

MONTANARO EUROPEAN SMALLER COMPANIES PLC

**CONDENSED INTERIM REPORT (UNAUDITED)
AND
FINANCIAL STATEMENTS**

FOR THE FIVE MONTHS ENDED 30 JUNE 2009

An open-ended investment company with variable capital authorised by the Financial Regulator in Ireland under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended).

MONTANARO EUROPEAN SMALLER COMPANIES PLC

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MONTANARO EUROPEAN SMALLER COMPANIES PLC

MANAGEMENT AND OTHER INFORMATION

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Montanaro Asset Management Limited
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United Kingdom

Listing Sponsor

NCB Stockbrokers Limited
3 George's Dock
International Financial Services Centre
Dublin 1
Ireland

Administrator and Secretary

State Street Fund Services (Ireland) Limited
Guild House
Guild Street
International Financial Services Centre
Dublin 1
Ireland
(Formerly Northern Trust International Fund
Administration Services (Ireland) Limited)

Custodian

State Street Custodial Services (Ireland) Limited
Guild House
Guild Street
International Financial Services Centre
Dublin 1
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(Formerly Northern Trust Fiduciary Services
(Ireland) Limited)

Legal Advisers

As to Irish Law
Matheson Ormsby Prentice
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Legal Adviser

As to UK & US Law
Salans
Millenium Bridge House
2 Lambeth Hill
London EC4V 4AJ
United Kingdom.

Independent Auditors

Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Directors

Paul McNaughton (Irish) (Chairman)
Chris Jones (British)
David O'Donnell (Irish)
Rodney Barton (British)
Simon O'Sullivan (Irish)

All Directors are independent of the Manager

Swiss Representative *

First Independent Fund Services Ltd
Klausstrasse 33
CH-8008 Zurich
Switzerland

Swiss Paying Agent

NPB New Private Bank Ltd
Limmatquai 122
P.O. Box
CH – 8022
Switzerland

Registered Number: 330162

* The prospectus, the articles of association, the simplified prospectus, the annual and semi-annual report, as well as a list containing all purchases and sales which have been made during the reporting period, can be obtained free of charge at the Swiss Representative.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

INVESTMENT MANAGER'S REVIEW

Interim Review

1Q: February – March 2009

March 2009 may well have been the month when the bear market finally bottomed out. For almost 3 months before this there had been some of the usual signs of the end of a bear market: commodity prices had been recovering, credit spreads had been narrowing and Small Cap had been outperforming Large Cap. Then, in March finally the combined monetary and fiscal measures announced by G8 governments also began to allow confidence to return to equities and investors recognised that the risk of continued deflation had been prevented, at least for the time being.

There was also a major reversal in sector preferences. Financials, cyclicals, real estate companies and other leveraged companies all enjoyed the beginning of a very sharp rally in their share prices. Consequently “quality” companies, on which Montanaro focuses, began to underperform, having performed relatively better during the very sharp final down leg of the previous six months. On the basis of previous cycles, the Manager had expected the bear market to last until June (a view held throughout 2008) but the extreme measures implemented by governments seem now to have foreshortened this market cycle.

2Q: April – June 2009

This rally continued strongly through April and May. The economic news continued to worsen as unemployment rose, budget deficits soared and savings rates belatedly began to rise strongly. However, inflationary expectations remained positive and many commentators claimed to begin to see “green shoots” of recovery. Disaster was averted in Eastern Europe by a massive IMF loan package, complete with stringent conditions. Many listed companies were forced into rescue rights issues so as to re-finance.

At the same time takeover activity re-emerged (one of our holdings, BPP, received a cash offer at a 70% premium), Chinese growth re-accelerated on the back of their fiscal stimulus and most investors came to accept that the financial, if not the economic, crisis was over. Banks have been shored up with private and public capital. Central Banks have been heavy buyers in the government and corporate bond markets. Guarantees have been put in place for many areas of the credit markets.

By quarter end Small Cap equities had rallied by 41.6 % since the low on March 9th and outperformed Large Cap equities by 12.6%. The significant outperformance of SmallCap is particularly noteworthy and is typical of the early stages of a bull market as risk appetite increases. Even as bond yields rose in June equities held their ground. Analysts had by then largely made their downward revisions and companies had announced widespread cost cutting measures. Earnings, although broadly much lower, were not as bad as forecast and often surprisingly led to upgrades. Investors had begun to look forward to a global economic recovery in 2010, albeit maybe not strong and certainly patchy.

Outlook

Many of the better long term market indicators have now either turned bullish or show equities as being reasonable value on a 5 year view, albeit not absurdly cheap. Small Cap equities are still, despite the rally, good value relative to Large Cap equities and only trade around book value on average. Earnings should on average rise in 2010 vs. 2009 and there is room for further multiple expansion as long as investors' risk appetite remains good, as indicated by falling levels of market volatility.

Growth is likely to remain sluggish because the debt overhang will remain for many years to come and there is a limit as to how long governments will be allowed by bond markets to persist with this scale of fiscal stimulus; however recovery should gradually take hold. For the time being, the inflation risk is very low because of plenty of unused capacity in most industries and weak labour markets. This should allow central banks to keep up the policies of quantitative easing and buying of government bonds as they see necessary.

Eventually, if this buying is excessive, inflationary expectations will rise which would be bad for capital markets. This is likely to be some way down the road. For now markets may be in a “sweet spot” of low positive inflation, expectations of recovery and plenty of investors still on the sidelines who have missed out on the rally so far. Of course, bad news may derail this scenario (e.g. swine flu, etc) but we believe the outlook for the balance of 2009 is good. Small cap companies have weathered the storm; their management teams have been tested and now many will be significant beneficiaries of a better 2010. Having been cautious last year, we now believe that the greater risk is to be in cash.

Charles Montanaro

Montanaro Asset Management Limited
22 July 2009

MONTANARO EUROPEAN SMALLER COMPANIES PLC

MONTANARO EUROPEAN SMALLER COMPANIES FUND (“The Fund”)

INVESTMENT MANAGER’S REVIEW

Investment Objective

The investment objective of the Fund is to achieve capital growth by investing principally in European (including U.K. and Emerging European) quoted small companies and to outperform its Benchmark the MSCI Europe SmallCap Index.

Background

The Fund was listed on the Irish Stock Exchange on 11 December 2000. On 12 October 2006, two additional share classes were launched, a euro share class and US dollar share class. The Fund was approved by the Irish Financial Services Regulatory Authority (Financial Regulator) in Ireland on 29 November 2000; the Financial Services Authority (FSA) in the UK on 12 May 2005; the Autorité des Marchés Financiers (AMF) in France on 29 July 2005; by the Netherlands Authority for the Financial Markets on 15 February 2007, by the Finansinspektionen in Sweden on 6 September 2007 and by the Swiss Federal Banking Commission on 29 October 2008.

Five Month Performance ended 30 June 2009

At 30 June 2009, the net asset value of the Fund was €305,369,774 (31 January 2009: €207,683,116, 30 June 2008: €415,797,295).

The net asset value* of the sterling class of the Fund increased by 16.7% (gross of dividends). In comparison, the MSCI rose by 17.8%.

The net asset value* of the euro class of the Fund increased by 22.7% (gross of dividends). In comparison, the MSCI rose by 22.4%.

The net asset value* of the US dollar class of the Fund increased by 35.0% (gross of dividends). In comparison, the MSCI rose by 34.1%.

* Montanaro, Bloomberg. NAV to NAV, unrounded, including dividends.

Charles Montanaro

Montanaro Asset Management Limited
22 July 2009

MONTANARO EUROPEAN SMALLER COMPANIES PLC

THE MONTANARO EUROPEAN EQUITY INCOME FUND (“Income Fund”)

INVESTMENT MANAGER’S REVIEW

Investment Objective

The investment objective of the Fund is to provide investors with higher than market average dividend income and to outperform its Benchmark the MSCI Europe SmallCap (Total Return) Index.

Background

The Income Fund is a sub-fund of Montanaro European Smaller Companies plc. The Euro Class, Sterling Class and US Dollar Class were admitted to listing on 20 November 2006 and commenced trading on 5 January 2007.

Five Month Performance to 30 June 2009

At 30 June 2009, the net asset value of the Fund was £2,891,415 (31 January 2009: £2,607,411, 30 June 2008: £3,846,029).

The net asset value* of the sterling class of the Fund increased by 17.0% (gross of dividends). In comparison, the MSCI Europe SmallCap (Total Return) Index rose by 20.2%.

The net asset value* of the euro class of the Fund increased by 23.0% (gross of dividends). In comparison, the MSCI Europe SmallCap (Total Return) Index rose by 24.9%.

* Montanaro, Bloomberg. NAV to NAV, unrounded, including dividends.

Charles Montanaro

Montanaro Asset Management Limited
22 July 2009

THE MONTANARO ABSOLUTE RETURN FUND

The Absolute Return Fund ceased to take further subscriptions on 1 January 2009 following the decision by the Directors on 3 December 2008 to liquidate the Fund.

On 3 July 2009 the Irish Financial Services Regulatory Authority approved the termination of the Sub-Fund.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

BALANCE SHEET

As at 30 June 2009

	Notes	Montanaro European Smaller Companies Fund €	Montanaro European Equity Income Fund £	Total as at 30 June 2009 €
Current Assets				
Financial assets at fair value through profit or loss:				
-Transferable securities		305,483,596	2,779,854	308,744,804
-Collective investment schemes		618,688	-	618,688
Cash and cash equivalents	3	100,778	109,245	228,940
Other receivables		243,654	2,396	246,465
Dividends and interest receivable		229,581	1,810	231,704
Total current assets		306,676,297	2,893,305	310,070,601
Current Liabilities				
Investment management fees payable	5	(1,054,322)	-	(1,054,322)
Other accrued expenses payable		61,931	(2,701)	58,763
Administrator fee payable		(50,613)	-	(50,613)
Audit fee payable		17,761	-	17,761
Bank overdraft	3	(227,810)	-	(227,810)
Trustee fee payable		(26,197)	811	(25,246)
Directors' fees payable	13	(27,273)	-	(27,273)
Total current liabilities				
<i>(excluding net assets attributable to holders of redeemable participating shares)</i>		(1,306,523)	(1,890)	(1,308,740)
Net asset value attributable to holders of redeemable participating shares at bid market prices		305,369,774	2,891,415	308,761,861

Please refer to Note 10 for Net Asset Value and NAV per share details.

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

BALANCE SHEET

As at 31 January 2009

	Notes	Montanaro European Smaller Companies Fund €	Montanaro Absolute Return Fund €	Montanaro European Equity Income Fund £	Total as at 31 January 2009 €
Current Assets					
Financial assets at fair value through profit or loss:					
-Transferable securities		197,946,379	-	2,472,137	200,727,558
-Collective investment schemes		514,773	-	-	514,773
Cash and cash equivalents	3	9,814,990	19,813	133,617	9,985,123
Other receivables		168,466	32,460	2,335	203,553
Dividends and interest receivable		224,564	-	-	224,564
Total current assets		208,669,172	52,273	2,608,089	211,655,571
Current Liabilities					
Investment management fees payable	5	(870,366)	-	-	(870,366)
Other accrued expenses payable		(32,356)	(9,389)	-	(41,745)
Administrator fee payable		(32,613)	-	(417)	(33,082)
Audit fee payable		(31,304)	-	-	(31,304)
Bank overdraft	3	-	(41,069)	-	(41,069)
Trustee fee payable		(12,021)	(1,815)	(261)	(14,130)
Directors' fees payable	13	(7,396)	-	-	(7,396)
Total current liabilities		(986,056)	(52,273)	(678)	(1,039,092)
<i>(excluding net assets attributable to holders of redeemable participating shares)</i>					
Net asset value attributable to holders of redeemable participating shares at bid market prices		207,683,116	-	2,607,411	210,616,479

Please refer to Note 10 for Net Asset Value and NAV per share details.

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

BALANCE SHEET

As at 30 June 2008

	Notes	Montanaro European Smaller Companies Fund €	Montanaro Absolute Return Fund €	Montanaro European Equity Income Fund £	Total as at 30 June 2008 €
Current Assets					
Financial assets at fair value through profit or loss:					
-Transferable securities		400,204,923	3,085,966	3,290,705	405,896,055
-Collective investment schemes		1,673,658	-	-	1,673,658
-Derivative instruments		-	32,460	-	32,460
Cash and cash equivalents	3	16,506,338	806,984	498,054	17,707,618
Other receivables		3,153,527	54,172	68,051	3,261,573
Spot contract receivable		1,952,399	39,048	61,900	2,040,452
Dividends and interest receivable		104,217	1,567	-	105,784
Total current assets		423,595,062	4,020,197	3,918,710	430,717,600
Current Liabilities					
Investment management fees payable	5	(2,601,039)	-	-	(2,601,039)
Spot contract payable		(1,947,984)	(38,960)	(61,772)	(2,035,847)
Other accrued expenses payable		-	-	-	-
Administrator fee payable		(136,633)	(1,214)	(1,243)	(138,831)
Audit fee payable		(2,532)	-	-	(2,532)
Bank overdraft	3	-	-	-	-
Trustee fee payable		(141,627)	(2,497)	(5,483)	(148,465)
Directors' fees payable	13	(22,702)	-	-	(22,702)
Capital shares payable		(2,945,250)	-	(4,183)	(2,948,562)
Total current liabilities		(7,797,767)	(42,671)	(72,681)	(7,897,978)
<i>(excluding net assets attributable to holders of redeemable participating shares)</i>					
Net asset value attributable to holders of redeemable participating shares at bid market prices		415,797,295	3,977,526	3,846,029	422,819,622

Please refer to Note 10 for Net Asset Value and NAV per share details.

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

PROFIT AND LOSS ACCOUNT

Period ended 30 June 2009

		Montanaro European Smaller Companies Fund	Montanaro European Equity Income Fund	Total 30 June 2009
		€	£	€
Income				
Net realised loss on investments and foreign exchange		(35,044,266)	(489,583)	(35,618,625)
Net change in fair value of investments and foreign exchange		83,247,481	780,079	84,162,637
Dividend Income		5,792,177	123,862	5,937,487
Interest income		19,787	67	19,866
Less withholding taxes on dividends and other investment income		(545,847)	(12,282)	(560,256)
Net investment income		<u>53,469,332</u>	<u>402,143</u>	<u>53,941,109</u>
Expenses				
Management fee	5	(1,546,859)	-	(1,546,859)
Trustee fee		(71,583)	(825)	(72,551)
Administrator's fees		(72,081)	(803)	(73,022)
Other expenses		(54,794)	(1,816)	(56,925)
Legal fees		(20,646)	(245)	(20,933)
Directors' fees	13	(42,614)	(504)	(43,205)
Audit fee		(13,454)	(159)	(13,641)
Total operating expenses		<u>(1,822,031)</u>	<u>(4,352)</u>	<u>(1,827,136)</u>
Net income from operations before finance costs		<u>51,647,301</u>	<u>397,791</u>	<u>52,113,973</u>
Finance costs				
Income distribution	2	(4,158,373)	(63,473)	(4,232,837)
Net increase in net assets attributable to holders of redeemable participating shares		<u><u>47,488,928</u></u>	<u><u>334,318</u></u>	<u><u>47,881,136</u></u>

All amounts arose from continuing operations. There are no gains or losses other than those dealt with in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

PROFIT AND LOSS ACCOUNT

Period ended 31 January 2009

Notes	Montanaro European Smaller Companies Fund €	Montanaro Absolute Return Fund €	Montanaro European Equity Income Fund £	Total 31 January 2009 €
Income				
Net realised loss on investments and foreign exchange	(75,889,502)	(1,932,473)	(654,239)	(78,636,564)
Net change in fair value of investments and foreign exchange	(174,792,224)	540,533	(974,114)	(175,464,555)
Interest income	459,425	15,875	8,940	486,431
Dividend income	12,627,824	98,081	176,566	12,945,746
Less withholding taxes on dividends and other investment income	(1,420,853)	(10,309)	(22,382)	(1,459,030)
Net investment expenditure	(239,015,330)	(1,288,293)	(1,465,229)	(242,127,972)
Expenses				
Management fee	5 (5,976,710)	(4,799)	(7,544.00)	(5,990,902)
Trustee fee	(472,463)	(15,042)	(7,635)	(497,011)
Administrator's fees	(316,955)	(2,649)	(3,037)	(323,385)
Other expenses	(222,358)	(19,696)	(5,712)	(249,166)
Legal fees	(175,833)	-	(545)	(176,512)
Directors' fees	13 (70,066)	-	-	(70,066)
Audit fees	(31,304)	-	-	(31,304)
Performance fee	5 (30,007)	-	-	(30,007)
Total operating expenses	(7,295,696)	(42,186)	(24,473)	(7,368,353)
Net loss from operations before finance costs	(246,311,026)	(1,330,479)	(1,489,702)	(249,496,325)
Finance costs				
Income distribution	2 (249,932)	(39,583)	(94,866)	(407,632)
Net decrease in net assets attributable to holders of redeemable participating shares	(246,560,958)	(1,370,062)	(1,584,568)	(249,903,957)

All amounts arose from continuing operations. There are no gains or losses other than those dealt with in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

PROFIT AND LOSS ACCOUNT

Period ended 30 June 2008

	Notes	Montanaro European Smaller Companies Fund €	Montanaro Absolute Return Fund €	Montanaro European Equity Income Fund £	Total 30 June 2008 €
Income					
Net realised (loss)/gain on investments and foreign exchange		(25,281,646)	71,064	(249,277)	(25,407,928)
Net change in fair value of investments and foreign exchange		(56,945,327)	(299,120)	(319,275)	(57,497,209)
Interest income		267,307	36,763	4,376	307,534
Dividend income		9,187,643	75,115	124,919	9,361,653
Less withholding taxes on dividends and other investment income		(929,302)	(4,749)	(12,311)	(943,797)
Net investment expenditure		(73,701,325)	(120,927)	(451,568)	(74,179,747)
Expenses					
Management fee	5	(3,331,248)	(3,546)	(11,960)	(3,344,262)
Trustee fee		(253,986)	(6,681)	(7,723)	(266,781)
Administrator's fees		(167,167)	(1,445)	(1,452)	(169,762)
Other expenses		(226,599)	(2,809)	(2,260)	(231,197)
Legal fees		-	-	-	-
Directors' fees	13	(33,734)	-	(149)	(33,852)
Total operating expenses		(4,012,734)	(14,481)	(23,544)	(4,045,854)
Net loss from operations before finance costs		(77,714,059)	(135,408)	(475,112)	(78,225,601)
Finance costs					
Income distribution	2	(249,932)	(39,583)	(16,064)	(302,232)
Net decrease in net assets attributable to holders of redeemable participating shares		(77,963,991)	(174,991)	(491,176)	(78,527,833)

All amounts arose from continuing operations. There are no gains or losses other than those dealt with in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

Period ended 30 June 2009

	Montanaro European Smaller Companies Fund €	Montanaro European Equity Income Fund £	Total 30 June 2009 €
Net assets attributable to holders of redeemable shares at start of period	207,683,116	2,607,411	210,616,479
Net increase in net assets attributable to holders of redeemable participating shares	47,488,928	334,318	47,881,136
Proceeds from issuance of shares	76,057,146	21,001	76,081,784
Payments on redemptions of shares	(25,859,416)	(71,315)	(25,943,080)
Foreign exchange adjustments arising on combination	-	-	125,542
Net assets attributable to holders of redeemable shares at end of period	<u>305,369,774</u>	<u>2,891,415</u>	<u>308,761,861</u>

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

Period ended 31 January 2009

	Montanaro European Smaller Companies Fund	Montanaro Absolute Return Fund	Montanaro European Equity Income Fund	Total 31 January 2009
	€	€	£	€
Net assets attributable to holders of redeemable shares at start of the period	559,061,302	4,179,890	4,343,763	569,155,269
Net decrease in net assets attributable to holders of redeemable participating shares	(246,560,958)	(1,370,062)	(1,584,568)	(249,903,957)
Proceeds from issuance of shares	62,780,483	1281	10,032	62,794,255
Payments on redemptions of shares	(167,597,711)	(2,811,109)	(161,816)	(170,610,296)
Foreign exchange adjustment arising on combination	-	-	-	(818,792)
Net assets attributable to holders of redeemable shares at end of period	207,683,116	-	2,607,411	210,616,479

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

Period ended 30 June 2008

	Montanaro European Smaller Companies Fund	Montanaro Absolute Return Fund	Montanaro European Equity Income Fund	Total 30 June 2008
	€	€	£	€
Net assets attributable to holders of redeemable shares at start of the period	559,061,302	4,179,890	4,343,763	566,680,036
Net decrease in net assets attributable to holders of redeemable participating shares	(77,963,991)	(174,991)	(491,176)	(78,527,833)
Proceeds from issuance of shares	38,990,594	1,281	-	38,991,875
Payments on redemptions of shares	(104,290,610)	(28,654)	(6,558)	(104,324,456)
Net assets attributable to holders of redeemable shares at end of period	415,797,295	3,977,526	3,846,029	422,819,622

The accompanying notes form an integral part of these financial statements.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Period ended 30 June 2009

1. Principal Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the period ended 31 January 2009, as described in those financial statements.

Basis of preparation

These condensed interim financial statements have been prepared in accordance with the ASB Statement: Half Yearly Financial Reports. The condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended 31 January 2009, which have been prepared in accordance with accounting standards generally accepted in Ireland and with the provisions of the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for collective Investments in Transferable Securities) Regulations 2003, as amended. Accounting standards generally accepted in Ireland are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The financial statements have been prepared for the five month period ended 30 June 2009.

2. Distribution Policy

The Company made the following distributions to redeemable participating shareholders during the period ended 30 June 2009:

Montanaro European Smaller Companies Fund: €4,158,373 (13 months ended January 2009: €249,932, 6 months ended June 2008: €249,932)

Montanaro Absolute Return Fund (Terminated): €Nil (13 months ended January 2009: €39,583, 6 months ended June 2008: €39,583)

Montanaro European Equity Income Fund: £63,473 (13 months ended January 2009: £94,866, 6 months ended June 2008: £16,064)

Distributions may be paid out of the net investment income of the Company. Otherwise all income and gains of the Company will be accumulated within the Company.

It is the intention of the Directors to apply for UK Distributor Status certification for the period from 1 February 2009 to 31 December 2009.

3. Cash at Bank

All uninvested cash is held on deposit with State Street Bank and Trust Company, London. At the period end, the Company had a cash balance of €28,940 (31 January 2009: €9,985,123, 30 June 2008: €17,707,618) and a bank overdraft of €27,810 (31 January 2009: €1,069, 30 June 2008: €nil) with State Street Bank and Trust Company, London.

4. Cash Flow Statement

The Fund has availed of the exemption available to open-ended investment funds under FRS 1 (Revised) not to prepare a cash flow statement.

5. Related Parties

The following transactions were entered into during the period by the Company in the ordinary course of business and on normal commercial terms:

Montanaro Asset Management Limited, as Manager, earned a Management Fee of €1,546,859 for the period (13 months ended January 2009: €5,990,902, 6 months ended June 2008: €3,344,262) of which €1,054,322 (31 January 2009: €870,366, 30 June 2008: €2,601,039) was payable at the period end.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Period ended 30 June 2009

5. Related Parties (continued)

Montanaro Asset Management Limited, as Manager, earned a Performance fee of €nil for the period (13 months ended January 2009: €30,007, 6 months ended June 2008: €nil) of which €nil (31 January 2009: €nil, 30 June 2008: €nil) was payable at the period end.

Paul McNaughton, the Company Chairman held 147,679 shares in the Company at the period end (31 January 2009: 147,679 shares, 30 June 2008: 147,679 shares).

6. Soft Commission Arrangements

There were no soft commission arrangements entered into by the Company during the period ended 30 June 2009 or the period ended 31 January 2009.

7. Share Capital and Redeemable Participating Shares

Redeemable Participating Shares – non equity

The authorised share capital of the company is 1,000,000,000 redeemable participating Shares of no par value. The redeemable participating shares issued by the Company are freely transferable and are entitled to participate equally in the profits and dividends of the relevant Fund and its assets upon liquidation. The redeemable participating Shares, which are of no par value and which must be fully paid up on issue, carry no preferential or pre-emptive rights. Holders of redeemable participating Shares are entitled to one vote at General Meetings of the Company in respect of each redeemable participating Share held.

Subscriber Shares – equity

The Company has authorised Share Capital of €38,100 (divided into 38,100 Subscriber Shares of one Euro each). At 30 June 2009 there were 7 Subscriber Shares of €1 each in issue (being the minimum share capital of the Company) held by the Investment Manager. Subscriber Shares do not entitle the holders to any dividend and on a winding-up entitle the holder to receive the amount paid thereon but not otherwise to participate in the assets of the Company. The Subscriber shares do not form part of redeemable participating Shareholders' Funds. They are thus disclosed by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

Share Classes

Shares will be issued to investors as Shares of a Class in the Funds. The Directors may, whether on the establishment of each Fund or from time to time, with prior notification to, and clearance by the Financial Regulator, create more than one Class of Shares in each of the Funds. The Directors may in their absolute discretion differentiate between Classes of Shares, without limitation, as to currency denomination of a particular Class, dividend policy, hedging strategies if any applied to the designated currency of particular Classes, fees and expenses or the Minimum Subscription of Minimum Holding applicable.

Period ended 30 June 2009

Montanaro European Smaller Companies Fund	GBP Class	EUR Class	USD Class
Units in Issue at beginning of period	28,415,324	101,137,468	14,469
Subscriptions	22,279,341	22,422,175	16,087
Redemptions	(364,060)	(15,306,808)	-
Units in Issue at end of period	50,330,605	108,252,835	30,556

Montanaro European Equity Income Fund	GBP Class	EUR Class
Units in Issue at beginning of period	2,557,357	2,777,778
Subscriptions	29,176	-
Redemptions	(109,900)	-
Units in Issue at end of period	2,476,633	2,777,778

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Period ended 30 June 2009

7. Share Capital and Redeemable Participating Shares (continued)

Period ended 31 January 2009

Montanaro European Smaller Companies Fund	GBP Class	EUR Class	USD Class
Units in Issue at beginning of period	32,647,037	137,129,275	772,340
Subscriptions	1,853,382	22,154,205	-
Redemptions	(6,085,095)	(58,146,012)	(757,871)
Units in Issue at end of period	<u>28,415,324</u>	<u>101,137,468</u>	<u>14,469</u>

Montanaro Absolute Return Fund	GBP Class	EUR Class
Units in Issue at beginning of period	1,383,155	2,984,734
Subscriptions	1,128	-
Redemptions	(1,384,283)	(2,984,734)
Units in Issue at end of period	<u>-</u>	<u>-</u>

Montanaro European Equity Income Fund	GBP Class	EUR Class
Units in Issue at beginning of period	2,742,340	2,777,778
Subscriptions	15,875	-
Redemptions	(200,858)	-
Units in Issue at end of period	<u>2,557,357</u>	<u>2,777,778</u>

Period ended 30 June 2008

Montanaro European Smaller Companies Fund	GBP Class	EUR Class	USD Class
Units in Issue at beginning of period	32,647,037	137,129,275	772,340
Subscriptions	252,365	12,687,449	-
Redemptions	(2,953,301)	(31,643,962)	(757,537)
Units in Issue at end of period	<u>29,946,101</u>	<u>118,172,762</u>	<u>14,803</u>

Montanaro Absolute Return Fund	GBP Class	EUR Class
Units in Issue at beginning of period	1,383,155	2,984,734
Subscriptions	1,128	-
Redemptions	(25,253)	-
Units in Issue at end of period	<u>1,359,030</u>	<u>2,984,734</u>

Montanaro European Equity Income Fund	GBP Class	EUR Class
Units in Issue at beginning of period	2,742,340	2,777,778
Subscriptions	-	-
Redemptions	(7,200)	-
Units in Issue at end of period	<u>2,735,140</u>	<u>2,777,778</u>

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Period ended 30 June 2009

8. Exchange Rates

The exchange rates to Euro (€) at the period end were:

	30 June 2009	31 January 2009	30 June 2008
Czech Koruna	25.9075	28.0165	23.9045
British Sterling Pound	0.8524	0.8962	0.7917
Iceland Krona	179.8084	146.0718	125.1696
Danish Kroner	7.4470	7.4546	7.4578
Norwegian Kroner	9.0278	8.8569	8.0250
Polish Zloty	4.4588	4.4571	3.3510
Swedish Kroner	10.8220	10.6302	9.4775
Swiss Franc	1.5253	1.4874	1.6049
US Dollar	1.4122	1.2815	1.5755

9. Taxation

Under current law and Irish practice, the Company qualifies as an investment undertaking under Section 739B of the Taxes Consolidation Act 1997 and is not therefore chargeable to Irish tax on its relevant income or relevant gains. No stamp, transfer or registration tax is payable in Ireland on the issue, redemption or transfer of shares in the Company. Distributions and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreement in operation between Ireland and the other countries. The Company may not therefore be able to reclaim withholding tax suffered by it in particular countries.

To the extent that a chargeable event arises in respect of a Shareholder, the Company may be required to deduct in connection with that chargeable event and pay the tax to the Irish Revenue Commissioners. A chargeable event can include dividend payments to Shareholders, appropriation, cancellation, redemption, repurchase or transfer of shares, or a deemed disposal of Shares every eight periods beginning from the date of acquisition of those Shares. Certain exemptions can apply. To the extent that Shareholders have appropriate tax declarations in place with the Company there may be no requirement to deduct tax.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Period ended 30 June 2009

10. Net Asset Value per Redeemable Participating Share

As at 30 June 2009	GBP Class	EUR Class	USD Class
Montanaro European Smaller Companies Fund			
Dealing Net Asset Value	£84,247,387	€10,246,469	US\$47,208
Bid/Ask adjustment per FRS 26	(1,020,848)	(2,547,612)	(287)
Financial Statements Net Asset Value	£83,226,539	€07,698,857	US\$46,921
Shares in Issue	50,330,605	108,252,835	30,556
Dealing Net Asset Value per share	£1.67	€1.94	US\$1.54
Financial Statements Net Asset Value per share	£1.65	€1.92	US\$1.54
Montanaro European Equity Income Fund			
Dealing Net Asset Value	£1,498,821	€1,360,982	-
Bid/Ask adjustment per FRS 26	(18,162)	(12,612)	-
Financial Statements Net Asset Value	£1,480,659	€1,348,370	-
Shares in Issue	2,476,633	2,777,778	-
Dealing Net Asset Value per share	£0.61	€0.49	-
Financial Statements Net Asset Value per share	£0.60	€0.49	-
As at 31 January 2009			
Montanaro European Smaller Companies Fund			
Dealing Net Asset Value	£41,154,476	€63,005,579	US\$29,668
Bid/Ask adjustment per FRS 26	(247,954)	(990,111)	(180)
Financial Statements Net Asset Value	£40,906,522	€62,015,468	US\$29,488
Shares in Issue	28,415,324	101,137,468	14,469
Dealing Net Asset Value per share	£1.45	€1.61	US\$2.05
Financial Statements Net Asset Value per share	£1.44	€1.60	US\$2.04
Montanaro Absolute Return Fund			
Dealing Net Asset Value	-	-	-
Shares in Issue	-	-	-
Dealing Net Asset Value per share	-	-	-
Montanaro European Equity Income Fund			
Dealing Net Asset Value	£1,585,561	€1,149,591	-
Shares in Issue	2,557,357	2,777,778	-
Dealing Net Asset Value per share	£0.62	€0.41	-
As at 30 June 2008			
Montanaro European Smaller Companies Fund			
Net Asset Value	£66,618,215	€32,065,461	US\$ 26,053
Shares in Issue	29,946,101	118,172,762	14,803
Net Asset Value per share	£2.22	€2.81	US\$ 4.38
Montanaro Absolute Return Fund			
Net Asset Value	£1,269,572	€2,387,787	-
Shares in Issue	1,359,030	2,984,734	-
Net Asset Value per share	£0.93	€0.80	-

MONTANARO EUROPEAN SMALLER COMPANIES PLC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Period ended 30 June 2009

10. Net Asset Value per Redeemable Participating Share (continued)

As at 30 June 2008 (continued)

Montanaro European Equity Income Fund

Net Asset Value	£2,406,923	€1,824,545	-
Shares in Issue	2,735,140	2,777,778	-
Net Asset Value per share	£0.88	€0.66	-

11. Post Balance Sheet Events

There have been no events subsequent to the Balance Sheet date which impact on the financial statements for the period ended 30 June 2009.

12. Comparatives

The comparative financial statements relate to the thirteen month period ended 31 January 2009 and the six months ended 30 June 2008.

The Montanaro Absolute Return Fund terminated during the thirteen month period ended 31 January 2009 and is included in these financial statements for comparative information purposes only.

13. Directors' Remuneration

Directors' fees charged during the period amounted to €43,205 (13 months ended January 2009: €70,066, 6 months ended June 2008: €33,852), of which €27,273 (31 January 2009: €7,396, 30 June 2008: €22,702) was payable at the period end.

14. Cross Holdings

Montanaro European Smaller Companies Fund held 1,262,626 shares in Montanaro European Equity Income Fund as at 30 June 2009 (31 January 2009: 1,262,626 shares; 30 June 2008: 1,262,626 shares).

15. Approval of Financial Statements

These financial statements were approved by the Directors of the Company on 19 August 2009.

MONTANARO EUROPEAN SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN SMALLER COMPANIES FUND**

As at 30 June 2009

Financial assets at fair value through profit or loss: Held for trading	Shares/Par	Fair Value €	% of Net Assets
Common Stock (January 2009: 95.31%)			
Austria (January 2009: 6.15%)			
Andritz	265,500	7,941,105	2.60
Palfinger	99,876	1,055,689	0.35
Schoeller Bleckmann	200,350	5,197,079	1.70
		14,193,873	4.65
Belgium (January 2009: 1.09%)			
Van de Velde	93,062	2,414,959	0.79
		2,414,959	0.79
Bermuda (January 2009: Nil)			
Ocean Wilsons Holdings	545,000	4,155,825	1.34
		4,155,825	1.34
Finland (January 2009: 9.93%)			
Konecranes	275,000	4,606,250	1.51
Nokian Renkaat	400,000	5,360,000	1.75
Outotec	150,315	2,540,324	0.83
Poyry	700,000	7,077,000	2.32
Vacon	249,444	5,911,823	1.94
Vaisala 'A' Shares	150,000	3,780,000	1.24
		29,275,397	9.59
France (January 2009: 7.32%)			
Bureau Veritas	50,000	1,749,500	0.57
Guerbet	38,743	4,319,845	1.42
Neopost	125,000	7,987,500	2.62
SILIC	47,500	2,984,425	0.98
Unibail-Rodamco	15,000	1,592,400	0.52
Vilmorin & Cie	26,912	1,872,806	0.61
Virbac	125,000	7,183,750	2.35
		27,690,226	9.07
Germany (January 2009: 5.69%)			
Fuchs Petrolub	128,458	4,944,348	1.62
GFK	298,238	4,425,852	1.45
Rational	34,772	2,852,347	0.94
Wincor Nixdorf	105,000	4,195,800	1.37
		16,418,347	5.38
Greece (January 2009: 1.76%)			
Frigoglass	835,584	4,955,013	1.62
Hellenic Exchange Holdings	299,984	2,420,871	0.80
		7,375,884	2.42
Ireland (January 2009: 0.41%)			
Kenmare Resources	8,485,000	1,866,382	0.61
		1,866,382	0.61
Italy (January 2009: 2.44%)			
Azimut Holdings	900,000	6,075,000	1.99
SAES Getters Rsp	350,000	1,662,500	0.54
		7,737,500	2.53
Netherlands (January 2009: 8.88%)			
Arcadis	600,000	7,107,000	2.33
Fugro	240,000	7,080,000	2.32

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (Continued)

As at 30 June 2009

Financial assets at fair value through profit or loss: Held for trading (Continued)	Shares/Par	Fair Value €	% of Net Assets
Common Stock (January 2009: 95.31%) (Continued)			
Netherlands (January 2009: 8.88%) (Continued)			
Imtech	300,000	4,147,500	1.36
Koninklijke Vopak	130,000	4,622,800	1.51
Smit International	80,000	3,360,000	1.10
		26,317,300	8.62
Norway (January 2009: 1.50%)			
TGS Nopec Geophysical	875,000	6,154,620	2.02
		6,154,620	2.02
Spain (January 2009: 2.33%)			
Grifola	350,000	4,403,000	1.44
Indra Sistemas	200,000	3,085,000	1.01
Prosegur Cia de Seguridad	245,000	5,561,500	1.82
Viscofan	400,000	6,068,000	1.99
		19,117,500	6.26
Sweden (January 2009: 4.48%)			
AF	325,000	4,279,461	1.40
Hufvudstaden Series A	300,000	1,327,846	0.44
RaySearch Laboratories Series B	1,265,220	2,969,549	0.97
SkiStar Series B	558,450	5,160,302	1.69
		13,737,158	4.50
Switzerland (January 2009: 3.10%)			
Acino Holding	20,000	2,635,517	0.86
Aryzta	160,000	3,650,388	1.20
Belimo Holdings	7,273	4,658,520	1.53
Julius Baer Holding	125,000	3,456,658	1.13
		14,401,083	4.72
United Kingdom (January 2009: 40.23%)			
Albemarle & Bond	1,178,750	3,083,713	1.01
Chemring Group	292,370	7,439,431	2.44
Chloride Group	4,332,000	7,686,545	2.52
Consort Medical	768,689	3,336,566	1.09
Dana Petroleum	415,000	6,815,905	2.23
Dignity	1,200,000	8,467,676	2.77
Domino's Pizza	2,475,000	5,973,961	1.96
Fisher & Sons	1,117,259	5,386,951	1.76
Genus	900,092	5,306,038	1.74
Latchways	464,712	2,943,913	0.96
NCC Group	1,375,000	5,242,440	1.72
Phoenix IT Group	1,559,000	3,831,577	1.25
Premier Oil	470,000	6,020,989	1.97
Primary Health Properties	1,018,128	2,956,140	0.97
Rensburg Sheppards	605,000	3,797,139	1.24
Ricardo	1,753,235	4,257,531	1.39
RPS Group	2,831,250	6,651,171	2.18
Scott Wilson Group	1,988,227	1,516,096	0.50
Severfield Rowen	1,573,246	3,566,675	1.17
Shaftesbury	360,000	1,269,096	0.41
Shaftesbury FPR	140,000	425,378	0.14

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN SMALLER COMPANIES FUND (Continued)

As at 30 June 2009

Financial assets at fair value through profit or loss: Held for trading (Continued)	Shares/Par	Fair Value €	% of Net Assets
Common Stock (January 2009: 95.31%) (Continued)			
United Kingdom (January 2009: 40.23%) (Continued)			
Tullow Oil	275,000	3,018,032	0.99
Ultra Electronic Holdings	438,670	5,609,340	1.84
Victrex	615,000	4,054,701	1.33
Wilmington Group	2,280,065	3,049,295	1.00
WSP Group	1,131,873	2,921,243	0.96
		114,627,542	37.54
Total Common Stock (31 January 2009: 95.31%)		305,483,596	100.04
Financial assets at fair value through profit or loss: Designated at fair value through profit and loss			
UCITS Collective Investment Schemes (January 2009: 0.25%)			
Montanaro European Equity Income Fund	1,262,626	618,688	0.20
Total UCITS Collective Investment Schemes (January 2009: 0.25%)		618,688	0.20
Total financial assets at fair value through profit and loss		306,102,284	100.24
Cash at bank (January 2009: 4.73%)		100,778	0.03
Bank overdraft (January 2009: nil)		(227,810)	(0.07)
Other net liabilities (January 2009: (0.29)%)		(605,478)	(0.20)
Total net assets attributable to holders of redeemable participating shares at bid market prices		305,369,774	100.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC

**SCHEDULE OF INVESTMENTS
MONTANARO EUROPEAN EQUITY INCOME FUND**

As at 30 June 2009

Financial assets at fair value through profit or loss: Held for trading	Shares/Par	Fair Value £	% of Net Assets
Common Stock (January 2009: 94.81%)			
Austria (January 2009: 5.32%)			
Andritz	4,000	101,983	3.53
		101,983	3.53
Finland (January 2009: 20.46%)			
Konecranes	7,500	107,085	3.70
Orion	10,000	95,130	3.29
Poyry	12,500	107,724	3.73
		309,939	10.72
France (January 2009: 9.58%)			
Neopost	2,950	160,685	5.56
SILIC	2,500	133,894	4.63
		294,579	10.19
Germany (January 2009: 6.79%)			
Fuchs Petrolub	3,400	111,553	3.86
		111,553	3.86
Greece (January 2009: 0.55%)		-	-
Italy (January 2009: 2.11%)		-	-
Netherlands (January 2009: 18.20%)			
Arcadis	10,000	100,969	3.49
Exact Holdings	11,000	160,715	5.56
Imtech	10,000	117,847	4.08
Smit International	3,000	107,405	3.71
		486,936	16.84
Sweden (January 2009: 13.77%)			
AF	13,000	145,916	5.05
Sweco	36,000	109,171	3.77
		255,087	8.82
Switzerland (January 2009: 3.35%)			
Belimo Holdings	190	103,739	3.59
		103,739	3.59
United Kingdom (January 2009: 14.68%)			
A & J Mucklow Group	50,000	120,000	4.15
Brewin Dolphin Holdings	60,000	78,000	2.70
City of London Investment Group	45,000	96,750	3.35
Domino Printing Sciences	3,300	8,324	0.29
Holidaybreak	44,000	123,200	4.26
James Halstead	23,000	96,600	3.34
London Capital Group Holdings	65,000	111,800	3.87
Severfield Rowen	55,000	106,288	3.67
VP	72,119	106,736	3.69
Wilmington Group	99,438	113,359	3.92
WSP Group	70,446	154,981	5.35
		1,116,038	38.59

MONTANARO EUROPEAN SMALLER COMPANIES PLC

SCHEDULE OF INVESTMENTS

MONTANARO EUROPEAN EQUITY INCOME FUND (continued)

As at 30 June 2009

	Fair Value £	% of Net Assets
Total financial assets at fair value through profit and loss	2,779,854	96.14
Cash at bank (January 2009: 5.13%)	109,245	3.78
Other net assets (January 2009: 0.06%)	2,316	0.08
Total net assets attributable to holders of redeemable participating shares at bid market prices	2,891,415	100.00

MONTANARO EUROPEAN SMALLER COMPANIES PLC
MONTANARO EUROPEAN SMALLER COMPANIES FUND

PORTFOLIO CHANGES – LARGEST 20 ACQUISITIONS

For the period ended 30 June 2009

	Nominal	Costs €
Ultra Electronics	338,670	5,803,624
Viscofan	400,000	5,790,913
Virbac	93,400	4,989,783
Grifola	200,000	4,238,799
Wincor Nixdorf	35,000	4,204,851
Aryzta	182,000	3,594,643
Koninklijke Vopak	77,500	3,472,408
Julius Baer Holdings	95,000	3,410,310
Indra Sistemas	128,596	3,017,471
Outotec	150,315	2,659,375
Tullow Oil	275,000	2,542,442
Dignity	220,516	2,469,185
Chloride Group	1,343,000	2,285,149
Premier Oil	179,777	2,177,560
Neopost	25,000	2,171,212
Poyry	212,969	2,062,086
Prosegur Cia de Seguridad	70,000	2,007,591
Unibail-Rodamco	15,000	1,885,503
SILIC	22,500	1,772,151
Bureau Veritas	50,000	1,762,223

PORTFOLIO CHANGES – LARGEST 20 DISPOSALS

Period from 1 February 2009 to 30 June 2009

	Nominal	Proceeds €
BPP Holdings	806,025	5,800,564
Lassila & Tikanoja	342,485	3,610,677
Cegedim	40,000	3,156,155
Palfinger	250,124	2,721,258
Premier Oil	179,221	2,379,185
Imtech	150,000	1,601,600
Chemring Group	46,000	1,234,373
Andritz	44,500	1,077,281
Elringklinger	150,000	1,011,505
Senior	2,950,000	979,533
Arcadis	100,000	854,019
Superglass Holdings	2,347,194	657,626
Indra Sistemas	38,596	581,164
Aryzta	22,000	499,119
DTZ Holdings	1,129,871	306,137
Consort Medical	70,000	300,554

MONTANARO EUROPEAN SMALLER COMPANIES PLC
MONTANARO EUROPEAN EQUITY INCOME FUND

PORTFOLIO CHANGES – LARGEST 20 ACQUISITIONS

For the period ended 30 June 2009

	Nominal	Costs £
SILIC	2,500	135,867
WSP Group	63,000	129,963
London Capital Group Holdings	65,000	129,766
Brewin Dolphin Holdings	100,000	114,800
VP	72,119	109,208
A & J Mucklow Group	50,000	109,009
City of London Investment Group	45,000	106,945
James Halstead	23,000	94,989
Holidaybreak	44,000	90,211
Severfield Rowen	55,000	87,071
SAES Getters Rsp	20,400	86,601
Fuchs Petro Ag Oel	3,400	85,925
Rational	700	39,446
BPP Holdings	11,000	32,222
Exact Holdings	2,000	27,502
Neopost	450	23,483
Wilmington Group	20,000	22,759
Konecranes	1,000	12,141
Domino Printing Sciences	3,300	5,516

PORTFOLIO CHANGES – LARGEST 20 DISPOSALS

For the period ended 30 June 2009

	Nominal	Proceeds £
BPP Holdings	41,000	239,035
Skistar	20,000	134,425
SAES Getters Rsp	20,400	123,836
Prosegur Cia de Seguridad	5,000	111,704
Vacon	6,000	103,649
Wincor Nixdorf	3,500	101,674
Rational	1,700	93,344
SILIC	1,750	93,041
Nordic Aluminum	7,500	77,042
Schoeller Bleckmann Oilfield	3,000	68,061
Severfield Rowen	38,000	57,351
Brewin Dolphin Holdings	40,000	55,465
SAES Getters	10,000	53,232
Arcadis	5,000	49,434
Lassila & Tikanoja	4,333	41,102
Smit International	1,000	35,936
Frigoglass	5,000	28,403
Orion	2,500	24,474
WSP Group	6,000	16,894
Exact Holdings	1,000	14,576

MONTANARO EUROPEAN SMALLER COMPANIES PLC

TOTAL EXPENSE RATIOS (ANNUALISED)

For the period ended 30 June 2009

The average total expense ratio table shows the annualised actual expenses incurred by each Fund during the reporting period, expressed as a percentage of the average net assets of that Fund for the corresponding period.

	GBP Class	EUR Class	USD Class
Montanaro European Smaller Companies Fund	1.77%	1.77%	1.78%
Montanaro European Equity Income Fund	0.38%	0.38%	-

PORTFOLIO TURNOVER RATES

For the period ended 30 June 2009

The portfolio turnover rate shows the turnover* incurred by each Fund, whose redeemable participating shares are registered for sale in Switzerland during the reporting period, expressed as a percentage of the average net asset value of that Fund for the corresponding period.

Montanaro European Smaller Companies Fund	8.21%
Montanaro European Equity Income Fund	103.76%

* Turnover being a Fund's aggregate value of total cost of securities purchased plus total disposal proceeds of securities sold, less the aggregate value of that Fund's redeemable participating shares' subscriptions plus redemptions, during the reporting period. All values in the turnover calculation are in the functional currency of the respective Fund.