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Smallers/int/10

F&C Investments

F&C Global Smaller Companies PLC

Report and accounts
for the half-year ended **31 October 2010**

Objective

The objective of F&C Global Smaller Companies PLC is to secure a high total return by investing in smaller companies worldwide.

Directors

Anthony Townsend (Chairman)
Andrew Adcock
Les Cullen
Dr Franz Leibenfrost
Jane Tozer
Mark White

Manager

Peter Ewins
F&C Management Limited

This document may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this document. Nothing should be construed as a profit forecast.

Visit the website at **www.fandcglobalsmallers.com**
Registered in England, company registration number 28264

Summary of Unaudited Results

Attributable to shareholders	31 October 2010	30 April 2010	% Change
Share price	**493.00p**	461.00p	+6.9
Net asset value per share (debenture at nominal value)	**521.65p**	518.10p	+0.7
Net asset value per share (debenture at market value)	**513.35p**	510.14p	+0.6
Net assets	**£209.2m**	£208.4m	+0.4

	Half-year ended 31 October 2010	Half-year ended 31 October 2009	% Change
Revenue return per share	**2.37p**	1.91p	+24.1
Interim dividend per share	**1.60p***	1.60p	-

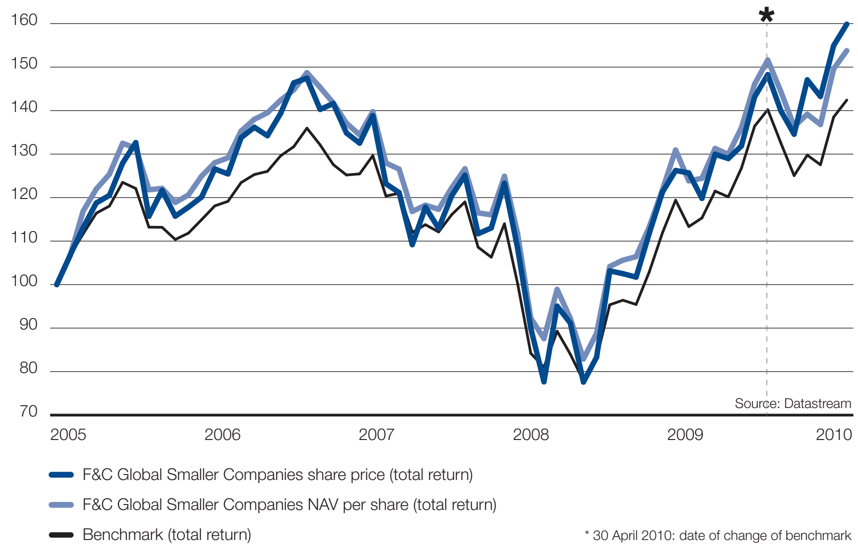
*Payable on 31 January 2011 to shareholders on the register at 31 December 2010.

Manager's Review

After strong performance through the last financial year, share prices fell back in the early part of the period under review as fears about the fiscal position of several euro zone countries combined with indications of a growth slowdown in the US began to undermine investor sentiment. However, markets rallied later on in the period as the risk of a near-term sovereign bond default moderated, economic recovery in most parts of the world continued to gain traction and the US authorities prepared to take further action to bolster growth.

Share price and net asset value per share performance

five years from 31 October 2005 to 31 October 2010
rebased to 100 at 31 October 2005



* 30 April 2010: date of change of benchmark

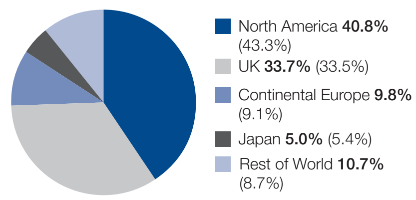
Performance and the discount

Smaller company shares followed the overall market trends. The Company's net asset value ("NAV") per share, on a total return basis and taking the debenture at nominal value, ended the period up by 1.4%, more than recovering the 8.2% drop in the first three months. Following the change implemented with effect from the start of this financial year, the Company's Benchmark is now a blended index of the returns from the Hoare Govett UK Smaller Companies (excluding investment companies) Index (30%) and the MSCI All Country World ex UK Small Cap Index (70%). This delivered a total return in sterling terms of 1.5%, marginally ahead of the rise in the Company's NAV.

Taking the NAV with the debenture at market value and excluding current period income, the discount to NAV at which the shares stood at the period end was 3.5%, well below the 9.0% discount at the end of April. The discount narrowed mainly in response to strong demand for the Company's shares through the F&C savings schemes. This meant that the share price rose by 6.9%, finishing the period near to its all time high. The Board will continue to monitor the level of the discount in the context of its share buyback policy, but the high underlying demand for the Company's shares and the lower prevailing discount level meant that only 120,000 shares (0.3% of the starting share capital) were bought in and cancelled during the period.

Geographical distribution of the investment portfolio

at 31 October 2010



Source: F&C Management Limited
The percentages in brackets are as at 30 April 2010

Dividends

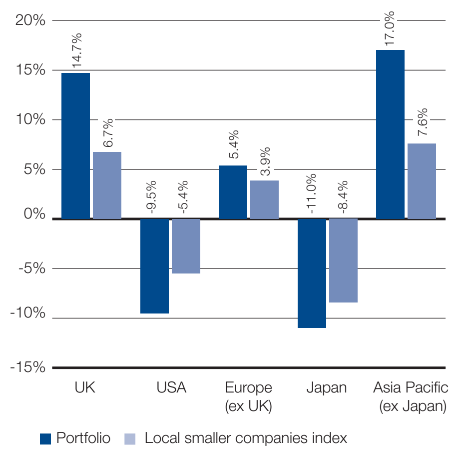
The overall environment for corporate profits has improved on the back of economic recovery and fewer companies were forced to cut their dividend payments than was the case during the recessionary period. At this stage however, the total revenue that will be received from the portfolio over the full financial year of course remains uncertain and the Board has decided to pay an unchanged interim dividend of 1.6p per share. The interim dividend will be paid on 31 January 2011 to shareholders on the register at 31 December 2010.

Economic and market background

With most economies having moved out of recession, the question going into the new financial year was the extent to which the momentum of recovery could be sustained in the different parts of the world. In very broad terms, over the last six months the pace of growth in the US proved disappointing and its labour market remained weak. Recently this has prompted the Federal Reserve to instigate a new phase of Quantitative Easing ("QE"). This policy effectively consists of increasing the money supply through the purchase of government bonds in an

Geographical performance (total return)

for the half-year ended 31 October 2010



Source: F&C Management Limited

attempt to stimulate bank lending and keep market interest rates low.

In contrast to the US, a number of European economies, most notably Germany, did better than was anticipated as their exports benefited from high demand. However, some of the so called "peripheral" European economies, including Greece, Ireland and Portugal, struggled against the background of hefty fiscal austerity programmes as they sought to get their government finances back under control. The bail-out of Greece in the late summer by the International Monetary Fund and the EU and the launch of a 440 billion euro European financial stability facility for the wider eurozone, reduced fears of a wholesale financial crisis and contributed to the global equity market rally.

In the UK, GDP data indicated a pick-up in the pace of the recovery despite the new coalition government outlining plans for a sharp fiscal squeeze in the coming years. It remains to be seen how resilient the domestic economy is to the cut-backs in government spending and to the tax rises announced which will really start to impact in earnest from early 2011, but many UK companies are benefiting from growth elsewhere in the world and the domestic stock market outperformed most others in the period.

Elsewhere, robust growth in Asia persisted and, with interest rates in the West remaining at near zero, more capital was attracted to the region, lifting stock markets. The rapid pace of economic development, combined with inflation in the form of higher property, food and commodity prices, led to interest rate rises in a number of countries in the region including the power-houses China, India and Australia. Japan's economy is also recovering but the rise of the yen against the dollar and other currencies is making life hard for the country's exporters. Elsewhere, Brazil's economy is thriving as it is about to move into an exciting period of exploiting its substantial oil reserves and Latin American markets as a whole performed strongly.

Within stock markets, companies delivering earnings upgrades on the back of cyclical recovery and those felt to offer secular growth have tended to be in favour, though defensive stocks had done better in the early part of the period when confidence had been under pressure.

Portfolio performance

Performance on a regional basis is shown in the table opposite, comparing the local portfolios to the most relevant local smaller company indices. This shows that we were ahead in the UK, Europe and Pacific excluding Japan but behind in the US and Japan. It also illustrates that there were large differences in the markets' performance over this relatively short period.

The best absolute and relative performance came in **Asia** where, as for **Japan**, we use third party managed smaller company funds. In the six months we were helped by good stock selection within The Scottish Oriental Smaller Companies Trust and Utilico Emerging Markets. The Japanese portfolio underperformed against a weak local market as the performance of AXA Framlington Japan Smaller Companies proved disappointing.

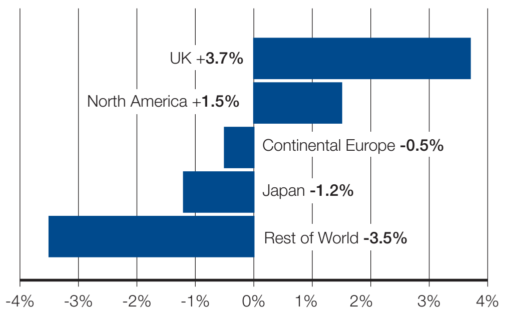
It was a good period for the **UK** portfolio, with a number of familiar names again benefiting performance, including software businesses SDL and Craneware, and emerging markets focused fund manager City of London Investment Group. Other winners included speciality chemicals business Elementis, capital equipment supplier Renishaw and recruitment company Robert Walters, all of which have seen a cyclical upturn in demand. Takeovers of Chloride, Shed Media and Spice at good premia to the pre-bid share price levels also helped. On the downside, a number of companies exposed to the looming government spending cut-backs suffered and the Company's holdings in Healthcare Locums, Hill and Smith and Connaught were hit, though fortunately we did manage to sell out of the latter before its ultimate demise into administration. Veterinary practice operator CVS was a weak performer as its business proved less resilient to consumer spending pressures than we had expected.

We also outperformed in **Continental Europe**. The best individual contribution to this came from oil storage business Rubis, which benefited from strong demand for the use of its facilities, partly due to speculators betting on an increase in oil prices. Luxury accessories business Tod's enjoyed a period of strong sales, while speciality materials business Lanxess gained as its end markets improved and it benefited from consolidating a number of acquisitions. Partners Group, the private equity business, did well on positive fund flow news, while Davide Campari, the spirits business, was re-rated as corporate transactions in the spirits market had a positive read through to the valuation of the company. On the downside, Irish software business Norkom fell as it warned of delays in signing new licences, while Acino also dropped after losing a generic pharmaceutical manufacturing contract. Other holdings under pressure included sanitary-ware business Joyou and train signalling equipment company Ansaldo STS, the latter suffering from fears of reduced spending on infrastructure projects in fiscally stretched countries.

In the **US**, after two strong years, we were unable to match the Russell 2000 Index over the period. Within financials we were hurt by falls in United Community Banks, whose capital position came under pressure from continuing weakness in the housing market, and Crawford & Co, the loss adjusting business, which was hampered by abnormally low claims activity. Elsewhere health care business Amedisys was undermined by a series of investigations into its business practices and the sector as a whole, while regulatory pressures combined with weak news from peers also hurt Career Education. There were a number of good performers however, including GT Solar, lifted by improving demand for solar power equipment and Genesee and Wyoming, the train-line operator, which was boosted by news of an attractive Australian acquisition. In addition, Intrepid Potash is benefiting from improved demand for fertilisers from the agricultural community, while orders at financial software business ACI Worldwide have improved.

Geographical weightings against benchmark

at 31 October 2010



Source: F&C Management Limited and MSCI

Asset allocation and gearing

There were no major changes in regional weightings, though currency movements can conceal what we have been doing within the portfolio in underlying trading terms. We were net investors in the US late in the period after this market lagged the others and the dollar fell back as the markets started to anticipate a further expansion in the US money supply through QE.

We also added to the Asian weighting, though with the benefit of hindsight we could have been more aggressive on this front as this region, and emerging markets in general, remained in vogue. The poor performance of the portfolio and the market in Japan was disappointing, though fortunately we were underweight relative to the Benchmark. Maintaining a high weighting to the UK market proved to be right over this period, though it is worth making the point that many of the portfolio's better performers were benefiting from growth in overseas business streams.

The relatively positive outlook for corporate earnings, with most economies in recovery mode and interest rates remaining ultra-low in the UK, US and Europe, led the Board to use the Company's gearing and, having started the period with net cash, the Company ended it 3.8% geared.

Outlook

The eventual impact of the QE programme in the US and similar actions elsewhere on economies, inflation and currencies remains the subject of much debate but to date it has helped financial markets as a whole. There is still a clear risk that other eurozone countries are forced to seek financial assistance, while doubts remain about the ability of a number to service their burgeoning debts in the future. However, the current consensus expectation of more than 3% growth in the world economy in 2011 is supportive for equity markets for the period ahead. In overall terms, smaller company shares have done well in recent times as investors have recognised their solid financial performance through the downturn and their gearing into the recovery. If the macro-economic environment develops as anticipated then this could continue, particularly if merger and acquisition activity at the lower end of the market capitalisation range increases.

Peter Ewins
16 December 2010

Thirty Largest Holdings at 31 October 2010

31 Oct 2010	*30 Apr 2010*		Value £'000s	% of total investments
1	*1*	**iShares MSCI Japanese Small Cap Exchange Traded Fund** *Japan* An exchange traded fund providing exposure to Japanese smaller companies.	7,881	3.8
2	*2*	**Aberdeen Global-Asian Smaller Companies Fund** *Asia Pacific (excluding Japan)* Fund providing exposure to Asian smaller companies.	5,230	2.5
3	*3*	**The Scottish Oriental Smaller Companies Trust** *Asia Pacific (excluding Japan)* Investment trust providing exposure to Asian smaller companies.	4,974	2.4
4	*4*	**Allianz GIS RCM Little Dragons Fund** *Asia Pacific (excluding Japan)* Fund providing exposure to Asian smaller companies.	4,647	2.2
5	*8*	**Utilico Emerging Markets** *Asia Pacific (excluding Japan)* Investment company focusing on utility and infrastructure companies in emerging markets.	4,197	2.0
6	*6*	**Axa Framlington Japan Smaller Companies Fund** *Japan* Fund providing exposure to Japanese smaller companies.	3,068	1.5
7	*5*	**Australian New Horizons Fund** *Australia* Fund providing exposure to Australian smaller companies.	2,901	1.4
8	*11*	**CLS Holdings** *United Kingdom* Property investment company mainly operating in the UK, France, Germany and Sweden.	2,036	1.0
9	*40*	**Intrepid Potash** *United States* A fertiliser producer.	2,003	1.0
10	*10*	**Premiere Global Services** *United States* Outsourced communication services.	1,932	0.9
11	*9*	**Mohawk Industries** *United States* Floor coverings manufacturer.	1,922	0.9
12	*84*	**CapitalSource** *United States* Lender to small and medium-sized businesses.	1,913	0.9
13	*26*	**Craneware** *United Kingdom* Health care software business focused on the US hospital market.	1,891	0.9
14	*–*	**DeVry** *United States* A post-secondary education provider.	1,886	0.9
15	*27*	**SDL** *United Kingdom* World leader in localisation technology and services, including manual and technology driven translation of internal and external literature.	1,868	0.9
16	*7*	**Brush Engineered Materials** *United States* Produces a variety of advanced materials for the defence and communication markets.	1,854	0.9
17	*–*	**Helix Energy Solutions** *United States* Provider of offshore contracting services.	1,835	0.9
18	*28*	**Senior** *United Kingdom* Supplier of components and systems mainly for the aerospace, automotive, truck and energy markets.	1,834	0.9
19	*21*	**Prestige Brands** *United States* Marketer of niche household and health care products.	1,824	0.9
20	*57*	**Orbital Sciences** *United States* A leading supplier of small rockets, satellites and space systems.	1,810	0.9
21	*48*	**ACI Worldwide** *United States* A leading provider of software for electronic funds transfer used by banks, retailers and credit card companies.	1,804	0.9
22	*64*	**Alpha Natural Resources** *United States* US based coal miner.	1,789	0.9
23	*44*	**HCC Insurance Holdings** *United States* Specialist insurance underwriter.	1,779	0.8
24	*31*	**ViaSat** *United States* ViaSat provides satellite communications and networking equipment and services.	1,764	0.8
25	*49*	**Genesee & Wyoming "A"** *United States* Operator of short line railways.	1,758	0.8
26	*17*	**City of London Investment Group** *United Kingdom* Fund management business mainly investing in closed end emerging market funds.	1,755	0.8
27	*46*	**ICF International** *United States* An IT consultant to the US federal government, specialising in areas such as health, human resources, the environment and energy.	1,752	0.8
28	*34*	**FLIR Systems** *United States* Infra-red equipment producer.	1,714	0.8
29	*18*	**Kirby** *United States* Leading operator of inland barges in the US.	1,701	0.8
30	*59*	**Aveva Group** *United Kingdom* Computer software and services for engineering solutions in the power, energy and marine markets.	1,696	0.8

The value of the thirty largest holdings represents 35.9% (30 April 2010: 33.5%) of the Company's total investments.

Unaudited Condensed Income Statement

Notes		Half-year ended 31 October 2010 Revenue £'000s	Half-year ended 31 October 2010 Capital £'000s	Half-year ended 31 October 2010 Total £'000s	Half-year ended 31 October 2009 Revenue £'000s	Half-year ended 31 October 2009 Capital £'000s	Half-year ended 31 October 2009 Total £'000s	Year ended 30 April 2010 Revenue £'000s	Year ended 30 April 2010 Capital £'000s	Year ended 30 April 2010 Total £'000s
	Gains on investments	–	2,400	2,400	–	28,224	28,224	–	65,261	65,261
	Foreign exchange gains/(losses)	1	62	63	–	(166)	(166)	3	5	8
2	Income	1,666	–	1,666	1,558	–	1,558	3,460	–	3,460
3	Management and performance fees	(92)	(277)	(369)	(84)	(197)	(281)	(189)	(442)	(631)
	Other expenses	(418)	(9)	(427)	(429)	(13)	(442)	(783)	(21)	(804)
	Return before finance costs and taxation	1,157	2,176	3,333	1,045	27,848	28,893	2,491	64,803	67,294
	Finance costs	(145)	(434)	(579)	(174)	(406)	(580)	(345)	(806)	(1,151)
	Return on ordinary activities before taxation	1,012	1,742	2,754	871	27,442	28,313	2,146	63,997	66,143
	Taxation on ordinary activities	(60)	–	(60)	(72)	(2)	(74)	(130)	(5)	(135)
	Return attributable to shareholders	952	1,742	2,694	799	27,440	28,239	2,016	63,992	66,008
4	**Return per share – pence**	2.37	4.34	6.71	1.91	65.63	67.54	4.88	154.87	159.75

The total column of this statement is the profit and loss account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

A statement of total recognised gains and losses is not required as all gains and losses of the Company have been reflected in the above statement.

Unaudited Condensed Reconciliation of Movements in Shareholders' Funds

Notes	Half-year ended 31 October 2010	Called up share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2010	**10,055**	**23,132**	**16,128**	**151,423**	**7,646**	**208,384**
	Movements during the half-year ended 31 October 2010						
5	Dividends paid	**–**	**–**	**–**	**–**	**(1,364)**	**(1,364)**
	Shares purchased and cancelled	**(30)**	**–**	**30**	**(528)**	**–**	**(528)**
	Return attributable to equity shareholders	**–**	**–**	**–**	**1,742**	**952**	**2,694**
	Balance at 31 October 2010	**10,025**	**23,132**	**16,158**	**152,637**	**7,234**	**209,186**

Notes	Half-year ended 31 October 2009	Called up share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2009	10,479	23,132	15,704	94,022	7,657	150,994
	Movements during the half-year ended 31 October 2009						
5	Dividends paid	–	–	–	–	(1,376)	(1,376)
	Shares purchased and cancelled	(63)	–	63	(915)	–	(915)
	Return attributable to equity shareholders	–	–	–	27,440	799	28,239
	Balance at 31 October 2009	10,416	23,132	15,767	120,547	7,080	176,942

Notes	Year ended 30 April 2010	Called up share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 30 April 2009	10,479	23,132	15,704	94,022	7,657	150,994
	Movements during the year ended 30 April 2010						
5	Dividends paid	–	–	–	–	(2,027)	(2,027)
	Shares purchased and cancelled	(424)	–	424	(6,591)	–	(6,591)
	Return attributable to equity shareholders	–	–	–	63,992	2,016	66,008
	Balance at 30 April 2010	10,055	23,132	16,128	151,423	7,646	208,384

Unaudited Condensed Balance Sheet

Notes		31 October 2010 £'000s	31 October 2010 £'000s	31 October 2009 £'000s	31 October 2009 £'000s	30 April 2010 £'000s	30 April 2010 £'000s
	Fixed assets						
	Investments		**217,439**		180,424		202,279
	Current assets						
	Debtors	**747**		1,418		6,216	
	Cash at bank and short-term deposits	**5,657**		7,914		12,963	
		6,404		9,332		19,179	
	Creditors: amounts falling due within one year	**(4,657)**		(2,814)		(3,074)	
	Net current assets		**1,747**		6,518		16,105
	Total assets less current liabilities		**219,186**		186,942		218,384
	Creditors: amounts falling due after more than one year						
6	Debenture		**(10,000)**		(10,000)		(10,000)
	Net assets		**209,186**		176,942		208,384
	Capital and reserves						
7	Called up share capital		**10,025**		10,416		10,055
	Share premium account	**23,132**		23,132		23,132	
	Capital redemption reserve	**16,158**		15,767		16,128	
	Capital reserves	**152,637**		120,547		151,423	
	Revenue reserve	**7,234**		7,080		7,646	
			199,161		166,526		198,329
8	**Total shareholders' funds**		**209,186**		176,942		208,384
8	**Net asset value per share – pence**		**521.65**		424.67		518.10

Unaudited Condensed Cash Flow Statement

Notes		**Half-year ended 31 October 2010 £'000s**	Half-year ended 31 October 2009 £'000s	Year ended 30 April 2010 £'000s
9	Net cash inflow from operating activities	**677**	652	1,613
	Cash outflow from servicing of finance	**(574)**	(574)	(1,151)
	Net cash (outflow)/inflow from financial investment	**(5,338)**	4,442	15,055
	Equity dividends paid	**(1,364)**	(1,376)	(2,027)
	Net cash (outflow)/inflow before use of liquid resources and financing	**(6,599)**	3,144	13,490
	Movement in short-term deposits	**–**	–	–
	Net cash outflow from financing	**(737)**	(998)	(6,466)
	(Decrease)/increase in cash	**(7,336)**	2,146	7,024
	Reconciliation of net cash flow to movement in net debt			
	(Decrease)/increase in cash	**(7,336)**	2,146	7,024
	Movement in short-term deposits	**–**	–	–
	Movement in net debt resulting from cash flows	**(7,336)**	2,146	7,024
	Foreign exchange movement	**30**	(157)	14
	Movement in net debt	**(7,306)**	1,989	7,038
	Net cash/(debt) brought forward	**2,963**	(4,075)	(4,075)
	Net (debt)/cash carried forward	**(4,343)**	(2,086)	2,963
	Represented by:			
	Cash at bank	**5,657**	7,914	12,963
	Short-term deposits	**–**	–	–
		5,657	7,914	12,963
	Debenture	**(10,000)**	(10,000)	(10,000)
		(4,343)	(2,086)	2,963

Unaudited Notes on the Condensed Accounts

1 Significant accounting policies

These financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 30 April 2010. These accounting policies are expected to be followed throughout the year ending 30 April 2011. With effect from 1 May 2010, and as disclosed in the financial statements to 30 April 2010, 75% of management fees and finance costs are allocated to capital reserve (previously 70%), reflecting the Board's changed expectation of the long-term split of returns from the investment portfolio. In accordance with accounting standards, prior period comparative figures have not been restated.

2 Income

	Half-year ended 31 October 2010 £'000s	Half-year ended 31 October 2009 £'000s	Year ended 30 April 2010 £'000s
Income from investments			
UK dividends	**963**	965	1,822
UK scrip dividends	**35**	–	106
Overseas dividends	**587**	547	1,307
Overseas scrip dividends	**49**	21	179
	1,634	1,533	3,414
Other income			
Interest on cash and short-term deposits	**23**	9	28
Underwriting commission	**9**	16	18
	32	25	46
Total income	**1,666**	1,558	3,460

3 Management and performance fees

There have been no changes to the terms of the management and performance fee agreements with F&C Management Limited, which are set out in detail in the Report and Accounts to 30 April 2010. No performance fee has been accrued in the period to 31 October 2010 as the Company's net assets underperformed the Benchmark in the period (half-year ended 31 October 2009: £nil and year ended 30 April 2010: £nil).

Unaudited Notes on the Condensed Accounts (continued)

4 Return per share

	Half-year ended 31 October 2010	Half-year ended 31 October 2009	Year ended 30 April 2010
Revenue return per share – pence	**2.37**	1.91	4.88
Revenue return attributable to shareholders – £'000s	**952**	799	2,016
Capital return per share – pence	**4.34**	65.63	154.87
Capital return attributable to shareholders – £'000s	**1,742**	27,440	63,992
Weighted average number of ordinary shares in issue during the period	**40,120,662**	41,809,635	41,319,218

5 Dividends

Dividends on ordinary shares	Register date	Payment date	**Half-year ended 31 October 2010 £'000s**	Half-year ended 31 October 2009 £'000s	Year ended 30 April 2010 £'000s
Final for the year ended 30 April 2010 of 3.40p	25 Jun 2010	6 Aug 2010	**1,364**	–	–
Interim for the year ended 30 April 2010 of 1.60p	29 Dec 2009	29 Jan 2010	**–**	–	651
Final for the year ended 30 April 2009 of 3.29p	3 Jul 2009	6 Aug 2009	**–**	1,376	1,376
			1,364	1,376	2,027

The Directors have declared an interim dividend in respect of the year ending 30 April 2011 of 1.60p per share, payable on 31 January 2011 to all shareholders on the register at close of business on 31 December 2010. The amount of this dividend will be £642,000 based on 40,100,990 shares in issue at 14 December 2010. This amount has not been accrued in the results for the half-year ended 31 October 2010.

6 Creditors: amounts falling due after more than one year

Debenture	**31 October 2010 £'000s**	31 October 2009 £'000s	30 April 2010 £'000s
11.5% debenture stock 2014	**10,000**	10,000	10,000

The debenture stock is secured by floating charges against the assets of the Company and is stated at nominal value. It is redeemable at par on 31 December 2014. The market value of the debenture at 31 October 2010, which was based on a comparable UK gilt, was £13,330,000 (31 October 2009: £13,266,000 and 30 April 2010: £13,200,000).

7 Called up share capital

Equity share capital	Issued and fully paid Number	£'000s
Ordinary shares of 25p each		
Balance at 30 April 2010	40,220,990	10,055
Transfer to capital redemption reserve	(120,000)	(30)
Balance at 31 October 2010	**40,100,990**	**10,025**

During the half-year ended 31 October 2010 120,000 ordinary shares were purchased for cancellation at a cost of £528,000.

8 Net asset value per ordinary share

	31 October 2010	31 October 2009	30 April 2010
Net asset value per share (with debenture at nominal value) – pence	**521.65**	424.67	518.10
Net assets attributable at the period end – £'000s	**209,186**	176,942	208,384
Number of ordinary shares in issue at the period end	**40,100,990**	41,665,918	40,220,990

The net asset value per share at 31 October 2010 with the debenture at market value was 513.35p (31 October 2009: 416.83p and 30 April 2010: 510.14p).

9 Reconciliation of return before finance costs and taxation to net cash inflow from operating activities

	Half-year ended 31 October 2010 £'000s	Half-year ended 31 October 2009 £'000s	Year ended 30 April 2010 £'000s
Total return before finance costs and taxation	**3,333**	28,893	67,294
Adjust for returns from non-operating activities			
Gains on investments	**(2,400)**	(28,224)	(65,261)
Foreign exchange (gains)/losses of a capital nature	**(62)**	166	(5)
Management fee charged to capital	**277**	197	442
Non-operating expenses of a capital nature	**9**	13	21
Return from operating activities	**1,157**	1,045	2,491
Adjust for non cash flow items			
Transfer of management fee to capital reserve	**(277)**	(197)	(442)
Exchange gains of a revenue nature	**(1)**	–	(3)
Increase in prepayments and accrued income	**(12)**	(48)	(57)
(Decrease)/increase in creditors	**(52)**	(44)	48
Scrip dividends	**(84)**	(21)	(285)
Overseas taxation	**(54)**	(83)	(139)
Net cash inflow from operating activities	**677**	652	1,613

10 Results

The results for the half-year ended 31 October 2010 and 31 October 2009, which are unaudited, constitute non-statutory accounts within the meaning of Section 434 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 30 April 2010; the report of the auditors thereon was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The abridged financial statements shown above for the year ended 30 April 2010 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
Exchange House
Primrose Street
London EC2A 2NY

16 December 2010

Directors' Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of listed equities and its principal risks are therefore market related. The large number of investments held, together with the geographic and sector diversity of the portfolio, enables the Company to spread its risk with regard to liquidity, market volatility, currency movements and revenue streams.

Other key risks faced by the Company relate to investment strategy, management and resources, regulatory issues, operational matters, financial controls, counterparty failure and custody of assets. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks" within the Directors' Report and Business Review contained within the Company's annual report for the year ended 30 April 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

Statement of Directors' Responsibilities in Respect of the Financial Statements

In accordance with Chapter 4 of the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable UK accounting standards and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
- the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes details on related party transactions.

On behalf of the Board
Anthony Townsend
Chairman
16 December 2010

How to Invest

Our Manager, F&C, runs a number of savings products which have been set up to provide cost effective and flexible ways to invest. Details of these products are listed below. You can buy F&C Global Smaller Companies PLC shares using a bank or stockbroker or through a telephone dealing service. The shares can also be bought online; the F&C website at www.fandc.com has a link to Selftrade, one of Europe's biggest online stockbrokers.

Gains arising from assets held in an Individual Savings Account and Child Trust Fund are exempt from tax. Interest and dividends received on assets in these savings products are free of income tax, and there are income tax savings for higher and additional rate taxpayers.

Private Investor Plan ("PIP")

It only costs 0.2% (plus 0.5% government stamp duty) to invest in F&C Global Smaller Companies PLC via this simple savings plan and there are no ongoing charges. You can invest from £50 each month via a direct debit (£25 on behalf of a child) or from £500 as a lump sum. The minimum for top-up investments is £250. Investments in the PIP can be made online.

Pension Savings Plan ("PSP")

You can maximise your tax benefits and save for your retirement using this low cost personal pension plan. There is only a 0.5% management fee and this is capped at £500. Contributions can be made via a minimum £1,000 lump sum or by a monthly minimum direct debit of £50. The minimum top-up is £500. Now that personal pensions are no longer restricted to those with earnings of their own, almost everyone under the age of 75 is eligible. This means that you can invest on behalf of non-working spouses or partners and children.

Child Trust Fund ("CTF")

Parents can invest the Government voucher issued to all children born between 1 September 2002 and 31 December 2010 in a CTF. There are no initial or annual plan charges and there is only 0.5% government stamp duty on any purchases. Parents and grandparents (or other relatives or friends) can add contributions totalling £1,200 a year. You can invest from £25 each month via Direct Debit or from £100 for lump sums once you have invested your voucher.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Individual Savings Account ("ISA")
Individuals can invest up to £10,200 each year in F&C's Stocks and Shares ISA.

The minimum monthly direct debit is £50, minimum lump sum investment is £500 and the minimum top-up is £250. Investments in the ISA can be made online.

ISA investments can also be phased over three or six months. This is especially useful near the end of the tax year when the option for monthly investment is no longer viable.

In addition to the 0.2% dealing charge (plus 0.5% government stamp duty on purchases), F&C charges £60 + VAT a year ISA plan charge to cover any ISAs held, no matter how many tax years' ISAs have been taken out with them, or how many ISAs have been transferred to them.

Contact details
For further details on the savings plans and application forms, please contact Investor Services on
0800 136 420
info@fandc.com
or broker support on
08457 992 299
adviser.enquiries@fandc.com
(UK calls charged at the local rate)
Fax **0131 243 1315**
You can also find more information on the website:
www.fandc.com
If you wish to write to us, the address is:
Investor Services Team,
F&C Management Limited,
80 George Street, Edinburgh EH2 3BU

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example, large print or on audiotape. Please call 0845 600 3030 for more details.

The information on pages 23 and 24 has been issued and approved by F&C Management Limited, authorised and regulated in the UK by the Financial Services Authority.

Availability of report and accounts
The Company's report and accounts are available on the internet at www.fandcglobalsmallers.com. Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY