



# Northern Investors Company PLC

## Investment objective

The achievement of high long-term returns to shareholders through a combination of dividend yield and capital growth, by investing in UK unquoted companies.

## Benchmark

FTSE All Share Index

## Cumulative performance

	Value at 30/09/06	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
Share Price	189.5p	0.0	-1.3	-3.2	-7.2	2.4	-0.2
Net Asset Value	260.8p	4.3	6.0	3.8	10.5	21.2	39.3
FTSE All-Share Index		1.6	3.6	1.7	14.7	65.7	53.2

## Discrete performance to 30/09/06

	30/09/06	30/09/05	30/09/04	30/09/03	30/09/02
Share Price	-7.2	-0.9	11.4	15.8	-15.8
Net Asset Value	10.5	3.0	6.6	11.5	3.0
FTSE All-Share Index	14.7	24.9	15.7	16.7	-20.8

Total Return, GBP

Source: Factset and Fundamental Data

Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.

## Performance to 30/09/2006

The net asset value per share at 30 September 2006 was 260.8p, an increase of 7.6% over the corresponding figure at 30 September 2005. The share price at 30 September 2006 stood at a three-year low of 189.5p, representing a 27.3% discount to NAV, although there has subsequently been an upward movement. Investment income for the half year was slightly higher than in the corresponding period and the revenue return per share was unchanged at 3.3p. The directors have declared an interim dividend of 2.0p per share, an 11.1% increase over the preceding year. In the absence of unforeseen circumstances it is intended that the final dividend for the year will be at least maintained at last year's level of 4.2p per share, making a total of not less than 6.2p for the full year.

## Activity

The managers are repositioning the portfolio with the objective of concentrating a larger proportion of the company's assets on the twenty largest holdings. This will be achieved by increasing the average size of new investments and reducing the number of holdings. Over the six months to 30 September 2006 there was a net reduction of three, from 62 to 59, with two new investments totalling £2.7 million added to the portfolio. The new additions were Nightingales Holdings, a mail order retailer of women's clothing, and Touchstone Asset Management, which provides property management services. The investment in AFI Aerial Platforms was sold during the period for £3.7m, generating a compound internal rate of return of over 80% per annum, and since the end of September the investment in Submersible Television Surveys has been sold for £0.9m.

## Outlook

The flow of potential investment opportunities is currently strong and we expect to complete some substantial new investments during the second half of the financial year, whilst seeking to capitalise on several realisation opportunities which our managers are currently working on.

## Important information

The risks outlined overleaf relating to gearing, small companies and specialist sectors are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

## Composition of portfolio

Valuation as at 30/09/06	£000	%
John Laing Partnership	4,076	7.9
CGI Group	2,428	4.7
Longhirst Group	1,834	3.6
Nightingales holdings	1,737	3.4
DMN	1,720	3.3
IG Doors	1,620	3.2
Envirotec	1,457	2.8
Union Snack	1,294	2.5
Weldex (International) Offshore	1,291	2.5
Alaric Systems	1,175	2.3
<b>Ten largest investments</b>	<b>18,632</b>	<b>36.2</b>
Computer Software Group*	1,081	2.1
Arrow Industrial Group	1,080	2.1
Crantock Bakery	1,061	2.1
Pivotal Laboratories	1,000	1.9
TFB Group	995	1.9
Liquidlogic	994	1.9
Touchstone Asset Management	970	1.9
Submersible Television Surveys	850	1.7
Stainton Metal Company	825	1.6
Abermed Group	800	1.6
<b>Twenty largest investments</b>	<b>28,288</b>	<b>55.0</b>
Other investments	13,321	25.9
<b>Total fixed asset investments</b>	<b>41,609</b>	<b>80.9</b>
<b>Net current assets</b>	<b>9,828</b>	<b>19.1</b>
<b>Net assets</b>	<b>51,437</b>	<b>100.0</b>

\*Quoted on Alternative Investment Market (all other holdings unquoted)

## Composition of portfolio

Net assets	£51.4m
Debt	none
Actual gearing	0.0%

## Further information

Private investors **0500 00 00 40**  
Website **northerninvestors.co.uk**

All sources (unless indicated): Aberdeen Asset Managers 30/09/06

### Key information

Calendar	
Year end	31 March
Accounts published	Annual – May Interim - November
AGM	June
Established	1984

Fund manager	Tim Levett
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Total expense ratio	3.32%
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Trading details	
Stockbroker	JPMorgan Cazenove

### Important information

#### Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.
- The Trust invests in small companies, and / or companies investing in technology or venture and development capital stocks, where the potential volatility may increase the risk to the value of your investment. Above average price movements may be expected.
- The Trust invests in a specialist market sector and is likely to carry higher risks than a more widely invested fund.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- Exposure to a single country market increases potential volatility.
- There is no guarantee that the market price of shares in the Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of investment trust shares purchases will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

#### Other Important Information:

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