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F&C Global Smaller Companies PLC
Report and accounts
for the half-year ended **31 October 2011**

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 and Wales, company registration number 28264

Summary of Unaudited Results

| Attributable to shareholders | 31 October 2011 | 30 April 2011 | % Change |
|---|----------------------------|------------------|-------------|
| Share price | 524.00p | 583.50p | -10.2 |
| Net asset value per share (debenture at nominal value) | 543.98p | 602.49p | -9.7 |
| Net asset value per share (debenture at market value) | 537.35p | 595.82p | -9.8 |
| Net assets | £222.4m | £241.6m | -7.9 |

| | Half-year ended 31 October 2011 | Half-year ended 31 October 2010 | % Change |
|----------------------------|--|--|-------------|
| Revenue return per share | 3.41p | 2.37p | 43.9 |
| Interim dividend per share | 1.63p* | 1.60p | 1.9 |

*Payable on 31 January 2012 to shareholders on the register at 30 December 2011.

Manager's Review

The first half of the Company's financial year has been a challenging time for equity markets. Uncertainty over the fundamental ability of a number of eurozone countries to meet their future financial liabilities was never far from the surface, and this has been the major factor behind the falls in share prices. In addition, global economic growth slowed, creating a less favourable background for company profits.

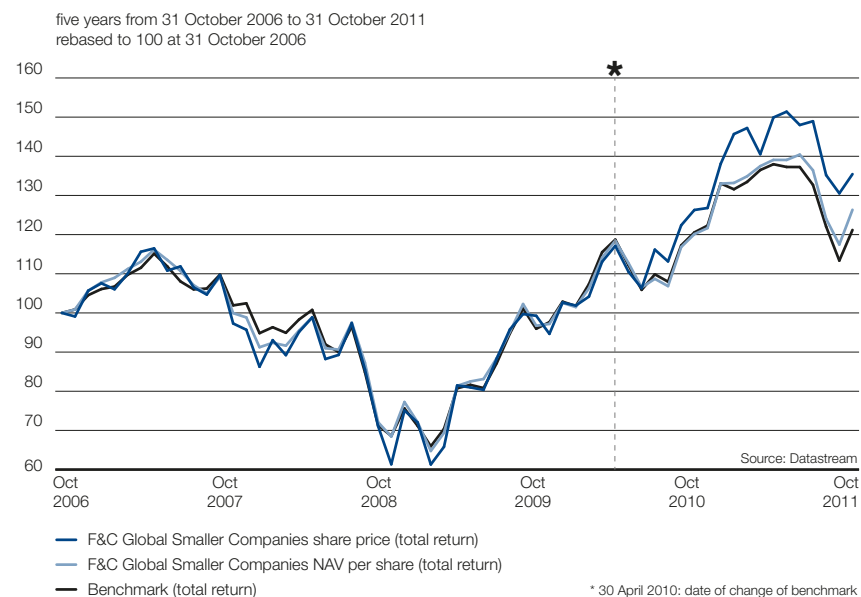
After a number of strong years, smaller company shares underperformed the market leaders as investors became

more risk averse and sought refuge in larger, more liquid stocks.

Performance and the discount

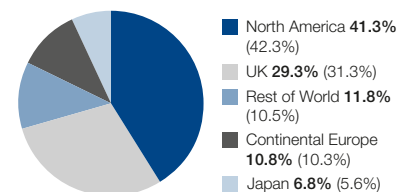
The Company's Benchmark is a blended index of the returns from the Hoare Govett UK Smaller Companies (excluding investment companies) Index (30%), and the MSCI World All Country ex UK Small Cap Index (70%). With markets falling, this delivered a total return in sterling terms of -12.2%. The net asset value per share ("NAV") total return for the period was -9.1%, so the investment portfolio held up

Share price and net asset value per share performance



Geographical distribution of the investment portfolio

at 31 October 2011



Source: F&C Management Limited
The percentages in brackets are as at 30 April 2011

somewhat better, helped by positive stock selection.

The share price fell by 10.2% in the period and the discount to NAV, taking the debenture at fair value and excluding current period income, rose a little to 1.9%. However, there were a number of occasions during the six month period when demand for shares in the market took the share price to a premium against the prevailing NAV. The Company therefore issued a total of 775,000 new shares to help meet this demand.

Dividends

While stock markets have been under pressure, many companies have still been reporting improved profits and income received from the investment portfolio was comfortably up on the comparative first half of 2010. With income projected to remain strong for the remainder of the financial

year, the Board has decided to increase the interim dividend by 1.9% to 1.63p per share. This will be paid on 31 January 2012 to shareholders on the register on 30 December 2011.

Economic and market background

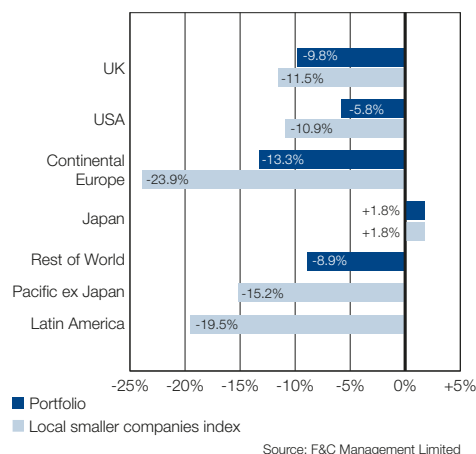
At the start of the year, the hope was that the problems of Greece in particular could be contained and that underlying growth momentum in the developing world and the US would support the outlook for European economies and assuage market concerns about solvency. As time passed and as the impact of austerity programmes in the eurozone took its toll, investors became less confident that fiscal deficits in the affected countries would show the necessary improvement to erase the underlying fear of defaults. A ratings agency downgrade of US government debt in August following political wrangling and slower US growth data further undermined confidence.

Equity markets sold off aggressively and analysts started to downgrade corporate profits forecasts meaningfully. During September the pressure intensified on the authorities and politicians to act and a second bail-out of Greece, a strengthening of the capitalisation of the European banks, and an enlarged eurozone stability facility were outlined in an attempt to underpin the bond markets.

Manager's Review (continued)

Geographical performance (total return sterling adjusted)

for the half-year ended 31 October 2011



The UK economy remained under pressure as government spending cuts came through and Europe slowed down. The Bank of England sanctioned a further dose of quantitative easing in an attempt to provide some form of stimulus to activity, but inflation has remained an issue and continues to undermine consumers' real disposable incomes.

Elsewhere in the world, growth has continued to be relatively robust in the key Asian and Latin American countries, though momentum has been under pressure as these economies are not immune to the slowdown elsewhere. Stock markets in countries where interest

rates have been pushed up to curb inflationary pressures lagged, with China perhaps the most notable example of this.

On a global basis, companies with defensive and economically less sensitive earnings found favour as the period progressed, while more cyclical names tended to underperform as downgrades fed through.

Portfolio performance

Stock selection across the portfolio was strong over the period, which to some extent was helped by a more defensive skew to our holdings. In all segments of the portfolio we were ahead of the relevant local small cap index.

Outperformance in the developed markets was most marked in the European portfolio. Shares in dairy business **Glanbia**, which we highlighted in the Annual Report and Accounts, and confectionery business **Lindt** did well, the latter despite the impact of a strong Swiss franc. Events business **CTS Eventim** also outperformed after reporting good results. Timing is always important and, while we had been very cautious on financial stocks given the ongoing strains in the eurozone, we bought into German-based **Aareal Bank** and Dutch insurer **Delta Lloyd** late in the period, just ahead of an improvement in sentiment towards the sector. These stocks are at the more

conservative end of the spectrum, and we feel are attractively valued at this point in time. One weaker performer in the period was **SAF Holland**, the truck parts supplier, which sold off in common with many industrial cyclicals and did not help its cause by poor communication of its news-flow.

The US portfolio also enjoyed a good period in relative terms. The better performers came from a range of sectors. **Crawford**, an insurance loss adjuster, was a beneficiary of the BP oil spill as legal claims administration work surged. **Conn's** and **America's Car-Mart** both benefited from better sales trends and from indications that credit related business was proving more profitable. Conference calling business **Premiere Global Services** rallied as new products gained traction, while **Waste Connections** benefited from the switch towards defensive names. On the downside, education stocks including **DeVry** were under pressure from weaker enrolments. Home nursing business **Amedisys** suffered as health funding came under pressure and the industry was criticised by the Senate Finance Committee.

In the UK several long established holdings once again delivered good returns. Notable amongst these were translation software business **SDL**, which continued to benefit from the growing

need from more companies to globalise their content. Within industrials **Senior** increased its profit guidance as a result of strong operational performance and a positive outlook for civil aerospace build rates. **Galliford Try** performed well as house-building margins grew and the company's construction business benefited from previous rationalisation moves. One of the better defensive stock performers was cash and carry business **Booker**, which again beat analyst forecasts. **Hargreaves Services**, the coal-based logistics business did well, as its domestic business remained resilient and it progressed plans to expand its European operations. The worst contributor in the period was electronics business **Pace**, which was beset by delayed ordering from customers and disrupted by the natural disasters in Japan and Thailand. In the resources area, **Eastern Platinum's** production disappointed the market as industrial action in South Africa took its toll.

We use funds to gain exposure to Japan and the Rest of the World. Our three Japanese small cap funds moved more or less in line and the overall returns in sterling terms were better than in all the other markets. Japanese small cap stocks had become very cheap in the aftermath of the earthquake in March and were therefore due for a bounce.

Manager's Review (continued)

Returns from our Rest of World portfolio comfortably out-stripped the Asian and Latin American small cap indices. In the Far East, **Scottish Oriental Smaller Companies Trust** and Aberdeen's small cap fund were good performers, benefiting from their skew away from weak markets such as China and Korea. Defensively orientated **Utilico Emerging Markets** also did well, while the separate **Utilico Investments** fund was lifted by a strong run-up in the value of one of its largest investments in a gold miner. We established a holding in the **Advance Brazil Leblon** fund, which is mainly focused on smaller stocks in this fast developing market. We have previously found it hard to find appropriate ways to tap into Latin America and, although performance since the purchase has been weak in common

with the local market, we are confident that the fund managers will add value over the long term.

Asset allocation and gearing

Early in the period we added to our Japanese exposure as we felt that valuations were becoming compelling. This proved to be the right decision. Later on in the period we also decided to increase our Rest of the World exposure reflecting the general underperformance of emerging markets. We funded these moves by sales within the UK and US portfolios as these markets had been more resilient.

Towards the end of the period we added to the European weighting. While this may seem counter-intuitive given the macro situation, we believe that sentiment towards European equities has become too depressed and presents us with some attractive opportunities. Part of the increase in our exposure was due to the purchase of a holding in a Russian small cap fund. Russian equities have been hit hard by the general trend to risk aversion in late Summer, and we were able to buy into a well managed closed end fund **Prosperity Voskhod** on a wide discount to NAV.

With markets under pressure and many uncertainties about how events in the eurozone will unfold we have not been inclined to make fuller use of our ability to

gear. The level of effective gearing at the end of the period was 2.2% compared to 2.7% at 30 April 2011.

Outlook

For now it appears likely that economic growth will remain muted at best in the UK and eurozone and sub-trend in the US. Growth in the global economy as a whole will be lower in 2012 than in recent years. All eyes remain focused on the ultimate resolution of the eurozone's problems and, with no easy solution to hand, there is a strong possibility that equity markets will remain weak. In the

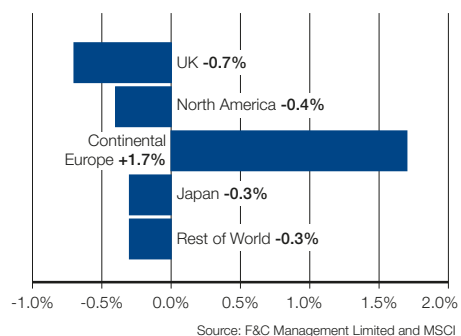
circumstances, it is also possible that smaller stocks will be out of favour until there is greater clarity that the worst case scenarios being talked about will not come to pass.

At the portfolio level, we are endeavouring to focus on fundamentally sound business franchises which have a strong balance sheet and attractive cash flow characteristics.

Peter Ewins
19 December 2011

Geographical weightings against benchmark

at 31 October 2011



Thirty Largest Holdings at 31 October 2011

| 31 Oct 2011 | 30 Apr 2011 | | | Value £'000s | % of total investments |
|----------------|----------------|---|--|-----------------|---------------------------|
| 1 | 1 | iShares MSCI Japanese Small Cap Exchange Traded Fund <i>Japan</i> | Fund providing exposure to Japanese smaller companies. | 8,204 | 3.6 |
| 2 | 4 | Allianz GIS RCM Little Dragons Fund <i>Rest of World</i> | Fund providing exposure to Asian smaller companies. | 5,526 | 2.4 |
| 3 | 3 | Aberdeen Global-Asian Smaller Companies Fund <i>Rest of World</i> | Fund providing exposure to Asian smaller companies. | 5,259 | 2.3 |
| 4 | 2 | Utilico Emerging Markets <i>Rest of World</i> | Investment company focusing on utility and infrastructure companies in emerging markets. | 5,188 | 2.3 |
| 5 | 5 | The Scottish Oriental Smaller Companies Trust <i>Rest of World</i> | Investment trust providing exposure to Asian smaller companies. | 5,094 | 2.2 |
| 6 | 17 | M&G Japan Smaller Companies Fund <i>Japan</i> | Fund providing exposure to Japanese smaller companies | 3,677 | 1.6 |
| 7 | 7 | Axa Framlington Japan Smaller Companies Fund <i>Japan</i> | Fund providing exposure to Japanese smaller companies. | 3,638 | 1.6 |
| 8 | 6 | Australian New Horizons Fund <i>Australia</i> | Fund providing exposure to Australian smaller companies. | 3,077 | 1.3 |
| 9 | 23 | Rex Energy <i>United States</i> | Oil and gas exploration and production company. | 2,471 | 1.1 |
| 10 | 12 | Airgas <i>United States</i> | Distributor of packaged gas in the US. | 2,400 | 1.1 |
| 11 | 8 | Sanderson Farms <i>United States</i> | Chicken producer. | 2,291 | 1.0 |
| 12 | 58 | America's Car-Mart <i>United States</i> | Operator of used car dealerships. | 2,289 | 1.0 |
| 13 | 39 | Atlantic Tele-Network <i>United States</i> | Telecommunications holding company. | 2,192 | 1.0 |
| 14 | 60 | Simpson Manufacturing <i>United States</i> | Manufacturer of building reinforcement products. | 2,145 | 0.9 |
| 15 | 11 | Pool <i>United States</i> | Distributor of swimming pool supplies. | 2,140 | 0.9 |

| 31 Oct 2011 | 30 Apr 2011 | | | Value £'000s | % of total investments |
|----------------|----------------|---|---|-----------------|---------------------------|
| 16 | 41 | SBA Communications <i>United States</i> | Owner and operator of mobile phone towers. | 2,139 | 0.9 |
| 17 | 34 | W.R. Berkley <i>United States</i> | Specialist insurer. | 2,095 | 0.9 |
| 18 | 24 | Conn's <i>United States</i> | Retailer of home appliance and consumer electronics in Texas. | 2,072 | 0.9 |
| 19 | - | Granite Construction <i>United States</i> | Civil construction business. | 2,061 | 0.9 |
| 20 | - | LKQ <i>United States</i> | Distributor of alternative and recycled car parts. | 2,034 | 0.9 |
| 21 | 45 | Quanta Services <i>United States</i> | Provider of contracting services to utilities. | 2,028 | 0.9 |
| 22 | 31 | Orbital Sciences <i>United States</i> | Supplier of small rockets, satellites and space systems. | 2,027 | 0.9 |
| 23 | 10 | Mohawk Industries <i>United States</i> | Floor coverings manufacturer. | 2,001 | 0.9 |
| 24 | 22 | CLS Holdings <i>United Kingdom</i> | Property investment company mainly operating in the UK, France, Germany and Sweden. | 1,994 | 0.9 |
| 25 | 38 | Roper Industries <i>United States</i> | Diversified industrial. | 1,990 | 0.9 |
| 26 | 50 | Kirby <i>United States</i> | Operator of inland barges in the US. | 1,986 | 0.9 |
| 27 | 48 | ViaSat <i>United States</i> | Satellite communications and networking equipment services. | 1,963 | 0.9 |
| 28 | 27 | Alleghany <i>United States</i> | Specialist insurer. | 1,943 | 0.9 |
| 29 | 25 | Genesee & Wyoming "A" <i>United States</i> | Operator of short line railways. | 1,936 | 0.8 |
| 30 | 14 | Bottomline Technologies <i>United States</i> | Payments automation software supplier. | 1,924 | 0.8 |

The value of the thirty largest holdings represents 37.6% (30 April 2011: 34.2%) of the Company's total investments.

Unaudited Condensed Income Statement

| Notes | Half-year ended 31 October 2011 | | | Half-year ended 31 October 2010 | | | Year ended 30 April 2011 | | |
|-------|---------------------------------|-------------------|-----------------|---------------------------------|-------------------|-----------------|--------------------------|-------------------|-----------------|
| | Revenue £'000s | Capital £'000s | Total £'000s | Revenue £'000s | Capital £'000s | Total £'000s | Revenue £'000s | Capital £'000s | Total £'000s |
| | – | (21,845) | (21,845) | – | 2,400 | 2,400 | – | 35,299 | 35,299 |
| | (4) | (46) | (50) | 1 | 62 | 63 | 4 | (107) | (103) |
| 2 | 2,239 | – | 2,239 | 1,666 | – | 1,666 | 3,490 | – | 3,490 |
| 3 | (106) | (996) | (1,102) | (92) | (277) | (369) | (200) | (601) | (801) |
| | (502) | (6) | (508) | (418) | (9) | (427) | (850) | (17) | (867) |
| | 1,627 | (22,893) | (21,266) | 1,157 | 2,176 | 3,333 | 2,444 | 34,574 | 37,018 |
| | (145) | (436) | (581) | (145) | (434) | (579) | (288) | (863) | (1,151) |
| | 1,482 | (23,329) | (21,847) | 1,012 | 1,742 | 2,754 | 2,156 | 33,711 | 35,867 |
| | (106) | – | (106) | (60) | – | (60) | (117) | – | (117) |
| | 1,376 | (23,329) | (21,953) | 952 | 1,742 | 2,694 | 2,039 | 33,711 | 35,750 |
| 4 | 3.41 | (57.75) | (54.34) | 2.37 | 4.34 | 6.71 | 5.08 | 84.05 | 89.13 |

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 2011 | 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 2011 | 10,025 | 23,132 | 16,158 | 184,606 | 7,683 | 241,604 |
| | Movements during the half-year ended 31 October 2011 | | | | | | |
| 5 | Dividends paid | – | – | – | – | (1,403) | (1,403) |
| 7 | Shares issued | 194 | 3,917 | – | – | – | 4,111 |
| | Return attributable to equity shareholders | – | – | – | (23,329) | 1,376 | (21,953) |
| | Balance at 31 October 2011 | 10,219 | 27,049 | 16,158 | 161,277 | 7,656 | 222,359 |
| | 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 |
| | Year ended 30 April 2011 | 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 year ended 30 April 2011 | | | | | | |
| 5 | Dividends paid | – | – | – | – | (2,002) | (2,002) |
| | Shares purchased and cancelled | (30) | – | 30 | (528) | – | (528) |
| | Return attributable to equity shareholders | – | – | – | 33,711 | 2,039 | 35,750 |
| | Balance at 30 April 2011 | 10,025 | 23,132 | 16,158 | 184,606 | 7,683 | 241,604 |

Unaudited Condensed Balance Sheet

| Notes | 31 October 2011 | | 31 October 2010 | | 30 April 2011 |
|--|--------------------|-----------------|--------------------|----------|------------------|
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| Fixed assets | | | | | |
| Investments | | 228,170 | | 217,439 | 248,334 |
| Current assets | | | | | |
| Debtors | | 980 | | 747 | 969 |
| Cash at bank and short-term deposits | | 5,281 | | 5,657 | 3,843 |
| | | 6,261 | | 6,404 | 4,812 |
| Creditors: amounts falling due within one year | | (2,072) | | (4,657) | (1,542) |
| Net current assets | | 4,189 | | 1,747 | 3,270 |
| Total assets less current liabilities | | 232,359 | | 219,186 | 251,604 |
| Creditors: amounts falling due after more than one year | | | | | |
| ⁶ Debenture | | (10,000) | | (10,000) | (10,000) |
| Net assets | | 222,359 | | 209,186 | 241,604 |
| Capital and reserves | | | | | |
| ⁷ Called up share capital | | 10,219 | | 10,025 | 10,025 |
| Share premium account | | 27,049 | | 23,132 | 23,132 |
| Capital redemption reserve | | 16,158 | | 16,158 | 16,158 |
| Capital reserves | | 161,277 | | 152,637 | 184,606 |
| Revenue reserve | | 7,656 | | 7,234 | 7,683 |
| | | 212,140 | | 199,161 | 231,579 |
| ⁸ Total shareholders' funds | | 222,359 | | 209,186 | 241,604 |
| ⁸ Net asset value per share – pence | | 543.98 | | 521.65 | 602.49 |

Unaudited Condensed Cash Flow Statement

| Notes | Half-year ended 31 October 2011 £'000s | Half-year ended 31 October 2010 £'000s | Year ended 30 April 2011 £'000s |
|--|--|--|---|
| 9 Net cash inflow from operating activities | 1,166 | 677 | 1,382 |
| Cash outflow from servicing of finance | (576) | (574) | (1,151) |
| Net cash outflow from financial investment | (1,614) | (5,338) | (6,500) |
| Equity dividends paid | (1,403) | (1,364) | (2,002) |
| Net cash outflow before use of liquid resources and financing | (2,427) | (6,599) | (8,271) |
| Movement in short-term deposits | – | – | – |
| Net cash inflow/(outflow) from financing | 3,916 | (737) | (737) |
| Increase/(decrease) in cash | 1,489 | (7,336) | (9,008) |
| Reconciliation of net cash flow to movement in net debt | | | |
| Increase/(decrease) in cash | 1,489 | (7,336) | (9,008) |
| Movement in short-term deposits | – | – | – |
| Movement in net debt resulting from cash flows | 1,489 | (7,336) | (9,008) |
| Foreign exchange movement | (51) | 30 | (112) |
| Movement in net debt | 1,438 | (7,306) | (9,120) |
| Net (debt)/cash brought forward | (6,157) | 2,963 | 2,963 |
| Net debt carried forward | (4,719) | (4,343) | (6,157) |
| Represented by: | | | |
| Cash at bank | 5,281 | 5,657 | 3,843 |
| Short-term deposits | – | – | – |
| | 5,281 | 5,657 | 3,843 |
| Debenture | (10,000) | (10,000) | (10,000) |
| | (4,719) | (4,343) | (6,157) |

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 2011. These accounting policies are expected to be followed throughout the year ending 30 April 2012.

2. Income

| | Half-year ended 31 October 2011 £'000s | Half-year ended 31 October 2010 £'000s | Year ended 30 April 2011 £'000s |
|--|--|--|---|
| Income from investments | | | |
| UK dividends | 1,111 | 963 | 1,881 |
| UK scrip dividends | 32 | 35 | 90 |
| Overseas dividends | 1,039 | 587 | 1,335 |
| Overseas scrip dividends | 48 | 49 | 141 |
| | 2,230 | 1,634 | 3,447 |
| Other income | | | |
| Interest on cash and short-term deposits | 5 | 23 | 28 |
| Underwriting commission | 4 | 9 | 15 |
| | 9 | 32 | 43 |
| Total income | 2,239 | 1,666 | 3,490 |

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 2011. Management fees have been allocated 75% to capital reserves in accordance with accounting policies. A performance fee of £677,000, allocated 100% to capital reserves in accordance with accounting policies, has been accrued in the period to 31 October 2011 as the Company's net asset value per share outperformed the Benchmark in the period by more than the underperformance brought forward from prior periods (half-year ended 31 October 2010: £nil and year ended 30 April 2011: £nil).

Unaudited Notes on the Condensed Accounts (continued)

4. Return per share

| | Half-year ended 31 October 2011 | Half-year ended 31 October 2010 | Year ended 30 April 2011 |
|---|--|--|-----------------------------------|
| Revenue return per share – pence | 3.41 | 2.37 | 5.08 |
| Revenue return attributable to shareholders – £'000s | 1,376 | 952 | 2,039 |
| Capital return per share – pence | (57.75) | 4.34 | 84.05 |
| Capital return attributable to shareholders – £'000s | (23,329) | 1,742 | 33,711 |
| Weighted average number of ordinary shares in issue during the period | 40,397,864 | 40,120,662 | 40,110,879 |

5. Dividends

| Dividends on ordinary shares | Register date | Payment date | Half-year ended 31 October 2011 £'000s | Half-year ended 31 October 2010 £'000s | Year ended 30 April 2011 £'000s |
|---|---------------|--------------|---|--|---|
| Final for the year ended 30 April 2011 of 3.50p | 1 Jul 2011 | 8 Aug 2011 | 1,403 | – | – |
| Interim for the year ended 30 April 2011 of 1.60p | 31 Dec 2010 | 31 Jan 2011 | – | – | 638 |
| Final for the year ended 30 April 2010 of 3.40p | 25 Jun 2010 | 6 Aug 2010 | – | 1,364 | 1,364 |
| | | | 1,403 | 1,364 | 2,002 |

The Directors have declared an interim dividend in respect of the year ending 30 April 2012 of 1.63p per share, payable on 31 January 2012 to all shareholders on the register at close of business on 30 December 2011. The amount of this dividend will be £669,000 based on 41,050,990 shares in issue at 15 December 2011. This amount has not been accrued in the results for the half-year ended 31 October 2011.

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

| | 31 October 2011 £'000s | 31 October 2010 £'000s | 30 April 2011 £'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 2011, which was based on a comparable UK gilt, was £12,712,000 (31 October 2010: £13,330,000 and 30 April 2011: £12,675,000).

7. Called up share capital

| Equity share capital | Issued and fully paid | |
|-----------------------------------|-----------------------|---------------|
| | Number | £'000s |
| Ordinary shares of 25p each | | |
| Balance at 30 April 2011 | 40,100,990 | 10,025 |
| Issue of new shares | 775,000 | 194 |
| Balance at 31 October 2011 | 40,875,990 | 10,219 |

During the half-year ended 31 October 2011 775,000 ordinary shares were issued for proceeds of £4,111,000. There were not any shares purchased for cancellation.

Since the period end a further 175,000 ordinary shares have been issued, raising additional capital of £929,000.

8. Net asset value per ordinary share

| | 31 October 2011 | 31 October 2010 | 30 April 2011 |
|---|----------------------------|--------------------|------------------|
| Net asset value per share (with debenture at nominal value) – pence | 543.98 | 521.65 | 602.49 |
| Net assets attributable at the period end – £'000s | 222,359 | 209,186 | 241,604 |
| Number of ordinary shares in issue at the period end | 40,875,990 | 40,100,990 | 40,100,990 |

The net asset value per share at 31 October 2011 with the debenture at market value was 537.35p (31 October 2010: 513.35p and 30 April 2011: 595.82p).

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 2011 £'000s | Half-year ended 31 October 2010 £'000s | Year ended 30 April 2011 £'000s |
|---|---|--|---|
| Total return before finance costs and taxation | (21,266) | 3,333 | 37,018 |
| Adjust for returns from non-operating activities | | | |
| Losses/(gains) on investments | 21,845 | (2,400) | (35,299) |
| Foreign exchange losses/(gains) of a capital nature | 46 | (62) | 107 |
| Management and performance fee charged to capital | 996 | 277 | 601 |
| Non-operating expenses of a capital nature | 6 | 9 | 17 |
| Return from operating activities | 1,627 | 1,157 | 2,444 |
| Adjust for non cash flow items | | | |
| Transfer of management and performance fee to capital reserve | (996) | (277) | (601) |
| Exchange losses/(gains) of a revenue nature | 4 | (1) | (4) |
| Decrease/(increase) in prepayments and accrued income | 66 | (12) | (32) |
| Increase/(decrease) in creditors | 661 | (52) | (82) |
| Scrip dividends | (80) | (84) | (231) |
| Overseas taxation | (116) | (54) | (112) |
| Net cash inflow from operating activities | 1,166 | 677 | 1,382 |

10. Results

The results for the half-year ended 31 October 2011 and 31 October 2010, 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 2011; 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 2011 are an extract from those accounts.

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

19 December 2011

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 2011. 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

19 December 2011

How to Invest

As well as investing in F&C Global Smaller Companies PLC directly through a stockbroker, there are some additional benefits of investing through one of the savings plans run by F&C Management Limited ("F&C").

You can enjoy the convenience of making regular savings by direct debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you.

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 anytime from £250.

F&C Investment Trust ISA

Use your ISA allowance to invest up to £10,680 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at anytime from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Child Trust Fund ("CTF")

F&C is a leading provider of CTFs which can be opened for all children born between 1 September 2002 and 2 January 2011, using the government's CTF voucher. The maximum that can be invested annually is £3,600 and, with an investment trust CTF, investments can start from as little as £25 a month.

F&C Children's Investment Plan

Aimed at older 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.

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.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2 percent. Government stamp duty of 0.5 percent also applies on purchases (where applicable). There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many ISAs you take out annually with F&C, or how many ISAs you transfer). The CTF has no initial charges, dealing charges or annual management fee.

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.

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.

How to invest (continued)

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
Block C, Western House
Lynch Wood Business Park
Peterborough, PE2 6BP

Calls may be recorded.

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.

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