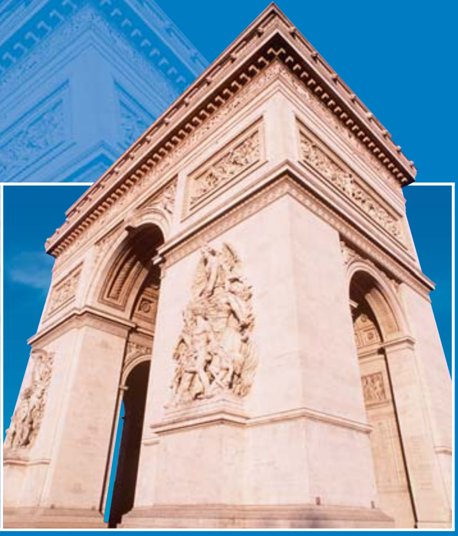
# Fidelity European Values PLC

Half-Yearly Report

For the 6 months ended 30 June 2010



Managed by

Fidelity International

aic
The Association of Investment Companies

# Contents



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

## Performance – total return (includes reinvested income) (%)

| | 6 months to 30 June 2010 | From launch 5 November 1991 |
|---|---|---|
| Net asset value (NAV) per share | -9.1 | +1,213.5 |
| Share price | -17.2 | +985.0 |
| FTSE World Europe (ex UK) Index | -11.5 | +384.0 |

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

| | 30/06/05 to 30/06/06 | 30/06/06 to 30/06/07 | 30/06/07 to 30/06/08 | 30/06/08 to 30/06/09 | 30/06/09 to 30/06/10 |
|---|---|---|---|---|---|
| Net asset value per share | +25.3 | +24.8 | -3.0 | -24.2 | +14.9 |
| Share price | +21.8 | +24.1 | -5.2 | -25.8 | +7.0 |
| FTSE World Europe (ex UK) Index | +23.4 | +25.1 | -9.5 | -20.8 | +15.1 |

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

# Summary of Results

| | | 30 June 2010 | 31 December 2009 | % change |
|---|---|---|---|---|
| **Assets** | | | | |
| Total assets employed[1] | | £619.4m | £742.0m | –16.5 |
| Shareholders' funds | | £566.0m | £648.9m | –12.8 |
| Borrowings as % of shareholders' funds | | 9.4 | 14.3 | |
| Borrowings less cash as % of shareholders' funds[2] | | – | 1.0 | |
| NAV per share | | 1,134.18p | 1,269.52p | –10.7 |
| **Stockmarket Data** | | | | |
| FTSE World Europe (ex UK) Index | | 323.72 | 373.74 | –13.4 |
| Share price[3] | period end | 933.00p | 1,151.00p | –18.9 |
| | high | 1,163.00p | 1,175.00p | |
| | low | 928.50p | 743.50p | |
| Discount[3] | period end | 17.7% | 9.3% | |
| | high | 17.4% | 13.9% | |
| | low | 7.7% | 2.6% | |

| **Returns** for the six months to 30 June | 2010 | 2009 |
|---|---|---|
| Revenue per ordinary share | 17.38p | 23.38p |
| Capital per ordinary share | (133.82p) | (173.13p) |
| Total return per ordinary share | (116.44p) | (149.75p) |

| **Total Returns**[4] for the six months to 30 June | 2010 | 2009 |
|---|---|---|
| NAV per share | –9.1% | –11.9% |
| Share price | –17.2% | –6.1% |
| FTSE World Europe (ex UK) Index | –11.5% | –8.4% |

1 Total assets less current liabilities, excluding fixed term loan liability
2 Cash includes cash held at bank and investment in cash funds
3 The high and low figures relate to the six month period to 30 June 2010 and the year to 31 December 2009
4 Includes reinvested income

## PERFORMANCE

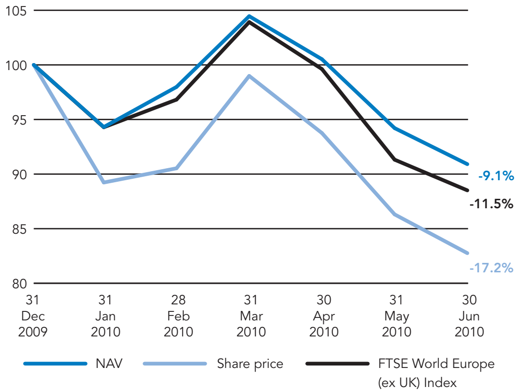
During the first six months of the year, the net asset value fell by 9.1% to 1,134.18p per share, compared with a decline of 11.5% for the FTSE World Europe (ex UK) Index, in sterling terms and on a total return basis. The share price declined by 17.2% to 933.00p, the discount having widened during the six months.

## MARKET REVIEW

The first half of 2010 has proven to be a challenging period for European equities with the escalation of Eurozone sovereign risks, while concerns emerged over Greece's precarious fiscal position and over the situation of other Eurozone periphery countries, notably Portugal and Spain. Market fears were eased somewhat by the European Commission's endorsement of the Greek budget plan and by the European Union's announcement of support. However, whilst the announced measures addressed immediate liquidity issues, the market remained concerned about medium term solvency of the affected states. Banking sector worries resurfaced as one of Spain's largest regional lenders was bailed out. Pressures upon the banking sector continued in spite of news that bank stress tests would be conducted and that struggling banks would be recapitalised.

Against this challenging economic backdrop, in sterling terms, Europe ex UK equities lagged other developed markets. Risk appetite was fragile during the period and fluctuated between risk-taking in the first quarter to risk aversion in the second. This trend impacted most asset classes, although notable weakness was seen in equities. The euro weakened significantly against most major currencies reflecting concerns about indebtedness at the periphery.

## TOTAL RETURN PERFORMANCE FOR THE 6 MONTHS TO 30 JUNE 2010




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

## PORTFOLIO MANAGER'S REPORT

Our overall cautious approach, which we have held for some time, contributed to relative performance during the six months. Exposure to three key sectors positively contributed to relative performance. Our underweight exposure to financials helped as the sector came under pressure from sovereign debt concerns and renewed question marks over bank funding. More specifically, avoiding exposure to Spanish banks, Banco Santander and Banco Bilbao Viz Argentaria, and banks with less robust balance sheets proved favourable. An overweight exposure to Zurich Financial Services was also positive as the company reported encouraging results during the period. Selected positions taken within consumer goods and basic materials also supported relative returns. Meanwhile our underweight exposure to the telecoms and technology sectors detracted from relative returns in the six months to June 2010.

The bulk of the portfolio is invested in companies with longer duration and lower volatility earnings, good quality businesses bought during a period of a cyclical or company specific setback and some companies with strategic or hidden assets. The objective is to have a portfolio with higher than average quality companies and lower than average business and valuation risk. As at the end of June key overweight positions included consumer services, healthcare and consumer goods, whereas underweight positions comprised financials, industrials, telecommunications and utilities. The Company's objective is capital growth and, given the evolution of the portfolio, dividend distributions are likely to be lower for the year ending 31 December 2010.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board believes that the principal risks and uncertainties faced by the Company continue to fall into the following categories: market risks; performance risks; investment management and income risks; share price, NAV and discount volatility risk; gearing 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 2009.

## DISCOUNT MANAGEMENT AND GEARING

During the period under review, a further 1.2 million shares were repurchased for cancellation, with the continued purpose of reducing share price volatility and resulting in an enhancement of the NAV per share. The level of net gearing has remained around zero with a positive cash holding of 0.16% at the period end. Since the period end, the Board has taken the decision to introduce gearing into the portfolio at a level of approximately 5% on a net basis. The level of gearing will continue to be monitored by the Board.

## CHANGE IN DIRECTORSHIPS

As detailed in the Annual Report for the year ended 31 December 2009,
Mr van der Klugt was appointed Chairman of the Board following Mr Walther's retirement and Mr Robinson was appointed Chairman of the Audit Committee and Senior Independent Director. These appointments took effect from the Annual General Meeting on 18 May 2010.
Dr Niblett was appointed a Director with effect from 14 January 2010.

## OUTLOOK

Economic stabilisation in Europe has been contingent on significant support from monetary authorities and governments. Governments are constrained by high levels of fiscal deficits and debt burdens. Central Banks have now been forced to take a more proactive stance in helping maintain the economic equilibrium and orderly functioning of markets. The private sector is de-leveraging and this is likely to be the case until there is a decisive change in the prospects for employment. Developing economies will continue to provide a backdrop for longer term growth prospects but in the short term have issues such as rising inflation. In contrast, Western world inflation expectations have turned more deflationary in recent months. The base case remains for a protracted period of slow GDP growth.

In spite of a challenging economic backdrop, data from the corporate sector looks relatively robust with many companies meeting or exceeding their earnings expectations. A weakening euro is helpful and makes Eurozone goods and services more competitive which should benefit exporters. Additionally, capital expenditure has room to grow from depressed levels.

Market valuations are reasonable and we are continuing to find good opportunities for investment in individual companies.

By order of the Board
FIL Investments International
29 July 2010

# 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 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 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 29 July 2010 and the above responsibility statement was signed on its behalf by Humphrey van der Klugt, Chairman.

# Twenty Largest Investments as at 30 June 2010

| Holding | Fair Value £'000 | %† |
|---|---|---|
| Nestle<br>Packaged food | 32,315 | 5.2 |
| Sanofi-Aventis<br>Pharmaceuticals | 23,383 | 3.8 |
| Siemens<br>Electronic and electrical engineering | 18,279 | 3.0 |
| Roche Holdings<br>Pharmaceuticals | 17,920 | 2.9 |
| Zurich Financial Services<br>Financial services | 17,918 | 2.9 |
| UBS<br>Financial services | 16,114 | 2.6 |
| Total<br>Oil and gas | 15,566 | 2.5 |
| Daimler<br>Automotive products | 15,536 | 2.5 |
| BNP Paribas<br>Financial services | 14,099 | 2.3 |
| SAP<br>Software solutions and consultancy | 13,843 | 2.2 |
| Koninklijke Philips Electronics<br>Electronics | 13,819 | 2.2 |
| Swedish Match<br>Smokeless tobacco products | 12,747 | 2.1 |
| Ahold Koninklijke<br>Retail | 12,211 | 2.0 |
| Teva Pharmaceutical Industries<br>Pharmaceuticals | 12,019 | 1.9 |
| Royal Dutch Shell<br>Oil and gas | 11,956 | 1.9 |
| Danone<br>Food processing | 11,251 | 1.8 |
| Umicore<br>Materials technology | 11,027 | 1.8 |
| Allianz<br>Financial services | 10,731 | 1.7 |
| BASF<br>Chemicals | 10,611 | 1.7 |
| ING Group<br>Financial services | 10,261 | 1.7 |
| Twenty Largest Investments | 301,606 | 48.7 |

† % total assets less current liabilities excluding fixed term loan liability

# Income Statement

| | Notes | revenue £'000 | capital £'000 | total £'000 |
|---|---|---|---|---|
| | | for the six months ended 30.06.10 unaudited | | |
| (Losses)/gains on investments designated at fair value through profit or loss | | – | (67,171) | (67,171) |
| Income | 2 | 15,123 | – | 15,123 |
| Investment management fee | | (2,384) | – | (2,384) |
| VAT recovered in investment management fee | | – | – | – |
| Other expenses | | (333) | – | (333) |
| Exchange gains/(losses) on other net assets | | 85 | (6,429) | (6,344) |
| Exchange gains on loans | | – | 6,502 | 6,502 |
| **Net return/(loss) before finance costs and taxation** | | 12,491 | (67,098) | (54,607) |
| Interest payable | | (1,760) | – | (1,760) |
| **Net return/(loss) on ordinary activities before taxation** | | 10,731 | (67,098) | (56,367) |
| Taxation on return/(loss) on ordinary activities | 3 | (2,012) | (39) | (2,051) |
| **Net return/(loss) on ordinary activities after taxation for the period** | | 8,719 | (67,137) | (58,418) |
| **Return/(loss) per ordinary share** | 4 | 17.38p | (133.82p) | (116.44p) |

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 31.12.09 audited revenue £'000 | capital £'000 | total £'000 | for the six months ended 30.06.09 unaudited revenue £'000 | capital £'000 | total £'000 |
|---|---|---|---|---|---|
| – | 46,288 | 46,288 | – | (92,045) | (92,045) |
| 23,261 | – | 23,261 | 19,442 | – | 19,442 |
| (4,582) | – | (4,582) | (2,004) | – | (2,004) |
| 37 | – | 37 | 37 | – | 37 |
| (793) | – | (793) | (382) | – | (382) |
| 161 | (8,056) | (7,895) | 264 | (11,275) | (11,011) |
| – | 6,867 | 6,867 | – | 10,503 | 10,503 |
| 18,084 | 45,099 | 63,183 | 17,357 | (92,817) | (75,460) |
| (3,768) | – | (3,768) | (1,821) | – | (1,821) |
| 14,316 | 45,099 | 59,415 | 15,536 | (92,817) | (77,281) |
| (3,434) | 506 | (2,928) | (3,002) | (4) | (3,006) |
| 10,882 | 45,605 | 56,487 | 12,534 | (92,821) | (80,287) |
| 20.59p | 86.27p | 106.86p | 23.38p | (173.13p) | (149.75p) |

# Reconciliation of Movement in Shareholders' Funds

| | Notes | share capital £'000 | share premium account £'000 |
|---|---|---|---|
| **Opening shareholders' funds: 1 January 2009** | | 13,728 | 58,615 |
| Net recognised capital losses for the period | | – | – |
| Repurchase of ordinary shares | 9 | (527) | – |
| Taxation charged to capital | | – | – |
| Net revenue after taxation for the period | | – | – |
| Dividend paid to shareholders | | – | – |
| **Closing shareholders' funds: 30 June 2009** | | 13,201 | 58,615 |
| **Opening shareholders' funds: 1 January 2009** | | 13,728 | 58,615 |
| Net recognised capital gains for the year | | – | – |
| Repurchase of ordinary shares | 9 | (949) | – |
| Taxation credited to capital | | – | – |
| Net revenue after taxation for the year | | – | – |
| Dividend paid to shareholders | | – | – |
| **Closing shareholders' funds: 31 December 2009** | | 12,779 | 58,615 |
| Net recognised capital losses for the period | | – | – |
| Repurchase of ordinary shares | 9 | (304) | – |
| Taxation charged to capital | | – | – |
| Net revenue after taxation for the period | | – | – |
| Dividend paid to shareholders | 7 | – | – |
| **Closing shareholders' funds: 30 June 2010** | | 12,475 | 58,615 |

| capital redemption reserve £'000 | capital reserve £'000 | revenue reserve £'000 | total equity £'000 |
|---|---|---|---|
| 2,097 | 550,355 | 25,186 | 649,981 |
| – | (92,817) | – | (92,817) |
| 527 | (19,838) | – | (19,838) |
| – | (4) | – | (4) |
| – | – | 12,534 | 12,534 |
| – | – | (19,620) | (19,620) |
| 2,624 | 437,696 | 18,100 | 530,236 |
| 2,097 | 550,355 | 25,186 | 649,981 |
| – | 45,099 | – | 45,099 |
| 949 | (37,913) | – | (37,913) |
| – | 506 | – | 506 |
| – | – | 10,882 | 10,882 |
| – | – | (19,620) | (19,620) |
| 3,046 | 558,047 | 16,448 | 648,935 |
| – | (67,098) | – | (67,098) |
| 304 | (13,274) | – | (13,274) |
| – | (39) | – | (39) |
| – | – | 8,719 | 8,719 |
| – | – | (11,292) | (11,292) |
| 3,350 | 477,636 | 13,875 | 565,951 |

# Balance Sheet

| | Notes | 30.06.10 unaudited £'000 | 31.12.09 audited £'000 | 30.06.09 unaudited £'000 |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Investments designated at fair value through profit or loss | | 565,509 | 658,771 | 537,881 |
| **Current assets** | | | | |
| Debtors | | 5,474 | 7,760 | 12,505 |
| Fidelity Institutional Liquidity Fund plc* | | 42,562 | 45,823 | 43,949 |
| Cash at bank | | 11,652 | 40,973 | 36,165 |
| | | 59,688 | 94,556 | 92,619 |
| **Creditors – amounts falling due within one year** | | | | |
| Fixed rate unsecured loan | 8 | (53,464) | (35,471) | (34,086) |
| Other creditors | | (5,782) | (11,280) | (10,788) |
| | | (59,246) | (46,751) | (44,874) |
| **Net current assets** | | 442 | 47,805 | 47,745 |
| **Total assets less current liabilities** | | 565,951 | 706,576 | 585,626 |
| **Creditors – amounts falling due after more than one year** | | | | |
| Fixed rate unsecured loan | 8 | – | (57,641) | (55,390) |
| **Total net assets** | | 565,951 | 648,935 | 530,236 |
| **Capital and reserves** | | | | |
| Share capital | | 12,475 | 12,779 | 13,201 |
| Share premium account | | 58,615 | 58,615 | 58,615 |
| Capital redemption reserve | | 3,350 | 3,046 | 2,624 |
| Capital reserve | | 477,636 | 558,047 | 437,696 |
| Revenue reserve | | 13,875 | 16,448 | 18,100 |
| **Total equity shareholders' funds** | | 565,951 | 648,935 | 530,236 |
| **Net asset value per ordinary share** | 5 | 1,134.18p | 1,269.52p | 1,004.10p |

* Previously known as Fidelity Institutional Cash Fund plc

| | 30.06.10 unaudited £'000 | 31.12.09 audited £'000 | 30.06.09 unaudited £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Investment income received | 11,755 | 17,088 | 13,685 |
| Deposit interest received | 75 | 657 | 549 |
| Investment management fee paid | (2,572) | (4,602) | (2,264) |
| Performance fee paid | – | (7,458) | (7,458) |
| VAT recovered on investment management fee paid | – | 37 | 37 |
| Directors' fees paid | (53) | (113) | (56) |
| Other cash (payments)/receipts | (379) | (659) | 23 |
| **Net cash inflow from operating activities** | 8,826 | 4,950 | 4,516 |
| **Returns on investments and servicing of finance** | | | |
| Interest paid | (1,803) | (3,794) | (1,875) |
| **Net cash outflow from returns on investments and servicing of finance** | (1,803) | (3,794) | (1,875) |
| **Taxation** | | | |
| Overseas taxation recovered | 139 | 1,218 | 79 |
| **Taxation recovered** | 139 | 1,218 | 79 |
| **Financial investment** | | | |
| Purchase of investments | (229,385) | (834,557) | (427,551) |
| Disposal of investments | 251,785 | 882,130 | 453,435 |
| **Net cash inflow from financial investment** | 22,400 | 47,573 | 25,884 |
| **Dividend paid to shareholders** | (11,292) | (19,620) | (19,620) |
| **Net cash inflow before use of liquid resources and financing** | 18,270 | 30,327 | 8,984 |
| **Cash flow from management of liquid resources** | | | |
| Fidelity Institutional Liquidity Fund plc | 3,261 | 2,941 | 4,815 |
| **Net cash inflow from management of liquid resources** | 3,261 | 2,941 | 4,815 |
| **Net cash inflow before financing** | 21,531 | 33,268 | 13,799 |
| **Financing** | | | |
| Repurchase of ordinary shares | (14,712) | (36,004) | (19,837) |
| 3.23% fixed rate unsecured loan repaid | (33,147) | – | – |
| **Net cash outflow from financing** | (47,859) | (36,004) | (19,837) |
| **Decrease in cash** | (26,328) | (2,736) | (6,038) |

# 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 December 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 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 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

| | 30.06.10 unaudited £'000 | 31.12.09 audited £'000 | 30.06.09 unaudited £'000 |
|---|---|---|---|
| Overseas dividends | 14,871 | 20,954 | 17,453 |
| Overseas scrip dividends | 176 | 1,730 | 1,510 |
| Deposit interest | 13 | 165 | 155 |
| Income from Fidelity Institutional Liquidity Fund plc | 63 | 412 | 324 |
| | 15,123 | 23,261 | 19,442 |

## 3 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES

| | 30.06.10 unaudited | | | 31.12.09 audited | | | 30.06.09 unaudited | | |
|---|---|---|---|---|---|---|---|---|---|
| | revenue £'000 | capital £'000 | total £'000 | revenue £'000 | capital £'000 | total £'000 | revenue £'000 | capital £'000 | total £'000 |
| Corporation tax | 419 | 39 | 458 | 2,982 | (506) | 2,476 | 422 | 4 | 426 |
| Double taxation relief | (458) | – | (458) | (2,357) | – | (2,357) | – | – | – |
| | (39) | 39 | – | 625 | (506) | 119 | 422 | 4 | 426 |
| Overseas taxation suffered | 3,149 | – | 3,149 | 4,223 | – | 4,223 | 3,662 | – | 3,662 |
| Overseas taxation recovered | (1,098) | – | (1,098) | (1,414) | – | (1,414) | (1,082) | – | (1,082) |
| | 2,012 | 39 | 2,051 | 3,434 | (506) | 2,928 | 3,002 | 4 | 3,006 |

## 4 RETURN/(LOSS) PER ORDINARY SHARE

| | 30.06.10 unaudited | 31.12.09 audited | 30.06.09 unaudited |
|---|---|---|---|
| Revenue | 17.38p | 20.59p | 23.38p |
| Capital | (133.82p) | 86.27p | (173.13p) |
| Total | (116.44p) | 106.86p | (149.75p) |

Returns/(losses) per ordinary share are based on the net revenue return on ordinary activities after taxation of £8,719,000 (31.12.09: £10,882,000; 30.06.09: £12,534,000), the net capital loss in the period of £67,137,000 (31.12.09: return £45,605,000; 30.06.09: loss £92,821,000) and the total loss in the period of £58,418,000 (31.12.09: return £56,487,000; 30.06.09: loss £80,287,000) and on 50,168,442 ordinary shares (31.12.09: 52,862,338; 30.06.09: 53,614,861), being the weighted average number of ordinary shares in issue during the period.

## 5 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £565,951,000 (31.12.09: £648,935,000; 30.06.09: £530,236,000) and on 49,899,656 ordinary shares (31.12.09: 51,116,605; 30.06.09: 52,806,914), being the number of ordinary shares in issue at the period end.

## 6 COSTS OF INVESTMENT TRANSACTIONS

Included in the losses on investments are the following costs of investment transactions:

| | 30.06.10 unaudited £'000 | 31.12.09 audited £'000 | 30.06.09 unaudited £'000 |
|---|---|---|---|
| Purchases expenses | 203 | 972 | 508 |
| Sales expenses | 242 | 1,012 | 555 |
| | 445 | 1,984 | 1,063 |

## 7 DIVIDENDS

No dividend has been declared in respect of the current period. The dividend shown on the Reconciliation of Movements in Shareholders' Funds for the six months ended 30 June 2010 relates to the interim dividend paid for the year ended 31 December 2009. No final dividend was paid.

## 8 LOAN FACILITIES

The fixed rate loan from Barclays Bank PLC of euro 65,000,000 was drawn down on 29 December 2006 for a period of five years at an interest rate of 4.38% per annum. The loan is repayable on 15 December 2011.

The fixed rate loan from Lloyds TSB Bank plc of euro 40,000,000 drawn down on 22 June 2005 for a period of five years at an interest rate of 3.23% per annum was repaid on 22 June 2010.

The Company has entered into a euro 25,000,000 credit facility agreement with Lloyds TSB Bank plc which expires on 15 December 2011. As at 30 June 2010 no amount was drawn down.

## 9 SHARE REPURCHASES

The following ordinary share repurchases were made in the period:

| | 30.06.10 unaudited | 31.12.09 audited | 30.06.09 unaudited |
|---|---|---|---|
| Number of ordinary shares repurchased | 1,216,949 | 3,798,605 | 2,108,296 |
| Average price per ordinary share | 1,090.76p | 998.08p | 940.95p |
| Total cost including stamp duty and commission | £13,274,000 | £37,913,000 | £19,838,000 |

## 10 UNAUDITED FINANCIAL STATEMENTS

The results for the six months to 30 June 2010 and 30 June 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 December 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 can 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

Existing shareholders who have specific queries 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, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA.
Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras)
email: ssd@capitaregistrars.com
Details of individual shareholdings and other information can also be obtained from the Registrar's website:
www.capitaregistrars.com

Fidelity 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 3.95p 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 opposite, 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:
www.fidelity.co.uk/sharenetwork

General enquiries should be made to FIL Investments International, 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

## FINANCIAL CALENDAR

30 June 2010 – Half-Yearly period end
29 July 2010 – Announcement of Half-Yearly results
August 2010 – Publication of Half-Yearly report
31 December 2010 – Financial year end
March 2011 – Publication of Annual Report
May 2011 – Annual General Meeting

# Directory

## BOARD OF DIRECTORS

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

## 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
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

## LAWYERS

Slaughter and May
One Bunhill Row
London, EC1Y 8YY

## WARNING TO SHAREHOLDERS – "BOILER ROOM" SCAMS

Over the last 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) has 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.shtml

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

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 BNP Paribas Securities Services and shares will be held in the name of Puddle Dock 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.

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. Fidelity, Fidelity International and the Pyramid Logo are trademarks of FIL Limited.

Issued by Fidelity European Values PLC.

Printed by Park Communications on FSC certified paper.

Park is an EMAS certified CarbonNeutral® Company and its Environmental Management System is certified to ISO14001.

100% of the inks used are vegetable oil based 95% of press chemicals are recycled for further use and on average 99% of any waste associated with this production will be recycled.

The FSC logo identifies products which contain wood from well managed forests certified in accordance with the rules of the Forest Stewardship Council.

This document is printed on Cocoon Silk; a paper made using 50% recycled fibre from genuine waste paper and 50% virgin fibre.

The unavoidable carbon emissions generated during the manufacture and delivery of this document, have been reduced to net zero through a verified, carbon offsetting project.

FSC
Mixed Sources
Product group from well-managed forests and recycled wood or fiber
Cert no. SGS-COC-2842
www.fsc.org
© 1996 Forest Stewardship Council

CERTIFIED CARBON NEUTRAL® publication
CarbonNeutral.com
$CO_2$ emissions reduced to net zero in accordance with The CarbonNeutral Protocol