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**F&C Global Smaller Companies PLC**  
Report and accounts  
for the half-year ended **31 October 2012**

## 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](http://www.fandcglobalsmallers.com)

Registered in England and Wales, company registration number 28264

## Summary of Unaudited Results

<b>Attributable to shareholders</b>	<b>31 October 2012</b>	30 April 2012	% Change
Share price	<b>611.50p</b>	588.00p	+4.0
Net asset value per share (debenture at nominal value)	<b>623.35p</b>	596.35p	+4.5
Net asset value per share (debenture at market value)	<b>618.82p</b>	590.60p	+4.8
Net assets	<b>£264.8m</b>	£246.8m	+7.3

	<b>Half-year ended 31 October 2012</b>	Half-year ended 31 October 2011	% Change
Revenue return per share	<b>3.76p</b>	3.41p	+10.3
Interim dividend per share	<b>2.00p*</b>	1.63p	+22.7

\*Payable on 31 January 2013 to shareholders on the register at 28 December 2012.

## Manager's Review

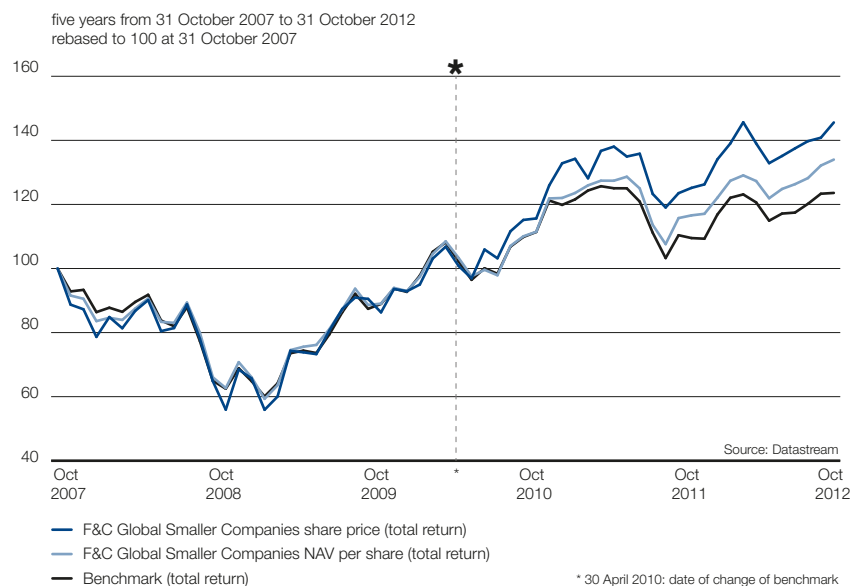
The tough macroeconomic backdrop which held back share prices in the 2011/12 financial year, continued to create a headwind in the early months of the current year. However, despite this, the value of the Company's investment portfolio rose as share prices received a lift from the concerted efforts of the world's Central Banks to bolster the global economic outlook.

### Performance and the discount

The Company's Benchmark is a blended index of the returns from the Numis

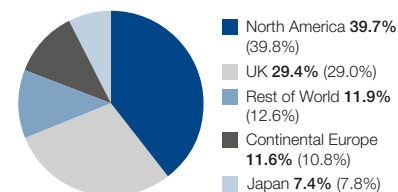
UK Smaller Companies (excluding investment companies) Index (30%) and the MSCI World All Country ex UK Small Cap Index (70%), and in the period this showed a total return of 2.5%. Strong stock selection meant that the net asset value per share ("NAV") total return for the period was ahead of this, at 5.2%. In recognition of good performance in recent years, we were pleased to hear that the fund had won the Global Investment Trust of the year for 2012 award from Money Observer magazine.

### Share price and net asset value per share performance



### Geographical distribution of the investment portfolio

at 31 October 2012



Source: F&C Management Limited  
The percentages in brackets are as at 30 April 2012

Over the six months, the share price rose by 4%. The discount to NAV, taking the debenture at fair value and including current period income, ended the period at 1.2%. During the period, 1,105,326 new shares were issued (2.7% of the initial share capital), on occasions when the share price was standing at a premium to the prevailing NAV, to meet demand for the shares in the market. It is pleasing that the Company's shares have for some time now been trading close to NAV and the Board is keen to use issuance and potentially buyback powers in the future to ensure that this continues to be the case.

### Dividends

After a strong year for income in 2011/12, the new period has maintained this trend with many of the stocks on our portfolio paying higher dividends. In the Report and Accounts for 2011/12, the

Chairman flagged that the Board was looking to reduce the disparity between the Company's interim and final dividend payments. As a consequence of this and the encouraging start to the year for the revenue account, the interim dividend for this year is being increased by 22.7%, which should represent a higher proportion of the total year's dividend.

### Economic and market background

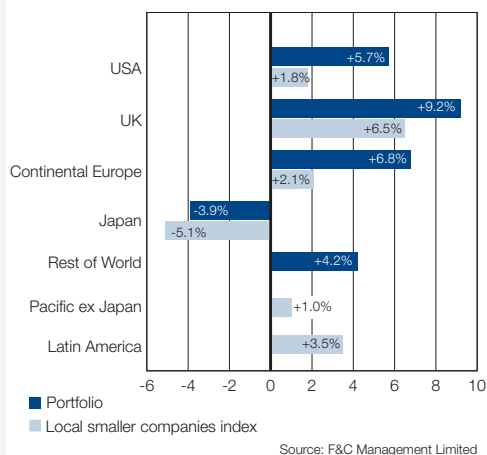
The travails of Europe continued to weigh heavily in the period, with the well versed problems of Greece being mirrored elsewhere in the Eurozone, most critically in Spain, with tax rises and government spending reductions having a predictably negative impact on unemployment and the housing market. The high level of Spain's and several other countries' government bond interest rates, prompted moves from the European authorities towards potentially unlimited European Central Bank directed government bond purchases. It remains possible that some countries may be forced to leave the Eurozone in due course.

The US economy made progress in the period, although the pace of expansion slowed during the Summer in the run-up to the presidential election. More positively, there are signs that the housing market may be improving and jobs are being created, with positive repercussions for

## Manager's Review (continued)

### Geographical performance (total return sterling adjusted)

for the half-year ended 31 October 2012



consumer confidence and the banks. Closer to home, the UK economy pulled out of a short technical recession in the summer, but the weakness of European export markets continues to hamper progress and we have yet to see the full effect of the austerity squeeze.

Elsewhere the leading Asian and Latin American economies are also facing challenges. The investment and export driven boom of China is slowing at the same time that the political leadership of the country is changing. The moderation of pace is not a surprise given the rapid development of the last few years, and may indeed be a positive if the bubble

in some parts of the real estate market deflates in a controlled fashion. Japan's economy appears to have gone back into reverse in recent months with exports under pressure, confounding our earlier hopes that the post 2011 earthquake rebuilding process would lift the economy for a more prolonged period. The commodity driven economy of Brazil is experiencing a much weaker period, not helped by government interference in a number of sectors, though a series of interest rate cuts in 2012 should help the outlook.

The downbeat global economic news was unhelpful for equity markets, but the move in the US to another round of quantitative easing, mirrored by similar moves in the UK and Japan, and the initiatives by the ECB to underpin the stability of the Eurozone, led to a much improved performance in the latter part of the six months.

### Portfolio performance

In the 2011/12 financial year, all five regional portfolio blocs were ahead of the local small cap indices, and it is good to be able to report that we have again delivered consistent outperformance in the first six months of the year.

In the US the best contribution came from a retailer, **Conn's**, which benefited from good sales in furniture and bedding

lines. We have been generally cautious on banks, but **Cardinal Financial** is one in which we have confidence, and this was repaid as the company posted strong results with low credit losses and accelerating lending growth. A number of housing related stocks were lifted by signs of improvement in the underlying market, and **Mohawk Industries**, the flooring supplier rose as its profit margins jumped. **LKQ**, a distributor of recycled car parts did well, with the market warming to the potential of its recent acquisitions in the US and UK. It was pleasing to see that the purchase of **Vail Resorts**, a ski resort operator, gave us an early positive return. We had bought in after the shares fell back as a consequence of unhelpful winter weather. On the downside, two consultancy businesses **FTI Consulting** and **ICF International** underperformed, the latter due to fears of government related business falling away. Elsewhere **The Andersons**, an agribusiness fell back on the back of the disappointing US grain harvest.

The UK portfolio produced the best return over the period. Two of the more important contributors to this were **Lupus Capital**, which supplies window related products, and plant hire company **Ashtead Group**. Both have significant businesses in the US and have benefited from the tentative upturn in

the US construction market. Shares in marine services business **James Fisher** jumped as on-going investment in port infrastructure in Asian countries and an upturn in spending in offshore markets lifted its performance. Car sales in the UK have been surprisingly strong, helping **Vertu Motors'** performance while of the recent new holdings, **Quindell Portfolio**, a software and consultancy business serving the telecoms and insurance sector, did particularly well as it expanded its contract base. There has been some consolidation in the North Sea, and **Nautical Petroleum** was taken over at a good premium to the prevailing price. Among the weaker performers were translation software business **SDL**, where growth has slowed, causing a de-rating of the shares, and **Hargreaves Services**, where geological problems at a mine led to a profits warning.

Despite the macro issues besetting Continental Europe, we were again able to record some good gains as individual companies prospered. **Glanbia**, which we highlighted in the last two Report and Accounts, rose again as the Company reported further good results. It also announced a significant JV with its Irish dairy operations which has led analysts and investors to focus on the more exciting nutritional products side of the business. We have been cautious on European

## Manager's Review (continued)

cyclical industrial stocks on the basis that margins in many businesses may have peaked, but **Andritz** which supplies capital equipment mainly into the pulp and paper markets did well as it announced a positively received acquisition. Another capital equipment business **Kuka** which makes robotic automation technology for the automotive sector was strong against a weak backdrop for this sector; it appears to be winning an increased market share. Our move to increase our exposure to financial stocks earlier in the year proved to be timely, with shares picking up after the ECB initiatives eased concerns about the European financial system. **Azimut**, an Italian based fund manager, was strong as its assets under management benefited from new product launches. **Topdanmark**, the Danish insurer, also produced solid

results. Of the weaker performers in the period, **SAF Holland** and **Kendrion** were both hit by underlying market weakness in the truck and automotive areas, with Kendrion, unlike Kuka, seeing some of its automotive industry orders cancelled.

We continue to use third party managed funds to gain exposure to Japan, Asia and Latin America, as we believe we get better returns from these than from selecting a portfolio of individual holdings in these markets. Returns in Japan were disappointing in the six months, but at least our fund holdings beat the local small cap market return. Once again the **Aberdeen Global-Asian Smaller Companies Fund** and **The Scottish Oriental Smaller Companies Trust** performed strongly, but the best return came from the holding in **Utilico Investments Limited**.

should be addressed continues. It is likely that a combination of spending cuts and tax rises will be agreed, but these will hamper the performance of the US economy in 2013.

The slowdown in the major Asian and Latin American economies is causing problems for corporate earnings in these markets. Over the long term, we are likely to increase our exposure to these faster growing parts of the world, but in this period we took a relatively cautious approach.

Our overweight stance to Japan did not pay off in the first half of the year. We continue to feel that stock valuations in this market are attractive at multi-year lows, and while the current political spat with China is unhelpful, we expect the market to do better in the months ahead.

The Company ended the period with relatively modest gearing of 1.5%.

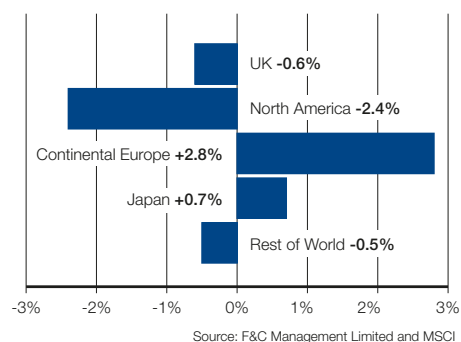
### Outlook

At this stage it seems likely that global GDP growth in 2013 will be sluggish as the fiscal brakes are applied at last in the US. Despite the present challenges, it is encouraging just how well a lot of smaller companies are doing at the moment. We continue to believe that prudent stock selection within the universe of global small cap companies should deliver positive returns over the medium term.

Peter Ewins  
17 December 2012

### Geographical weightings against benchmark

at 31 October 2012



### Asset allocation and gearing

The underlying pattern of macro-economic news is largely unchanged, so we remained content with the geographic mix of the portfolio. We did add to our European holdings gradually over the period on the basis that sentiment towards the region could not get much worse. In the US we ended the period a little below the Benchmark in terms of weighting. The budget deficit of the US is comparable in scale to that of many European countries, and political wrangling as to how this

## Thirty Largest Holdings at 31 October 2012

31 Oct 2012	30 Apr 2012			Value £'000s	% of total investments
1	1	<b>iShares MSCI Japanese Small Cap Exchange Traded Fund</b> <i>Japan</i>	Fund providing exposure to Japanese smaller companies.	8,059	3.0
2	2	<b>Aberdeen Global-Asian Smaller Companies Fund</b> <i>Rest of World</i>	Fund providing exposure to Asian smaller companies.	7,354	2.7
3	3	<b>Utilico Emerging Markets</b> <i>Rest of World</i>	Investment company focusing on utility and infrastructure companies in emerging markets.	6,753	2.5
4	7	<b>The Scottish Oriental Smaller Companies Trust</b> <i>Rest of World</i>	Investment trust providing exposure to Asian smaller companies.	6,432	2.4
5	6	<b>Axa Framlington Japan Smaller Companies Fund</b> <i>Japan</i>	Fund providing exposure to Japanese smaller companies.	5,999	2.2
6	5	<b>M&amp;G Japan Smaller Companies Fund</b> <i>Japan</i>	Fund providing exposure to Japanese smaller companies.	5,995	2.2
7	4	<b>Allianz GIS RCM Little Dragons Fund</b> <i>Rest of World</i>	Fund providing exposure to Asian smaller companies.	4,544	1.7
8	9	<b>Conn's</b> <i>United States</i>	Retailer of home appliance and consumer electronics in Texas.	3,277	1.2
9	8	<b>Australian New Horizons Fund</b> <i>Australia</i>	Fund providing exposure to Australian smaller companies.	3,215	1.2
10	48	<b>DeVry</b> <i>United States</i>	Post secondary education provider.	2,721	1.0
11	11	<b>America's Car-Mart</b> <i>United States</i>	Operator of used car dealerships.	2,682	1.0
12	21	<b>LKQ</b> <i>United States</i>	Distributor of alternative and recycled car parts.	2,629	1.0
13	29	<b>Rex Energy</b> <i>United States</i>	Oil and gas exploration and production company.	2,616	1.0
14	10	<b>Airgas</b> <i>United States</i>	The leading distributor of packaged gases in the US.	2,563	1.0
15	14	<b>Granite Construction</b> <i>United States</i>	Infrastructure construction business.	2,517	0.9

31 Oct 2012	30 Apr 2012			Value £'000s	% of total investments
16	57	<b>Ashtead Group</b> <i>United Kingdom</i>	Plant hire business with operations in the US and UK.	2,494	0.9
17	13	<b>Pool</b> <i>United States</i>	Distributor of swimming pool supplies.	2,483	0.9
18	47	<b>Cardinal Financial</b> <i>United States</i>	Regional bank in the Washington DC suburbs.	2,476	0.9
19	24	<b>Simpson Manufacturing</b> <i>United States</i>	Manufacturer of building reinforcement products.	2,458	0.9
20	20	<b>Alleghany</b> <i>United States</i>	Specialist commercial insurer.	2,431	0.9
21	37	<b>Atlantic Tele-Network</b> <i>United States</i>	Telecommunications holding company.	2,413	0.9
22	46	<b>Bottomline Technologies</b> <i>United States</i>	Payments automation software supplier.	2,393	0.9
23	43	<b>Grand Canyon Education</b> <i>United States</i>	Post secondary education provider.	2,390	0.9
24	55	<b>Genesee &amp; Wyoming "A"</b> <i>United States</i>	Operator of short line railways.	2,386	0.9
25	22	<b>W.R. Berkley</b> <i>United States</i>	Specialist insurer.	2,354	0.9
26	28	<b>CLS Holdings</b> <i>United Kingdom</i>	Property investment company mainly operating in the UK, France, Germany and Sweden.	2,324	0.9
27	30	<b>HCC Insurance Holdings</b> <i>United States</i>	Specialist insurance underwriter.	2,294	0.9
28	25	<b>Quanta Services</b> <i>United States</i>	Provider of contracting services to utilities.	2,292	0.8
29	16	<b>Microsemi</b> <i>United States</i>	High performance analogue semiconductor manufacturer.	2,276	0.8
30	31	<b>RPC Group</b> <i>United Kingdom</i>	Pan European plastics packaging business.	2,276	0.8

The value of the thirty largest holdings represents 38.2% (30 April 2012: 40.0%) of the Company's total investments.

## Unaudited Condensed Income Statement

Notes	Half-year ended 31 October 2012			Half-year ended 31 October 2011			Year ended 30 April 2012		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	–	13,396	13,396	–	(21,845)	(21,845)	–	(57)	(57)
	(2)	(100)	(102)	(4)	(46)	(50)	(6)	(83)	(89)
2	2,515	–	2,515	2,239	–	2,239	4,530	–	4,530
3	(117)	(1,146)	(1,263)	(106)	(996)	(1,102)	(217)	(1,544)	(1,761)
	(556)	(11)	(567)	(502)	(6)	(508)	(981)	(10)	(991)
	<b>1,840</b>	<b>12,139</b>	<b>13,979</b>	<b>1,627</b>	<b>(22,893)</b>	<b>(21,266)</b>	<b>3,326</b>	<b>(1,694)</b>	<b>1,632</b>
	(145)	(434)	(579)	(145)	(436)	(581)	(289)	(866)	(1,155)
	<b>1,695</b>	<b>11,705</b>	<b>13,400</b>	<b>1,482</b>	<b>(23,329)</b>	<b>(21,847)</b>	<b>3,037</b>	<b>(2,560)</b>	<b>477</b>
	(111)	–	(111)	(106)	–	(106)	(238)	–	(238)
	<b>1,584</b>	<b>11,705</b>	<b>13,289</b>	<b>1,376</b>	<b>(23,329)</b>	<b>(21,953)</b>	<b>2,799</b>	<b>(2,560)</b>	<b>239</b>
4	<b>3.76</b>	<b>27.78</b>	<b>31.54</b>	<b>3.41</b>	<b>(57.75)</b>	<b>(54.34)</b>	<b>6.87</b>	<b>(6.28)</b>	<b>0.59</b>

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 Reconciliation of Movements in Shareholders' Funds

Notes	Half-year ended 31 October 2012	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 2012	10,345	29,818	16,158	182,046	8,409	246,776
	<b>Movements during the half-year ended 31 October 2012</b>						
5	Dividends paid	-	-	-	-	(1,676)	(1,676)
7	Shares issued	276	6,175	-	-	-	6,451
	Return attributable to equity shareholders	-	-	-	11,705	1,584	13,289
	<b>Balance at 31 October 2012</b>	<b>10,621</b>	<b>35,993</b>	<b>16,158</b>	<b>193,751</b>	<b>8,317</b>	<b>264,840</b>
	<b>Half-year ended 31 October 2011</b>	<b>Called up share capital £'000s</b>	<b>Share premium account £'000s</b>	<b>Capital redemption reserve £'000s</b>	<b>Capital reserves £'000s</b>	<b>Revenue reserve £'000s</b>	<b>Total shareholders' funds £'000s</b>
	Balance at 30 April 2011	10,025	23,132	16,158	184,606	7,683	241,604
	<b>Movements during the half-year ended 31 October 2011</b>						
5	Dividends paid	-	-	-	-	(1,403)	(1,403)
	Shares issued	194	3,917	-	-	-	4,111
	Return attributable to equity shareholders	-	-	-	(23,329)	1,376	(21,953)
	<b>Balance at 31 October 2011</b>	<b>10,219</b>	<b>27,049</b>	<b>16,158</b>	<b>161,277</b>	<b>7,656</b>	<b>222,359</b>
	<b>Year ended 30 April 2012</b>	<b>Called up share capital £'000s</b>	<b>Share premium account £'000s</b>	<b>Capital redemption reserve £'000s</b>	<b>Capital reserves £'000s</b>	<b>Revenue reserve £'000s</b>	<b>Total shareholders' funds £'000s</b>
	Balance at 30 April 2011	10,025	23,132	16,158	184,606	7,683	241,604
	<b>Movements during the year ended 30 April 2012</b>						
5	Dividends paid	-	-	-	-	(2,073)	(2,073)
	Shares issued	320	6,686	-	-	-	7,006
	Return attributable to equity shareholders	-	-	-	(2,560)	2,799	239
	<b>Balance at 30 April 2012</b>	<b>10,345</b>	<b>29,818</b>	<b>16,158</b>	<b>182,046</b>	<b>8,409</b>	<b>246,776</b>



## Unaudited Balance Sheet

Notes	31 October 2012		31 October 2011		30 April 2012
	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Fixed assets</b>					
Investments		270,086		228,170	252,184
<b>Current assets</b>					
Debtors	866		980		2,007
Cash at bank and short-term deposits	7,004		5,281		5,550
	7,870		6,261		7,557
<b>Creditors: amounts falling due within one year</b>		(3,116)		(2,072)	(2,965)
<b>Net current assets</b>		4,754		4,189	4,592
<b>Total assets less current liabilities</b>		274,840		232,359	256,776
<b>Creditors: amounts falling due after more than one year</b>					
6 Debenture		(10,000)		(10,000)	(10,000)
<b>Net assets</b>		264,840		222,359	246,776
<b>Capital and reserves</b>					
7 Called up share capital		10,621		10,219	10,345
Share premium account	35,993		27,049		29,818
Capital redemption reserve	16,158		16,158		16,158
Capital reserves	193,751		161,277		182,046
Revenue reserve	8,317		7,656		8,409
		254,219		212,140	236,431
8 <b>Total shareholders' funds</b>		264,840		222,359	246,776
8 <b>Net asset value per share – pence</b>		623.35		543.98	596.35

## Unaudited Summary Cash Flow Statement

Notes	Half-year ended 31 October 2012 £'000s	Half-year ended 31 October 2011 £'000s	Year ended 30 April 2012 £'000s
9 Net cash inflow from operating activities	677	1,166	2,196
Cash outflow from servicing of finance	(577)	(576)	(1,152)
Net cash outflow from financial investment	(3,320)	(1,614)	(4,187)
Equity dividends paid	(1,676)	(1,403)	(2,073)
<b>Net cash outflow before use of liquid resources and financing</b>	<b>(4,896)</b>	<b>(2,427)</b>	<b>(5,216)</b>
Movement in short-term deposits	–	–	–
<b>Net cash inflow from financing</b>	<b>6,451</b>	<b>3,916</b>	<b>7,006</b>
<b>Increase in cash</b>	<b>1,555</b>	<b>1,489</b>	<b>1,790</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase in cash	1,555	1,489	1,790
Movement in short-term deposits	–	–	–
<b>Movement in net debt resulting from cash flows</b>	<b>1,555</b>	<b>1,489</b>	<b>1,790</b>
Foreign exchange movement	(101)	(51)	(83)
<b>Movement in net debt</b>	<b>1,454</b>	<b>1,438</b>	<b>1,707</b>
Net debt brought forward	(4,450)	(6,157)	(6,157)
<b>Net debt carried forward</b>	<b>(2,996)</b>	<b>(4,719)</b>	<b>(4,450)</b>
<b>Represented by:</b>			
Cash at bank	7,004	5,281	5,550
Short-term deposits	–	–	–
	<b>7,004</b>	<b>5,281</b>	<b>5,550</b>
Debenture	(10,000)	(10,000)	(10,000)
	<b>(2,996)</b>	<b>(4,719)</b>	<b>(4,450)</b>

## 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 2012. These accounting policies are expected to be followed throughout the year ending 30 April 2013.

### 2. Income

	Half-year ended 31 October 2012 £'000s	Half-year ended 31 October 2011 £'000s	Year ended 30 April 2012 £'000s
<b>Income from investments</b>			
UK dividends	1,404	1,111	2,288
UK scrip dividends	43	32	97
Overseas dividends	1,050	1,039	2,032
Overseas scrip dividends	9	48	85
	<b>2,506</b>	<b>2,230</b>	<b>4,502</b>
<b>Other income</b>			
Interest on cash and short-term deposits	9	5	11
Underwriting commission	–	4	17
	<b>9</b>	<b>9</b>	<b>28</b>
<b>Total income</b>	<b>2,515</b>	<b>2,239</b>	<b>4,530</b>

### 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 2012. Management fees have been allocated 75% to capital reserves in accordance with accounting policies. A performance fee of £795,000, allocated 100% to capital reserves in accordance with accounting policies, has been accrued in the period to 31 October 2012 as the Company's net asset value per share outperformed the Benchmark (half-year ended 31 October 2011: £677,000 and year ended 30 April 2012: £893,000).

## Unaudited Notes on the Condensed Accounts (continued)

### 4. Return per share

	<b>Half-year ended 31 October 2012</b>	Half-year ended 31 October 2011	Year ended 30 April 2012
Revenue return per share – pence	<b>3.76</b>	3.41	6.87
Revenue return attributable to shareholders – £'000s	<b>1,584</b>	1,376	2,799
Capital return per share – pence	<b>27.78</b>	(57.75)	(6.28)
Capital return attributable to shareholders – £'000s	<b>11,705</b>	(23,329)	(2,560)
Weighted average number of ordinary shares in issue during the period	<b>42,138,490</b>	40,397,864	40,734,282

### 5. Dividends

<b>Dividends on ordinary shares</b>	Register date	Payment date	<b>Half-year ended 31 October 2012 £'000s</b>	Half-year ended 31 October 2011 £'000s	Year ended 30 April 2012 £'000s
Final for the year ended 30 April 2012 of 4.00p	6 Jul 2012	16 Aug 2012	<b>1,676</b>	–	–
Interim for the year ended 30 April 2012 of 1.63p	30 Dec 2011	31 Jan 2012	–	–	670
Final for the year ended 30 April 2011 of 3.50p	1 Jul 2011	8 Aug 2011	–	1,403	1,403
			<b>1,676</b>	1,403	2,073

The Directors have declared an interim dividend in respect of the year ending 30 April 2013 of 2.00p per share, payable on 31 January 2013 to all shareholders on the register at close of business on 28 December 2012. The amount of this dividend will be £854,000 based on 42,709,410 shares in issue at 13 December 2012. This amount has not been accrued in the results for the half-year ended 31 October 2012.

### 6. Creditors: amounts falling due after more than one year

	<b>31 October 2012 £'000s</b>	31 October 2011 £'000s	30 April 2012 £'000s
<b>Debenture</b>			
11.5% debenture stock 2014	<b>10,000</b>	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 2012, which was based on a comparable UK gilt, was £11,927,000 (31 October 2011: £12,712,000 and 30 April 2012: £12,380,000).

### 7. Called up share capital

<b>Equity share capital</b>	Issued and fully paid	
	Number	£'000s
Ordinary shares of 25p each		
Balance at 30 April 2012	41,380,990	10,345
Issue of new shares	1,105,326	276
<b>Balance at 31 October 2012</b>	<b>42,486,316</b>	<b>10,621</b>

During the half-year ended 31 October 2012 1,105,326 ordinary shares were issued for net proceeds of £6,451,000. There were not any shares purchased for cancellation.

Since the period end a further 223,094 ordinary shares have been issued, raising additional capital of £1,405,000.

### 8. Net asset value per ordinary share

	<b>31 October 2012</b>	31 October 2011	30 April 2012
Net asset value per share (with debenture at nominal value) – pence	<b>623.35</b>	543.98	596.35
Net assets attributable at the period end – £'000s	<b>264,840</b>	222,359	246,776
Number of ordinary shares in issue at the period end	<b>42,486,316</b>	40,875,990	41,380,990

The net asset value per share at 31 October 2012 with the debenture at market value was 618.82p (31 October 2011: 537.35p and 30 April 2012: 590.60p).

## Unaudited Notes on the Condensed Accounts (continued)

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

	<b>Half-year ended 31 October 2012 £'000s</b>	Half-year ended 31 October 2011 £'000s	Year ended 30 April 2012 £'000s
Total return before finance costs and taxation	<b>13,979</b>	(21,266)	1,632
Adjust for returns from non-operating activities			
(Gains)/losses on investments	<b>(13,396)</b>	21,845	57
Foreign exchange losses of a capital nature	<b>100</b>	46	83
Management and performance fee charged to capital	<b>1,146</b>	996	1,544
Non-operating expenses of a capital nature	<b>11</b>	6	10
<b>Return from operating activities</b>	<b>1,840</b>	1,627	3,326
Adjust for non cash flow items			
Transfer of management and performance fee to capital reserve	<b>(1,146)</b>	(996)	(1,544)
Exchange losses of a revenue nature	<b>2</b>	4	6
Decrease/(increase) in prepayments and accrued income	<b>182</b>	66	(120)
(Decrease)/increase in creditors	<b>(83)</b>	661	991
Scrip dividends	<b>(52)</b>	(80)	(182)
Overseas taxation	<b>(66)</b>	(116)	(281)
<b>Net cash inflow from operating activities</b>	<b>677</b>	1,166	2,196

### 10. Results

The results for the half-year ended 31 October 2012 and 31 October 2011, which are unaudited and which have not been reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information", 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 2012; 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 2012 are an extract from those accounts.

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

17 December 2012

## 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.

In addition to the risks arising from the ongoing global financial instability, 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 and their management" within the Directors' Report and Business Review contained within the Company's annual report for the year ended 30 April 2012. 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

17 December 2012

## How to Invest

One of the most convenient ways to invest in F&C Global Smaller Companies plc is through one of the savings plans run by F&C Management Limited ("F&C").

### F&C Private Investor Plan

A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

### F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment (£11,280 for the 2012/13 tax year) with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

### F&C Child Trust Fund ("CTF")

The CTF is a long-term tax-free savings account for eligible children born between 1 September 2002 and 2 January 2011, using the government's CTF voucher. If your child has a CTF with another provider, you can switch it to F&C – this is simple and straight forward. The maximum that can be invested annually is £3,600 and you can invest from as little as £25 a month.

### F&C Children's Investment Plan

Aimed at children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

### F&C Junior ISA ('JISA')

This is a tax-efficient saving plan for children who did not qualify for a CTF. It allows you to invest up to £3,600 each year, with all the tax benefits of the old CTF that it replaces. You can invest from £30 a month, or £500 lump sum, or a combination of both.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual.

### How to invest

You can invest in all our savings plans online, except for the CTF. It's simple to register and invest using your debit card. Alternatively, please contact us for application forms.

### New Customers:

Contact our Investor Services Team

Call: **0800 136 420\***

Email: **info@fandc.com**

Investing online: **www.fandc.com**

### Existing Plan Holders:

Contact our Investor Services Team

Call: **0845 600 3030\***

Email: **investor.enquiries@fandc.com**

By post: **F&C Plan Administration Centre**

**PO Box 11114**

**Chelmsford**

**CM99 2DG**

\*9:00am – 5:00pm, weekdays, call may be recorded.

The above has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is 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](http://www.fandcglobalsmallers.com). Printed copies may be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY

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.\*

\*9:00am – 5:00pm, weekdays, call may be recorded.