



North Atlantic Smaller Companies Investment Trust plc

Half-Yearly Report

for the six months ended 31 July 2012

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 2012 (unaudited)	31 January 2012 (audited)	% Change
Net asset value per 5p Ordinary Share*:			
Basic	1,572p	1,570p	0.1
Diluted	1,420p	1,395p	1.8
Mid-market price of the 5p Ordinary Shares	1,010.0p	1,035.0p	(2.4)
Discount to diluted net asset value*	28.9%	25.8%	
Standard & Poor's 500 Composite Index**	879.8	832.8	5.6
Russell 2000 Index**	501.9	503.1	(0.2)
FTSE All-Share Index	2,927.3	2,932.9	(0.2)
US Dollar/Sterling exchange rate	1.5668	1.5781	(0.7)

* Including retained revenue for the period.

** Sterling adjusted.

The cover depicts a painting by the artist Thomas Luny entitled “The Battle of The Saints, 12 April 1782”.

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

Registered in England and Wales number 1091347

chief executive's review

During the six month period under review, the fully diluted net asset value of the Company rose a modest 1.8%. This compares with a rise in the Sterling adjusted Standard & Poors Composite Index of 5.6% and a rise in the FTSE Small Cap Index of 2.9%.

Income for the period amounted to a loss of £307,000 (31 July 2011: loss of £1,122,000). Consistent with past policy, the directors do not propose to pay a dividend.

quoted portfolio

Generally, the performance of the quoted portfolio has been satisfactory. Interxion, Gleeson, CVS and RPC are doing particularly well, whilst Oryx International Growth Fund rose a further 5%. It is also encouraging to see that AssetCo has resolved some of its problems and the share price rose 10% during the period. However, the impact on the overall portfolio value was limited by the fact that quoted stocks only amount to approximately 40% of the Company's overall assets.

unquoted portfolio

Unquoted assets now amount to over 45% of total assets and will be key to the performance of the Company over the balance of the year.

During the first six months of the year, there was little change in the overall value of the unquoted portfolio. The valuation of Telos was written up reflecting outstandingly good performance and the generation of excess cash which is being used to redeem the unquoted preference shares held by the Company. It is now the largest and most profitable independent business in the USA providing cyber-security services to the Defense Department. Against this, it was necessary to write off Indicant, reflecting continued weak trading.

outlook

The prospects for the second six months of the year are materially different. Forefront, Bionostics, Orthoproducts and a division of Celsis/Nastor are all up for sale. If these sales were to complete, there would be a substantial uplift in the values of these investments. The impact on the Company's Net Asset Value and cash position would be particularly significant although there can be no guarantees whatsoever that, despite all of these businesses being highly profitable with market leading positions, any transactions will in fact close.

The Company continues to hold substantial liquid assets reflecting our continuing caution about major world economies. Furthermore, this could increase very significantly if the sales referred to above are successful.

chief executive's review (continued)

It is, however, hard to find attractive new investment opportunities which meet our requirement for a substantial discount to private market value.

Notwithstanding this, we continue to look at a number of new opportunities and remain optimistic that even if market conditions are unfavourable, the Company's Net Asset Value should continue to rise over the remainder of the year.

C H B Mills
Chief Executive

11 September 2012

top ten investments

as at 31 July 2012

Company		Fair value £'000	% of net assets
Oryx International Growth Fund Limited*†	UK Listed	21,390	9.5
Bionostics Holdings Limited	UK Unquoted	17,956	8.0
Hampton Investment Properties Limited††	UK Unquoted	14,093	6.2
Gleeson (MJ) Group PLC	UK Listed	12,691	5.6
Trident Private Equity Fund III LP	UK Unquoted	12,488	5.5
US Treasury Bills	US Treasury Stock	12,126	5.4
RPC Group PLC	UK Listed	12,050	5.3
Guinness Peat Group PLC	NZD Listed	10,850	4.8
BBA Aviation Group PLC	UK Listed	9,160	4.1
Bioquell PLC	UK Listed	8,571	3.8
		131,375	58.2

* 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.

†† Hampton Investment Properties Limited is accounted for in the Group accounts as a Subsidiary.

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 The Board do not consider that there were any material events during the period ended 31 July 2012.

material transactions The Board do not consider that there were any material transactions during the period ended 31 July 2012.

risk profile The principal risks and uncertainties for the remaining six months of the year continue to be as described in the Annual Report for the year ended 31 January 2012 on page 18 and pages 63 to 71. The principal risks arising from the Company’s financial instruments are market price risk, including currency risk, liquidity risk and credit/counterparty risk. The Directors review and agree policies with the Manager 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 a modest effect on the Group’s cash flows, should a default occur. The Group assesses the credit worthiness of its debtors from time to time to ensure that they are neither past due or impaired.

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 Joint Managers assess the exposure to market risk when making each investment decision and monitor the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

interim management report (continued)

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 10 to the half yearly condensed financial statements on page 18.

CULS

The Convertible Unsecured Loan Stock ('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. 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 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 2013.

During the six month period ended 31 July 2012, 245,554 (2011: 171,301) units of CULS were converted into Ordinary Shares of 5p each at the rate of one 5p Ordinary Share for every unit of 5p. The Company did not purchase any units of CULS for cancellation during the period under review (2011: nil).

As at 31 July 2012, there were 1,553,945 units of CULS outstanding.

By Order of the Board

The Hon. P D E M Moncreiffe
Chairman

11 September 2012

responsibility statement

The Directors confirm to the best of their knowledge that:

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

The half yearly financial report was approved by the Board on 11 September 2012 and the above responsibility statement was signed on its behalf by:

The Hon. P D E M Moncreiffe
Chairman

11 September 2012

condensed consolidated statement of comprehensive income

	Six months ended 31 July 2012 (unaudited)			Restated* Six months ended 31 July 2011 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2,689	–	2,689	2,245	–	2,245
Net gains/(losses) on investments at fair value	–	3,584	3,584	–	(3,384)	(3,384)
Net (losses)/gains on investment property	–	–	–	–	(35)	(35)
Currency exchange losses	–	(195)	(195)	–	(606)	(606)
total income	2,689	3,389	6,078	2,245	(4,025)	(1,780)
Expenses						
Investment management fee (note 2)	(1,108)	–	(1,108)	(1,199)	(163)	(1,362)
Other expenses	(1,221)	–	(1,221)	(1,652)	–	(1,652)
Share based remuneration	(173)	–	(173)	–	–	–
Share of net return of associate	–	994	994	–	426	426
return before finance costs and taxation	187	4,383	4,570	(606)	(3,762)	(4,368)
Finance costs	(494)	–	(494)	(516)	–	(516)
return before taxation	(307)	4,383	4,076	(1,122)	(3,762)	(4,884)
Taxation	–	–	–	–	–	–
return for the period	(307)	4,383	4,076	(1,122)	(3,762)	(4,884)
return attribution to:						
Equity holders of the Company	(428)	4,383	3,955	(1,096)	(3,612)	(4,708)
Non-controlling interest	121	–	121	(26)	(150)	(176)
	(307)	4,383	4,076	(1,122)	(3,762)	(4,884)
earnings per ordinary share (note 4)						
Basic			27.94p			(33.60)p
Diluted			24.90p			(29.45)p

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

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

* The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited.

condensed consolidated statement of comprehensive income (continued)

	Year ended 31 January 2012 (audited)			
Revenue £'000	Capital £'000	Total £'000		
6,432	–	6,432		Income
–	(11,158)	(11,158)		Net gains/(losses) on investments at fair value
–	38	38		Net (losses)/gains on investment property
–	(185)	(185)		Currency exchange losses
<u>6,432</u>	<u>(11,305)</u>	<u>(4,873)</u>		total income
				Expenses
(2,398)	(2)	(2,400)		Investment management fee (note 2)
(2,565)	–	(2,565)		Other expenses
(191)	–	(191)		Share based remuneration
–	71	71		Share of net return of associate
<u>1,278</u>	<u>(11,236)</u>	<u>(9,958)</u>		return before finance costs and taxation
(994)	–	(994)		Finance costs
<u>284</u>	<u>(11,236)</u>	<u>(10,952)</u>		return before taxation
–	–	–		Taxation
<u>284</u>	<u>(11,236)</u>	<u>(10,952)</u>		return for the year
				return attribution to:
14	(11,110)	(11,096)		Equity holders of the Company
270	(126)	144		Non-controlling interest
<u>284</u>	<u>(11,236)</u>	<u>(10,952)</u>		
		(78.90)p		earnings per ordinary share (note 4)
		(69.60)p		Basic
				Diluted

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

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

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

* The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited.

condensed consolidated statement of changes in equity

	Share capital £'000	CULS reserve £'000	Share options reserve £'000	Share premium account £'000	Capital reserve £'000
six months ended 31 July 2012					
(unaudited)					
31 January 2012	706	14	420	1,301	221,880
Total comprehensive income for the period	–	–	–	–	4,383
Arising on conversion of CULS	12	(2)	–	–	–
Share options expenses	–	–	173	–	–
	<u>718</u>	<u>12</u>	<u>593</u>	<u>1,301</u>	<u>226,263</u>
restated*					
six months ended 31 July 2011					
(unaudited)					
31 January 2011	703	15	229	1,301	234,377
Total comprehensive income for the period	–	–	–	–	(3,612)
Shares purchased for cancellation	(5)	–	–	–	(1,267)
Arising on conversion of CULS	8	(1)	–	–	–
Settlement of outstanding share options	–	–	–	–	(120)
Reduction in non-controlling interest in subsidiary	–	–	–	–	–
	<u>706</u>	<u>14</u>	<u>229</u>	<u>1,301</u>	<u>229,378</u>
year ended 31 January 2012					
(audited)					
31 January 2011	703	15	229	1,301	234,377
Total comprehensive income for the year	–	–	–	–	(11,110)
Shares purchased for cancellation	(5)	–	–	–	(1,267)
Arising on conversion of CULS	8	(1)	–	–	–
Share option expenses	–	–	191	–	–
Settlement of outstanding share options	–	–	–	–	(120)
Reduction in non-controlling interest in subsidiary	–	–	–	–	–
	<u>706</u>	<u>14</u>	<u>420</u>	<u>1,301</u>	<u>221,880</u>

* The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited and the reallocation of reserves.

condensed consolidated statement of changes in equity (continued)

Capital redemption reserve £'000	Revenue reserve £'000	Non-controlling interest £'000	Total £'000
74	(2,784)	6,933	228,544
–	(428)	121	4,076
–	–	–	10
–	–	–	173
<u>74</u>	<u>(3,212)</u>	<u>7,054</u>	<u>232,803</u>
69	(2,798)	7,856	241,752
–	(1,096)	(176)	(4,884)
5	–	–	(1,267)
–	–	–	7
–	–	–	(120)
–	–	(1,067)	(1,067)
<u>74</u>	<u>(3,894)</u>	<u>6,613</u>	<u>234,421</u>
69	(2,798)	7,856	241,752
–	14	144	(10,952)
5	–	–	(1,267)
–	–	–	7
–	–	–	191
–	–	–	(120)
–	–	(1,067)	(1,067)
<u>74</u>	<u>(2,784)</u>	<u>6,933</u>	<u>228,544</u>

**six months ended 31 July 2012
(unaudited)**

31 January 2012
Total comprehensive income for the period
Arising on conversion of CULS
Share options expenses

31 July 2012

**restated*
six months ended 31 July 2011
(unaudited)**

31 January 2011
Total comprehensive income for the period
Shares purchased for cancellation
Arising on conversion of CULS
Settlement of outstanding share options
Reduction in non-controlling interest in subsidiary

31 July 2011

**year ended 31 January 2012
(audited)**

31 January 2011
Total comprehensive income for the year
Shares purchased for cancellation
Arising on conversion of CULS
Share option expenses
Settlement of outstanding share options
Reduction in non-controlling interest in subsidiary

31 January 2012

* The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited and the reallocation of reserves.

condensed consolidated balance sheet

	31 July 2012 (unaudited) £'000	Restated* 31 July 2011 (unaudited) £'000	31 January 2012 (audited) £'000
non current assets			
Investments at fair value through profit or loss	180,834	175,632	163,174
Investment property	41,742	41,759	41,654
Investments accounted for using the equity method	21,389	20,750	20,395
Motor vehicles and equipment	36	41	41
	<u>244,001</u>	<u>238,182</u>	<u>225,264</u>
current assets			
Investments held by Subsidiary Companies for trading	1,076	404	1,093
Trade and other receivables	1,353	1,477	1,835
Cash and cash equivalents	7,760	17,104	22,200
Other	1,170	1,170	1,170
	<u>11,359</u>	<u>20,155</u>	<u>26,298</u>
total assets	<u>255,360</u>	<u>258,337</u>	<u>251,562</u>
current liabilities			
Trade and other payables	(1,045)	(1,121)	(1,072)
CULS	(66)	-	-
	<u>(1,111)</u>	<u>(1,121)</u>	<u>(1,072)</u>
total assets less current liabilities	<u>254,249</u>	<u>257,216</u>	<u>250,490</u>
non current liabilities			
CULS	-	(77)	(77)
Bank loans	(21,446)	(22,718)	(21,869)
	<u>(21,446)</u>	<u>(22,795)</u>	<u>(21,946)</u>
total liabilities	<u>(22,557)</u>	<u>(23,916)</u>	<u>(23,018)</u>
net assets	<u>232,803</u>	<u>234,421</u>	<u>228,544</u>

* The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited.

condensed consolidated balance sheet (continued)

	31 July 2012 (unaudited) £'000	Restated* 31 July 2011 (unaudited) £'000	31 January 2012 (audited) £'000
represented by:			
Share capital	718	706	706
Equity component of CULS	12	14	14
Share options reserve	593	229	420
Share premium account	1,301	1,301	1,301
Capital reserve	226,263	229,378	221,880
Capital redemption reserve	74	74	74
Revenue reserve	(3,212)	(3,894)	(2,784)
total equity attributable to equity holders of the parent	<u>225,749</u>	<u>227,808</u>	<u>221,611</u>
Non-controlling interest	<u>7,054</u>	<u>6,613</u>	<u>6,933</u>
total equity attributable to group	<u><u>232,803</u></u>	<u><u>234,421</u></u>	<u><u>228,544</u></u>
net asset value per ordinary share (note 5):			
Basic	1,572p	1,614p	1,570p
Diluted	1,420p	1,433p	1,395p

* The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited and the reallocation of reserves.

condensed consolidated cash flow statement

	Six months ended 31 July 2012 (unaudited) £'000	Restated* Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Note			
cash flows from operating activities			
Investment income received	871	709	2,653
Rental income received	1,408	1,447	3,098
Bank deposit interest received	19	19	64
Other income	353	550	1,064
Sale of investments by dealing Subsidiary	–	57	57
Investment Manager's fees paid	(1,180)	(2,446)	(3,688)
Other cash payments	(1,077)	(3,601)	(4,661)
cash received/(expended) from operations	394	(3,265)	(1,413)
Bank interest paid	(489)	(521)	(995)
CULS interest paid	–	–	(9)
net cash outflow from operating activities	(95)	(3,786)	(2,417)
cash flows from investing activities			
Purchases of investments	(40,238)	(71,513)	(81,690)
Sales of investments	26,476	65,097	79,330
Purchases of plant and equipment	–	(55)	(55)
Sales of plant and equipment	–	29	29
net cash outflow from investing activities	(13,762)	(6,442)	(2,386)
cash flows from financing activities			
Repayment of fixed term borrowings	(424)	(23,689)	(24,538)
Increase in fixed term borrowings	–	21,869	21,869
Repurchase of ordinary shares for cancellation	–	(1,267)	(1,267)
Settlement of outstanding share options	–	(120)	(120)
net cash outflow from financing activities	(424)	(3,207)	(4,056)
decrease in cash and cash equivalents for the period	(14,281)	(13,435)	(8,859)
cash and cash equivalents at the start of the period	22,200	30,799	30,799
Revaluation of foreign currency balances	(159)	(260)	260
cash and cash equivalents at the end of the period	<u>7,760</u>	<u>17,104</u>	<u>22,200</u>

* The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited.

notes

1. general information and 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 Company operates as an investment trust company within the meaning of Section 833 of the Companies Act 2006 and is managed in such a way to ensure the Company meets the requirements of Sections 1158 and 1159 of the Corporation Tax Act 2010 for which the Company seeks annual approval from HM Revenue and Customs.

The condensed consolidated interim financial statements for the six months ended 31 July 2012 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all financial information required for full annual financial statements and have been prepared using the accounting policies adopted in the audited financial statements for the year ended 31 January 2012. Those financial statements were prepared in accordance with International Financial Reporting Standards and with the Statement of Recommended Practice (‘SORP’) for Investment Companies and Venture Capital Trusts issued by the Association of Investment Companies in January 2009.

The condensed consolidated interim financial information includes the financial statements of the Company its wholly owned Subsidiary, Consolidated Venture Finance Limited and its 68.1% ownership of Hampton Investment Properties Limited, for the six months ended 31 July 2012. The interim financial information for the six months ended 31 July 2011 have been restated to include the financial statements of Hampton Investment Properties Limited, as disclosed in note 1(c) of the annual financial statements for the year ended 31 January 2012.

The Company has adequate financial resources and no significant investment commitments and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate available financial resources to continue in operational existence for the foreseeable future and accordingly have concluded that it is appropriate to continue to adopt the going concern basis in preparing this half yearly financial report.

2. investment management and performance fees

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

In accordance with the Statement of Recommended Practice (“SORP”) for investment trust companies, an amount is included in these financial statements for the Performance Fee that could be payable based on investment performance to 31 July 2012.

At that date, no Performance Fee has been accrued for in the accounts (31 July 2011: £163,000; 31 January 2012: £nil) and is allocated 100% to capital.

notes (continued)

3. taxation

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

4. earnings per ordinary share

	*Net return £'000	Revenue Ordinary Shares	Per Share pence	*Net return £'000	Capital Ordinary Shares	Per Share pence
six months ended 31 July 2012						
(unaudited)						
Basic return	(428)	14,156,727	(3.02)	4,383	14,156,727	30.96
CULS**	8	1,756,325		–	1,756,325	
Diluted return	<u>(420)</u>	<u>15,913,052</u>	<u>(2.64)</u>	<u>4,383</u>	<u>15,913,052</u>	<u>27.54</u>
restated***						
six months ended 31 July 2011						
(unaudited)						
Basic return	(1,096)	14,011,093	(7.82)	(3,612)	14,011,093	(25.78)
CULS**	9	1,941,461		–	1,941,461	
Diluted return	<u>(1,085)</u>	<u>15,952,554</u>	<u>(6.81)</u>	<u>(3,612)</u>	<u>15,952,554</u>	<u>(22.64)</u>
year ended 31 January 2012						
(audited)						
Basic return	14	14,062,899	0.10	(11,110)	14,062,899	(79.00)
CULS**	9	1,868,628		–	1,868,628	
Diluted return	<u>23</u>	<u>15,931,527</u>	<u>0.14</u>	<u>(11,110)</u>	<u>15,931,527</u>	<u>(69.74)</u>

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

* Net return on ordinary activities attributable to Ordinary Shareholders.

** CULS interest cost and excess of the total number of potential shares on CULS conversion over the number that could be issued at the average market price from the conversion proceeds, as calculated in accordance with IAS 33: Earnings per share.

*** The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited.

notes (continued)

*Net return £'000	Total Ordinary Shares	Per Share pence	
			six months ended 31 July 2011
			(unaudited)
3,955	14,156,727	27.94	Basic return
8	1,756,525		CULS**
<u>3,963</u>	<u>15,913,052</u>	24.90	Diluted return
			restated***
			six months ended 31 July 2011
			(unaudited)
(4,708)	14,011,093	(33.60)	Basic return
9	1,941,461		CULS**
<u>(4,699)</u>	<u>15,952,554</u>	(29.45)	Diluted return
			year ended 31 January 2012
			(audited)
(11,096)	14,062,899	(78.90)	Basic return
9	1,868,628		CULS**
<u>(11,087)</u>	<u>15,931,527</u>	(69.60)	Diluted return

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.

** CULS interest cost and excess of the total number of potential shares on CULS conversion over the number that could be issued at the average market price from the conversion proceeds, as calculated in accordance with IAS 33: Earnings per share.

*** The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited.

notes (continued)

5. net asset value per ordinary share

The basic net asset value per Ordinary Share is based on net assets of £225,749,000 (31 July 2011: £227,808,000; 31 January 2012: £221,611,000) and on 14,359,107 Ordinary Shares (31 July 2011: 14,113,553; 31 January 2012: 14,113,553) 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 460,000 (31 July 2011: 430,000; 31 January 2012: 430,000) Share Options in-the-money were exercised at the prevailing exercise prices, giving a total of 16,373,052 issued Ordinary Shares (31 July 2011: 16,343,052; 31 January 2012: 16,343,052).

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

On 30 June 2012 245,554 CULS units were converted into 245,554 Ordinary shares of 5p each at a rate of one 5p Ordinary share for every unit of 5p.

At 31 July 2012, 1,553,945 CULS units remained outstanding.

7. share based remuneration

On 6 July 2012 other employees of the Joint Manager, Harwood Capital LLP, were granted 30,000 share options under the NASCIT 2011 Executive Share Option Scheme at an exercise price of 1,396.24p per share. These are exercisable providing the necessary performance requirements are met between 9 July 2015 and 9 July 2022.

8. bank loans

Hampton Investment Properties Limited has a five year facility with RBS which commenced on 2 February 2011 and is secured over the investment property. The loan bears interest at the rate of LIBOR plus 2.76%. During the period Hampton Investment Properties Limited made two repayments totalling £424,000, leaving a facility of £21,446,000 remaining.

notes (continued)

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

		Restated**	
	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Total gains/(losses) from ordinary activities before finance costs and taxation*	4,570	(4,368)	(9,958)
(Gains)/losses on investments	(3,389)	4,025	11,305
Share of net return of associate	(994)	(426)	(71)
Share based remuneration	173	–	191
Depreciation	(5)	(13)	(5)
Dividends and interest reinvested	(53)	–	(93)
Decrease in debtors and accrued income	98	2,031	1,845
Changes relating to investments of dealing Subsidiary	17	569	581
Decrease in creditors and accruals	(23)	(5,083)	(5,208)
cash received/(expended) from operations	<u>394</u>	<u>(3,265)</u>	<u>(1,413)</u>

* Including share of net return of associate.

** The amounts at 31 July 2011 have been restated to reflect the consolidation of the subsidiary undertaking, Hampton Investment Properties Limited.

notes (continued)

10. related party transactions

There have been no changes to the related party arrangements or transactions as reported in the Statutory Annual Financial Report for the year ended 31 January 2012.

The Joint Manager, Harwood Capital LLP, is regarded as a related party of the Company. The amounts payable to the Joint Manager and Growth Financial Services Limited (“GFS”) in respect of investment management for the six months to 31 July 2012 are as follows:

	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Annual fee	1,108	1,199	2,398
Performance fee	–	7	–
Irrecoverable VAT thereon	–	1	–
Irrecoverable VAT adjustment on prior year performance fee	–	155	2
	1,108	1,362	2,400
	1,108	1,362	2,400

In addition to the management fees disclosed above, Harwood Capital LLP is also paid an investment management related fee of £125,000 per annum.

Shareholders should also note the payments made under share based remuneration as disclosed in note 7 to these financial statements.

11. financial information

The annual financial information contained in this half yearly report does not constitute full Statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the periods ended 31 July 2012 and 31 July 2011 is not a financial year and has not been audited. The statutory accounts for the financial year ended 31 January 2012 have been delivered to the Registrar of Companies.

shareholder information

financial calendar	Preliminary results	May
	Annual Report	May
	Annual General Meeting	June
	Half-Yearly figures announced	September
	Half-Yearly Report posted	September
share price	The Company's mid-market share price is quoted daily in the Financial Times appearing under "Investment Companies".	
	They also appear on:	
	Reuters:	Convertible Loan Stock NASp.L
	Bloomberg:	NAS. LN
	SEAQ Ordinary Shares:	NAS
	Trustnet:	www.trustnet.ltd.uk
net asset value	The latest net asset value of the Company can be found on the Harwood Capital LLP website: www.harwoodcapital.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: 0871 664 0384, 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	

shareholder information (continued)

Directors

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

Joint Manager

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Cover Image: The Battle of The Saints, 12 April 1782
Thomas Luny, Late 18th c – Early 19th c
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