



**North Atlantic Smaller Companies Investment Trust plc**

**Interim Report**

**for the six months ended 31 July 2007**

objective of the company and financial highlights

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

	31 July 2007 (unaudited)	31 January 2007 (audited)	% Change
Net asset value per 5p Ordinary Share*:			
Basic	1,766p	1,755p	0.6
Diluted	1,322p	1,217p	8.6
Mid-market price of the 5p Ordinary Shares	1,170.0p	1,153.0p	1.5
Discount to diluted net asset value*	11.5%	5.3%	
Standard & Poor's 500 Composite Index**	716.2	734.8	(2.5)
Russell 2000 **	382.0	408.9	(6.6)
FTSE All-Share Index	3,289.1	3,211.8	2.4
US Dollar/Sterling exchange rate	2.03205	1.95740	(3.8)

\* Including retained revenue for the period.

\*\* Sterling adjusted.

The cover depicts a painting by the artist Thomas Whitcombe (1760-1824) entitled "Battle of The Saints, 1782".

**chief executive's review**

During the six month period to 31 July 2007, the fully diluted net asset value of the Group rose by 8.6% as compared to a fall in the Sterling adjusted Standard & Poor's Composite Index of 2.5%. Net income for the period amounted to £972,000 (2006: £961,000). Consistent with policy, no dividend will be paid.

**listed equities**

The quoted portfolio in the United States benefited from further strength in W-H Energy Services Inc. but this was to some extent offset by weakness in Sterling Construction Inc. The Trust also holds approximately £23 million in US Treasury Bills which suffered from the weakness of the United States Dollar relative to Sterling falling by 3.8%.

In the United Kingdom, AssetCo performed well following its IPO and Inspired Gaming rose following favourable operating results, as did Cardpoint. Oryx International Growth Fund Limited continued to perform well, rising by 2% in the period.

This performance was to some extent offset by weakness in Nationwide Accident, BBA and Georgica.

**unlisted equities**

The unquoted portfolio benefited considerably from the reverse flotation of DM Technical Services into Castle Support Services which occurred in June. In the United States, Mister Car Wash was sold at a good profit to cost and AllianceOne at a small loss.

The unquoted portfolio has also benefited from uplifts in the fair value of Hampton Trust to reflect underlying property values and of Motherwell Bridge following the completion of the sale and leaseback relating to the aerospace division.

No new investments were made during the period under review but we would hope to close at least three further transactions over the next few months.

chief executive's review (continued)

**outlook**

The weakness and volatility in equity markets has started to provide attractive buying opportunities which we are reviewing. Fortunately the Trust entered the current turbulence with substantial cash deposits and is therefore well placed to take advantage of the current uncertain conditions.

C H B Mills  
*Chief Executive*

25 September 2007

**top ten investments**

as at 31 July 2007

Company		Fair value £'000	% of net assets
Castle Support Services PLC*	UK Quoted on AIM	25,730	9.9
Oryx International Growth Fund Limited**	UK Listed	24,077	9.2
US Treasury Bills	US Treasury Stock	23,405	9.0
W-H Energy Services Inc.	USA Listed	18,891	7.2
Nationwide Accident Repair Services PLC	UK Quoted on AIM	14,700	5.6
Inspired Gaming Group PLC	UK Quoted on AIM	12,560	4.8
Hampton Trust Group	UK Unquoted	12,074	4.6
Mothewell Bridge Limited	UK Unquoted	10,000	3.8
BBA Aviation Group PLC	UK Listed	9,860	3.8
Gleeson (MJ) Group PLC	UK Listed	9,581	3.7
		160,878	61.6

\*Previously DM Technical Services Limited

\*\* Incorporated in Guernsey

interim management report

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

**material events** There were no material events to report during the period under review.

**material transactions** The Board consider the following transactions that occurred during the half year ended 31 July 2007 to be material:

On 23 February 2007, one of the Company’s subsidiaries, 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 of the assets and liabilities of AOT have been transferred into Oryx. North Atlantic Value LLP, the Company’s Joint Manager, also acts as manager to Oryx and Christopher Mills, the Company’s Chief Executive, sits on the Board of Oryx.

In March 2007, AssetCo Group Limited announced a reverse takeover by AIM quoted Asfare Group Plc, to be renamed AssetCo plc, and a concurrent placing of new shares. The Acquisition and Placing were completed on 30 March 2007. The Placing was at a 25% premium to our holding cost and the shares have performed well in the after market.

There were no other material transactions during the period ended 31 July 2007.

interim management report (continued)

**risk profile**

The two main risks arising from the Group's financial instruments are market price risk and foreign currency risk. The Directors review and agree policies with the Joint Manager, North Atlantic Value LLP, for managing these risks. The policies have remained substantially unchanged in the six months since the year end.

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

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

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

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

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

**related party transactions**

These are listed in note 7 to the accounts on page 19.

interim management report (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 period ended 30 June 2007, 994,263 (2006: 467,518) 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 period ended 31 July 2007, the Company purchased 200,000 (2006: Nil) units of CULS for cancellation at a total cost of £2,480,000 (2006: £Nil).

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 2007 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 above 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.

C H B Mills  
*Chief Executive*

25 September 2007



responsibility statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the half yearly financial report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; and
- the half yearly financial report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

The half yearly financial report was approved by the Board on 25 September 2007 and the above responsibility statement was signed on its behalf by

C H B Mills  
*Chief Executive*

consolidated income statement

	Six months ended 31 July 2007 (unaudited)			Six months ended 31 July 2006 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>investments</b>						
Gains on investments	–	21,671	21,671	–	7,248	7,248
Exchange differences	–	(442)	(442)	–	(226)	(226)
<b>net investment result</b>	–	21,229	21,229	–	7,022	7,022
<b>income</b>	3,091	–	3,091	2,861	–	2,861
<b>expenses</b>						
Investment management fee	(1,265)	(663)	(1,928)	(1,220)	(575)	(1,795)
Interest payable and similar charges	(83)	–	(83)	(80)	–	(80)
Share based remuneration	(127)	–	(127)	(161)	–	(161)
Other expenses	(644)	–	(644)	(415)	–	(415)
<b>total expenses</b>	(2,119)	(663)	(2,782)	(1,876)	(575)	(2,451)
<b>profit before taxation</b>	972	20,566	21,538	985	6,447	7,432
Taxation	–	–	–	(24)	–	(24)
<b>transfer to reserves</b>	972	20,566	21,538	961	6,447	7,408
<b>attributable to:</b>						
Equity holders of the parent	1,123	20,245	21,368	977	6,928	7,905
Minority interest	(151)	321	170	(16)	(481)	(497)
	972	20,566	21,538	961	6,447	7,408
<b>return per ordinary share (note 3):</b>						
Basic			153.52p			59.09p
Diluted			107.85p			39.70p

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").

All items in the above statement derive from continuing operations.

consolidated income statement (continued)

	Year ended 31 January 2007 (audited)		
Revenue £'000	Capital £'000	Total £'000	
–	31,469	31,469	<b>investments</b>
–	(43)	(43)	Gains on investments
–	31,426	31,426	Exchange differences
3,951	–	3,951	<b>net investment result</b>
(2,430)	(1,266)	(3,696)	<b>income</b>
(145)	–	(145)	<b>expenses</b>
(322)	(109)	(431)	Investment management fee
(849)	–	(849)	Interest payable and similar charges
(3,746)	(1,375)	(5,121)	Share based remuneration
205	30,051	30,256	Other expenses
(34)	–	(34)	<b>total expenses</b>
171	30,051	30,222	<b>profit before taxation</b>
			Taxation
			<b>transfer to reserves</b>
224	31,171	31,395	<b>attributable to:</b>
(53)	(1,120)	(1,173)	Equity holders of the parent
171	30,051	30,222	Minority interest
			<b>return per ordinary share (note 3):</b>
	231.17p		Basic
	157.25p		Diluted

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").

All items in the above statement derive from continuing operations.

consolidated statement of changes in equity

	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve – realised £'000
<b>six months ended 31 July 2007</b>					
<b>(unaudited)</b>					
31 January 2007	689	43	1,086	629	183,887
Total recognised income and expenses for the period	–	–	127	–	(2,741)
Arising on deconsolidation of AOT	–	–	–	–	(6,181)
Arising on conversion of CULS	50	(9)	–	–	–
Premium paid on repurchase of CULS	–	–	–	–	(2,475)
31 July 2007	<u>739</u>	<u>34</u>	<u>1,213</u>	<u>629</u>	<u>172,490</u>
<b>year ended 31 January 2007</b>					
<b>(audited)</b>					
31 January 2006	666	48	764	629	168,946
Total recognised income and expenses for the year	–	–	322	–	17,419
Arising on conversion of CULS	23	(3)	–	–	–
Premium paid on repurchase of CULS	–	(2)	–	–	(2,359)
Loss on deemed disposal of AOT	–	–	–	–	(119)
31 January 2007	<u>689</u>	<u>43</u>	<u>1,086</u>	<u>629</u>	<u>183,887</u>
<b>six months ended 31 July 2006</b>					
<b>(unaudited)</b>					
31 January 2006	666	48	764	629	168,946
Total recognised income and expenses for the period	–	–	161	–	2,075
Arising on conversion of CULS	23	(3)	–	–	–
31 July 2006	<u>689</u>	<u>45</u>	<u>925</u>	<u>629</u>	<u>171,021</u>

## consolidated statement of changes in equity (continued)

Capital reserve – unrealised £'000	Reserve revenue £'000	Total £'000	Minority interest £'000	Total £'000	
					<b>six months ended 31 July 2007</b>
					<b>(unaudited)</b>
60,476	(4,908)	241,902	7,740	249,642	31 January 2007
					Total recognised income and expenses
22,986	1,123	21,495	170	21,665	for the period
5,475	706	–	(7,910)	(7,910)	Arising on deconsolidation of AOT
–	–	41	–	41	Arising on conversion of CULS
–	–	(2,475)	–	(2,475)	Premium paid on repurchase of CULS
<u>88,937</u>	<u>(3,079)</u>	<u>260,963</u>	<u>–</u>	<u>260,963</u>	31 July 2007
					<b>year ended 31 January 2007</b>
					<b>(audited)</b>
46,724	(5,132)	212,645	8,205	220,850	31 January 2006
					Total recognised income and expenses
13,752	224	31,717	(1,173)	30,544	for the year
–	–	20	–	20	Arising on conversion of CULS
–	–	(2,361)	–	(2,361)	Premium paid on repurchase of CULS
–	–	(119)	708	589	Loss on deemed disposal of AOT
<u>60,476</u>	<u>(4,908)</u>	<u>241,902</u>	<u>7,740</u>	<u>249,642</u>	31 January 2007
					<b>six months ended 31 July 2006</b>
					<b>(unaudited)</b>
46,724	(5,132)	212,645	8,205	220,850	31 January 2006
					Total recognised income and expenses
4,853	977	8,066	(497)	7,569	for the period
–	–	20	–	20	Arising on conversion of CULS
<u>51,577</u>	<u>(4,155)</u>	<u>220,731</u>	<u>7,708</u>	<u>228,439</u>	31 July 2006

consolidated balance sheet

	31 July 2007 (unaudited) £'000	31 January 2007 (audited) £'000	31 July 2006 (unaudited) £'000
<b>non current assets</b>			
Investments at fair value through profit or loss	251,566	225,644	212,977
<b>current assets</b>			
Investments held for trading in Subsidiary Companies	705	386	1,103
Trade and other receivables	3,823	18,595	2,955
Cash and cash equivalents	13,054	9,497	15,526
	<u>17,582</u>	<u>28,478</u>	<u>19,584</u>
<b>total assets</b>	<u>269,148</u>	<u>254,122</u>	<u>232,561</u>
<b>current liabilities</b>			
Bank loans and overdrafts	(6,495)	(1,407)	(1,540)
Investments held for trading – derivatives	(217)	(29)	(323)
Trade and other payables	(1,281)	(2,137)	(2,007)
	<u>(7,993)</u>	<u>(3,573)</u>	<u>(3,870)</u>
<b>total assets less current liabilities</b>	<u>261,155</u>	<u>250,549</u>	<u>228,691</u>
<b>non current liabilities</b>			
Bank loans	–	(664)	–
CULS	(192)	(243)	(252)
	<u>(192)</u>	<u>(907)</u>	<u>(252)</u>
<b>total liabilities</b>	<u>(8,185)</u>	<u>(4,480)</u>	<u>(4,122)</u>
<b>net assets</b>	<u>260,963</u>	<u>249,642</u>	<u>228,439</u>

consolidated balance sheet (continued)

	31 July 2007 (unaudited) £'000	31 January 2007 (audited) £'000	31 July 2006 (unaudited) £'000
<b>represented by:</b>			
Share capital	739	689	689
Equity component of CULS	34	43	45
Share options reserve	1,213	1,086	925
Share premium account	629	629	629
Capital reserve – realised	172,490	183,887	171,021
Capital reserve – unrealised	88,937	60,476	51,577
Revenue reserve	(3,079)	(4,908)	(4,155)
<b>equity attributable to equity holders of the parent</b>	<u>260,963</u>	<u>241,902</u>	<u>220,731</u>
Minority interest	–	7,740	7,708
<b>total equity</b>	<u><u>260,963</u></u>	<u><u>249,642</u></u>	<u><u>228,439</u></u>
<b>net asset value per ordinary share (note 4):</b>			
Basic	1,766p	1,755p	1,602p
Diluted	1,322p	1,217p	1,102p

## consolidated cash flow statement

	Six months ended 31 July 2007 (unaudited) £'000	Six months ended 31 July 2006 (unaudited) £'000	Year ended 31 January 2007 (audited) £'000
<b>cash flows from operating activities</b>			
Investment income received	2,438	1,563	2,628
Bank deposit interest received	380	216	630
Other income	18	–	24
Sale of investments by Subsidiary	(249)	31	18
Investment manager's fees paid	(2,501)	(2,282)	(3,569)
Other cash payments	(305)	(562)	(998)
<b>cash expended from operations</b>	(219)	(1,034)	(1,267)
Bank interest paid	(39)	(83)	(117)
CULS interest paid	–	–	(29)
Loan renewal expenses	–	–	(6)
<b>net cash outflow from operating activities</b>	(258)	(1,117)	(1,419)
<b>cash flows from investing activities</b>			
Purchases of investments	(85,702)	(97,167)	(180,307)
Sales of investments	89,036	110,789	189,613
<b>net cash inflow from investing activities</b>	3,334	13,622	9,306
<b>cash flows from financing activities</b>			
Repayment of fixed term borrowings	(364)	(3,459)	(3,459)
Increase in fixed term borrowings	4,713	–	673
Repurchase of CULS for cancellation	(2,485)	–	(2,370)
Management options exercised and repurchased (AOT)	–	–	480
<b>net cash inflow/(outflow) from financing activities</b>	1,864	(3,459)	(4,676)
<b>increase in cash and cash equivalents for the period</b>	4,940	9,046	3,211
<b>cash and cash equivalents at the start of the period</b>	9,497	6,429	6,429
Arising on deconsolidation of AOT	(1,091)	–	–
Revaluation of foreign currency balances	(292)	51	(143)
<b>cash and cash equivalents at the end of the period</b>	13,054	15,526	9,497



notes

**1. basis of preparation**

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

The figures for the six months ended 31 July 2007 have been prepared on a basis consistent with the accounting policies adopted in the audited financial statements for the year ended 31 January 2007.

The Group financial statements consolidate the financial statements of the Company and its wholly owned Subsidiary, Consolidated Venture Finance Limited, for the six months ended 31 July 2007 and the results of its majority owned Subsidiary, American Opportunity Trust PLC (“AOT”), up to 22 February 2007.

On 23 February 2007 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 will be the continuing company. All of the assets and liabilities of AOT have been transferred to it. North Atlantic Value LLP, the Company’s Joint Manager, also acts as Manager to Oryx and Christopher Mills is on the board of Oryx.

As a result of the above merger, NASCIT holds 39.19% of the ordinary shares of Oryx. This company is not a subsidiary of NASCIT, so the holding is included in investments at fair value through profit or loss.

**2. performance fees**

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

In accordance with the Statement of Recommended Practice (“SORP”) for investment trust companies, an amount is included in these financial statements for the Performance Fee that could be payable based on investment performance to 31 July 2007.

At that date, a Performance Fee of £663,000, including irrecoverable VAT, has been accrued for in the accounts (31 July 2006: £575,000 including irrecoverable VAT; 31 January 2007: £1,266,000 including irrecoverable VAT) and is allocated 100% to capital.

notes (continued)

**3. return per ordinary share**

	*Net return £'000	Revenue Ordinary Shares	Per Share pence	*Net return £'000	Capital Ordinary Shares	Per Share pence
<b>six months ended 31 July 2007</b>						
<b>(unaudited)</b>						
Basic return per Share	1,123	13,918,275	8.07	20,245	13,918,275	145.46
Options conversion**	–	390,770		–	390,770	
CULS***	27	5,529,579		–	5,529,579	
Diluted return per Share	<u>1,150</u>	<u>19,838,624</u>	5.80	<u>20,245</u>	<u>19,838,624</u>	102.05
<b>six months ended 31 July 2006</b>						
<b>(unaudited)</b>						
Basic return per Share	977	13,378,001	7.30	6,928	13,378,001	51.79
Options conversion**	–	284,594		–	284,594	
CULS***	32	6,329,051		–	6,329,051	
Diluted return per Share	<u>1,009</u>	<u>19,991,646</u>	5.05	<u>6,928</u>	<u>19,991,646</u>	34.65
<b>year ended 31 January 2007</b>						
<b>(audited)</b>						
Basic return per Share	224	13,581,129	1.65	31,171	13,581,129	229.52
Options conversion**	–	310,700		–	310,700	
CULS***	30	6,092,348		–	6,092,348	
Diluted return per Share	<u>254</u>	<u>19,984,177</u>	1.27	<u>31,171</u>	<u>19,984,177</u>	155.98

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

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

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

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

## notes (continued)

**3. return per ordinary share** (continued)

*Net return £'000	Total Ordinary Shares	Per Share pence	
<b>six months ended 31 July 2007</b>			
<b>(unaudited)</b>			
21,368	13,918,275	153.52	Basic return per Share
–	390,770		Options conversion**
27	5,529,579		CULS***
<u>21,395</u>	<u>19,838,624</u>	107.85	Diluted return per Share
<b>six months ended 31 July 2006</b>			
<b>(unaudited)</b>			
7,905	13,378,001	59.09	Basic return per Share
–	284,594		Options conversion**
32	6,329,051		CULS***
<u>7,937</u>	<u>19,991,646</u>	39.70	Diluted return per Share
<b>year ended 31 January 2007</b>			
<b>(audited)</b>			
31,395	13,581,129	231.17	Basic return per Share
–	310,700		Options conversion**
30	6,092,348		CULS***
<u>31,425</u>	<u>19,984,177</u>	157.25	Diluted return per Share

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

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

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

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

notes (continued)

**4. net asset value per ordinary share**

The basic net asset value per Ordinary Share is based on net assets of £260,963,000 (31 January 2007: £241,902,000; 31 July 2006: £220,731,000) and on 14,775,208 Ordinary Shares (31 January 2007: 13,780,945; 31 July 2006: 13,780,945) being the number of Ordinary Shares in issue at the period end.

The diluted net asset value per Ordinary Share is calculated on the assumption that the outstanding 2013 CULS are fully converted at par and that all 1,030,000 (31 January 2007: 1,030,000; 31 July 2006: 1,030,000) Share Options were exercised at the prevailing exercise prices, giving a total of 20,322,052 issued Ordinary Shares (31 January 2007: 20,522,052; 31 July 2006: 20,737,052).

**5. debenture loan – convertible unsecured loan stock ('CULS') 2013**

On 18 June 2007, 200,000 CULS units were purchased for cancellation at a rate of 1,240p per unit.

On 6 July 2007 994,263 CULS units were converted into 994,263 Ordinary Shares of 5p each at the rate of one 5p Ordinary Share for every unit of 5p.

At 31 July 2007 4,516,844 CULS units were remaining.

**6. reconciliation of total return from ordinary activities before finance costs and taxation to cash expended from operations**

	Six months ended 31 July 2007 (unaudited) £'000	Six months ended 31 July 2006 (unaudited) £'000	Year ended 31 January 2007 (audited) £'000
Total return from ordinary activities before finance costs and taxation	21,621	7,512	30,401
Gains on investments	(21,229)	(7,022)	(31,426)
Share based remuneration	127	161	322
AOT management options	–	–	109
Dividends and interest reinvested	(338)	(979)	(1,665)
Decrease/(increase) in debtors and accrued income	118	(210)	(4)
Changes relating to investments of dealing Subsidiaries	(303)	168	951
(Decrease)/increase in creditors and accruals	(215)	(640)	79
Tax on investment income	–	(24)	(34)
<b>cash expended from operations</b>	<b>(219)</b>	<b>(1,034)</b>	<b>(1,267)</b>

notes (continued)

**7. related party transactions**

The Joint Manager, North Atlantic Value LLP, is regarded as a related party of the Company. The amounts payable to the Joint Manager in respect of investment management for the six months to 31 July 2007 are as follows:

	Six months ended 31 July 2007 (unaudited) £'000	Six months ended 31 July 2006 (unaudited) £'000	Year ended 31 January 2007 (audited) £'000
Annual fee	1,233	1,163	2,342
Performance fee	646	546	1,217
Irrecoverable VAT thereon	49	86	137
	<u>1,928</u>	<u>1,795</u>	<u>3,696</u>

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

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

**8. financial information**

The financial information contained in this Interim Report is not the Group's statutory accounts. The financial information for the periods ended 31 July 2007 and 31 July 2006 is not a financial year and has not been audited. The statutory accounts for the financial year ended 31 January 2007 have been delivered to the Registrar of Companies and received an Audit Report which was unqualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying the Report and did not contain statements under Section 237(2) and (3) of the Companies Act 1985.

**shareholder information**

**financial calendar**

Preliminary results	May
Annual Report	May
Annual General Meeting	June
Interim figures announced	September
Interim Report posted	September

**share price**

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

They also appear on:

Reuters:	Convertible Loan Stock NASp.L
Bloomberg:	NAS. LN
SEAQ Ordinary Shares:	NAS
Trustnet:	<a href="http://www.trustnet.ltd.uk">www.trustnet.ltd.uk</a>

**net asset value**

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

**share dealing**

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

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

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

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

shareholder information (continued)

**Directors**

E F Gittes (Chairman)  
C H B Mills (Chief Executive)  
K Siem  
C L A Irby  
O R Grace

**Joint Manager**

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

**Company Secretary and Registered Office**

J O Hambro Capital Management Limited  
Ground Floor  
Ryder Court  
14 Ryder Street  
London SW1Y 6QB  
Telephone: 020 7747 5682

**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

\* RSM Robson Rhodes LLP (Robson Rhodes) merged its audit practice with that of Grant Thornton UK LLP (Grant Thornton) with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 31 July 2007, creating a casual vacancy which the Directors have filled by appointing Grant Thornton.

