

# Fidelity European Values PLC

Half-Yearly Report

For the 6 months ended 30 June 2012



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# Objective and Performance Summary

The objective of the Company is to achieve long term capital growth from the stockmarkets of continental Europe.

## Performance (on a total return basis) (%)

	Six months to 30 June 2012	From launch 5 November 1991
Net asset value ("NAV") per share	+10.1	+1,407.9
Share price	+10.4	+1,206.3
FTSE World Europe (ex UK) Index <sup>1</sup>	+2.2	+400.9

## Standardised performance (on a total return basis) (%)

	30/06/07 to 30/06/08	30/06/08 to 30/06/09	30/06/09 to 30/06/10	30/06/10 to 30/06/11	30/06/11 to 30/06/12
NAV per share	-3.0	-24.2	+14.9	+30.5	-12.0
Share price	-5.2	-25.8	+7.0	+37.0	-12.1
FTSE World Europe (ex UK) Index <sup>1</sup>	-9.5	-20.8	+15.1	+29.4	-20.0

<sup>1</sup> Data prior to the period ended 30 June 2011 is on a net of tax basis

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

# Financial Summary

	30 June 2012	31 December 2011
<b>Assets</b>		
Total portfolio exposure <sup>1</sup>	£585.3m	£561.9m
Shareholders' funds	£544.9m	£517.6m
Total portfolio exposure as a % of shareholders' funds	107.4	108.6
NAV per share	1,261.13p	1,168.57p
<b>Stockmarket data<sup>2</sup></b>		
FTSE World Europe (ex UK) Index	310.41	314.31
Share price at period end	1,082.00p	1,003.00p
Share price period high	1,153.00p	1,287.00p
Share price period low	987.00p	912.00p
Discount at period end	14.2%	14.2%
Discount period high	15.8%	17.1%
Discount period low	10.6%	9.7%
Discount period average	14.6%	14.0%
<b>Results for the six months to 30 June - see pages 8 and 9</b>	<b>2012</b>	<b>2011</b>
Revenue return per ordinary share	28.25p	24.73p
Capital return per ordinary share	87.26p	111.40p
Total return per ordinary share	115.51p	136.13p
<b>Total returns (includes reinvested income) for the six months to 30 June</b>	<b>2012</b>	<b>2011</b>
NAV per share	+10.1%	+10.8%
Share price	+10.4%	+14.8%
FTSE World Europe (ex UK) Index <sup>3</sup>	+2.2%	+9.0%

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

2 The high, low and average figures relate to the six months ended 30 June 2012 and the year ended 31 December 2011

3 Data prior to the period ended 30 June 2011 is on a net of tax basis

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

## PERFORMANCE

During the first six months of the year the net asset value total return was 10.1% compared to a total return of 2.2% for the FTSE World Europe (ex UK) Index. The share price total return was 10.4%. The discount remained virtually unchanged from the beginning of the six month period. (All figures in sterling terms.)

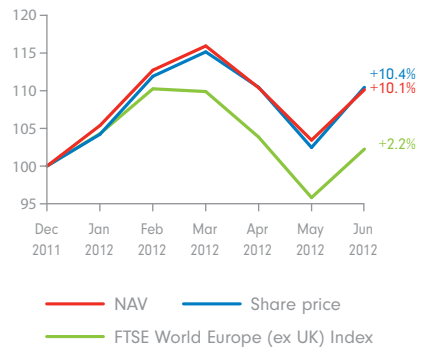
## MARKET REVIEW

Although European equities have advanced somewhat in the first six months of the year, it has, to use a football cliché, very much been a game of two halves. The first quarter continued much as the previous year ended with the market rising, spurred on by renewed optimism surrounding the effects of the two long term refinancing operations (“LTRO”) initiated by the European Central Bank (“ECB”) in late December 2011 and on the last day of February 2012. The market peaked in March, however, shortly after LTRO2, as investors recognised that, although an injection of liquidity would address some shorter term risks, it would not provide a lasting solution to the Eurozone’s problems. After all, the money lent to banks in the LTROs would have to be paid back to the ECB after three years and sovereign debt levels remain very high.

In the second quarter, equities were marched back down the hill, as investors began to fret about forthcoming elections in France and Greece. This was exacerbated by renewed concerns about global economic growth as evidence mounted that the reliable engine of emerging market growth was beginning to slow, off-setting any optimism that growth in America might lift Europe out of the mire. Happily, the period concluded with a welcome rally when the second Greek elections seemed to avoid the worst-case outcome and the latest European “summit” offered some new initiatives just when most observers had given up any hope of

progress. During the period, investors continued to pay up for companies perceived to be less sensitive to economic headwinds and therefore more able to sustain, or grow, earnings and dividends. As a consequence, some of the best performing sectors included health care and consumer staples. Companies listed in and exposed to the economies of the “periphery” of Europe continued to struggle and Spanish financials suffered, in particular, in this period.

Total return performance for the six months to 30 June 2012



Rebased to 100 at 31 December 2011  
Sources: Fidelity and Datastream

## PORTFOLIO MANAGER'S REPORT

The performance of the Company has been helped, mainly, by some stock-picking successes. Like London buses, stock-picking successes (and failures) tend to come in threes or not at all. Novo-Nordisk, a Danish-based pharmaceutical company, continued to enjoy a strong run on the back of encouraging earnings updates and a growing anticipation about the longer term potential of one of its key drugs, Victoza, in managing diabetes and, if approved, obesity. Clothing retailer, Hugo Boss, rallied during the period as it delivered strong sales growth in all

# Half-Yearly Report

regions as a result of recent initiatives to improve its offer to customers. The company's large holding in Hugo Boss ordinary shares, which for liquidity reasons were trading at a 15% discount to the preference shares, was boosted further when the company announced that it planned to convert all preference shares into ordinary shares, thereby increasing the liquidity of the ordinary shares and closing the discount. Schibsted, a leading on-line classified advertiser and newspaper company, also delivered handsome returns as investors grew increasingly positive about the prospects for their on-line businesses following a very convincing Capital Markets Day presentation. As always, there were some detractors: Storebrand, the Scandinavian life insurer, disappointed the market by not paying a dividend for 2011 ahead of regulatory negotiations and KPN performed poorly over the period in anticipation of increased competition in the Dutch mobile telecommunications market and despite Carlos Slim's announcement of his plans to buy a large stake.

## DISCOUNT MANAGEMENT

The Board continues to adopt an active discount management policy.

During the six months to 30 June 2012, 1,090,853 ordinary shares were repurchased for cancellation. The purpose has been to control the level of discount and reduce share price volatility in the interests of shareholders. The discount at 30 June 2012 was 14.2%, virtually the same level as at the start of the period. Share repurchases at a discount also result in an enhancement of the NAV per share, which over the six month period amounted to 6.19 pence per share. Since the reporting period end, there have been no further ordinary shares repurchased for cancellation.

## GEARING

The Company continues to gear through the use of long Contracts For Difference ("CFDs"). As at 30 June 2012 the total portfolio exposure was £585.3m representing 107.4% of shareholders' funds.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the internal controls process, identifies the key risks that the Company faces. The Board believes that the principal risks and uncertainties faced by the Company continue to fall into the following categories: market risks (including possible impacts of the Eurozone crisis); performance risk; income risks – dividends; share price, NAV and discount volatility risk; gearing risk; counterparty risk; and control systems, regulation, governance including shareholder relations risks. Information on each of these is given in the Business Review section of the Annual Report for the year ended 31 December 2011.

## GOING CONCERN

The Board receives regular reports from the Manager and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements as outlined in the Annual Report for the year ended 31 December 2011. The next continuation vote will be put to shareholders at the Annual General Meeting in 2013.

## OUTLOOK

Confidence is low and companies remain cautious. Confidence is, in many ways, the key to growth. If, for instance, company management were to become more optimistic then they would start to invest in labour and in

capital projects which would boost economic growth. Confidence is lacking, however, because there is, of course, plenty to be fearful about: the European sovereign debt crisis, the fiscal “cliff” in the US, the emerging markets’ slow-down. Likewise, investors are cautious and sentiment is depressed. Low expectations are, however, reflected in attractive valuations. The Manager continues to favour attractively valued companies, with sound balance sheets, which can deliver consistent dividend growth. These sorts of companies have become more fashionable in the current stop/start environment and they are often accused, by equity market participants, of being “relatively” expensive. Time will tell but, for the Manager, many of these companies remain attractively valued in absolute terms, with dividend yields in excess of government bond yields and growing dividends.

**By order of the Board**

**FIL Investments International**

24 July 2012

# Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- a) the condensed set of financial statements contained within the Half-Yearly financial report has been prepared in accordance with the UK Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- b) the Half-Yearly Report narrative on pages 3 to 5 (constituting the interim management report) includes a fair review of the information required by Rule 4.2.7R of the FSA's Disclosure and Transparency Rules and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties and going concern for the remaining six months of the financial year; and
- c) in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related parties transactions during the six months to 30 June 2012 and therefore nothing to report on any material effect by such a transaction on the financial position or the performance of the Company during that period; and there have been no changes in this position since the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

The Half-Yearly financial report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly financial report was approved by the Board on 24 July 2012 and the above responsibility statement was signed on its behalf by Humphrey van der Klugt, Chairman.



## Twenty Largest Investments as at 30 June 2012

Twenty largest investments, including long CFDs	Exposure £'000	Fair value <sup>1</sup> £'000	Total Exposure <sup>2</sup> %
<b>Nestle</b>			
Packaged food	40,009	40,009	6.8
<b>Novo-Nordisk</b>			
Healthcare services	26,443	26,443	4.5
<b>Sanofi (CFD)</b>			
Pharmaceuticals	26,228	2,429	4.5
<b>SAP</b>			
Software solutions and consultancy	20,519	20,519	3.5
<b>Saipem (CFD)</b>			
Oil and gas	17,045	(1,480)	2.9
<b>Schneider Electric (CFD)</b>			
Electricity distribution and automation management	16,672	(1,353)	2.8
<b>UBS</b>			
Financial services	16,625	16,625	2.8
<b>Anheuser-Busch InBev (CFD)</b>			
Brewing	16,525	3,266	2.8
<b>Zurich Financial Services</b>			
Financial services	16,300	16,300	2.8
<b>Swedish Match</b>			
Smokeless tobacco products	16,131	16,131	2.8
<b>BNP Paribas</b>			
Financial services	14,657	14,657	2.5
<b>Royal Dutch Shell</b>			
Oil and gas	14,354	14,354	2.5
<b>Umicore</b>			
Materials technology	14,274	14,274	2.5
<b>Schindler Holding</b>			
Escalators, elevators and moving walkways	13,983	13,983	2.4
<b>Schibsted</b>			
Media	13,054	13,054	2.2
<b>Hennes &amp; Mauritz</b>			
Clothing retail company	12,958	12,958	2.2
<b>Iliad Group</b>			
Telecommunications company	12,245	12,245	2.1
<b>Linde</b>			
Gases and engineering	11,433	11,433	2.0
<b>Essilor International</b>			
Ophthalmic optics	11,309	11,309	1.9
<b>Hugo Boss</b>			
Clothing manufacturer	11,245	11,245	1.9
<b>Twenty largest investments</b>	<b>342,009</b>	<b>268,401</b>	<b>58.4</b>
<b>Other investments – 41</b>	<b>243,316</b>	<b>243,316</b>	<b>41.6</b>
<b>Total portfolio (including long CFDs)</b>	<b>585,325</b>	<b>511,717</b>	<b>100.0</b>

1 Fair value represents the carrying value in the Balance Sheet on page 12

2 % of the total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs

# Income Statement

		for the six months ended 30.06.12 unaudited		
	Notes	revenue £'000	capital £'000	total £'000
Gains/(losses) on investments designated at fair value through profit or loss		-	31,009	31,009
Gains on derivative instruments held at fair value through profit or loss		-	9,654	9,654
Income	2	15,595	-	15,595
Investment management and performance fees		(2,392)	(1,495)	(3,887)
Other expenses		(268)	-	(268)
Exchange (losses)/gains on other net assets		(61)	(1,123)	(1,184)
Exchange gains/(losses) on loans		-	-	-
		<hr/>	<hr/>	<hr/>
Net return/(loss) before finance costs and taxation		12,874	38,045	50,919
Finance costs		(186)	-	(186)
		<hr/>	<hr/>	<hr/>
Net return/(loss) on ordinary activities before taxation		12,688	38,045	50,733
Taxation on return/(loss) on ordinary activities	3	(372)	-	(372)
		<hr/>	<hr/>	<hr/>
Net return/(loss) on ordinary activities after taxation for the period		12,316	38,045	50,361
		<hr/>	<hr/>	<hr/>
Return/(loss) per ordinary share	4	28.25p	87.26p	115.51p
		<hr/>	<hr/>	<hr/>

A Statement of Total Recognised Gains and Losses has not been prepared as there are no gains and losses other than those reported in this Income Statement.

The total column of the Income Statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the period.

These financial statements have been prepared in accordance with the Association of Investment Companies Statement of Recommended Practice issued in January 2009.

for the year ended 31.12.11 audited			for the six months ended 30.06.11 unaudited		
revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
-	(94,320)	(94,320)	-	57,817	57,817
-	3,201	3,201	-	-	-
22,831	-	22,831	17,754	-	17,754
(5,127)	-	(5,127)	(2,920)	-	(2,920)
(710)	-	(710)	(371)	-	(371)
(73)	(2,639)	(2,712)	53	(461)	(408)
-	1,394	1,394	-	(3,093)	(3,093)
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16,921	(92,364)	(75,443)	14,516	54,263	68,779
(2,617)	-	(2,617)	(1,284)	-	(1,284)
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14,304	(92,364)	(78,060)	13,232	54,263	67,495
(1,511)	50	(1,461)	(1,193)	(36)	(1,229)
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12,793	(92,314)	(79,521)	12,039	54,227	66,266
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26.94p	(194.42p)	(167.48p)	24.73p	111.40p	136.13p
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## Reconciliation of Movements in Shareholders' Funds

	Notes	share capital £'000	share premium account £'000
<b>Opening shareholders' funds: 1 January 2011</b>		12,362	58,615
Repurchase of ordinary shares	6	(383)	-
Net return on ordinary activities after taxation for the period		-	-
Dividend paid to shareholders	5	-	-
		<hr/>	<hr/>
<b>Closing shareholders' funds: 30 June 2011</b>		11,979	58,615
		<hr/>	<hr/>
<b>Opening shareholders' funds: 1 January 2011</b>		12,362	58,615
Repurchase of ordinary shares	6	(1,289)	-
Net (loss)/return on ordinary activities after taxation for the year		-	-
Dividend paid to shareholders	5	-	-
		<hr/>	<hr/>
<b>Closing shareholders' funds: 31 December 2011</b>		11,073	58,615
Repurchase of ordinary shares	6	(272)	-
Net return on ordinary activities after taxation for the period		-	-
Dividend paid to shareholders	5	-	-
		<hr/>	<hr/>
<b>Closing shareholders' funds: 30 June 2012</b>		10,801	58,615
		<hr/>	<hr/>

capital redemption reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
3,463	572,985	13,117	660,542
383	(18,511)	-	(18,511)
-	54,227	12,039	66,266
-	-	(7,740)	(7,740)
<hr/>	<hr/>	<hr/>	<hr/>
3,846	608,701	17,416	700,557
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3,463	572,985	13,117	660,542
1,289	(55,664)	-	(55,664)
-	(92,314)	12,793	(79,521)
-	-	(7,740)	(7,740)
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4,752	425,007	18,170	517,617
272	(11,540)	-	(11,540)
-	38,045	12,316	50,361
-	-	(11,578)	(11,578)
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5,024	451,512	18,908	544,860
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# Balance Sheet

Company No. 2638812

	Notes	30.06.12 unaudited £'000	31.12.11 audited £'000	30.06.11 unaudited £'000
<b>Fixed assets</b>				
Investments designated at fair value through profit or loss		<u>508,855</u>	<u>504,409</u>	<u>766,655</u>
<b>Current assets</b>				
Derivative assets held at fair value through profit or loss		5,695	4,423	-
Debtors		2,955	887	6,004
Fidelity Institutional Liquidity Fund plc		30	31	-
Cash at bank		<u>34,631</u>	<u>12,371</u>	<u>750</u>
		<u>43,311</u>	<u>17,712</u>	<u>6,754</u>
<b>Creditors – amounts falling due within one year</b>				
Derivative liabilities held at fair value through profit or loss		(2,833)	(1,314)	-
Other creditors		(4,473)	(3,190)	(7,320)
Fixed rate unsecured loan		-	-	(65,532)
		<u>(7,306)</u>	<u>(4,504)</u>	<u>(72,852)</u>
<b>Net current assets/(liabilities)</b>		<u>36,005</u>	<u>13,208</u>	<u>(66,098)</u>
<b>Total net assets</b>		<u>544,860</u>	<u>517,617</u>	<u>700,557</u>
<b>Capital and reserves</b>				
Share capital	6	10,801	11,073	11,979
Share premium account		58,615	58,615	58,615
Capital redemption reserve		5,024	4,752	3,846
Capital reserve		451,512	425,007	608,701
Revenue reserve		<u>18,908</u>	<u>18,170</u>	<u>17,416</u>
<b>Total equity shareholders' funds</b>		<u>544,860</u>	<u>517,617</u>	<u>700,557</u>
<b>Net asset value per ordinary share</b>	7	<u>1,261.13p</u>	<u>1,168.57p</u>	<u>1,461.98p</u>

# Cash Flow Statement

	30.06.12 unaudited £'000	31.12.11 audited £'000	30.06.11 unaudited £'000
<b>Operating activities</b>			
Investment income received	10,968	16,783	12,771
Income received on long CFDs	1,162	-	-
Deposit interest received	26	78	10
Investment management fee paid	(2,330)	(5,384)	(2,820)
Directors' fees paid	(97)	(107)	(49)
Other cash payments	(417)	(494)	(268)
<b>Net cash inflow from operating activities</b>	<u>9,312</u>	<u>10,876</u>	<u>9,644</u>
<b>Finance costs</b>			
Interest paid on long CFDs and bank loans	(189)	(2,606)	(622)
<b>Net cash outflow from finance costs</b>	<u>(189)</u>	<u>(2,606)</u>	<u>(622)</u>
<b>Taxation</b>			
Taxation recovered	590	2,608	1,524
<b>Taxation recovered</b>	<u>590</u>	<u>2,608</u>	<u>1,524</u>
<b>Financial investment</b>			
Purchase of investments	(52,432)	(278,237)	(217,184)
Disposal of investments	80,916	372,990	201,952
<b>Net cash inflow/(outflow) from financial investment</b>	<u>28,484</u>	<u>94,753</u>	<u>(15,232)</u>
<b>Derivative activities</b>			
Proceeds of long CFD positions closed	9,902	92	-
<b>Net cash inflow from derivative activities</b>	<u>9,902</u>	<u>92</u>	<u>-</u>
<b>Dividend paid to shareholders</b>	<u>(11,578)</u>	<u>(7,740)</u>	<u>(7,740)</u>
<b>Net cash inflow/(outflow) before use of liquid resources and financing</b>	<u>36,521</u>	<u>97,983</u>	<u>(12,426)</u>
<b>Cash flow from management of liquid resources</b>			
Fidelity Institutional Liquidity Fund plc	1	21,502	21,533
<b>Net cash inflow from management of liquid resources</b>	<u>1</u>	<u>21,502</u>	<u>21,533</u>
<b>Net cash inflow before financing</b>	<u>36,522</u>	<u>119,485</u>	<u>9,107</u>
<b>Financing</b>			
Repurchase of ordinary shares	(13,139)	(54,354)	(18,552)
Loans (repaid)/drawn down	-	(54,418)	6,627
<b>Net cash outflow from financing</b>	<u>(13,139)</u>	<u>(108,772)</u>	<u>(11,925)</u>
<b>Increase/(decrease) in cash</b>	<u>23,383</u>	<u>10,713</u>	<u>(2,818)</u>

# Notes to the Financial Statements

## 1 ACCOUNTING POLICIES

The Half-Yearly financial statements have been prepared on the basis of the accounting policies set out in the Company's annual report and financial statements for the year ended 31 December 2011.

	30.06.12 unaudited £'000	31.12.11 audited £'000	30.06.11 unaudited £'000
<b>2 INCOME</b>			
<b>Income from investments designated at fair value through profit or loss</b>			
Overseas dividends	13,137	20,518	15,850
Overseas scrip dividends	898	1,987	1,790
UK dividends	372	244	104
	<u>14,407</u>	<u>22,749</u>	<u>17,744</u>
<b>Income from derivative instruments held at fair value through profit or loss</b>			
Dividends on long CFDs	1,162	-	-
	<u>15,569</u>	<u>22,749</u>	<u>17,744</u>
<b>Other income</b>			
Deposit interest	26	46	6
Income from Fidelity Institutional Liquidity Fund plc	-	36	4
	<u>15,595</u>	<u>22,831</u>	<u>17,754</u>



# Notes to the Financial Statements

	30.06.12 unaudited £'000	31.12.11 audited £'000	30.06.11 unaudited £'000
<b>3 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES</b>			
<b>Taxation charged to revenue:</b>			
UK corporation tax	-	-	(36)
Overseas taxation suffered	2,146	3,799	2,939
Overseas taxation recovered	(1,774)	(2,288)	(1,710)
	<u>372</u>	<u>1,511</u>	<u>1,193</u>
<b>Taxation (recovered)/charged to capital:</b>			
UK corporation tax (recovered)/suffered	-	(50)	36
<b>Total taxation charged</b>	<u>372</u>	<u>1,461</u>	<u>1,229</u>

# Notes to the Financial Statements

	30.06.12 unaudited	31.12.11 audited	30.06.11 unaudited
<b>4 RETURN/(LOSS) PER ORDINARY SHARE</b>			
Revenue return per ordinary share	28.25p	26.94p	24.73p
Capital return/(loss) per ordinary share	87.26p	(194.42p)	111.40p
Total return/(loss) per ordinary share	<u>115.51p</u>	<u>(167.48p)</u>	<u>136.13p</u>

The return/(loss) per ordinary share is based on the net return/(loss) on ordinary activities after taxation for the period and the weighted average number of ordinary shares in issue during the period.

	30.06.12 unaudited £'000	31.12.11 audited £'000	30.06.11 unaudited £'000
Revenue return	12,316	12,793	12,039
Capital return/(loss)	38,045	(92,314)	54,227
Total return/(loss)	<u>50,361</u>	<u>(79,521)</u>	<u>66,266</u>
Weighted average number of ordinary shares in issue during the period	<u>43,599,354</u>	<u>47,482,953</u>	<u>48,678,237</u>

	30.06.12 unaudited £'000	31.12.11 audited £'000	30.06.11 unaudited £'000
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## 5 DIVIDENDS PAID

Final dividend of 26.50 pence per ordinary share for the year ended 31 December 2011 paid on 25 May 2012	11,578	-	-
Final dividend of 15.75 pence per ordinary share for the year ended 31 December 2010 paid on 27 May 2011	-	7,740	7,740

No dividend has been declared in respect of the six months to 30 June 2012.

# Notes to the Financial Statements

	30.06.12 unaudited		31.12.11 audited		30.06.11 unaudited	
	Shares	£'000	Shares	£'000	Shares	£'000
<b>6 SHARE CAPITAL</b>						
<b>Issued, allotted and fully paid:</b>						
<b>Ordinary shares of 25 pence each</b>						
<b>Beginning of the period</b>	44,294,946	11,073	49,449,986	12,362	49,449,986	12,362
Repurchase of ordinary shares	(1,090,853)	(272)	(5,155,040)	(1,289)	(1,531,587)	(383)
<b>End of the period</b>	<u>43,204,093</u>	<u>10,801</u>	<u>44,294,946</u>	<u>11,073</u>	<u>47,918,399</u>	<u>11,979</u>

## 7 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £544,860,000 (31.12.11: £517,617,000; 30.06.11: £700,557,000) and on 43,204,093 (31.12.11: 44,294,946; 30.06.11: 47,918,399) ordinary shares, being the number of ordinary shares in issue at the period end.

## 8 INVESTMENT TRANSACTION COSTS

Transaction costs are incurred in the acquisition and disposal of investments. These are included in the gains/(losses) on investments designated at fair value through profit or loss in the capital column of the Income Statement and are summarised below:

	30.06.12 unaudited	31.12.11 audited	30.06.11 unaudited
	£'000	£'000	£'000
Purchases	93	440	302
Sales	51	318	233
	<u>144</u>	<u>758</u>	<u>535</u>

## 9 UNAUDITED FINANCIAL STATEMENTS

The results for the six months to 30 June 2012 and 30 June 2011, which are unaudited, constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures and financial information for the year ended 31 December 2011 are extracted from the latest published financial statements. These financial statements, on which the Independent Auditor gave an unqualified report, have been delivered to the Registrar of Companies.

# Investor Information

## CONTACT INFORMATION

**Private investors:** call free on 0800 41 41 10  
9am to 6pm, Monday to Saturday.

**Financial advisers:** can call free on 0800 41 41 81  
8am to 6pm, Monday to Friday.  
[www.fidelity.co.uk/its](http://www.fidelity.co.uk/its)

**Existing shareholders** who have a specific query regarding their holding or need to provide updated information, for example a change of address, should contact the appropriate administrator.

### Holders of ordinary shares

Capita Registrars, Registrars to Fidelity European Values PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open 8.30am to 5.30pm, Monday to Friday).  
Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

Details of individual shareholdings and other information can also be obtained from the Registrar's website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

### Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, PO Box 24035, 12 Blenheim Place, Edinburgh EH7 9DD.  
Telephone: 0845 358 1107 (calls to this number are charged at 3.95p per minute from a BT landline. Other telephone service providers' costs may vary).

### Fidelity ISA investors

Fidelity, using the freephone numbers given opposite, or by writing to: UK Customer Service, Fidelity Worldwide Investment, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.  
[www.fidelity.co.uk/its](http://www.fidelity.co.uk/its)

**General enquiries** should be made to Fidelity, the Investment Manager and Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.  
Telephone: 01732 36 11 44  
Fax: 01737 83 68 92  
[www.fidelity.co.uk/its](http://www.fidelity.co.uk/its)

## FINANCIAL CALENDAR

- |                  |                                       |
|------------------|---------------------------------------|
| 30 June 2012     | - Half-Yearly period end              |
| 25 July 2012     | - Announcement of Half-Yearly results |
| August 2012      | - Publication of Half-Yearly report   |
| 31 December 2012 | - Financial year end                  |
| March 2013       | - Publication of Annual Report        |
| May 2013         | - Annual General Meeting              |

## BOARD OF DIRECTORS

Humphrey van der Klugt (Chairman)  
James Robinson (Chairman of the Audit  
Committee and Senior Independent Director)  
Simon Duckworth, DL  
Simon Fraser  
Robin Niblett

## MANAGER, SECRETARY AND REGISTERED OFFICE

FIL Investments International  
Beech Gate,  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey, KT20 6RP

## FINANCIAL ADVISERS AND STOCKBROKERS

Winterflood Investment Trusts  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London, EC4R 2GA

## INDEPENDENT AUDITOR

Grant Thornton UK LLP  
Chartered Accountants and Registered Auditor  
30 Finsbury Square  
London, EC2P 2YU

## BANKERS AND CUSTODIAN

JP Morgan Chase Bank (London Branch)  
125 London Wall  
London, EC2Y 5AJ

## REGISTRARS

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent, BR3 4BR

## LAWYERS

Slaughter and May  
One Bunhill Row  
London, EC1Y 8YY

Speechly Bircham LLP  
6 New Street Square  
London, EC4A 3LX

# Glossary of Terms

## BENCHMARK

FTSE World Europe (ex UK) Index against which the performance of the Company is measured

## CONTRACT FOR DIFFERENCE (CFD)

A [Contract For Difference](#) is a [derivative](#). It is a contract between an investor and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of the underlying asset of the specified financial instrument. It does not involve the investor buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price.

A [Contract For Difference](#) allows the investor to gain access to the movement in the share price by depositing a small amount of cash known as margin. The investor may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the investor trades long, dividends are received and interest is paid. If the investor trades short, dividends are paid and interest is received. The Company only uses long [Contracts For Difference](#)

## DERIVATIVES

Financial instruments (such as futures, options and [Contracts For Difference](#)) whose value is derived from the value of an underlying asset

## DISCOUNT

If the share price of the Company is lower than the [net asset value](#) per share, the Company's shares are said to be trading at a [discount](#). The [discount](#) is shown as a percentage of the [net asset value](#). The opposite of a [discount](#) is a [premium](#). It is more common for an investment trust's shares to trade at a [discount](#) than a [premium](#)

## FAIR VALUE

The [fair value](#) is the best estimate of the value of the investments, including [derivatives](#), at a point in time and this is measured as:

- Listed investments valued at bid prices, or last prices, where available, otherwise at published price quotations
- Unlisted investments valued using an appropriate valuation technique in the absence of an active market
- [Contracts For Difference](#) are valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses)

## GEARING OR GEARING EXPOSURE

**Gearing** or **gearing exposure** describes the level of a Company's leverage and is usually expressed as a percentage. It can be through the use of bank loans, bank overdrafts or **Contracts For Difference** in order to increase a Company's exposure to stocks. Leverage is permitted in order to buy or gain exposure to further investments. If assets rise in value, gearing magnifies the return to ordinary shareholders. Correspondingly, if the assets fall in value, gearing magnifies the fall. The gearing percentage reflects the amount of leverage the Company uses to invest in the market. **Contracts For Difference** are used as a way of gaining exposure to the price movements of shares without buying the underlying shares directly

## NET ASSET VALUE (NAV)

**Net asset value** is sometimes also described as "shareholders' funds", and represents the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the **net asset value** on a per share basis

## PREMIUM

If the share price of the Company is higher than the **net asset value** per share, the Company's shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value**. The opposite of a **premium** is a **discount**

## RETURN

The return generated in the period from the investments:

- **Income Return** reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation
- **Capital Return** reflects the return on capital, excluding any income returns
- **Total Return** reflects the aggregate of capital and income returns in the period

## SHAREHOLDERS' FUNDS

**Shareholders' funds** are also described as "**net asset value**" and represent the total value of the Company's assets less the total value of its liabilities

# Glossary of Terms

## TOTAL PORTFOLIO EXPOSURE

The total of fixed asset investments at [fair value](#) plus the [fair value](#) of the underlying securities within the [Contracts For Difference](#)

## TOTAL RETURN PERFORMANCE

The return on the share price or [net asset value](#) per share taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional shares (for share price total return) or the Company's assets (for [net asset value](#) total return)



# Warning to Shareholders

## SHARE FRAUD WARNING

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Services Authority (FSA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

## PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the FSA Register at [www.fsa.gov.uk/fsaregister](http://www.fsa.gov.uk/fsaregister) to ensure they are authorised.
3. Use the details on the FSA Register to contact the firm.
4. Call the FSA Consumer Helpline on **0845 606 1234** if there are no contact details on the Register or you are told they are out of date.
5. Search our list of unauthorised firms and individuals to avoid doing business with.
6. **REMEMBER: if it sounds too good to be true, it probably is!**

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

## REPORT A SCAM

If you are approached about a share scam you should tell the FSA using the share fraud reporting form at [www.fsa.gov.uk/scams](http://www.fsa.gov.uk/scams), where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0845 606 1234**.

If you have already paid money to share fraudsters you should contact Action Fraud on

**0300 123 2040**

## FURTHER INFORMATION

The Fidelity Individual Savings Account (“ISA”) is offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by FIL Investments International. Both companies are authorised and regulated by the Financial Services Authority. The Fidelity Investment Trust Share Plan is administered by The Bank of New York Mellon and shares will be held in the name of The Bank of New York Nominees Limited.

The value of savings and eligibility to invest in an ISA will depend on individual circumstances and all tax rules may change in the future. Fidelity investment trusts are managed by FIL Investments International. Fidelity only gives information about its own products and services and does not provide investment advice based on individual circumstances. Should you wish to seek advice, please contact a Financial Adviser.

Issued by Fidelity European Values PLC.

Please note that the value of investments and the income from them may fall as well as rise and the investor may not get back the amount originally invested. Past performance is not a guide to future returns. For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than other more developed markets.

Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investees should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity.

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