



Fidelity Asian Values PLC

Half-Yearly Report

For the 6 months ended 31 January 2010

Managed by



Contents

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The investment objective of the Company is to achieve long term capital growth through investment principally in the stock markets of the Asian Region (excluding Japan).

Performance – total return (includes reinvested income %)

| | Six months to 31 January 2010 | From launch 13 June 1996 to 31 January 2010 |
|--|----------------------------------|---|
| Net asset value ("NAV") | +14.5 | +84.1 |
| Share price | +12.1 | +73.8 |
| MSCI All Countries (Combined) | | |
| Far East Free ex Japan Index – sterling adjusted | +8.2 | +31.6 |

Standardised performance (on a total return basis %)

| | Year to 31/01/06 | Year to 31/01/07 | Year to 31/01/08 | Year to 31/01/09 | Year to 31/01/10 |
|---------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| NAV per share | +43.9 | +8.7 | +19.4 | -31.6 | +72.7 |
| Share price | +43.6 | +6.7 | +20.8 | -28.5 | +68.3 |

Sources: Fidelity and Datastream
Past performance is not a guide to future returns

Summary of Results

| | 31 January 2010 | 31 July 2009 | % change |
|--|--------------------|-----------------|----------|
| Assets | | | |
| Total assets employed ¹ | £104.9m | £98.7m | +6.3 |
| Shareholders' funds | £104.9m | £92.1m | +13.9 |
| Borrowings as % of shareholders' funds | nil | 7.1% | |
| Borrowings less cash as % of shareholders' funds | nil | 6.7% | |
| NAV per share | 172.06p | 151.18p | +13.8 |

Stock market data

| | | | | |
|---|------------|---------|---------|-------|
| MSCI All Countries (Combined) Far East Free ex Japan Index ² | | 263.34 | 245.00 | +7.5 |
| Share price | period end | 158.50p | 142.25p | +11.4 |
| | high | 183.75p | 142.25p | |
| | low | 135.00p | 71.00p | |
| Discount to NAV | period end | 7.88% | 5.91% | |
| | high | 9.06% | 17.79% | |
| | low | 2.76% | 1.23% | |

| Returns for the six months to 31 January | 2010 | 2009 |
|--|--------|----------|
| Capital return/(loss) per ordinary share | 21.72p | (29.66p) |
| Capital + revenue return/(loss) per ordinary share | 21.88p | (28.89p) |

| Total returns ³ for the six months to 31 January | 2010 | 2009 |
|---|--------|--------|
| NAV | +14.5% | -23.4% |
| Share price | +12.1% | -19.7% |
| MSCI All Countries (Combined) Far East Free ex Japan Index ² | +8.2% | -20.5% |

1 total assets less current liabilities. For the prior year this excluded the fixed term loan of £6.6m (repaid on 25 September 2009)

2 total return index, sterling adjusted

3 includes reinvested income

PERFORMANCE

For the six months to 31 January 2010, Fidelity Asian Values' net asset value registered double-digit returns and significantly outperformed its benchmark. The Company returned 14.5%, compared with 8.2% for the benchmark MSCI All Countries (Combined) Far East Free ex Japan Index. (All figures in sterling terms and on a total return basis.)

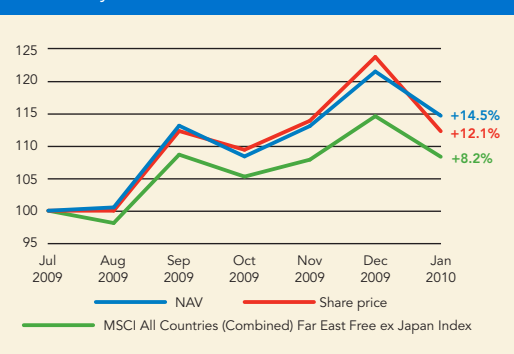
The discount at which the ordinary shares traded to the net asset value of the Company widened to 7.9% at the period end from 5.9% six months ago.

MARKETS

The stock markets in the Far East ex Japan region advanced over the six-month review period. Investors gained confidence, as credit markets began to thaw and the outlook for Asia and the world economy improved. Concurrently, positive earnings at a number of regional companies led to an upward revision in projections. The G20's commitment to ongoing policy stimulus and rising commodity prices in light of expectations of higher demand drove share prices higher. Technology and consumer discretionary firms extended gains supported by domestic demand for their products. Performance was, however, subdued in December in the aftermath of the Dubai world debt concerns and as investors locked in returns for year end. Most major markets in the region withstood negative returns in January due to renewed concerns over the pace of global recovery. Monetary tightening in China, increased risk of Greek debt default and fears about curbs on US banks dampened sentiment. Broadly, stocks in the region underperformed average returns in global and emerging markets.

Macroeconomic data for the quarter ending December 2009 suggested a broadening of the sources of growth from public investment to include consumption, private capital spending and a steady recovery in exports. The Chinese Government's decision to extend subsidy programmes for automobiles and home appliance purchases in rural areas boosted sales of electronic and other technology products. The benefits of these trends spilled to other parts of the region; Korea saw its exports rising significantly, thanks mainly to demand from China. Upbeat manufacturing output data in Korea, Taiwan, China and Singapore and the uptrend in the Chinese Purchasing Managers' Index confirmed a continued positive momentum in industrial activity. Improved consumer confidence, a result of more jobs, translated into higher spending in the region even as inflation edged higher, albeit from low levels.

Total return performance for the six months to 31 January 2010



Sources: Fidelity and Datastream

PORTFOLIO REVIEW

The portfolio's significant overweight allocation to the information technology sector strongly contributed to the Company's returns over the review period. Notably, shares in Hon Hai Precision and Samsung SDI, electronic manufacturers of consumer electronics components and LCD panels, respectively, grew amid rising demand for inventory as growth returned to developed markets. A non-benchmark exposure to BYD Electronics increased in value while an overweight exposure to the parent BYD Company also boosted returns as the latter profited from market share gains in its automobiles and electronic components divisions. Limited exposure to Chinese property names proved beneficial, as investors were generally under the perception that the Government may adopt policies to cool the market. Limited exposure to banks in the country proved rewarding, as they succumbed to concerns about slowdown in lending growth. The strategy to remain underweight in telecommunications and utilities also proved rewarding. The consumer discretionary exposure held the Company in good stead. In particular, the holding in Hong Kong-listed merchandise trader and distributor Li & Fung proved beneficial as improvement in US retail sales and new contracts for the company boosted its share price. However, certain fashion brands including China Dongxiang Group and Esprit Holdings were out of favour due to valuation concerns. Meanwhile, materials were the only sector that detracted marginally. No exposure to certain chemicals and steel companies eroded gains as their stocks rose amid improving industrial activity. The Manager selectively

increased allocation to the sector over the period while maintaining an underweight position at the aggregate sector level.

The portfolio continues to focus on stocks benefiting from the economic recovery in the region. However, the Manager is aware that the recent surge in share prices has taken valuations to mid-cycle levels. Consequently, he rebalanced the portfolio and reduced exposure to sectors where valuations had met their target. In particular, he trimmed the overweight position in consumer discretionary and diversified financials and increased the underweight position in materials. Conversely, the exposure to shares in the consumer staples and banking sectors, where growth opportunities outweigh valuations, was increased.

The allocation to banks focused on the retail sector was increased. The Manager added Hang Seng Bank, a subsidiary of HSBC, in view of its quality assets and strong market position. He believes that the bank is under-owned and reasonably valued. Malaysian banks, including Malayan Banking and CIMB, were also bought, partly financed by trimming holdings in real estate names and Singapore banks. The positive stance towards the technology sector was maintained; a position was established in Baidu, a Google equivalent with a dominant share in the Chinese market. The firm is finding support from the local Government, which feels that it is easier to control and censor a local player. Within materials, the Manager bought Chinese gold mining company Zhaojin Mining and Korean steel major POSCO which benefits from a low cost production base and significant technological advantages. Meanwhile,

the Manager sold a position in clothing retailer Esprit because its sales in the US and Europe remain subdued. The holding in Techtronic Industries, a manufacturer of electrical power tools and vacuum cleaners, was trimmed due to a slower-than-expected recovery of its US business. Over 70% of the firm's sales come from the US. The holdings in Korean construction and engineering companies including Doosan Heavy and electronic equipment manufacturers were offloaded as they lack any near term catalyst for gains.

OUTLOOK FOR THE REGION

Increasing evidence of a durable recovery has prompted GDP growth forecasts to be revised upwards in the region. The pick-up in economic conditions would be supported by a growing population that would consume more and add to the region's labour force. It is encouraging to note that employment and exports have started showing signs of an improvement. The western economies also seem to be on a recovery path. The Manager is positive about a multi-year recovery for the region, but stock markets could be volatile in the near term due to valuation concerns. Overall, supportive equity market conditions in Asia are likely to persist in 2010. That said, bottom-up stock selection and sector-specific thematic intelligence are expected to be more important elements of portfolio management in the year ahead compared with 2009.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board believes that the principal risks and uncertainties faced by the Company continue to fall in the following categories;

market risks, performance risks, income-dividends risks, share price risks, gearing risks and control systems risks. Information on each of these is given in the Business Review section of the Annual Report for the year ended 31 July 2009.

DIRECTORATE

At the Annual General Meeting held on 7 December 2009, the Chairman Sir Victor Garland announced his intention to retire from the Board with effect from the June 2010 Board meeting. He explained that the Board is taking this opportunity to refresh membership. With effect from 1 January 2010 Mrs Kate Bolsover and Mr Philip Smiley were appointed Directors of the Company. Following Sir Robin McLaren's retirement from the Board from the close of the 2009 Annual General Meeting, Mr Hugh Bolland was appointed Senior Independent Director.

GEARING

On 3 February 2010, the Company entered into a revolving credit facility with ING Bank N.V. for an amount up to US\$15,000,000. It is the Company's intention that the proceeds of the loan will be invested in a manner consistent with the Company's investment objective. As at the date of the Half-Yearly report there has been no draw down under this credit facility.

SUBSCRIPTION SHARES

At a General Meeting held on 4 March 2010, a bonus issue of one subscription share for every five ordinary shares held by qualifying shareholders was authorised, together with the adoption of new Articles of Association for the Company.

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Each subscription share gives the holder the right, but not the obligation, to subscribe for one ordinary share at the end of each month from the end of May 2010 until the end of May 2013 inclusive. Each subscription share may only be exercised once. The exercise price is 191.00 pence per share. A total of 12,188,212 subscription shares were allotted on 5 March 2010. The subscription shares were listed and dealings commenced on these shares on 8 March 2010.

By order of the Board

FIL Investments International
12 March 2010

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 6 (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 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 31 January 2010 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 Auditor.

The Half-Yearly financial report was approved by the Board on 12 March 2010 and the above responsibility statement was signed on its behalf by Sir Victor Garland, Chairman.

Twenty Largest Investments as at 31 January 2010

| Country of Listing | Holding | Fair Value | | |
|--|---|---|----------------|-----|
| | | £'000 | % ¹ | |
| CHINA | China Merchants Bank A commercial bank offering corporate banking, retail banking and treasury businesses. It is headquartered in Shenzhen. | 5,140 | 4.9 | |
| | Tencent Holdings The company provides internet, mobile and telecommunications value-added services in China. It has an instant messaging community in China. It also provides advertising services. | 3,866 | 3.7 | |
| | BYD Company The company is engaged in the research, development, manufacture and sale of rechargeable batteries, automobiles and related products. | 2,378 | 2.3 | |
| | China Dongxiang Group The company is involved with the design, development and sales of sports-related apparel, footwear and accessories. | 2,143 | 2.0 | |
| | Belle International The company is engaged in the manufacturing, distribution and sale of shoes and footwear products, and the sale of sportswear products. | 2,074 | 2.0 | |
| | Baidu A Chinese-language internet search provider. | 1,810 | 1.7 | |
| | Ports Design A Hong Kong based vertically integrated, international fashion and luxury goods company with its own design, manufacturing, distribution and retail capabilities. | 1,789 | 1.7 | |
| | HONG KONG | Li & Fung An investment holding company engaged in the trading of consumer products. | 4,044 | 3.8 |
| | | Hong Kong Exchanges & Clearing The company owns and operates the only stocks and futures exchanges in Hong Kong, and their related clearing houses. | 3,165 | 3.0 |
| | | Swire Pacific The company operates through five business divisions: property, marine services, aviation, beverages, and trading and industrial. It holds large developed and underdeveloped commercial and residential real estate, distributes the products of The Coca Cola Company and operates a fleet of specialist vessels. | 3,134 | 3.0 |
| Sun Hung Kai Properties In Hong Kong the company's operations include property development, property investment, property related businesses, telecom and information technology services, and transportation, infrastructure and logistics. Its mainland China operations include property development and property investment. | | 2,076 | 2.0 | |
| Bank of China Hong Kong A leading listed commercial banking group in Hong Kong in terms of assets and customer deposits. With over 270 branches and 470 ATMs and other distribution channels in Hong Kong, the Bank and its subsidiaries offer a comprehensive range of financial products and services to retail and corporate customers. | | 1,980 | 1.9 | |

| Country of Listing | Holding | Fair Value £'000 | % ¹ |
|--|--|---|----------------|
| KOREA | Samsung Electronics The company specialises in the provision of communication products. It operates its businesses through five business divisions: communication, semiconductor, digital media, liquid crystal display (LCD) and home appliances. | 5,866 | 5.6 |
| | POSCO An integrated steel producer in Korea. It operates in steel, engineering and construction, trading and other segments, including power generation, liquified natural gas production, network and systems integration. | 2,331 | 2.2 |
| | LG Telecom The company specialises in the provision of personal communication services (PCSs). | 1,845 | 1.8 |
| | AmorePacific Corporation The company is engaged in the provision of cosmetic products. | 1,753 | 1.7 |
| | TAIWAN | Hon Hai Precision The company is principally engaged in the production and sale of electronic products which are applied in computer, communication and consumer electronics goods. | 4,662 |
| MediaTek The company designs, manufactures and markets compact disk-read only memory (CD-ROM) and digital versatile disk-read only memory (DVD-ROM) chip sets. It sells its products in Taiwan and exports to other countries in Asia. | | 3,844 | 3.7 |
| Au Optronics The company designs, develops, manufactures, assembles and markets flat panel displays. Its principal products are thin film transistor-liquid display (TFT-LCD). | | 2,348 | 2.2 |
| Advanced Semiconductor Engineering The company's services include semiconductor packaging, design and production of interconnect materials, front-end engineering testing, wafer probing and final testing services. | | 1,946 | 1.9 |
| Twenty largest investments | | 58,194 | 55.5 |

¹ % of total assets less current liabilities

Income Statement

| | | for the six months ended 31.01.10 | | |
|---|-------|-----------------------------------|------------------|----------------|
| | | unaudited | | |
| | Notes | revenue £'000 | capital £'000 | total £'000 |
| Gains/(losses) on investments | | – | 13,310 | 13,310 |
| Income | 2 | 978 | – | 978 |
| Investment management fee | 3 | (543) | – | (543) |
| Other expenses | | (211) | – | (211) |
| Exchange gains on other net assets | | 2 | 233 | 235 |
| Exchange losses on loan | | – | (306) | (306) |
| Net return/(loss) before finance costs and taxation | | 226 | 13,237 | 13,463 |
| Interest payable | | (65) | – | (65) |
| Loan redemption costs* | | – | – | – |
| Net return/(loss) on ordinary activities before taxation | | 161 | 13,237 | 13,398 |
| Taxation on return/(loss) on ordinary activities | 4 | (65) | – | (65) |
| Net return/(loss) on ordinary activities after taxation for the period | | 96 | 13,237 | 13,333 |
| Return/(loss) per ordinary share | 5 | 0.16p | 21.72p | 21.88p |

* This relates to the cost incurred on the partial redemption of the loan as a result of the Tender offer. At the year ended 31 July 2009 the loan redemption cost was reallocated to "other reserves" and was included in the costs of the Tender offer borne solely by exiting shareholders.

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.

These financial statements have been prepared in accordance with the AIC Statement of Recommended Practice ("SORP") issued in January 2009.

| for the year ended 31.07.09 | | | for the six months ended 31.01.09 | | |
|-----------------------------|---------|---------|-----------------------------------|----------|----------|
| audited | | | unaudited | | |
| revenue | capital | total | revenue | capital | total |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| – | 9,210 | 9,210 | – | (20,567) | (20,567) |
| 2,767 | – | 2,767 | 1,375 | – | 1,375 |
| (861) | – | (861) | (442) | – | (442) |
| (402) | – | (402) | (199) | – | (199) |
| 153 | 1,972 | 2,125 | 177 | 2,158 | 2,335 |
| – | (1,409) | (1,409) | – | (2,455) | (2,455) |
| 1,657 | 9,773 | 11,430 | 911 | (20,864) | (19,953) |
| (444) | – | (444) | (254) | – | (254) |
| – | – | – | – | (83) | (83) |
| 1,213 | 9,773 | 10,986 | 657 | (20,947) | (20,290) |
| (233) | – | (233) | (115) | – | (115) |
| 980 | 9,773 | 10,753 | 542 | (20,947) | (20,405) |
| 1.49p | 14.85p | 16.34p | 0.77p | (29.66p) | (28.89p) |

Reconciliation of Movements in Shareholders' Funds

| | Notes | called up share capital £'000 | share premium account £'000 | capital redemption reserve £'000 |
|---|-------|--|--------------------------------------|---|
| Opening shareholders' funds: 1 August 2008 | | 25,789 | 15,359 | 5,034 |
| Net recognised capital losses for the period | | – | – | – |
| Share premium account cancelled | | – | (15,359) | – |
| Capital redemption reserve cancelled | | – | – | (13,803) |
| Repurchase of ordinary shares | 10 | (238) | – | 238 |
| Ordinary shares cancelled on completion of the Tender offer | | (10,316) | – | 10,316 |
| Net revenue after taxation for the period | | – | – | – |
| Dividend paid to shareholders | | – | – | – |
| Closing shareholders' funds: 31 January 2009 | | <u>15,235</u> | <u>–</u> | <u>1,785</u> |
| Opening shareholders' funds: 1 August 2008 | | 25,789 | 15,359 | 5,034 |
| Net recognised capital gains for the year | | – | – | – |
| Share premium account cancelled | | – | (15,359) | – |
| Capital redemption reserve cancelled | | – | – | (13,803) |
| Repurchase of ordinary shares | 10 | (238) | – | 238 |
| Ordinary shares cancelled on completion of the Tender offer | | (10,316) | – | 10,316 |
| Costs associated with the Tender offer | | – | – | – |
| Loan redemption costs | | – | – | – |
| Net revenue after taxation for the year | | – | – | – |
| Dividend paid to shareholders | | – | – | – |
| Closing shareholders' funds: 31 July 2009 | | <u>15,235</u> | <u>–</u> | <u>1,785</u> |
| Net recognised capital gains for the period | | – | – | – |
| Net revenue after taxation for the period | | – | – | – |
| Dividend paid to shareholders | 8 | – | – | – |
| Closing shareholders' funds: 31 January 2010 | | <u>15,235</u> | <u>–</u> | <u>1,785</u> |

| other non-distributable reserve £'000 | other reserve £'000 | capital reserve £'000 | revenue reserve £'000 | total equity £'000 |
|--|------------------------|--------------------------|--------------------------|-----------------------|
| 7,367 | 44,143 | 37,750 | 499 | 135,941 |
| - | - | (20,864) | - | (20,864) |
| - | 15,359 | - | - | - |
| - | 13,803 | - | - | - |
| - | (988) | - | - | (988) |
| - | (53,082) | - | - | (53,082) |
| - | - | - | 542 | 542 |
| - | - | - | (496) | (496) |
| <u>7,367</u> | <u>19,235</u> | <u>16,886</u> | <u>545</u> | <u>61,053</u> |
| 7,367 | 44,143 | 37,750 | 499 | 135,941 |
| - | - | 9,773 | - | 9,773 |
| - | 15,359 | - | - | - |
| - | 13,803 | - | - | - |
| - | (988) | - | - | (988) |
| - | (52,153) | - | - | (52,153) |
| - | (842) | - | - | (842) |
| - | (83) | - | - | (83) |
| - | - | - | 980 | 980 |
| - | - | - | (494) | (494) |
| <u>7,367</u> | <u>19,239</u> | <u>47,523</u> | <u>985</u> | <u>92,134</u> |
| - | - | 13,237 | - | 13,237 |
| - | - | - | 96 | 96 |
| - | - | - | (609) | (609) |
| <u>7,367</u> | <u>19,239</u> | <u>60,760</u> | <u>472</u> | <u>104,858</u> |

Balance Sheet

| | Notes | 31.01.10 unaudited £'000 | 31.07.09 audited £'000 | 31.01.09 unaudited £'000 |
|---|-------|--------------------------------|------------------------------|--------------------------------|
| Fixed assets | | | | |
| Investments designated at fair value through profit or loss | | 101,640 | 98,131 | 64,070 |
| Current assets | | | | |
| Debtors | | 262 | 1,161 | 168 |
| Cash at bank | | 3,486 | 425 | 5,333 |
| | | 3,748 | 1,586 | 5,501 |
| Creditors – amounts falling due within one year | | | | |
| Fixed rate unsecured loan | 9 | – | (6,584) | (7,629) |
| Other creditors | | (530) | (999) | (889) |
| | | (530) | (7,583) | (8,518) |
| Net current assets/(liabilities) | | 3,218 | (5,997) | (3,017) |
| Total net assets | | 104,858 | 92,134 | 61,053 |
| Capital and reserves | | | | |
| Called up share capital | | 15,235 | 15,235 | 15,235 |
| Capital redemption reserve | | 1,785 | 1,785 | 1,785 |
| Other non-distributable reserve | | 7,367 | 7,367 | 7,367 |
| Other reserve | | 19,239 | 19,239 | 19,235 |
| Capital reserve | | 60,760 | 47,523 | 16,886 |
| Revenue reserve | | 472 | 985 | 545 |
| Total equity shareholders' funds | | 104,858 | 92,134 | 61,053 |
| Net asset value per ordinary share | 6 | 172.06p | 151.18p | 100.18p |

Cash Flow Statement

| | 31.01.10 unaudited £'000 | 31.07.09 audited £'000 | 31.01.09 unaudited £'000 |
|--|--------------------------------|------------------------------|--------------------------------|
| Operating activities | | | |
| Investment income received | 944 | 2,655 | 1,345 |
| Deposit interest received | – | 68 | 66 |
| Investment management fee paid | (261) | (1,268) | (357) |
| Directors' fees paid | (43) | (93) | (57) |
| Other cash (payments)/receipts | (138) | (337) | 216 |
| Net cash inflow from operating activities | 502 | 1,025 | 1,213 |
| Returns on investments and servicing of finance | | | |
| Interest paid | (195) | (495) | (287) |
| Net cash outflow from returns on investments and servicing of finance | (195) | (495) | (287) |
| Financial investment | | | |
| Purchase of investments | (36,787) | (47,992) | (19,890) |
| Disposal of investments | 46,979 | 97,560 | 77,115 |
| Net cash inflow from financial investment | 10,192 | 49,568 | 57,225 |
| Dividend paid to shareholders | (609) | (494) | (496) |
| Net cash inflow before financing | 9,890 | 49,604 | 57,655 |
| Financing | | | |
| Repurchase of ordinary shares | – | (988) | (988) |
| Ordinary shares cancelled on completion of the Tender offer | – | (52,995) | (52,999) |
| Loan redemption costs on completion of the Tender offer | – | (83) | (83) |
| 5.60% fixed rate unsecured loan repaid | (6,890) | (3,912) | (3,710) |
| Net cash outflow from financing | (6,890) | (57,978) | (57,780) |
| Increase/(decrease) in cash | 3,000 | (8,374) | (125) |

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 dated 31 July 2009.

As a result of technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 01/08: "Distributable Profits", changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the balance sheet date, can be treated as realised. As a result of the new SORP, capital reserves realised and unrealised are now shown in aggregate as capital reserve in the Reconciliation of Movements in Shareholders' Funds and the Balance Sheet. At the balance sheet date all investments held by the Company were listed on a recognised stock exchange and were considered to be readily convertible to cash

2 INCOME

| | 31.01.10 unaudited £'000 | 31.07.09 audited £'000 | 31.01.09 unaudited £'000 |
|--|--------------------------------|------------------------------|--------------------------------|
| Overseas dividends | 854 | 2,626 | 1,278 |
| Overseas scrip dividends | 124 | 84 | 42 |
| Deposit interest | – | 55 | 55 |
| Interest on VAT recovered on investment management fees* | – | 2 | – |
| | <u>978</u> | <u>2,767</u> | <u>1,375</u> |

* This is interest received in the prior year on VAT on investment management fees reclaimed following the decision of the European Court of Justice in the JPMorgan Claverhouse Investment Trust/AIC case (C-363/05) (see Note 3 below).

3 INVESTMENT MANAGEMENT FEE

| | 31.01.10 unaudited £'000 | 31.07.09 audited £'000 | 31.01.09 unaudited £'000 |
|---------------------------|--------------------------------|------------------------------|--------------------------------|
| Investment management fee | 543 | 873 | 454 |
| VAT recovered* | – | (12) | (12) |
| | <u>543</u> | <u>861</u> | <u>442</u> |

* The decision of the European Court of Justice in the JPMorgan Claverhouse Investment Trust/AIC case (C-363/05) confirmed that the VAT exemption applicable to the management of special investment funds will also extend to investment trust companies. Although the Company had recovered virtually all the VAT charged, as a result of this case it recovered a further £12,385 for the year ended 31 July 2009.

Notes to the Financial Statements

4 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES

| | 31.01.10 unaudited | | | 31.07.09 audited | | | 31.01.09 unaudited | | |
|----------------------------|-----------------------|------------------|----------------|---------------------|------------------|----------------|-----------------------|------------------|----------------|
| | revenue £'000 | capital £'000 | total £'000 | revenue £'000 | capital £'000 | total £'000 | revenue £'000 | capital £'000 | total £'000 |
| Overseas taxation suffered | 65 | - | 65 | 233 | - | 233 | 115 | - | 115 |

5 RETURN/(LOSS) PER ORDINARY SHARE

| | 31.01.10 unaudited | 31.07.09 audited | 31.01.09 unaudited |
|--------------|-----------------------|---------------------|-----------------------|
| Revenue | 0.16p | 1.49p | 0.77p |
| Capital | 21.72p | 14.85p | (29.66p) |
| Total | 21.88p | 16.34p | (28.89p) |

Returns/(losses) per ordinary share are based on the net revenue return on ordinary activities after taxation in the period of £96,000 (31.07.09: £980,000; 31.01.09: £542,000), the capital return in the period of £13,237,000 (31.07.09: capital return £9,773,000; 31.01.09: capital loss £20,947,000) and the total return in the period of £13,333,000 (31.07.09: total return £10,753,000; 31.01.09: total loss £20,405,000) and on 60,942,501 ordinary shares (31.07.09: 65,827,251; 31.01.09: 70,632,359), being the weighted average number of ordinary shares in issue during the period.

6 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £104,858,000 (31.07.09: £92,134,000; 31.01.09: £61,053,000) and on 60,942,501 ordinary shares (31.07.09: 60,942,501; 31.01.09: 60,942,501), being the number of ordinary shares in issue at the period end.

7 COSTS OF INVESTMENT TRANSACTIONS

Included in the gains/(losses) on investments are the following costs of investment transactions:

| | 31.01.10 unaudited £'000 | 31.07.09 audited £'000 | 31.01.09 unaudited £'000 |
|--------------------|--------------------------------|------------------------------|--------------------------------|
| Purchases expenses | 73 | 114 | 49 |
| Sales expenses | 163 | 245 | 168 |
| | 236 | 359 | 217 |

Notes to the Financial Statements

8 DIVIDEND

No dividend has been declared in respect of the current period. The dividend shown in the Reconciliation of Movements in Shareholders' Funds for the six months ended 31 January 2010 relates to the year ended 31 July 2009.

9 LOAN FACILITY

The remaining balance of US\$11,000,000 of the fixed rate unsecured loan from Lloyds TSB Bank PLC of US\$18,000,000 which was drawn down on 27 September 2006 for a period of three years at an interest rate of 5.60% per annum was repaid on 25 September 2009.

On 3 February 2010 the Company entered into a US\$15,000,000 – 364 day revolving credit facility with ING Bank N.V. As at the date of this report no amount had been drawn down.

10 SHARE REPURCHASES

The following ordinary share repurchases were made:

| | 31.01.10 unaudited | 31.07.09 audited | 31.01.09 unaudited |
|--|-----------------------|---------------------|-----------------------|
| Number of ordinary shares repurchased | – | 951,935* | 951,935* |
| Average price per share | – | 103.79p | 103.79p |
| Total cost including stamp duty and commission | – | £988,000 | £988,000 |

* In addition to these shares repurchased, on completion of the Tender offer to shareholders on 12 September 2008, a total of 41,262,764 ordinary shares were cancelled from the Register of Members and £52,153,000 was paid to the exiting shareholders. Costs associated with the Tender offer were borne solely by the exiting shareholders.

11 UNAUDITED FINANCIAL STATEMENTS

The results for the six months to 31 January 2010 and 31 January 2009, which are unaudited, constitute non-statutory accounts within the meaning of s435 of the Companies Act 2006. The figures and financial information for the year ended 31 July 2009 are extracted from the latest published financial statements. These financial statements, on which the Auditor gave an unqualified report, have been delivered to the Registrar of Companies.

CONTACT INFORMATION

Private investors call free on:

0800 41 41 10

9am to 6pm, Monday to Saturday.

Financial advisers call free on:

0800 41 41 81 Lines are open from

8am to 6pm, Monday to Friday

www.fidelity.co.uk/its

Existing investors who have specific queries regarding their holding or need to provide update information, for example a change of address, should contact the appropriate administrator:

Holders of ordinary shares:

Capita Registrars (Registrars to Fidelity

Asian Values PLC), Northern House,

Woodsome Park, Fenay Bridge,

Huddersfield, Yorkshire, HD8 0GA.

Telephone: **0871 664 0300** (calls to

this number cost 10p per minute plus

network extras.) Lines are open from

8.30am to 5.30pm, Monday to Friday.

If calling from overseas, telephone

+44 208 639 3399

Email: ssd@capitaregistrars.com

Share Plan investors:

Fidelity Investment Trust Share Plan

BNP Paribas Securities Services, Block C

Western House, Lynchwood Business Park,

Peterborough PE2 6BP.

Telephone: **0845 358 1107** (calls to this

number are charged at 4p per minute

from a BT landline dependent on the

tariff. Other telephone service providers'

costs may vary.)

Fidelity ISA investors:

Fidelity, using the freephone number

given, or by writing to:

UK Customer Service, Fidelity International,

Oakhill House, 130 Tonbridge Road,

Hildenborough, Tonbridge,

Kent, TN11 9DZ

www.fidelity.co.uk/its

Fidelity ShareNetwork:

<http://www.fidelity.co.uk/sharenetwork>

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 361144**

Fax: **01737 836892**

<http://www.fidelity.co.uk/its>

FINANCIAL CALENDAR 2010

31 January – Half-Yearly period end

15 March – Announcement of Half-Yearly results to 31 January

1 April – Posting of Half-Yearly report

31 July – Financial year end

October – Publication of Annual Report

November – Annual General Meeting

BOARD OF DIRECTORS

The Hon Sir Victor Garland, KBE (Chairman)
Hugh Bolland (Chairman of the Audit Committee and Senior Independent Director)
Kate Bolsover
William Knight
Kathryn Matthews
Philip Smiley

MANAGER, SECRETARY AND REGISTERED OFFICE

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Chartered Accountants
and Registered Auditor,
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London, EC2P 2YU

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Huddersfield,
West Yorkshire, HD8 0GA

LAWYERS

Slaughter and May,
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London, EC1Y 8YY

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WARNING TO SHAREHOLDERS – “BOILER ROOM” SCAMS

Over the year, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based ‘brokers’ who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as ‘boiler rooms’. These ‘brokers’ can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (“FSA”) reported that the average amount lost by investors is around £20,000. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/register
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.moneymadeclear.fsa.gov.uk
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.html

Details of any share dealing facilities that the Company endorses will be included in Company mailings. More detailed information on this or similar activity can be found on the FSA website www.moneymadeclear.fsa.gov.uk



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A handwritten signature in black ink, appearing to read "John Marks", written over a series of horizontal dotted lines.

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