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F&C Global Smaller Companies PLC
Report and accounts
for the half-year ended **31 October 2009**

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

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

Summary of Unaudited Results

Attributable to shareholders	31 October 2009	30 April 2009	% Change
Share price	392.25p	325.00p	+20.7
Net asset value per share (debenture at nominal value)	424.67p	360.23p	+17.9
Net asset value per share (debenture at market value)	416.83p	351.06p	+18.7
	Half-year ended 31 October 2009	Half-year ended 31 October 2008	% Change
Revenue return per share	1.91p	2.58p	-26.0
Interim dividend per share	1.60p*	1.60p	–

*Payable on 29 January 2010 to shareholders on the register at 29 December 2009

Chairman's Statement

Equities around the world rose in the six months under review despite the challenging economic conditions, continuing the rally which had commenced in March. Markets were lifted by growing evidence that the concerted actions of government and monetary authorities to stimulate a global economic revival were starting to work. In addition, the speed with which many companies have cut their costs has served to protect corporate profitability which has also been supportive for equity valuations, albeit at the cost of

sharply higher unemployment in much of the world.

Performance

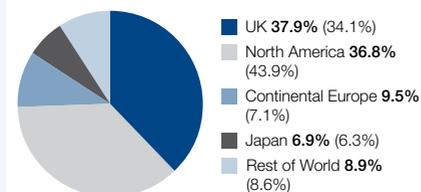
As the stock market environment improved and investors became prepared to take on a higher level of risk, smaller company shares performed well and this fed through to the Company's investment portfolio. The net asset value ("NAV") per share total return, taking the debenture at nominal value, was 18.9%, while the share price

Share price and net asset value per share performance



Geographical distribution of the investment portfolio

at 31 October 2009



Source: F&C Management Limited
The percentages in brackets are as at 30 April 2009

rose 20.7% over the six months as the discount narrowed.

The Company's benchmark, which is a blended index of the returns from the Hoare Govett UK Smaller Companies Index (40%) and the MSCI World ex UK Small Cap Index (60%), produced a total return of 18.8%, so the NAV per share return was marginally better. Given the challenging environment for stock selection at a time of rapid and sometimes indiscriminate share price movements, we consider this to be a satisfactory performance. Shareholders should note that the Board intends to review the composition of the benchmark before the end of the financial year, in the light of the evolution of the portfolio and the changing structure of global small cap indices.

Dividends

As foreshadowed in last year's annual report, the environment for income from the Company's investment portfolio has become more difficult. Companies in which the portfolio is invested have had to look closely at their dividend payments, while interest received from our cash deposits has fallen sharply. However, one of the attractions of the investment trust structure is the ability to establish revenue reserves in good times, which can be used at a later stage if income returns fall. Your Company entered the financial year with the equivalent of more than three years of dividend in revenue reserve.

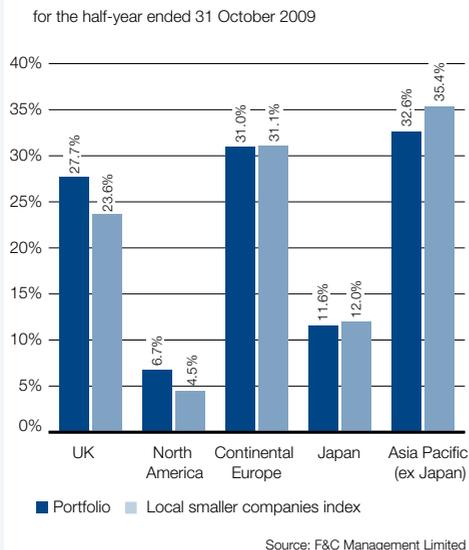
At this stage, the Board has decided to declare an interim dividend in line with last year's payment of 1.60p per share payable on 29 January 2010 to shareholders on the register on 29 December 2009. It will take a view on the final dividend in June next year when the full year income out-turn is known, but the aim would be to continue with a progressive policy if our portfolio permits.

Discount

Taking the NAV per share, with the debenture at market value, the discount ended the period at 5.5%, close to the Board's 5% targeted level, and down on the end of the previous financial year level

Chairman's Statement (continued)

Geographical performance (total return)



of 6.3%. This was achieved at the cost of buying in 250,000 shares over the period for cancellation; which represents 0.6% of the starting share capital.

Economic and market background

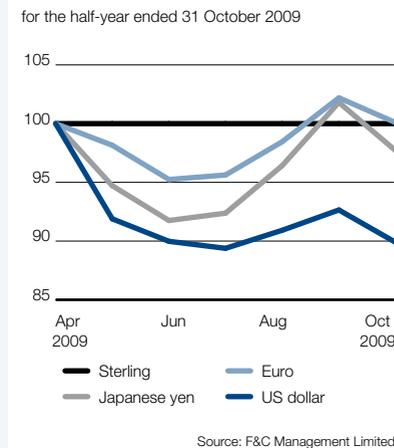
At the start of the period, investors were still worried about the state of the global financial system, but the fear of a complete implosion gradually diminished through the period as underlying economic news improved. Industrial production, which had slumped in late 2008 and early in 2009, picked up, notably in countries such as Germany,

France and the US, where the impact of short-term incentives to buy cars benefited local manufacturing. Asian economies as a whole were lifted by the massive Chinese stimulus package, which, together with some speculative activity, drove some commodity prices back above previous peaks.

Less positively, the UK economy continued to shrink despite the Bank of England's efforts to stimulate the credit market with its quantitative easing programme. The rapid deterioration in the UK's fiscal position will necessitate tax increases and public spending cutbacks in the period ahead, making it likely that the UK economy will continue to be a laggard.

The consensus view that the overall world economic outlook was improving helped, in particular for sentiment towards cyclical and geared companies, as investors started to feel more confident in taking on more risk. At a regional level, emerging markets, which have historically been regarded as higher risk, were the best performers, having been weak in 2008/9. On the other hand, the US market, which had benefited from the move to reduce risk last year, underperformed in this period.

Currency movements relative to sterling



Portfolio performance

During the six months, returns from all parts of the world were positive. We outperformed the local small cap indices in the UK and US, the two areas where we are most exposed, but underperformed elsewhere.

It proved to be a better period for our UK portfolio following a challenging prior year. Many of the companies we hold are international in scope, lessening the impact of UK economic weakness. For example, the best contributor to performance was **City of London Investment Group**, an emerging market focused asset manager, which benefited from the recovery in overseas equities. Speciality chemicals company **Elementis**

saw its share price more than double as global demand for its paint additive products showed signs of stabilisation, while **McBride**, which supplies own label household and personal care products on a Pan-European basis, produced good results as consumers switched to these cheaper products away from brands. Marketing and healthcare software companies **Alterian** and **Craneware**, both well placed in their niches, produced strong results. Disappointments included offshore trust company **STM Group**, which issued two profit warnings as it over-stretched itself, and **Redhall Group**, which flagged a slowdown in its nuclear industry work.

In the US, coal miners **Foundation Coal Holdings** and **Walter Energy** both performed well as coal prices improved and the former was taken over. We were also helped by the bid for IT infrastructure solutions business **Avocent** from Emerson Electric, while wireless telecoms company **Atlantic Tele-Network** rose sharply after buying assets from rival Verizon at an attractive price. Document automation business **Bottomline Technologies** did well following strong results, while **ACCO Brands**, the office supplies company, rebounded after a fund-raising eased concerns over its financial position. Fallers included appliance retailer **Conn's**, hurt by the weakness in the Texan economy,

Chairman's Statement (continued)

and **Astec Industries**, the road equipment supplier, which produced disappointing results as the renewal of the Federal road program was delayed. **United Community Banks**, also underperformed with the local Atlanta real estate market remaining weak.

In **Continental Europe** the markets were helped by the news that a number of countries had moved out of recession during the period. Cyclical recovery stocks led the way, with our holding in steel company **Kloekner** benefiting from the improved demand for steel on the back of the car market stimulus. Two other winners were mobile towers business **DMT** and refrigeration equipment supplier **Frigoglass**, both of which had been weak in the previous period. On the other hand, our holdings in generic drug business **Acino Holdings** and IT services company **Indra Sistemas**, both defensive stocks, lagged the rally. Spanish lifts supplier **Zardoya Otis** was hurt by the weakness of the Spanish construction market.

The Company's **Asian** exposure is obtained through a portfolio of third party managed funds, and during the period these were unable to keep up with the strong regional

small cap index. The best performer was the **Australian New Horizons Fund** which benefited from a number of positive developments for health care and biotechnology stocks within its own portfolio. **Utilico Emerging Markets** on the other hand lagged, as its portfolio is mainly focused on defensive infrastructure and utility companies which were not in favour in equity markets more interested in recovery stories.

For **Japan**, we also now use funds; here too we were unable to quite match the index return. In response to this we are looking at other collective funds in which to invest to enhance performance. The recent first change in governing party for more than 40 years has so far failed to galvanise the market, but we feel that the new administration's focus

on encouraging domestic spending could be more favourable to smaller companies and the economy has moved out of recession.

Asset allocation and gearing

Over the six months we remained underweight in the UK, but to a lesser extent than before. We funded net investment in the UK mainly by reducing the US weighting. These changes were partly due to the view that sterling could rally from the low level it had reached against the dollar, but we also felt that the US market might do less well in relative terms after its stellar performance during the Company's last financial year. Over the period the switch worked in our favour, with the dollar weak against all the major currencies as its "safe haven" status worked against it.

Elsewhere we remained overweight in Asia. The macro-economic outlook continues to look rosy for the near and medium-term, though we are a little wary of share valuations at this point. We stayed underweight in Europe and Japan over the period. In the former we did not expect the overall economies to perform as well as they did and therefore were too cautious, while it was right to be underweight in Japan.

The Company was modestly geared throughout the period as we looked to benefit from rising markets, though we reduced the extent of borrowing in response to the move up in share prices. At 31 October, gearing was 1.8%.

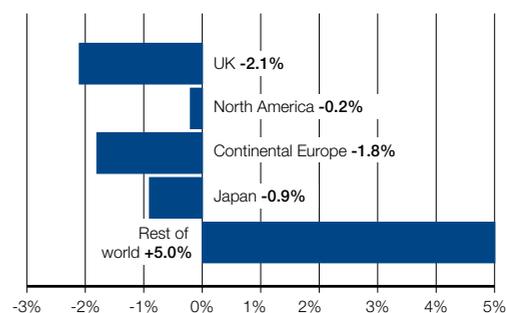
Outlook

The global economic outlook has improved to some extent and corporate earnings are tending to beat expectations. Stimulus spending is still likely to aid growth in early 2010, notably in the US. Stock markets, however, have risen considerably from their lows and no longer look compellingly cheap compared to historical valuation levels, while longer term issues surrounding consumer and government debt in certain countries are set to hold growth back in these places. After this year's focus on recovery and cyclical shares, the Manager believes that quality and steady growth companies could be better relative performers in the period ahead.

Anthony Townsend
Chairman
15 December 2009

Geographical weightings against benchmark

at 31 October 2009



Source: F&C Management Limited and MSCI

Thirty Largest Holdings at 31 October 2009

31 Oct 2009	30 Apr 2009		Value £'000s	% of total investments
1	1	iShares MSCI Japanese Small Cap Exchange Traded Fund <i>Japan</i> An exchange traded fund providing exposure to Japanese smaller companies.	6,422	3.5
2	2	AXA Rosenberg Japan Small Cap Alpha Fund <i>Japan</i> Fund providing exposure to Japanese smaller companies.	4,569	2.5
3	3	The Scottish Oriental Smaller Companies Trust <i>Asia Pacific (excluding Japan)</i> Investment trust providing exposure to Asian smaller companies.	3,536	1.9
4	4	Aberdeen Global-Asian Smaller Companies Fund <i>Asia Pacific (excluding Japan)</i> Fund providing exposure to Asian smaller companies.	3,504	1.9
5	5	Allianz GIS RCM Little Dragons Fund <i>Asia Pacific (excluding Japan)</i> Fund providing exposure to Asian smaller companies.	2,859	1.6
6	11	City of London Investment Group <i>United Kingdom</i> Fund management business mainly investing in closed end emerging market funds.	2,211	1.2
7	16	Australian New Horizons Fund <i>Australia</i> Fund providing exposure to Australian smaller companies.	2,167	1.2
8	6	Utilico Emerging Markets <i>Asia Pacific (excluding Japan)</i> Investment company focusing on utility and infrastructure companies in emerging markets.	2,092	1.1
9	9	SDL <i>United Kingdom</i> World leader in localisation technology and services, including manual and technology driven translation of internal and external literature.	1,914	1.1
10	10	Hill & Smith Holdings <i>United Kingdom</i> Supplier and manufacturer of a wide range of infrastructure and construction-related products.	1,763	1.0
11	48	CLS Holdings <i>United Kingdom</i> Property investment company mainly operating in the UK, France, Germany and Sweden.	1,755	1.0
12	31	Craneware <i>United Kingdom</i> Healthcare software business focused on the US hospital market.	1,618	0.9
13	7	Pace <i>United Kingdom</i> Technology developer for the global pay TV industry.	1,589	0.9
14	12	Connaught <i>United Kingdom</i> Provides property related services including maintenance for the social housing market, and a range of compliance services for the private sector.	1,571	0.9

31 Oct 2009	30 Apr 2009		Value £'000s	% of total investments
15	8	AXA Rosenberg Pacific ex Japan Small Cap Alpha Fund <i>Asia Pacific (excluding Japan)</i> Fund providing exposure to Asian smaller companies.	1,456	0.8
16	53	CRA International <i>United States</i> Management consultant specialising in litigation.	1,425	0.8
17	-	AXA Framlington Japan Smaller Companies <i>Japan</i> Fund providing exposure to Japanese smaller companies.	1,412	0.8
18	22	Allegheny Technologies <i>United States</i> Specialist alloys producer.	1,377	0.8
19	14	GATX <i>United States</i> Specialist railcar leasing.	1,324	0.7
20	35	Crawford & Company "B" <i>United States</i> Insurance services including claims adjusting.	1,318	0.7
21	102	ACI Worldwide <i>United States</i> A leading provider of software for electronic funds transfer used by banks, retailers and credit card companies.	1,294	0.7
22	73	Actuant "A" <i>United States</i> Supplier of hydraulic and electrical tools, components and motion control systems.	1,288	0.7
23	77	Gulfsands Petroleum <i>United Kingdom</i> Oil exploration and production company mainly focused on Syria, but also with assets in the US.	1,279	0.7
24	61	Roper Industries <i>United States</i> Diversified manufacturer.	1,256	0.7
25	42	Markel <i>United States</i> Specialist non-life insurer.	1,243	0.7
26	79	Sirius Real Estate <i>United Kingdom</i> Property investment company focused on developing space to offer to smaller companies in Germany on a flexible leased basis.	1,234	0.7
27	30	Airgas <i>United States</i> The leading distributor of packaged gases in the US.	1,226	0.7
28	-	FLIR Systems <i>United States</i> Infra-red equipment producer.	1,222	0.7
29	74	Sanderson Farms <i>United States</i> US-based poultry processor.	1,207	0.7
30	59	Spice Holdings <i>United Kingdom</i> Provider of outsourced support services to the UK electricity, telecom and water sectors.	1,204	0.7

The value of the thirty largest holdings represents 32.3% (30 April 2009: 33.0%) of the Company's total investments.

Unaudited Condensed Income Statement

Notes	Half-year ended 31 October 2009			Half-year ended 31 October 2008			Year ended 30 April 2009		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
	–	28,224	28,224	–	(47,277)	(47,277)	–	(32,248)	(32,248)
	–	(166)	(166)	6	1,247	1,253	2	2,017	2,019
2	1,558	–	1,558	1,894	–	1,894	3,948	–	3,948
3	(84)	(197)	(281)	(99)	(231)	(330)	(173)	(404)	(577)
	–	–	–	–	–	–	171	58	229
	(429)	(13)	(442)	(426)	(10)	(436)	(817)	(21)	(838)
	1,045	27,848	28,893	1,375	(46,271)	(44,896)	3,131	(30,598)	(27,467)
	(174)	(406)	(580)	(173)	(404)	(577)	(344)	(804)	(1,148)
	871	27,442	28,313	1,202	(46,675)	(45,473)	2,787	(31,402)	(28,615)
	(72)	(2)	(74)	(80)	(4)	(84)	(357)	171	(186)
	799	27,440	28,239	1,122	(46,679)	(45,557)	2,430	(31,231)	(28,801)
4	1.91	65.63	67.54	2.58	(107.53)	(104.95)	5.66	(72.77)	(67.11)

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 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 shareholders	–	–	–	27,440	799	28,239
	Balance at 31 October 2009	10,416	23,132	15,767	120,547	7,080	176,942
	Half-year ended 31 October 2008	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 2008	10,981	23,132	15,202	131,463	7,322	188,100
	Movements during the half-year ended 31 October 2008						
5	Dividends paid	–	–	–	–	(1,417)	(1,417)
	Shares purchased and cancelled	(264)	–	264	(3,670)	–	(3,670)
	Return attributable to shareholders	–	–	–	(46,679)	1,122	(45,557)
	Balance at 31 October 2008	10,717	23,132	15,466	81,114	7,027	137,456
	Year ended 30 April 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 2008	10,981	23,132	15,202	131,463	7,322	188,100
	Movements during the year ended 30 April 2009						
5	Dividends paid	–	–	–	–	(2,095)	(2,095)
	Shares purchased and cancelled	(502)	–	502	(6,210)	–	(6,210)
	Return attributable to shareholders	–	–	–	(31,231)	2,430	(28,801)
	Balance at 30 April 2009	10,479	23,132	15,704	94,022	7,657	150,994

Unaudited Condensed Balance Sheet

Notes	31 October 2009		31 October 2008		30 April 2009	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	Fixed assets					
		Investments	180,424	139,022		157,668
	Current assets					
		Debtors	1,418	2,099		1,257
		Cash at bank and short-term deposits	7,914	9,808		5,925
			9,332	11,907		7,182
		Creditors: amounts falling due within one year	(2,814)	(3,473)		(3,856)
		Net current assets	6,518	8,434		3,326
		Total assets less current liabilities	186,942	147,456		160,994
		Creditors: amounts falling due after more than one year				
6		Debenture	(10,000)	(10,000)		(10,000)
		Net assets	176,942	137,456		150,994
		Capital and reserves				
7		Called up share capital	10,416	10,717		10,479
		Share premium account	23,132	23,132		23,132
		Capital redemption reserve	15,767	15,466		15,704
		Capital reserves	120,547	81,114		94,022
		Revenue reserve	7,080	7,027		7,657
			166,526	126,739		140,515
8		Total shareholders' funds	176,942	137,456		150,994
8		Net asset value per share – pence	424.67	320.66		360.23

Unaudited Condensed Cash Flow Statement

Notes	Half-year ended 31 October 2009 £'000s	Half-year ended 31 October 2008 £'000s	Year ended 30 April 2009 £'000s
9 Net cash inflow from operating activities	652	1,197	3,789
Cash outflow from servicing of finance	(574)	(575)	(1,152)
Net cash inflow from financial investment	4,442	7,873	4,670
Equity dividends paid	(1,376)	(1,417)	(2,095)
Net cash inflow before use of liquid resources and financing	3,144	7,078	5,212
Movement in short-term deposits	–	–	–
Net cash outflow from financing	(998)	(4,342)	(7,131)
Increase/(decrease) in cash	2,146	2,736	(1,919)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash	2,146	2,736	(1,919)
Movement in short-term deposits	–	–	–
Movement in net debt resulting from cash flows	2,146	2,736	(1,919)
Foreign exchange movement	(157)	1,250	2,022
Movement in net debt	1,989	3,986	103
Net debt brought forward	(4,075)	(4,178)	(4,178)
Net debt carried forward	(2,086)	(192)	(4,075)
Represented by:			
Cash at bank	7,914	9,808	5,925
Short-term deposits	–	–	–
	7,914	9,808	5,925
Debenture	(10,000)	(10,000)	(10,000)
	(2,086)	(192)	(4,075)

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 2009. These accounting policies are expected to be followed throughout the year ending 30 April 2010.

2 Income

	Half-year ended 31 October 2009 £'000s	Half-year ended 31 October 2008 £'000s	Year ended 30 April 2009 £'000s
Income from investments			
UK dividends	965	993	1,711
Overseas dividends	547	741	1,515
Overseas scrip dividends	21	–	94
	1,533	1,734	3,320
Other income			
Interest on cash and short-term deposits	9	116	153
Interest on VAT recoverable	–	–	422
Stock lending fees	–	36	42
Underwriting commission	16	8	11
	25	160	628
Total income	1,558	1,894	3,948

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 2009. No performance fee has been accrued in the period to 31 October 2009 as, although the Company's net assets outperformed the Benchmark in the period, the level of outperformance was not sufficient to fully offset the underperformance brought forward from the preceding period (half-year ended 31 October 2008: £nil and year ended 30 April 2009: £nil).

Unaudited Notes on the Condensed Accounts (continued)

4 Return per share

	Half-year ended 31 October 2009	Half-year ended 31 October 2008	Year ended 30 April 2009
Revenue return per share – pence	1.91	2.58	5.66
Revenue return attributable to shareholders – £'000s	799	1,122	2,430
Capital return per share – pence	65.63	(107.53)	(72.77)
Capital return attributable to shareholders – £'000s	27,440	(46,679)	(31,231)
Weighted average number of ordinary shares in issue during the period	41,809,635	43,409,009	42,916,280

5 Dividends

Dividends on ordinary shares	Register date	Payment date	Half-year ended 31 October 2009 £'000s	Half-year ended 31 October 2008 £'000s	Year ended 30 April 2009 £'000s
Final for the year ended 30 April 2009 of 3.29p	3 Jul 2009	6 Aug 2009	1,376	–	–
Interim for the year ended 30 April 2009 of 1.60p	30 Dec 2008	30 Jan 2009	–	–	678
Final for the year ended 30 April 2008 of 3.25p	4 Jul 2008	6 Aug 2008	–	1,417	1,417
			1,376	1,417	2,095

The Directors have declared an interim dividend in respect of the year ending 30 April 2010 of 1.60p per share, payable on 29 January 2010 to all shareholders on the register at close of business on 29 December 2009. The amount of this dividend will be £665,000 based on 41,544,918 shares in issue at 11 December 2009. This amount has not been accrued in the results for the half-year ended 31 October 2009.

6 Creditors: amounts falling due after more than one year

	31 October 2009 £'000s	31 October 2008 £'000s	30 April 2009 £'000s
Debenture			
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 2009, which was based on a comparable UK gilt, was £13,266,000 (31 October 2008: £13,113,000 and 30 April 2009: £13,846,000).

7 Called up share capital

Equity share capital	Number	Authorised £'000s	Issued and fully paid Number	£'000s
Ordinary shares of 25p each				
Balance at 30 April 2009	198,900,000	49,725	41,915,918	10,479
Transfer to capital redemption reserve	–	–	(250,000)	(63)
Balance at 31 October 2009	198,900,000	49,725	41,665,918	10,416

During the half-year ended 31 October 2009 250,000 ordinary shares were purchased for cancellation at a cost of £915,000.

8 Net asset value per ordinary share

	31 October 2009	31 October 2008	30 April 2009
Net asset value per share			
(with debenture at nominal value) – pence	424.67	320.66	360.23
Net assets attributable at the period end – £'000s	176,942	137,456	150,994
Number of ordinary shares in issue at the period end	41,665,918	42,866,564	41,915,918

The net asset value per share at 31 October 2009 with the debenture at market value was 416.83p (31 October 2008: 313.40p and 30 April 2009: 351.06p).

Unaudited Notes on the Condensed Accounts (continued)

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

	Half-year ended 31 October 2009 £'000s	Half-year ended 31 October 2008 £'000s	Year ended 30 April 2009 £'000s
Total return before finance costs and taxation	28,893	(44,896)	(27,467)
Adjust for returns from non-operating activities			
(Gains)/losses on investments	(28,224)	47,277	32,248
Foreign exchange losses/(gains) of a capital nature	166	(1,247)	(2,017)
Management fee charged to capital	197	231	404
Recoverable VAT credited to capital	–	–	(58)
Non-operating expenses of a capital nature	13	10	21
Return from operating activities	1,045	1,375	3,131
Adjust for non cash flow items			
Transfer of management fee to capital reserve	(197)	(231)	(404)
Transfer of recoverable VAT to capital reserve	–	–	58
Exchange gains of a revenue nature	–	(6)	(2)
(Increase)/decrease in prepayments and accrued income	(48)	162	1,194
(Decrease)/increase in creditors	(44)	4	101
Scrip dividends	(21)	(23)	(94)
Overseas taxation	(83)	(84)	(195)
Net cash inflow from operating activities	652	1,197	3,789

10 Results

The results for the half-year ended 31 October 2009 and 31 October 2008, 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 2009; 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 2009 are an extract from those accounts.

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

15 December 2009

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, counterparties 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 2009. 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
15 December 2009

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 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 since 1 September 2002 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 £7,200 each year in F&C’s Stocks and Shares ISA. The limit was raised to £10,200 per annum, for individuals over 50 years old, with effect from 6 October 2009 and will be for all other individuals with effect from 6 April 2010.

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 ISA plan charge a year 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.

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

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.