

Date: 15 December 2008

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F&C Management Limited
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F&C Global Smaller Companies PLC
Unaudited statement of results
for the half-year ended 31 October 2008

Unaudited Summary of Results

Attributable to equity shareholders	31 October 2008	30 April 2008	% Change
Share price	285.00p	385.00p	-26.0
Net asset value per share (debenture at nominal value)	320.66p	428.23p	-25.1
Net asset value per share (debenture at market value)	313.40p	421.05p	-25.6
	Half-year ended 31 October 2008	Half-year ended 31 October 2007	% Change
Revenue return per share	2.58p	2.81p	-8.2
Interim dividend per share	1.60p*	1.58p	+1.3

* Payable on 30 January 2009 to shareholders on the register at 30 December 2008.

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Chairman's Statement

The six months under review have been among the most eventful ever for financial markets. While stock markets had fallen in the early part of the period, they dropped sharply in September and October following the collapse of Lehman Brothers, the US investment bank. Having held up against large stocks early in the period, smaller company shares underperformed in many global markets as the scale of the slowdown in the world economy became clearer and investors favoured lower risk, more liquid assets.

Performance and the dividend

Over the six months to 31 October 2008 the net asset value ("NAV") per share with the debenture at nominal value fell by 25.1%, while the share price dropped by 26.0%. The NAV on a total return basis, with the final dividend re-invested, fell by 23.9%. The Company's Benchmark is a blended index of the total returns from the Hoare Govett UK Smaller Companies Index (40%) and the MSCI World ex UK Small Cap Index (60%), which over the six months fell by 27.7%. While falls in the NAV and share price are never good news, it is of some modest comfort to report a degree of outperformance relative to the Benchmark.

With company profits coming under pressure from the economic slowdown, dividend income is becoming less easy to predict. However, the strength of your Company's revenue reserves, combined with a resilient income performance from the investment portfolio to date, lead the Board to declare an interim dividend of 1.60p per share, a 1.3% increase over the 2007/8 interim dividend level. This will be paid on 30 January 2009 to shareholders on the register at 30 December 2008.

Discount and buybacks

Taking the NAV per share with the debenture at market value and excluding current period income, the discount ended the period at 8.3%, compared to 7.7% at 30 April 2008. This slight widening is not surprising given the lack of confidence in markets at present. The Board continues to aim to moderate the degree of volatility in the discount and to keep it as close as possible to 5%. During the period 2.4% of the share capital at the beginning of the period was bought back and cancelled.

Market and economic background

Stock markets had been falling on the back of generally weak economic data out of the US and on a more global basis through the summer months. Concerns were building about the stability of a number of financial institutions which had the effect of making banks around the world more cautious in both lending to each other through the inter-bank markets and to their corporate customers.

It had been felt that the authorities would not allow a major institution to fail, but the demise of Lehman proved otherwise and what followed was nothing short of panic in the markets. Subsequent to this, we saw the US Government bail out mortgage finance giants Fannie Mae and Freddie Mac, the UK Government broker a merger of Lloyds TSB and HBOS, the effective nationalisation of Bradford and Bingley and a full-blown banking crisis in Iceland. The UK has more recently led the way in re-capitalising its banks by way of a government-funded injection of capital to strengthen their financial positions and this is being replicated elsewhere in the world.

At the same time, in the non-financial economy, conditions have been deteriorating. Problems in accessing finance from banks have inevitably started to have an effect and companies are seeking to cut costs on the basis that 2009 is going to be very difficult.

The US economy grew in the second calendar quarter, but shrank in the third quarter. House prices have continued to fall and consumer confidence has been weak, leading to a big fall in car sales. In the UK, we have seen a similar picture. Europe's economy also slowed dramatically in the middle of the year and a number of countries are already in a technical recession, as defined by two consecutive quarters of falling GDP.

In the Far East, more recent data has made worrying reading, as even here conditions are deteriorating. The Chinese economy is showing signs of a sharp slowdown, at least in part due to the weakness of exports to Western economies, and this has led to increased concern about emerging markets in general. Data from Japan has also been disappointing.

One of the only positives in recent months for the world economy has been the rapid slide in commodity prices, notably oil, which has more than halved since peaking in July. This is making it easier for Central Banks to reduce interest rates in a further attempt to stimulate activity as earlier fears about high inflation have dissipated.

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Portfolio performance

Against the weak backdrop and fragile financial markets, it is perhaps no surprise that the Company was unable to deliver a positive return for the period. However, as in the last financial year, we have been helped by sterling weakness, particularly versus the US dollar and yen. As a global trust we benefit from this as the NAV is boosted by the higher sterling value of the overseas portfolios.

The NAV per share outperformance relative to the Benchmark was in some part due to the underweight stance on the UK as we correctly anticipated sterling weakness, but stock selection outside of the UK was the main driver. The returns from the regional portfolios, in sterling terms, and the relevant local small cap indices are shown in the table below.

Geographical performance (total return)

	Portfolio	Local smaller companies index
UK	-36.5%	-36.1%
North America	-4.9%	-7.3%
Continental Europe	-38.6%	-39.5%
Japan	-8.1%	-7.6%
Asia Pacific (ex Japan)	-38.1%	-50.1%

Source: F&C Management Limited

The US portfolio did well in the period, with the biggest contribution from Crawford, an insurance loss adjuster benefiting from improved management, whose share price more than doubled. The price of Beacon Roofing, a distributor of building materials, also bounced after weakness in the prior year, while shares in Longs Drug Stores, a pharmacy operator, jumped as it was taken over by a competitor. We have focused on areas which should be resilient, such as infrastructure spending and insurance, and reduced exposure to consumer sectors.

The UK portfolio started the year strongly, helped by a number of takeover bids. The most important of these were for software companies Detica and SSP. Begbies Traynor, the insolvency practicing business, also did well as the worsening economic environment lifted demand for its services. Later in the period, however, a number of individual holdings fell sharply, including kitchen manufacturer Omega International and marine equipment supplier Raymarine, both of which have been affected by the consumer downturn, and emerging market fund manager City of London Investment Group, whose profits are now being impacted by falling stock markets.

In Continental Europe we were ahead of the HSBC Smaller Europe ex UK Index. Winners included generic pharmaceutical company Acino and chocolate supplier Lindt and Spruengli, both of which are in defensive sectors, while Spanish lift supplier, Zardoya Otis, also did well. Among the worst performers were some of the winners of the previous financial year, including solar supplier Q Cells. Oil services equipment supplier ODIM and tanker business BW Gas also fell as the oil price dropped back.

Performance in Japan was slightly behind the local benchmark index with the costs of restructuring the portfolio by selling the individual company investments in favour of two collective investments having a negative impact. One of the selected funds is managed by AXA Rosenberg who use quantitative screening techniques and have established a good long-term track record. We have also invested in the iShares MSCI Japanese Small Cap Exchange Traded Fund, which gives us index tracking exposure on around half of our overall Japanese portfolio. While evaluating the Japanese market, it has been evident that finding traditional active managers who consistently add value in the smaller company spectrum is not easy, and hence using a partially passive approach was deemed appropriate at this stage.

While Asia was a weak region in the period, our portfolio of collective investments significantly outperformed the local benchmark. The Aberdeen Global-Asian Smaller Companies Fund did best, benefiting from a defensive tilt and under-exposure to some of the weaker markets such as China.

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Asset allocation and gearing

The main change to asset allocation implemented in the six months was to reduce exposure to the UK market in favour of the US.

While our hope earlier in the year that the US economy would show signs of recovery late in 2008 was misplaced, we still expect to see an improvement here earlier than in other parts of the world given the significant interest rate cuts and other policy measures implemented. The overweight stance towards Asia has not worked out so well to date but we feel that there is scope for a relative bounce in the region after the heavy falls.

Geographical distribution of the investment portfolio

	Portfolio weighting	
	31 October 2008	30 April 2008
North America	47.3%	34.6%
UK	29.1%	36.9%
Continental Europe	8.8%	14.4%
Japan	8.6%	7.2%
Rest of World	6.2%	6.9%

Source: F&C Management Limited

We did not employ gearing to any significant degree during the first half of the financial year and, at the end of October, effective gearing was just 1.6%.

Outlook

The slow-down in growth around the world has weighed heavily on equity markets and smaller company shares have been hit harder than most in the fall-out. Governments and central banks have moved to address the immediate capital and liquidity issues in the banking market and material interest rate cuts are now coming through, together with some fiscal stimulus packages. These actions will certainly help over time but it is likely that company profits will show a significant drop in 2009 given the current weakness of economies.

Stock selection is not easy as there are few safe havens, and forecasting short-term earnings has become very difficult. Further complicating matters, share prices are often being driven by technical factors, such as forced selling from hedge and other open-ended funds suffering redemptions.

The Manager is continuing to take a long-term perspective to company evaluation and is focusing on well-financed companies which will come through the current difficult conditions in a stronger competitive position.

Anthony Townsend
Chairman
15 December 2008

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Unaudited Income Statement

for the half-year ended 31 October

	Revenue	Capital	2008	Revenue	Capital	2007
	£'000s	£'000s	Total	£'000s	£'000s	Total
			£'000s			£'000s
Losses on investments	-	(47,277)	(47,277)	-	(9,525)	(9,525)
Foreign exchange gains/(losses)	6	1,247	1,253	-	(200)	(200)
Income	1,894	-	1,894	2,183	-	2,183
Management fee	(99)	(231)	(330)	(148)	(345)	(493)
Other expenses	(426)	(10)	(436)	(406)	(23)	(429)
Return before finance costs and taxation	1,375	(46,271)	(44,896)	1,629	(10,093)	(8,464)
Finance costs	(173)	(404)	(577)	(178)	(409)	(587)
Return on ordinary activities before taxation	1,202	(46,675)	(45,473)	1,451	(10,502)	(9,051)
Taxation on ordinary activities	(80)	(4)	(84)	(156)	25	(131)
Return attributable to equity shareholders	1,122	(46,679)	(45,557)	1,295	(10,477)	(9,182)
Return per share – pence	2.58	(107.53)	(104.95)	2.81	(22.73)	(19.92)

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.

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Unaudited Reconciliation of Movements in Shareholders' Funds

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 equity 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						
Dividends paid	-	-	-	-	(1,417)	(1,417)
Shares purchased and cancelled	(264)	-	264	(3,670)	-	(3,670)
Return attributable to equity shareholders	-	-	-	(46,679)	1,122	(45,557)
Balance at 31 October 2008	10,717	23,132	15,466	81,114	7,027	137,456

Half-year ended 31 October 2007	Called up share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total equity shareholders' funds £'000s
Balance at 30 April 2007	11,693	23,132	14,490	183,286	6,973	239,574
Movements during the half-year ended 31 October 2007						
Dividends paid	-	-	-	-	(1,460)	(1,460)
Shares purchased and cancelled	(449)	-	449	(7,944)	-	(7,944)
Return attributable to equity shareholders	-	-	-	(10,477)	1,295	(9,182)
Balance at 31 October 2007	11,244	23,132	14,939	164,865	6,808	220,988

Year ended 30 April 2008	Called up share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total equity shareholders' funds £'000s
Balance at 30 April 2007	11,693	23,132	14,490	183,286	6,973	239,574
Movements during the year ended 30 April 2008						
Dividends paid	-	-	-	-	(2,161)	(2,161)
Shares purchased and cancelled	(712)	-	712	(11,932)	-	(11,932)
Return attributable to equity shareholders	-	-	-	(39,891)	2,510	(37,381)
Balance at 30 April 2008	10,981	23,132	15,202	131,463	7,322	188,100

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Unaudited Balance Sheet

	31 October 2008 £'000s	31 October 2007 £'000s	30 April 2008 £'000s
Fixed assets			
Investments	139,022	224,693	194,453
Current assets			
Debtors	2,099	1,690	2,870
Cash at bank and short-term deposits	9,808	6,459	5,822
	11,907	8,149	8,692
Creditors: amounts falling due within one year	(3,473)	(1,854)	(5,045)
Net current assets	8,434	6,295	3,647
Total assets less current liabilities	147,456	230,988	198,100
Creditors: amounts falling due after more than one year			
Debtenture	(10,000)	(10,000)	(10,000)
Net assets	137,456	220,988	188,100
Capital and reserves			
Called up share capital	10,717	11,244	10,981
Share premium account	23,132	23,132	23,132
Capital redemption reserve	15,466	14,939	15,202
Capital reserves	81,114	164,865	131,463
Revenue reserve	7,027	6,808	7,322
Total shareholders' funds – equity	137,456	220,988	188,100
Net asset value per share – pence	320.66	491.35	428.23

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Unaudited Summary Cash Flow Statement

	Half-year ended 31 October 2008 £'000s	Half-year ended 31 October 2007 £'000s
Net cash inflow from operating activities	1,197	473
Cash outflow from servicing of finance	(575)	(577)
Net cash inflow from financial investment	7,873	10,610
Equity dividends paid	(1,417)	(1,460)
Net cash inflow before use of liquid resources and financing	7,078	9,046
Increase in short-term deposits	-	(4,210)
Net cash outflow from financing	(4,342)	(7,938)
Increase/(decrease) in cash	2,736	(3,102)
Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash	2,736	(3,102)
Increase in short-term deposits	-	4,210
Movement in net debt resulting from cash flows	2,736	1,108
Foreign exchange movement	1,250	(197)
Movement in net debt	3,986	911
Net debt brought forward	(4,178)	(4,452)
Net debt carried forward	(192)	(3,541)
Represented by:		
Cash at bank	9,808	249
Short-term deposits	-	6,210
	9,808	6,459
Debenture	(10,000)	(10,000)
	(192)	(3,541)

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Notes

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 2008. These accounting policies are expected to be followed throughout the year ending 30 April 2009.

2 Return per share

	Half-year ended 31 October 2008	Half-year ended 31 October 2007
Revenue return per share – pence	2.58	2.81
Net revenue return attributable to equity shareholders - £'000s	1,122	1,295
Capital return per share – pence	(107.53)	(22.73)
Net capital return attributable to equity shareholders - £'000s	(46,679)	(10,477)
Weighted average number of ordinary shares in issue during the period	43,409,009	46,103,339

3 Dividends

Dividends on ordinary shares	Register date	Payment date	Half-year ended 31 October 2008 £'000s	Half-year ended 31 October 2007 £'000s
Final for the year ended 30 April 2008 of 3.25p	4 July 2008	6 August 2008	1,417	-
Final for the year ended 30 April 2007 of 3.16p	6 July 2007	6 August 2007	-	1,460
			1,417	1,460

The Directors have declared an interim dividend in respect of the year ending 30 April 2009 of 1.60p per share, payable on 30 January 2009 to all shareholders on the register at close of business on 30 December 2008. The amount of this dividend will be £680,000 based on 42,491,564 shares in issue at 12 December 2008. This amount has not been accrued in the results for the half-year ended 31 October 2008.

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4 Results

The results for the half-year ended 31 October 2008 and 31 October 2007, 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 2008; 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 2008 are an extract from those accounts.

5 Report and accounts

The report and accounts for the half-year ended 31 October 2008 will be posted to shareholders and made available on the website www.fandcglobalsmallers.com at the end of December 2008. Copies may also be obtained from the Company's registered office, Exchange House, Primrose Street, London EC2A 2NY.

By order of the Board
F&C Management Limited, Secretary
Exchange House, Primrose Street, London EC2A 2NY
15 December 2008

Directors' Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of quoted equity securities 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 and financial controls. 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 2008. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Statement of Directors' Responsibilities in Respect of the Financial Statements

In accordance with Chapter 4 of the Disclosure and Transparency Rules the Directors confirm, in respect of the report and accounts for the half-year ended 31 October 2008 of which this statement is an extract, 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 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 2008