in exchange rates between the dates of purchase and the year-end. Accrued income arising from them is included in debtors.

(iii) unquoted at directors' estimate of fair value

Unquoted investments, including the subsidiary, are valued in accordance with the International Private Equity and Venture Capital Association (IPEVCA) guidelines. Their valuation incorporates all factors that market participants would consider in setting a price. The primary valuation techniques employed to value the unquoted investments are earnings multiples, recent transactions and the net asset basis. Valuations in local currency are translated into Sterling at the exchange rate ruling on the balance sheet date.

Included within the income statement as at 31 January 2009, is a loss of £27,133,000 relative to the movement in the fair value of the unlisted investments valued using assumption techniques.

(iv) current asset investments

Investments held by the Subsidiary undertakings are classified as 'held for trading' and are valued at fair value in accordance with the policies set out in 1(f)(i) and 1(f)(iii) above for quoted and unquoted holdings respectively.

Profits or losses on investments 'held for trading' are taken to revenue.

(g) options

Where put and call option transactions are entered into for investment purposes, the premiums received are taken to the Income Statement and included as capital and the gains or losses arising on their revaluations are recognised in the Income Statement and included as capital likewise.

Premiums received are transferred to the Capital Reserve – realised and gains or losses on revaluation are taken to the Capital Reserve – unrealised. Where an option transaction is in profit at the year-end, the premium received on any open option is spread over the life of that option.

1 accounting policies continued

(h) foreign currency

The currency of the primary economic environment in which the Group operates (the functional currency) is pounds Sterling (Sterling), which is also the presentational currency of the Group. Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange.

Exchange differences arise on settlement of monetary items and from retranslating at the balance sheet date:

- investments and other financial instruments measured at fair value through profit or loss; and
- other monetary items are included in the Income Statement and allocated as capital if they are of a capital nature, or as revenue if they are of a revenue nature.

Exchange differences allocated as capital are included in the transfer to Capital Reserve – realised or Capital Reserve – unrealised as appropriate.

(i) trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the "trade date" i.e. the day that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

(j) income

Dividends receivable on quoted equity shares are taken into account on the ex-dividend date. Where no ex-dividend date is quoted, they are brought into account when the Group's right to receive payment is established. Other investment income and interest receivable are included in the financial statements on an accruals basis. Dividends received from UK registered companies are accounted for net of imputed tax credits.

(k) expenses

All expenses are accounted for on an accruals basis and are allocated wholly to revenue with the exception of Performance Fees which are allocated wholly to capital, as the fee is payable by reference to the capital performance of the Group and transaction costs which are allocated to capital.

(l) share based payments

In accordance with IFRS 2: Share Based Payments, an expense is recognised in the financial statements relating to the value of share options awarded under the 2002 Executive Share Option Scheme to the Chief Executive and employees of North Atlantic Value LLP.

The accounting charge is based on the fair value of each grant, measured at the grant date and is spread over the vesting period. The deemed expense is transferred to the Share Options Reserve.

1 accounting policies continued

(m) cash and cash equivalents

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand, which form an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement.

(n) bank loans and borrowings

All bank loans and borrowings are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost. Any difference between cost and redemption value has been recognised in the Income Statement over the period of the borrowings on an effective interest rate basis.

(o) convertible unsecured loan stock (CULS) 2013

Under IFRS, the CULS are deemed to comprise of an equity element and a debt element, rather than just being treated as debt. The equity element was identified when the CULS were issued and reduces as the CULS are either converted or bought back. A CULS Reserve has been created to recognise the equity component.

(p) taxation

Tax on the profit or loss for the year comprises current and deferred tax. Corporation tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in Equity, in which case it is recognised in Equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates, using the Company's effective rate of tax, as applied to those items allocated to revenue, for the accounting period.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(q) share capital and reserves

Share Capital represents the nominal value of equity shares.

Equity component of CULS represents the equity component of convertible unsecured loan stock issued.

Share Options Reserve represents the expense of share based payments. The fair value of Share Options is measured at grant date and spread over the vesting period. The deemed expense is transferred to the Share Options Reserve.

Share Premium Account represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

1 accounting policies continued

(q) share capital and reserves continued

Capital Reserve – realised represents capital and exchange gains and losses on the disposal of investments and realisation of foreign currency transactions. In addition, performance fee costs are allocated to the Capital Reserve – realised.

Capital Reserve – unrealised represents capital and exchange gains and losses on the revaluation of investments and foreign currency assets and liabilities held at the balance sheet date.

Revenue Reserve represents retained profits from the income derived from holding investment assets less the costs associated with running the Company.

2 income

	2009	2008
	£'000	£'000
income from investments		
UK dividend income	**2,066**	2,316
Unfranked investment income		
– dividends	**30**	10
– dividends reinvested	**–**	228
– interest	**1,031**	1,609
– interest reinvested	**804**	477
	3,931	4,640
other income		
Interest receivable	**378**	694
Dealing losses of Subsidiary	**(125)**	(204)
Warranty fee for investee company	**–**	15
Indemnity fee for investee company	**5**	1
Sundry income	**96**	62
	354	568
Total income	**4,285**	5,208

	2009	2008
	£'000	£'000
total income comprises		
Dividends	**2,096**	2,554
Interest	**2,213**	2,780
Other income	**(24)**	(126)
	4,285	5,208

	2009	2008
	£'000	£'000
income from investments		
Listed UK	**2,066**	2,316
Listed overseas	**–**	3
Unlisted	**1,865**	2,321
	3,931	4,640

3 investment management fee

(i) Pursuant to the Secondment Services Agreement, described in the Group Report of the Directors on page 20 and the Directors' Remuneration Report on page 30, Growth Financial Services Limited (GFS) provides the services of Mr Mills as Chief Executive of the Company, who is responsible for day-to-day investment decisions. Mr Mills is the sole shareholder and a director of GFS. GFS is entitled to receive part of the investment management and related fees payable to GFS and North Atlantic Value LLP as may be agreed between them from time to time.

(ii) Pursuant to the terms of the Management, Administration and Custody Agreement, described on page 20 of the Group Report of the Directors, North Atlantic Value LLP is entitled to receive a fee (the Annual Fee) in respect of each financial period equal to the difference between (a) 1% of Shareholders' Funds (as defined) on 31 January each year and (b) the amount payable to GFS referred to in note 3(i) above. This fee is payable quarterly in advance.

As set out in note 19, no formal arrangements exist to avoid double charging on investments managed or advised by North Atlantic Value LLP.

(iii) The Performance Fee, calculated annually to 31 January, is only payable if the investment portfolio outperforms the Sterling adjusted Standard & Poors' 500 Composite Index and is limited to a maximum payment of 0.5% of Shareholders' Funds. The Performance Fee arrangements payable to GFS have been in place since 1984 when they were approved by Shareholders.

(iv) In addition to the management fees disclosed in note 3(ii) above, North Atlantic Value LLP is also paid the following:

– an activity fee of £225 per transaction as reimbursement of custodian and related transaction costs incurred on the Company's behalf (see note 4).

– an investment management related fee of £100,000 per annum (see note 4).

The amounts payable in the year in respect of investment management are as follows:

	2009			2008		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Annual fee	**2,475**	**–**	**2,475**	2,454	–	2,454
Performance Fee	**–**	**110**	**110**	–	1,197	1,197
Irrecoverable VAT thereon	**–**	**–**	**–**	58	40	98
	2,475	**110**	**2,585**	2,512	1,237	3,749

At 31 January 2009, £124,000 was payable to the Joint Manager in respect of outstanding management fees (2008: £122,000 plus VAT). No amounts were payable to GFS in respect of any Performance Fee (2008: £1,197,000 plus VAT).

3 investment management fee continued

The irrecoverable VAT charged during the previous year ended 31 January 2008 has been affected as a consequence of the HMRC ruling (as referred to in note 21). The Company was charged VAT on fees for the quarters to 30 April, 31 July and 31 October 2007, but no VAT was charged for the quarter to 31 January 2008.

4 other expenses

	2009 £'000	2008 £'000
Auditors' remuneration (see below)	41	45
Directors' fees (see pages 29 to 32)	123	109
Investment management related fee (see note 3)	100	100
Activity fees (see note 3)	54	75
AOT Liquidation costs	–	350
Other expenses	415	275
	733	954

Auditors' remuneration	2009 £'000	2008 £'000
Fees payable to the Company's Auditor for the audit of the financial statements	36	28
Fees payable to the Company's Auditor and its associates for other services:		
– Audit of the financial statements of the Company's Subsidiaries pursuant to legislation	1	1
– Other services relating to taxation	4	13
– All other services	–	3
	41	45

Fees payable to the Company's Auditor, Grant Thornton UK LLP and its associates for non-audit services to the Company itself are not disclosed in the individual financial statements of the Company because the Company's Group financial statements are required by the Companies (Disclosure of Auditor Remuneration) Regulations 2005, regulation 5 (1), to disclose such fees on a consolidated basis.

5 share based remuneration

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Charge for year per IFRS 2 (see note 1(l))	**90**	**–**	**90**	255	–	255
Cost of repurchasing management options (see below)	**43**	**–**	**43**	–	–	–
Exercised options	**(83)**	**–**	**(83)**	–	–	–
	50	**–**	**50**	255	–	255

A list of the Options in issue are shown below;

No. of options at 1 February 2008	Year of grant	Price	Excercised/ cancelled during the year	Grant of options during the year	Price	No. of Options at 31 January 2009
100,000	2000	677.57p	–	–	–	**100,000**
355,000	2002	645.54p	–	–	–	**355,000**
237,500	2003	663.80p	**(12,500)**	–	–	**225,000**
337,500	2005	875.60p	–	–	–	**337,500**

Further details of Options are disclosed on page 31 and in note 15 on page 64.

During the year the 12,500 Management Options were repurchased and cancelled. The £43,000 charge represents the cost of repurchasing these Options.

6 interest payable and similar charges

	2009 £'000	2008 £'000
On bank loans and overdrafts	**468**	343
Interest on CULS	**19**	23
	487	366

7 taxation on ordinary activities

	2009 £'000	2008 £'000
Overseas taxation	**2**	–
	2	–

7 taxation on ordinary activities continued

The current taxation charge for the year is different from the standard rate of corporation tax in the UK 28.33% (2008: 30%). The differences are explained below.

	2009 Total £'000	2008 Total £'000
Total return on ordinary activities before taxation	(54,530)	(1,579)
Theoretical tax at UK Corporation tax rate of 28.33% (2008: 30%)	(15,450)	(473)
Effects of:		
Non taxable capital return	15,602	439
UK dividends which are not taxable	(585)	(695)
Increase in tax losses, disallowable expenses and offshore income gains	433	729
Overseas tax which is not recoverable	2	–
Actual current tax charge	2	–

Factors that may affect future tax charges:

The Group has tax losses of £17,015,000 (2008: £15,377,000) that are available to offset future taxable revenue. A deferred tax asset has not been recognised in respect of those losses which will be recoverable only to the extent that the Group has sufficient future taxable revenue.

Of the Group tax losses shown above, the Parent Company has tax losses of £17,015,000 (2008: £15,377,000) that are available to offset future taxable revenue. A deferred tax asset has not been recognised in respect of those losses, which will be recoverable only to the extent that the Company has sufficient future taxable revenue.

The Company carries out its activities as an investment trust and the intention is to continue meeting the conditions required to obtain approval in the foreseeable future. Therefore, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

8 minority interest

On 23 February 2007 American Opportunity Trust PLC (AOT) merged with Oryx International Growth Fund Limited (Oryx) by way of a Scheme of Arrangement under Section 425 of the Companies Act 1985. Under the Scheme of Arrangement, Oryx acquired AOT and is the continuing company. All the assets and liabilities of AOT were transferred to it. Under the terms of the scheme, AOT shareholders received 322 New Oryx ordinary shares for every 1,000 AOT shares, and thus the Company received 3,254,741 New Oryx ordinary shares. No cash consideration was received. As a result of the merger, the Company held 21.72% of the total voting rights in Oryx.

In the Company's accounts, as a result of the merger, the value of the Company's investment in AOT at close of business on 22 February 2007 was transferred to the investment in Oryx at nil gain or loss.

There were no minority interest movements during the year ended 31 January 2009.

9 return per ordinary share and net asset value per ordinary share

Consolidated return per Ordinary Share:

	Revenue			Capital			Total		
	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence
2009									
Basic return per Share	538	14,787,546	3.64	(55,070)	14,787,546	(372.41)	(54,532)	14,787,546	(368.77)
Option conversion**	–	201,023		–	201,023		–	201,023	
CULS***	21	4,173,720		–	4,173,720		21	4,173,720	
Diluted return per Share	559	19,162,289	2.92	(55,070)	19,162,289	(287.39)	(54,511)	19,162,289	(284.47)

	Revenue			Capital			Total		
	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence	*Net return £'000	Ordinary Shares	Per Share pence
2008									
Basic return per Share	1,272	14,350,263	8.86	(3,021)	14,350,263	(21.05)	(1,749)	14,350,263	(12.19)
Option conversion**	–	377,878		–	377,878		–	377,878	
CULS***	25	5,019,049		–	5,019,049		25	5,019,049	
Diluted return per Share	1,297	19,747,190	6.57	(3,021)	19,747,190	(15.30)	(1,724)	19,747,190	(8.73)

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

* 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 year was greater than the conversion price. CULS are anti-dilutive whenever its interest saved (net of tax and other changes in income or expense) per Ordinary share obtainable on conversion exceeds basic return per share.

9 return per ordinary share and net asset value per ordinary share continued

Consolidated net asset value per Ordinary Share:

The consolidated net asset value per Ordinary Share calculated in accordance with the Articles of Association is as follows:

		Net asset value per Share	
		2009	2008
Ordinary Shares	– Basic	**1,204p**	1,611p
	– Diluted	**944p**	1,209p

The basic net asset value per Ordinary Share is based on net assets of £178,120,000 (2008: £237,974,000) and on 14,795,548 Ordinary Shares (2008: 14,775,208) being the number of Ordinary Shares in issue at the year 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 (2008: 1,030,000) Share Options were exercised at the prevailing exercise prices, giving a total of 19,679,552 issued Ordinary Shares (2007: 20,322,052).

10 investments

a. Investments at fair value through profit or loss

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Quoted at fair value:				
United Kingdom	**65,967**	103,173	**77,195**	122,101
Overseas	**6,870**	13,982	**6,870**	13,982
Total quoted investments	**72,837**	117,155	**84,065**	136,083
Treasury bills at fair value	**13,865**	20,336	**13,865**	20,336
Unlisted at fair value	**60,803**	94,329	**60,803**	94,329
Total investments at fair value	**147,505**	231,820	**158,733**	250,748

10 investments continued

group	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Total £'000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2008	59,371	33,109	54,173	14,244	19,863	180,760
Opening unrealised appreciation/(depreciation)	529	24,146	26,780	(868)	473	51,060
opening valuation as at 1 February 2008	59,900	57,255	80,953	13,376	20,336	231,820
Movements in year:						
Transfers	–	–	–	–	–	–
Purchases at cost	32,040	15,833	14,111	14,366	71,799	148,149
Sales – proceeds	(39,233)	(821)	(36,847)	(20,748)	(79,172)	(176,821)
– realised gains/(losses) on sales	9,269	301	11,680	(348)	2,071	22,973
(Decrease)/increase in unrealised appreciation/(depreciation)	(24,685)	(37,022)	(16,077)	337	(1,169)	(78,616)
closing valuation as at 31 January 2009	**37,291**	**35,546**	**53,820**	**6,983**	**13,865**	**147,505**
Closing bookcost as at 31 January 2009	**61,447**	**48,422**	**43,117**	**7,514**	**14,561**	**175,061**
Closing unrealised (depreciation)/appreciation	**(24,156)**	**(12,876)**	**10,703**	**(531)**	**(696)**	**(27,556)**
	37,291	**35,546**	**53,820**	**6,983**	**13,865**	**147,505**

company	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Total £'000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2008	69,866	33,109	54,240	14,244	19,863	191,322
Opening unrealised appreciation/(depreciation)	8,962	24,146	26,713	(868)	473	59,426
opening valuation as at 1 February 2008	78,828	57,255	80,953	13,376	20,336	250,748
Movement in year:						
Transfers	–	–	–	–	–	–
Purchases at cost	32,040	15,833	14,111	14,366	71,799	148,149
Sales – proceeds	(39,256)	(821)	(36,847)	(20,748)	(79,172)	(176,844)
– realised gains/(losses) on sales	9,278	301	11,680	(348)	2,071	22,982
(Decrease)/increase in unrealised appreciation/(depreciation)	(32,371)	(37,022)	(16,077)	337	(1,169)	(86,302)
closing valuation as at 31 January 2009	**48,519**	**35,546**	**53,820**	**6,983**	**13,865**	**158,733**
Closing bookcost as at 31 January 2009	**71,928**	**48,422**	**43,184**	**7,514**	**14,561**	**185,609**
Closing unrealised (depreciation)/appreciation	**(23,409)**	**(12,876)**	**10,636**	**(531)**	**(696)**	**(26,876)**
	48,519	**35,546**	**53,820**	**6,983**	**13,865**	**158,733**

notes to the financial statements

10 investments continued

group	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Total £'000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2007	55,192	28,534	52,517	12,322	16,949	165,514
Opening unrealised appreciation/(depreciation)	24,373	21,038	16,422	(1,889)	186	60,130
opening valuation as at 1 February 2007	79,565	49,572	68,939	10,433	17,135	225,644
Movements in year:						
Transfers	2,712	2,456	115	(5,283)	–	–
Purchases at cost	38,562	8,773	25,499	11,430	98,046	182,310
Sales – proceeds	(25,482)	(6,987)	(23,447)	(4,166)	(90,689)	(150,771)
– realised gains/(losses) on sales	6,375	1,096	(511)	(59)	(957)	5,944
Transfer to equity accounted investments						
– bookcost	(11,285)	–	–	–	–	(11,285)
– unrealised appreciation	(12,721)	–	–	–	–	(12,721)
On deconsolidation of AOT						
– bookcost	(6,703)	(763)	–	–	(3,486)	(10,952)
– unrealised appreciation/(depreciation)	5,959	(87)	–	–	–	5,872
(Decrease)/increase in unrealised appreciation/(depreciation)	(17,082)	3,195	10,358	1,021	287	(2,221)
closing valuation as at 31 January 2008	59,900	57,255	80,953	13,376	20,336	231,820
Closing bookcost as at 31 January 2008	59,371	33,109	54,173	14,244	19,863	180,760
Closing unrealised appreciation/(depreciation)	529	24,146	26,780	(868)	473	51,060
	59,900	57,255	80,953	13,376	20,336	231,820

company	Listed equities £'000	AIM quoted £'000	Unlisted equities £'000	Loan stocks £'000	Treasury Bills £'000	Total £'000
analysis of investment portfolio movements						
Opening bookcost as at 1 February 2007	47,968	27,771	52,560	12,322	16,949	157,570
Opening unrealised appreciation/(depreciation)	30,770	20,976	16,379	(1,889)	186	66,422
opening valuation as at 1 February 2007	78,738	48,747	68,939	10,433	17,135	223,992
Movement in year:						
Transfers	2,712	2,456	115	(5,283)	–	–
Purchases at cost	38,543	8,773	25,524	11,430	94,559	178,829
Sales – proceeds	(25,719)	(6,987)	(23,447)	(4,166)	(90,689)	(151,008)
– realised gains/(losses) on sales	6,362	1,096	(512)	(59)	(956)	5,931
(Decrease)/increase in unrealised appreciation/(depreciation)	(21,808)	3,170	10,334	1,021	287	(6,996)
closing valuation as at 31 January 2008	78,828	57,255	80,953	13,376	20,336	250,748
Closing bookcost as at 31 January 2008	69,866	33,109	54,240	14,244	19,863	191,322
Closing unrealised appreciation/(depreciation)	8,962	24,146	26,713	(868)	473	59,426
	78,828	57,255	80,953	13,376	20,336	250,748

notes to the financial statements

10 investments continued

	2009 £'000	2008 £'000
analysis of capital gains and losses		
Realised gains on sales	22,973	5,944
Appreciation dealt with last year	–	(1,906)
	22,973	4,038
Additional unrealised depreciation	(78,616)	(315)
	(55,643)	3,723
Net premiums on sale of options held for trading	1,504	141
Movement in valuation of unexpired put options	(78)	(587)
Losses on loan repayment	(79)	(13)
Movement in valuation of escrow	(29)	36
(losses)/gains on investments	(54,325)	3,300
Realised gains on sales	9	65
Unrealised depreciation	(7,686)	(4,288)
losses on equity accounted investments	(7,677)	(4,223)

	2009 £'000	2008 £'000
Realised exchange gains/(losses) on capital items	670	(67)
Realised exchange losses on escrow	(43)	–
Unrealised exchange gains/(losses) on capital items and currency	6,415	(473)
exchange differences	7,042	(540)

	2009 £'000	2008 £'000
portfolio analysis		
Equity shares	101,336	182,215
Convertible preference securities	25,321	15,893
Fixed interest securities	6,983	13,376
Treasury Bills	13,865	20,336
	147,505	231,820

10 investments continued

b. Subsidiary undertaking

At 31 January 2009 the Company has the following Subsidiary:

Subsidiary	Principal activity	% equity held	Country of registration
Consolidated Venture Finance Limited*	Security trading	100.00%	England and Wales

This Subsidiary was active during the year.

* Directly held by the Company at a cost of less than £1,000.

c. Associates

As a result of the merger of AOT and Oryx in 2007, in the Group accounts Oryx is recognised as an Associate and the results of that Company have been accounted for in the Group accounts as an Associate under the equity method of accounting and valued using the latest Net Asset Value of that Company.

At 31 January 2009, the Company held 7,106,200 Ordinary shares representing 29.5% of the total voting rights in Oryx.

10 investments continued

c. Associates continued

The carrying value of the investment in associate in the Consolidated Balance Sheet using the equity method is as follows:

	2009	2008
	£'000	£'000
Opening cost of share of Oryx	**10,495**	11,285
Opening unrealised appreciation	**8,433**	12,721
Opening valuation of share of Oryx at 1 February 2008	**18,928**	24,006
Sales – proceeds	**(23)**	(855)
– realised gains on sales	**9**	65
Decrease in unrealised appreciation	**(7,686)**	(4,288)
Closing valuation at 31 January 2009	**11,228**	18,928

The following financial information for Oryx has been extracted from its unaudited interim results for the six months ended 30 September 2008:

	£'000
Net assets	51,799
Net loss for the period	(10,192)

Oryx is traded on the London Stock Exchange. The value at bid price at 31 January 2009 was £7,462,000, based on the holding of 7,106,200 Ordinary shares priced at 105.00p per share.

10 investments continued

d. Significant holdings

At the year-end, the Group and Company held 20% or over of the aggregate nominal value of voting equity of the following companies, all of which are incorporated and registered in England and Wales, unless stated:

		31 January 2009 %	31 January 2008 %
Forefront Group	– Ordinary Shares	**21.4**	21.4
Castle Support Services PLC	– Ordinary Shares	**24.6**	24.6
Hampton Trust Group	– units	**72.0**	72.0
Jaffer Holdings Corporation (USA)	– Common Stock	**n/a**	33.0
Jarvis Porter Group PLC	– Ordinary Shares	**n/a**	27.6
Motherwell Bridge Limited	– Ordinary Shares	**n/a**	33.3
Nationwide Accident Repair Services PLC	– Ordinary Shares	**23.2**	23.2
Bionostics PLC	– Ordinary Shares	**21.8**	37.2
Orthoplastics Ltd	– Ordinary Shares	**40.0**	40.0
Oryx International Growth Fund Limited (incorporated in Guernsey)	– Ordinary Shares	**29.5**	28.7
Worldport Communications Inc. (USA)	– Common Stock	**n/a**	45.9
Darby Browallia LLP	– Ordinary Shares	**42.5**	n/a

e. Investments held for trading – derivatives

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Valuation of unexpired put options	**(690)**	(612)	**(690)**	(612)
Unrealised loss on unexpired put options	**(148)**	–	**(148)**	–
	(838)	(612)	**(838)**	(612)

f. Investments deposited as collateral

Where US Treasury Bills or investments are required in accordance with United States SEC regulations to be deposited with brokers as cover for option transactions, these may be held to the order of these brokers until the relevant option positions are closed. At 31 January 2009, US Treasury Bills with a market value of £13,865,000 were deposited with brokers (2008: £3,264,000).

10 investments continued

g. Transaction costs

During the year, the Group incurred total transaction costs of £264,000 (2008: £101,000) comprising £240,000 (2008: £56,000) and £24,000 (2008: £45,000) on purchases and sales of investments respectively. These amounts are included in gains on investments as disclosed in the Consolidated Income Statement.

11 trade and other receivables

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Amounts owed by Subsidiary	**–**	–	**679**	789
Accrued income	**429**	486	**429**	486
Other debtors	**3,560**	3,683	**2,897**	3,202
	3,989	4,169	**4,005**	4,477

12 bank loans and overdrafts: falling due in less than one year

	Group 2009 £'000	Group 2008 £'000	**Company 2009 £'000**	Company 2008 £'000
Canadian $2 million term bank loan 13/02/09	**1,119**	998	**1,119**	998
Euro €7.6 million term bank loan 26/02/09	**6,755**	5,958	**6,755**	5,958
Sterling £2.4 million term bank loan	**–**	2,400	**–**	2,400
	7,874	9,356	**7,874**	9,356

During the year repayments totalling Sterling £2.4m were made.

The euro loan of €7.6m was due for repayment on 26 February 2009, at which point it was rolled until 12 May 2009.

The Canadian loan of $2.4m was due for repayment on 13 February 2009, at which point it was rolled until 6 May 2009.

13 trade and other payables

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Amounts received in advance	–	5,000	–	5,000
Amounts due to brokers	895	8,883	895	8,883
Other creditors and accruals	345	1,712	345	1,712
	1,240	15,595	1,240	15,595

14 debenture loan – convertible unsecured loan stock (CULS) 2013

	2009 No units	2009 £'000	2008 No units	2008 £'000
group and company				
Balance at beginning of year	4,516,844	192	5,711,107	243
Converted during the year	(20,340)	(1)	(994,263)	(41)
Bought back in year	(630,000)	(27)	(200,000)	(10)
Balance at end of year	3,866,504	164	4,516,844	192

Following the introduction of IFRS, the CULS are deemed to include an equity component as well as debt. As explained in note 1.(o), an adjustment is made to the book value of these CULS, accordingly and this is transferred to a CULS Reserve.

The CULS were issued in units of 5p. The CULS 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 year ended 31 January 2009, 20,340 (2008: 994,263) CULS units were converted into Ordinary Shares of 5p each at the rate of one 5p Ordinary Share for every unit of 5p.

Also during the year ended 31 January 2009, 630,000 (2008: 200,000) CULS units were purchased for cancellation at an average rate of 850p per unit (2008: 1,242p).

The remaining CULS units are convertible into Ordinary Shares of 5p each at the rate of one 5p Ordinary Share for every unit of 5p one month after despatch of the audited accounts in each of the years 2008 to 2013 inclusive. Interest at the rate of 0.5p gross per 5p unit per annum is payable on 31 January each year.

15 share capital

	2009 Number	2009 £'000	2008 Number	2008 £'000
– authorised:				
As at 31 January:				
Ordinary Shares of 5p	27,000,000	1,350	27,000,000	1,350
– issued and fully paid:				
Ordinary Shares of 5p:				
Balance at beginning of year	14,775,208	739	13,780,945	689
Conversion of CULS	20,340	1	994,263	50
Balance at end of year	14,795,548	740	14,775,208	739

During the year, 20,340 (2008: 994,263) CULS units were converted into Ordinary Shares of 5p as detailed in note 14.

There are contingent rights to subscribe for Ordinary Shares of 5p each pursuant to:

(i) 1994 Executive Share Option Scheme: 100,000 Ordinary Shares at 677.57p per share exercisable at any time between 30 October 2003 and 30 October 2010; and

(ii) 2002 Executive Share Option Scheme: (a) 355,000 Ordinary Shares at 645.54p per share exercisable at any time between 6 December 2005 and 6 December 2012; (b) 237,500 options were granted at 663.80p exercisable at any time between 25 September 2006 and 25 September 2013; (c) 337,500 Ordinary Shares at 875.60p per share exercisable at any time between 9 June 2008 and 9 June 2015.

The exercise of Options under the 2002 Executive Share Option Scheme is subject to certain performance criteria as detailed in the Director's Remuneration Report on page 31. At the date of this report, both the criteria for the 355,000 Options exercisable at 645.54p per Share and for the 237,500 Options exercisable at 663.80p per Share had been met.

These Options totalling 1,017,500 (2008: 1,030,000), include those granted to the Chief Executive, details of which are given on page 31 in the Directors' Remuneration Report. The balance of the Options have been granted to investment management employees of the Joint Manager.

16 reconciliation of total return from ordinary activities before finance costs and taxation to cash (expended)/received from operations

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Total loss from ordinary activities before finance costs and taxation	(54,043)	(1,213)	(54,043)	(1,385)
Losses/(gains) on investments	47,283	(2,760)	54,960	2,023
Share based remuneration	90	255	90	255
Share of net return of associate	7,677	4,223	–	–
Reverse provision for Subsidiary	–	–	(120)	85
Dividends and interest reinvested	(804)	(705)	(804)	(705)
Decrease in debtors and accrued income	636	70	636	140
Changes relating to investments of dealing Subsidiary	126	(15)	–	–
(Decrease)/increase in creditors and accruals	(1,377)	363	(1,377)	(63)
Tax on investment income	(2)	–	(2)	–
Cash (expended)/received from operations	(414)	218	(660)	350

17 analysis of net cash

	At 1 February 2008 £'000	Cash flow £'000	Exchange movement £'000	At 31 January 2009 £'000
Group				
Cash and cash equivalents	8,504	9,924	7,086	25,514
Company				
Cash and cash equivalents	8,504	9,908	7,086	25,498

18 financial instruments and risk profile

An explanation of the Group's financial risk management objectives, policies and strategy can be found in the Group Report of the Directors on pages 16 to 22.

The Group's financial instruments comprise its investment portfolio, cash balances, derivatives contracts, borrowing facilities, loan stock and trade receivables and trade payables that arise directly from its operations. Note 1 (on pages 44 to 49) sets out the accounting policies, including criteria for recognition and the basis for measurement, applied to significant financial instruments excluding cash at bank and bank loans which are carried at fair value. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised.

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.

18 financial instruments and risk profile continued

The main risks arising from the Group's financial instruments are:

(i) market price risk, including currency risk, interest rate risk and other price risk;

(ii) liquidity risk; and

(iii) credit risk

The Company Secretary in close cooperation with the Board of Directors and the Joint Managers, coordinates the Group's risk management. The policies for managing each of these risks are summarised below and have been applied throughout the year.

(i) market price risk

The fair value or future cash flows of a financial instrument held by the Group may fluctuate because of changes in market prices. This market risk comprises currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks, which policies have remained substantially unchanged from those applying in the year ended 31 January 2008. The Joint Managers assess the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

The Company owns written put options, therefore there is a cap on the extent of any gains, but there is no cap on the extent of any losses.

If the value of the put options was higher by 10%, then this would have decreased the net assets by £69,000 (2008: £61,000). If the value of the put options was lower by 10%, then this would have increased the net assets by £69,000 (2008: £61,000).

currency risk

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 Joint Managers monitor the Group's exposure to foreign currencies on a daily basis and reports to the Board on a regular basis. The Joint Managers measure the risk to the Group of the foreign currency exposure by considering the effect on the net asset value and income of a movement in the rates of exchange to which the Group's assets, liabilities, income and expenses are exposed.

Foreign currency borrowings and forward currency contracts are used to limit the Group's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Where appropriate, they are used also to achieve the portfolio characteristics that assist the Group in meeting its investment objectives. These borrowings and contracts are limited to currencies and amounts commensurate with the asset exposure to those currencies. At 31 January 2009, the Group had no open forward currency contracts (2008: one).

Income denominated in foreign currencies is converted to Sterling on receipt. The Group does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

18 financial instruments and risk profile continued

The Group's financial assets comprise equity investments, fixed interest securities, derivatives, trade receivables and cash balances.

The Group finances its investment activities through the Group's Ordinary Share Capital, Reserves, derivatives and borrowings. The Group's financial liabilities comprise its multi-currency loan facility, bank overdraft, CULS, derivatives and trade payables.

At 31 January 2009, the currency cash flow profile of those financial assets and liabilities was:

group and company

	US Dollar £'000	**Canadian Dollar £'000**	**Euro £'000**
Non current investments at fair value through profit or loss	**34,611**	**–**	**5,590**
Trade and other receivables	**1,897**	**1,551**	**–**
Cash and cash equivalents	**24,812**	**1**	**–**
Multi-currency loan facility	**–**	**(1,119)**	**(6,755)**
Trade and other payables	**–**	**(20)**	**(63)**
Put options on investments	**(838)**	**–**	**–**
Total net foreign currency exposure	**60,482**	**413**	**(1,228)**

At 31 January 2008, the currency cash flow profile of those financial assets and liabilities was:

group and company

	US Dollar £'000	Canadian Dollar £'000	Euro £'000
Non current investments at fair value through profit or loss	62,244	–	5,958
Trade and other receivables	1,694	1,377	–
Cash and cash equivalents	1,059	1	1
Multi-currency loan facility	–	(998)	(5,958)
Trade and other payables	(5)	(5)	(32)
Put options on investments	(612)	–	–
Total net foreign currency exposure	64,380	375	(31)

18 financial instruments and risk profile continued

Sensitivity analysis is based on the Group's monetary foreign currency financial instruments held at each balance sheet date and takes account of forward currency contracts that offset the effects of changes in currency exchange rates.

If Sterling had weakened against the US Dollar by 10%, this would have increased the net assets by £6,720,000 (2008: £7,153,000).

If Sterling had strengthened against the US Dollar by 10%, this would have decreased the net assets by £5,498,000 (2008: decrease of £5,853,000).

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Group's objectives.

interest rate risk

Interest rate movements may affect;

- the fair value of the investments in fixed interest rate securities (including unquoted loans);
- the level of income receivable on cash deposits;
- the fair value of the Company's issued CULS; and
- the interest payable on the Group's variable rate borrowings.
- the loan guarantee, and any amounts payable should the guarantee be called upon.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the multi-currency loan facility.

The Board reviews on a regular basis the values of the fixed interest rate securities and the unquoted loans to companies in which private equity investment is made.

The Group finances part of its activities through borrowings at levels approved and monitored by the Board.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

At 31 January 2009 the Company has investments with exposure to variable rate interest rate risk totalling £6,983,000 (2008: £16,619,000) and investments with exposure to floating rate interest rate risk totalling £13,865,000 (2008: £20,336,000).

The Company also has borrowings with exposure to fixed rate interest rate risk totalling £7,874,000 (2008: £9,356,000).

18 financial instruments and risk profile continued

loans and borrowings

group and company	Effective interest rate	Maturity	31 January 2009 £'000	31 January 2008 £'000
current				
Bank overdraft	7.00%	On demand	–	–
Term loan – Canadian $2 million (2008: $2 million)	5.37%	13 February 2009	**1,119**	998
Term loan – Euro €7.6 million (2008: €8 million)	4.85%	26 February 2009	**6,755**	5,958
Term loan – Sterling nil (2008: £2.4 million)	6.58%	–	–	2,400
non current				
CULS	5.00%	31 May 2013	**164**	192
			8,038	9,548

	Maturity	31 January 2009	31 January 2008
Maturity dates of financial liabilities:			
Principal amounts payable on maturity:			
Term loan – Canadian $2 million (2008: $2 million)	13 February 2009	**1,119**	998
Term loan – Euro €7.6 million (2008: €8 million)	26 February 2009	**6,755**	5,958
Term loan – Sterling nil (2008: £2.4 million)	–	–	2,400
CULS	31 May 2013	**164**	192
Interest payable on maturity:			
Term loan – Canadian $2 million (2008: $2 million)	13 February 2009	**20**	5
Term loan – Euro €7.6 million (2008: €8 million)	26 February 2009	**63**	32
Term loan – Sterling nil (2008: £2.4 million)	–	–	35
CULS *	31 May 2013	**84**	120

* Gross amounts payable, split annually for each payment anniversary of 31 January, based on the outstanding principal at year end over the remaining term as at 31 January 2009 of 4.33 years (2008: 5.33 years). Assumes no further redemptions.

18 financial instruments and risk profile continued

CULS

The Convertible Loan Stock 2013 (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 year ended 31 January 2009, 20,340 (2008: 994,263) units of CULS were converted into Ordinary Shares of 5p each at the rate of one 5p Ordinary Share for every unit of 5p. Also during the year ended 31 January 2009, the Company purchased 630,000 (2008: 200,000) units of CULS for cancellation at a total cost of £5,330,000 (2008: £2,485,000).

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 2008 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.

The amount included in the table above of £164,000 (2008: £192,000) is the fair value of the financial liability element of the CULS as of its date of issue, as adjusted for the effective rate of interest, less interest paid to the unit holders and less the amount of CULS that has been purchased for cancellation or converted into Ordinary Shares.

term bank loans

As at 31 January 2009, the Company had a multi-currency loan Revolving Credit Facility of up to £9 million (which expires on 31 July 2009). All loan drawdowns are repayable in full on maturity, unless rolled over for a further agreed period.

Interest is payable on the loans on a quarterly basis and the rate is fixed for the duration of the drawdown.

Both the interest due and the principal are payable in the relevant currency of the drawdown.

Further information on the financial liabilities is given in note 12 (multi-currency loan facility and bank overdraft) and note 14 (CULS).

Sensitivity analysis is based on the Group's and Company's monetary financial instruments held at each balance sheet date with all other variables held constant.

If interest rates rose by 100 basis points this would increase net assets by £176,000 (2008: decrease by £9,000).

If interest rates fell by 100 basis points this would decrease net assets by £176,000 (2008: increase by £9,000).

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as borrowings are drawn down and repaid during the year.

18 financial instruments and risk profile continued

other price risk

Other price risks (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of the quoted and unquoted investments.

The Group's exposure to 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. As at the year-end, the spread of the Group's investment portfolio analysed by sector was as set out on page 6.

The Board of Directors manages the market price risks inherent in the investment portfolios by ensuring full and timely access to relevant investment information from the Joint Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Joint Managers compliance with the Company's objectives and is directly responsible for investment strategy and asset allocation.

When appropriate, derivative contracts are used to hedge against the exposure to price risk.

The Group's exposure to other changes in market prices at 31 January 2009 on its quoted and unquoted investments and options on investments was as follows:

	Group 2009 £'000	**Company 2009 £'000**	Group 2008 £'000	Company 2008 £'000
Financial assets at fair value through profit or loss				
– Non current investments at fair value through profit or loss	**147,505**	**158,733**	231,820	250,748
Financial assets at fair value through profit or loss and held for trading				
– Current asset investments	**–**	**–**	308	308
Current liabilities				
– Put options on investments	**(838)**	**(838)**	(612)	(612)

The following table illustrates the sensitivity of the profit after taxation and net assets to an increase or decrease of 10% in the fair values of the Group's equities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Group's equities and equity exposure through options at each balance sheet date, with all other variables held constant.

	2009		2008	
	Increase in fair value £'000	**Decrease in fair value £'000**	Increase in fair value £'000	Decrease in fair value £'000
Increase/(decrease) net assets	**14,751**	**(14,751)**	23,182	(23,182)

18 financial instruments and risk profile continued

(ii) liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not significant as the Group invests in equities and other investments that are readily realisable. The Group had a multi-currency loan facility of £9.0 million and an overdraft facility of US$15.6 million as at 31 January 2009. Details of contractual maturities of the financial liabilities together with contractual amounts of interest payable are shown on page 69.

(iii) credit risk

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 counterparties, each having an immaterial effect on the Group's cash flows, should a default happen. The Company assesses the credit worthiness of its debtors from time to time to ensure they are neither past due or impaired.
The maximum exposure of the financial assets to credit risk at the Balance sheet date was as follows:

	2009 Group £'000	**2009 Company £'000**	2008 Group £'000	2008 Company £'000
financial assets neither past due or impaired				
Fixed income securities	**6,983**	**6,983**	13,376	13,376
Preference shares	**25,321**	**25,321**	15,893	15,893
Treasury Bills	**13,865**	**13,865**	20,336	20,336
Accrued income and other debtors	**3,957**	**3,294**	3,401	2,920
	50,126	**49,463**	53,006	52,525

The maximum credit exposure of financial assets represents the carrying amount.
There are no financial assets that are past due or impaired.

commitments giving rise to credit risk

The Company has a guarantee in place, pursuant to an agreement dated 7 August 2007, for an Orthoplastics loan from Allied Irish Banks, which has an outstanding balance of £1.3 million at 31 January 2009, with the view to being re-financed in May 2009, at which point the guarantee will be removed.

18 financial instruments and risk profile continued

fair value of financial assets and financial liabilities

The fair value for each class of financial assets and liabilities, compared with the corresponding amount in the balance sheet were as follows (trade receivables and trade payables, are excluded from the comparison, as their carrying amounts are a reasonable approximation of their fair value).

	31 January 2009		31 January 2008	
	Fair value	Balance sheet value	Fair value	Balance sheet value
financial assets	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss				
– Non current assets	147,505	147,505	231,820	231,820
Financial assets at fair value through profit or loss and held for trading				
– Current asset investments	–	–	308	308
Loans and receivables				
– Cash and cash equivalents	25,514	25,514	8,504	8,504
	173,019	173,019	240,632	240,632

	31 January 2009		31 January 2008	
	Fair value	Balance sheet value	Fair value	Balance sheet value
financial liabilities	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss and held for trading				
– Put options on investments	(838)	(838)	(612)	(612)
Other financial liabilities				
– Multi-currency loan	(7,874)	(7,874)	(9,356)	(9,356)
– CULS	(25,036)	(164)	(45,259)	(192)
	(33,748)	(8,876)	(55,227)	(10,160)

fair values are derived as follows:

- Where assets and liabilities are denominated in a foreign currency, they are converted into Sterling using year-end rates of exchange.
- Financial assets (non current and held for trading) – as set out in the accounting policies on pages 44 to 49.
- Cash and cash equivalents, bank overdraft and multi-currency loan – at face value of the account.
- The Company's CULS – at the offer price at which they are quoted on the London Stock Exchange.

18 financial instruments and risk profile continued

capital management policies and procedures

The Company's capital management objectives are:

– to ensure that the Company will be able to continue as a going concern, and
– to maximise the income and capital return to its equity Shareholders through an appropriate balance of equity capital and debt. The policy is that gearing should not exceed 30% of net assets.

The Company's capital at 31 January comprises:

	2009 £'000	2008 £'000
Debt		
Borrowings under the multi-currency loan facility	7,874	9,356
CULS	164	192
Equity		
Equity share capital	740	739
Retained earnings and other reserves	177,380	237,235
	186,158	247,522
Debt as a % of net assets	4.5%	4.0%

The Board, with the assistance of the Joint Managers monitor and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:
– the planned level of gearing, which takes account of the Joint Managers' views on the market;
– the need to buy back equity Shares for cancellation, which takes account of the difference between the net asset value per share and the Share price (i.e. the level of share price discount or premium);
– the need for new issues of equity Shares; and
– the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to several externally imposed capital requirements, including:
– the bank borrowings under the multi-currency loan facility are not to exceed 35% of the adjusted net asset value and the minimum adjusted net asset value is £135m.

These requirements are unchanged since last year, and the Company has complied with them.

19 related party transactions

The Joint Manager, North Atlantic Value LLP, is regarded as a related party of the Company and acts as Investment Manager or Investment Adviser of the following companies in which the Company has an investment and from which companies the Joint Manager receives fees or other incentives for its services. The amounts payable to the Joint Manager are disclosed in note 3. The relationships between the Company, its Directors and the Joint Managers are disclosed in the Group Report of the Directors on pages 16 to 23.

The relevant companies and the annual fees receivable as derived from the last audited accounts are:

	Services	Fees
Oryx International Growth Fund Limited	Investment Advisory	£537,000
Trident Private Equity LP	Investment Advisory	$24,274
Worldport Communications Inc.	Investment Management	£nil
Trident Private Equity II LP	Investment Advisory	£457,592

J O Hambro Capital Management Limited (the Corporate Company Secretary) is a Designated Member of North Atlantic Value LLP.

Christopher Mills is Chief Investment Officer and a member of North Atlantic Value LLP. He is also a substantial shareholder of J O Hambro Capital Management Group Limited (one of the two Designated Members of North Atlantic Value LLP) and the holding company of the Corporate Company Secretary.

disclosure of interests

Christopher Mills, the Chief Executive and Investment Manager is also a director of Oryx International Growth Fund Limited (Oryx).

North Atlantic Value LLP is investment manager to Oryx and investment adviser to Trident Private Equity LP and Trident Private Equity II LP and receives fees from them.

Christopher Mills is also a director of the following companies in which the Company has an investment or may have had in the year and/or from which he may receive fees or hold options or shares: Castle Support Services plc, Catalyst Media Group plc, Sunlink Health Systems Inc, Crucible Equity Limited, Bionostics Limited, Hampton Trust Group, GEI Group Limited, Izodia PLC, Jarvis Porter Group PLC, Mid-States PLC, Paramount Restaurants Limited, Second London American Trust PLC (in members' voluntary liquidation), Prime Focus London PLC, Trident North Atlantic Fund, Oryx International Growth Fund Limited, Worldport Communications, Inc, Glass America, Inc, Sterling Construction, Inc, Progeny, Inc, Inspired Gaming Group PLC, Cross Border Limited and MJ Gleeson PLC. Employees of the Joint Manager may hold options over shares in investee companies. A total of £63,799 in directors fees from these companies was received by Christopher Mills during the year under review.

No formal arrangements exist to avoid double charging on investments held by the Company which are also managed or advised by Christopher Mills (Chief Executive) and/or the Joint Manager. Members and private clients of the Joint Manager (excluding Christopher Mills and the Chairman) hold 82,050 shares in the Company (2008: 84,050).

19 related party transactions continued

Members and employees of the Joint Manager, and institutional and private clients of the Joint Manager, North Atlantic Value LLP may co-invest in the same investments as the Company.

The Hon. P D Moncreiffe is a director of Crendon Industrial in which the Company has an interest.

From time to time Directors may co-invest in the same investments as the Company.

Oliver Grace was a director of Second London American Trust PLC (in members' voluntary liquidation) and Oliver Grace and his associates hold 21,238,447 shares in Second London American Trust PLC (in members' voluntary liquidation).

transaction with other companies in the group.

At 31 January 2009 amounts due from the wholly owned subsidiary Consolidated Venture Finance Limited (CVF) were £679,000 (2008: £789,000).

20 commitments and contingent liabilities

(i) At the year-end, there were no unexpired call options (2008: none), giving the holder at any time prior to expiry, the right to purchase investments from the Group at the stated exercise price. As set out in note 1(g), the premiums received for writing such options and the movements in valuation of call options unexpired at the balance sheet date are recognised in the Capital reserve. The maximum potential liability to which the Group was exposed at the balance sheet date, in respect of call options, totalled £nil (2007: £nil).

(ii) At the year-end, there was one unexpired put option (2008: one), giving the holders at any time prior to expiry, the right to require the Group to purchase investments at the stated exercise price. As set out in note 1(g), the premiums received for writing such options and the movements in valuation of put options unexpired at the balance sheet date are recognised in the Capital reserve. At 31 January 2009, changes in the put option valuations showed a net loss of £183,000 (2008: £587,000 loss). The maximum potential liability to which the Group was exposed at the balance sheet date, in respect of put options, totalled £2,081,000 (2008: £2,259,000).

iii) In May 2009, the Company is planning to invest a total of £2.9 million in Orthoproducts (new holding company for Orthoplastics) to fund the acquisition of LPE Medical Limited. The investment is split £2 million in new equity and £0.9 million in loan notes paying 10% p.a. on a semi-annual basis. The loan notes are expected to be refinanced out shortly after this, to enable the funds to be back within the Company within the next 3-6 months.

iv) The Company has a guarantee in place pursuant to an agreement dated 7 August 2007 for an Orthoplastics loan from Allied Irish Bank "AIB", which has an outstanding balance of £1.3 million. This loan is shortly due to be refinanced internally within AIB, at which point the guarantee is expected to be removed as part of this internal refinancing.

v) The Company has also committed to invest £25 million in Trident Private Equity Fund III over the forthcoming months.

20 commitments and contingent liabilities continued

vi) The Company has made a £4 million investment in Norcliffe Investments Limited with a supporting guarantee of circa £20 million. GNE's principal asset is circa £35 million of cash. The offer for GNE by Norcliffe Investments Limited has now been accepted by over 80% of the shareholders and the supporting guarantee will be eliminated by a loan from GNE to Norcliffe which should be completed no later than the middle of May 2009.

21 post balance sheet events

Since 31 January 2009, the Company has determined that a refund of approximately £450,000 of VAT may be available to the Company as a result of changes to the VAT regulations applicable to investment management fees whereby HMRC has accepted that management fees charged to UK investments trusts should be exempt from VAT.

directors and advisers

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

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 & 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 Bank, p.l.c.
St Helen's
1 Undershaft
London EC3A 8AB

notice of annual general meeting

NOTICE IS GIVEN that the ANNUAL GENERAL MEETING of North Atlantic Smaller Companies Investment Trust PLC will be held on Tuesday 30 June 2009, at 12 noon in the Board Room, Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB for the following purposes:

ordinary business:

1. To receive and approve the Group Report of the Directors and the audited financial statements for the year ended 31 January 2009.
2. To approve the Directors' Remuneration Report.
3. To re-elect Mr O R Grace as a Director of the Company.
4. To re-elect Mr C L A Irby as a Director of the Company.
5. To elect the Hon. P D Moncreiffe as a Director of the Company.
6. To re-elect Mr C H B Mills as a Director of the Company.
7. To re-appoint Grant Thornton UK LLP as Auditors and authorise the Directors to determine their remuneration, special notice having been given.

special business:

To consider the following resolutions of which resolutions 9, 10 and 11 will be proposed as special resolutions:

8. **ordinary resolution – renewal of Directors' authority to allot shares**
THAT the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Companies Act 1985 ("the Act")) up to an aggregate nominal amount of £246,592 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for all previous authorities conferred upon the Directors pursuant to Section 80 of the Act but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

9. **special resolution – renewal of Directors' authority for the disapplication of pre-emption rights**
THAT, subject to and conditional upon the passing of resolution number 8 above, the Directors be empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) for cash as if Section 89 of the Act did not apply to any such allotment provided that this power shall be limited to:

(i) the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all the Ordinary shareholders are proportionate (as nearly as may be) to the respective number of equity securities held by them subject in each case to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body; and

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £36,988; and shall expire at the conclusion of the Annual General Meeting of the Company after the date of the passing of this resolution except 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 such offer or agreement as if the power conferred by this resolution had not expired.

10. **special resolution – authority to make market purchases of Ordinary shares**
THAT the Company be and is hereby generally and unconditionally authorised, in accordance with the Company's articles of association and section 166 of the Act, to make market purchases (within the meaning of section 163 of the Act) of ordinary shares of 5p each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine provided that:

(a) the maximum number of Ordinary Shares authorised to be purchased is 1,479,554;

(b) the minimum price which may be paid for an Ordinary Share is 5p (the nominal value) (exclusive of expenses (if any) payable by the Company);

(c) the maximum price which may be paid for an Ordinary Share purchased under this authority is an amount equal to the higher of (i) 105% of the average of the middle market quotations for an Ordinary Share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased and (ii) the amount stipulated by Article 5(i) of the Buy-back and Stabilisation Regulation 2003, (in each case exclusive of expenses (if any) payable by the Company); and

(d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution except that the Company may before such expiry make a contract or contracts to purchase ordinary shares which will or may be completed or executed wholly or partly after such expiry.

11. **special resolution – notice required for general meetings**
THAT a general meeting other than an annual general meeting may be called on no less than 14 clear days notice.

Dated this 20th day of May 2009

By order of the Board

J O Hambro Capital Management Limited
Company Secretary

Registered Office:
Ground Floor, Ryder Court
14 Ryder Street
London
SW1Y 6QB
Registered No. 1091347

notice of annual general meeting

notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 12 noon on 28 June 2009.

3. The return of a completed proxy form will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. Any 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.

5. The statement of the rights of the shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on 28 June 2009 (or, in the event of any adjournment, 6.00pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. As at 20 May 2009 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 14,795,548 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 20 May 2009 are 14,795,548.

8. Shareholders should note that it is possible that, pursuant to requests made by shareholders 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 auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance 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 shareholders who have requested 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 auditors 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.

9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

shareholder information

financial calendar	Preliminary results	May
	Annual Report	May
	Annual General Meeting	June
	Half-Yearly results announced	September
	Half-Yearly Report posted	September

share price

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

It also appears on:

Reuters:	convertible Loan Stock NASp.L
Bloomberg:	NAS. LN
SEAQ Ordinary Shares:	NAS
Trustnet:	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.navalue.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

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

notes