

NORTH ATLANTIC SMALLER COMPANIES INVESTMENT TRUST PLC

UNAUDITED PRELIMINARY RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2007

FINANCIAL HIGHLIGHTS

	31 July 2007 (unaudited)	31 January 2007 (audited)	% Change
Net asset value per 5p Ordinary Share:*			
Basic (pence)	1,766	1,755	0.6
Diluted (pence)	1,322	1,217	8.6
Mid-market price of the 5p Ordinary Shares (pence)	1,170.0	1,153.0	1.5
Discount to diluted net asset value*	11.5%	5.3%	
Standard & Poor's 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.

NORTH ATLANTIC SMALLER COMPANIES INVESTMENT TRUST PLC
CHIEF EXECUTIVE'S REVIEW
FOR THE SIX MONTHS ENDED 31 JULY 2007

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.

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

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.

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.

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
for the six months ended 31 July

	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
Investments						
Gains on investments	-	21,671	21,671	-	7,248	7,248
Exchange differences	-	(442)	(442)	-	(226)	(226)
Net investment result	-	21,229	21,229	-	7,022	7,022
Income	3,091	-	3,091	2,861	-	2,861
Expenses						
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)
Total expenses	(2,119)	(663)	(2,782)	(1,876)	(575)	(2,451)
Profit before taxation	972	20,566	21,538	985	6,447	7,432
Taxation	-	-	-	(24)	-	(24)
Transfer to reserves	972	20,566	21,538	961	6,447	7,408
Attributable to:						
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

Return per Ordinary Share (note 3):	Pence	pence
Basic	153.52	59.09
Diluted	107.85	39.70

The total column of this statement is 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
for the six months ended 31 July

	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve - realised £'000
Six months ended 31 July 2007 (unaudited)					
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	739	34	1,213	629	172,490
Year ended 31 January 2007 (audited)					
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	689	43	1,086	629	183,887
Six months ended 31 July 2006 (unaudited)					
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	689	45	925	629	171,021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 July (continued)

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

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY

	31 July 2007 (unaudited) £'000	31 January 2007 (audited) £'000	31 July 2006 (unaudited) £'000
Non current assets			
Investments at fair value through profit or loss	251,566	225,644	212,977
Current assets			
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>
Total assets	<u>269,148</u>	<u>254,122</u>	<u>232,561</u>
Current liabilities			
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>
Total current assets less current liabilities	<u>261,155</u>	<u>250,549</u>	<u>228,691</u>
Non current liabilities			
Bank loans	-	(664)	-
CULS	(192)	(243)	(252)
	<u>(192)</u>	<u>(907)</u>	<u>(252)</u>
Total liabilities	<u>(8,185)</u>	<u>(4,480)</u>	<u>(4,122)</u>
Net assets	<u><u>260,963</u></u>	<u><u>249,642</u></u>	<u><u>228,439</u></u>
Represented by:			
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)
Equity attributable to equity holders of the parent	<u>260,963</u>	<u>241,902</u>	<u>220,731</u>
Minority interest	-	7,740	7,708
Total equity	<u><u>260,963</u></u>	<u><u>249,642</u></u>	<u><u>228,439</u></u>
Net asset value per Ordinary Share (note 4):	pence	pence	pence
Basic	1,766	1,755	1,602
Diluted	1,322	1,217	1,102

CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 31 July

	Six months to 31 July 2007 (unaudited) £'000	Six months to 31 July 2006 (unaudited) £'000
Cash flows from operating activities		
Investment income received	2,438	1,563
Bank deposit interest received	380	216
Other income	18	-
Sale of investments by Subsidiary	(249)	31
Investment manager's fees paid	(2,501)	(2,282)
Other cash payments	(305)	(562)
	<hr/>	<hr/>
Cash expended from operations	(219)	(1,034)
Bank interest paid	(39)	(83)
	<hr/>	<hr/>
Net cash outflow from operating activities	(258)	(1,117)
Cash flows from investing activities		
Purchases of investments	(85,702)	(97,167)
Sales of investments	89,036	110,789
	<hr/>	<hr/>
Net cash inflow from investing activities	3,334	13,622
Cash flows from financing activities		
Repayment of fixed term borrowings	(364)	(3,459)
Increase in fixed term borrowings	4,713	-
Repurchase of CULS for cancellation	(2,485)	-
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing activities	1,864	(3,459)
Increase in cash and cash equivalents for the period	4,940	9,046
Cash and cash equivalents at the start of the period	9,497	6,429
Arising on deconsolidation of AOT	(1,091)	-
Revaluation of foreign currency balances	(292)	51
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	13,054	15,526

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 has outperformed the Sterling adjusted Standard & Poor's 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), and is allocated 100% to capital.

3. Return per Ordinary Share

	*Net return £'000	Revenue Ordinary Shares	Per Share (pence)	*Net return £'000	Capital Ordinary Shares	Per Share (pence)	Total (pence)
Six months to 31 July 2007 (unaudited)							
Basic return per Share	1,123	13,918,275	8.07	20,245	13,918,275	145.46	153.52
Option conversion**	-	390,770		-	390,770		
CULS ***	27	5,529,579		-	5,529,579		
	<u>1,150</u>	<u>19,838,624</u>	<u>5.80</u>	<u>20,245</u>	<u>19,838,624</u>	<u>102.05</u>	<u>107.85</u>

Six months to 31 July 2006
(unaudited)

Basic return per Share	977	13,378,001	7.30	6,928	13,378,001	51.79	59.09
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Option conversion**	-	284,594	-	284,594		
CULS ***	32	6,329,051	-	6,329,051		
	<u>1,009</u>	<u>19,991,646</u>	5.05	<u>6,928</u>	<u>19,991,646</u>	34.65 39.70

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 have been issued at average market price as calculated in accordance with IAS 33: Earnings per Share.

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

4. 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 a rate of one 5p Ordinary Share for every unit of 5p. At 31 July 2007 4,516,884 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
Total return from ordinary activities before finance costs and taxation	21,621	7,512
Gains on investments	(21,229)	(7,022)
Share based remuneration	127	161
Dividends and interest reinvested	(338)	(979)
Decrease/(increase) in debtors and accrued income	118	(210)
Changes relating to investments of dealing Subsidiaries	(303)	168
(Decrease) in creditors and accruals	(215)	(640)
Tax on investment income	-	(24)
Cash expended from operations	<u>(219)</u>	<u>(1,034)</u>

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
Annual fee	1,233	1,163
Performance fee	646	546
Irrecoverable VAT thereon	49	86
	1,928	1,795

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 preliminary announcement is not the Group's statutory accounts. The financial information for the six months 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.