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**FIDELITY**

**EUROPEAN VALUES PLC - Company no 2638812**

**Annual Report for the year ended**

**31 December**

**2002**



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## Company Summary

as at 31 December 2002

<b>Investment objective</b>	To achieve long-term capital growth from the stockmarkets of continental Europe.		
<b>Benchmark</b>	FTSE World Europe (ex UK) Index		
<b>Management company</b>	Fidelity Investments International		
<b>Total assets employed</b>	£355.1m		
<b>Shareholders' funds</b>	£296.5m		
<b>Market capitalisation</b>	£260.1m		
<b>Capital structure</b>	ordinary shares of 25p gearing	63,125,233 in issue Loan of €50m (£32.5m) Loan of €40m (£26.0m)	4.96% 5 years 5.54% 5 years
<b>Continuation vote</b>	An ordinary resolution to approve the continuation of the Company will be proposed to shareholders at the Annual General Meeting in 2003 and every second Annual General Meeting thereafter.		
<b>Management &amp; secretarial fee</b>	Fidelity provides management, accounting, administrative and secretarial services to the Company under an agreement entered into on 7 October 1991, which is terminable by either party at any time by giving one year's notice in writing. The agreement provides for a fee at the rate of 1% per annum (plus VAT) of the value of the total assets under management, calculated and payable quarterly in arrear, as of the last business day of March, June, September and December in each year. In computing total assets the value of any investment in any fund which is managed by the Manager, or an Associate of the Manager, is excluded. Secretarial and accounting services are charged at a fixed fee of £25,000 per annum.		
<b>Membership of AITC</b>	The Company is a member of the AITC under the Europe Sector.		
<b>Investment trust status</b>	The Inland Revenue has granted the Company approval as an investment trust under s842 of the Income and Corporation Taxes Act 1988 for the accounting period ended 31 December 2000 and provisional approval for the accounting period ended 31 December 2001. The Directors are of the opinion that since that date the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under that section.		
<b>ISA status</b>	Investment limit £7,000 in the 2002/2003 tax year.		

## Summary of Results

	2002	2001	% change*
<b>Assets</b> at 31 December			
Total assets employed†	£355.1m	£378.7m	-6.2%
Shareholders' funds	£296.5m	£323.8m	-8.4%
Borrowings as % of shareholders' funds	19.8%	17.0%	
Borrowings less cash as % of shareholders' funds	17.0%	13.6%	
Net asset value per share (NAV)	469.73p	514.94p	-8.8%

### Results for the year to 31 December - see Page 25

Capital loss per ordinary share	(46.32p)	(67.27p)	
Capital plus revenue loss per ordinary share	(44.63p)	(63.26p)	
Dividend per ordinary share	1.20p	2.00p	

### Stockmarket Data at 31 December

FTSE World Europe (ex UK) Index	199.56	279.86	-28.7%	
Share price	year end	412.00p	533.00p	-22.7%
	high	636.50p	602.00p	
	low	376.00p	466.00p	
Discount/+premium	year end	12.3%	+3.5%	
	high	12.3%	5.7%	
	low	+6.3%	+6.0%	

### Returns (includes reinvested income) for the year to 31 December (%)

FTSE World Europe (ex UK) Index	-27.4	-20.4	
NAV	-8.5	-16.2	
Share price	-22.5	-2.7	

### Total Expense Ratios#

Total assets employed	1.29%	1.27%	
Shareholders' funds	1.51%	1.47%	

\* price change

† total net assets plus fixed rate unsecured loans

# operating expenses (excluding interest before tax) based on average total assets less current liabilities (excluding fixed-term loans and loan stock) and shareholders' funds at the end of each month.

# Summary of Performance

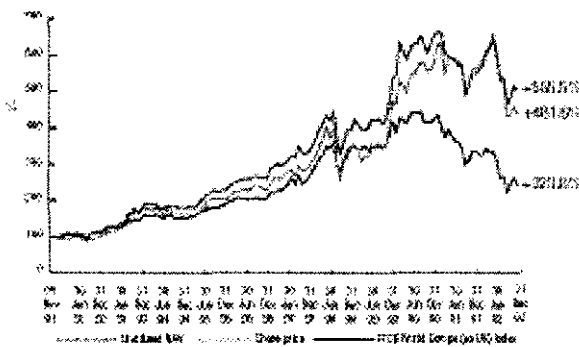
Historical Record as at 31 December	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992†
Total assets employed (£m)	355	379	419	352	266	220	167	137	111	85	55
Shareholders' funds (£m)	297	324	359	292	215	181	141	113	90	70	43
NAV per share - undiluted	469.73p	514.94p	615.40p	505.73p	371.78p	315.81p	246.58p	216.32p	173.53p	167.49p	103.54p
NAV per share - diluted	n/a	n/a	576.97p	471.71p	343.39p	285.45p	224.26p	197.19p	161.40p	156.29p	102.95p
Share price	412.00p	533.00p	548.50p	449.00p	334.00p	277.50p	220.00p	193.00p	152.50p	167.50p	97.00p
Warrant price	n/a	n/a	444.00p	348.00p	230.50p	177.50p	121.00p	102.00p	94.00p	99.00p	27.00p
Discount/+premium to NAV	12.3%	+3.5%	4.9%	4.8%	2.7%	2.8%	1.9%	2.1%	5.5%	+7.2%	5.8%
Return per ordinary share	1.69p	4.01p	1.07p	1.01p	1.27p	0.83p	1.26p	1.46p	0.49p	0.32p	0.49p
Fully-diluted return per ordinary share	n/a	n/a	1.00p	0.94p	1.16p	0.75p	1.07p	1.23p	n/a	n/a	n/a
Dividend per ordinary share	1.20p	2.00p	0.60p	0.60p	0.60p	0.60p	0.60p	0.60p	0.30p	0.30p	0.30p
Cost of running trust*	1.51%	1.47%	1.61%	1.74%	1.57%	1.63%	1.65%	1.67%	1.63%	1.90%	2.67%
Actual gearing ratio - loan stock	n/a	n/a	13.3%	19.5%	22.3%	20.5%	17.0%	17.7%	18.4%	22.0%	23.3%
Actual gearing ratio - borrowings	17.0%	13.6%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NAV - performance**	-8.5%	-16.2%	+21.8%	+36.3%	+17.9%	+28.4%	+14.3%	+25.2%	+3.6%	+62.5%	+9.8%
Share price performance	-22.5%	-2.7%	+22.3%	+34.7%	+20.6%	+26.4%	+14.3%	+26.8%	-9.0%	+73.5%	+9.6%
Index performance	-27.4%	-20.4%	+1.4%	+19.5%	+31.1%	+29.6%	+8.5%	+22.6%	-0.6%	+35.6%	+16.8%

† for the period 5 November 1991 to 31 December 1992

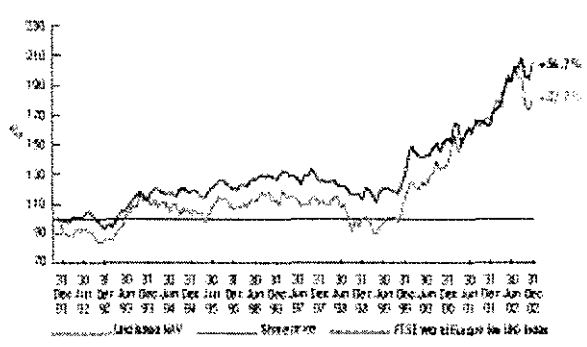
\* operating expenses (excluding interest before tax) based on average shareholders' funds at the end of each month

\*\* 2000 and prior years are undiluted performance

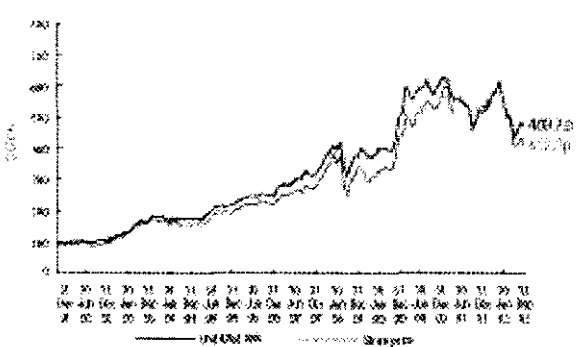
**Total return performance**  
from launch to 31 December 2002



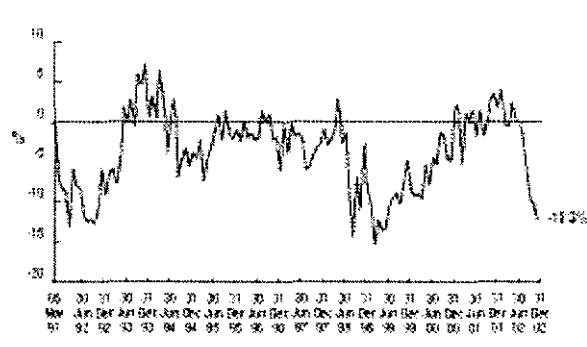
**Performance relative to the Index**  
from launch to 31 December 2002



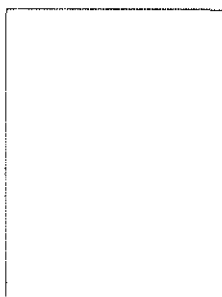
**Undiluted NAV and share price**  
from launch to 31 December 2002



**Share price discount to NAV**  
from launch to 31 December 2002

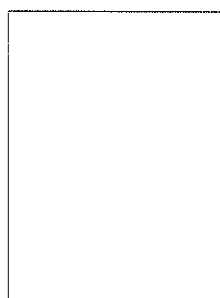


## Board of Directors



**Robert Walther**<sup>†</sup> (Chairman) (age 59, date of appointment: 24 September 1991) was Group Chief Executive of Clerical Medical Investment Group and a member of the Executive Committee of Halifax PLC until he retired in late 2001. He

joined the Clerical Medical Group in 1965, was appointed Investment Manager in 1976 and Investment Director in 1985. He is also Chairman of Fleming Claverhouse Investment Trust PLC and a director of Nationwide Building Society.



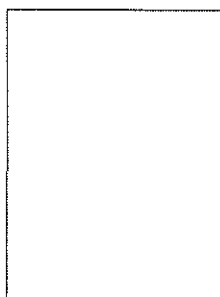
**David Simpson**<sup>\*</sup> (age 61, date of appointment: 18 May 1998) was formerly a General Manager and Secretary of the Standard Life Assurance Company from 1988 to 1996. He is Chairman of Martin Currie Capital Return Trust

and a director of Edinburgh Income and Value Trust.



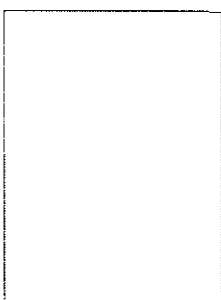
**Simon Fraser** (age 43, date of appointment: 26 July 2002) is Chief Investment Officer of Fidelity International Limited. He started his career at Fidelity in 1981 as an analyst and he has spent a number of years in Japan, most recently

as Chief Investment Officer for the Asia/Pacific region. He returned to the UK in 1999 to take up his current position. He is also a director of Fidelity Japanese Values PLC.



**Johan Björkman**<sup>\*</sup> (age 58, date of appointment: 6 November 2001) is Chairman of Skanditek Industriförvaltning AB and also Tredje AP-fonden (a Swedish state pension fund), LjungbergGruppen AB (a listed Swedish real estate company),

Invik AB (a listed Swedish holding company) and Nordstjernen AB. He is a member of the boards of a number of other Swedish companies and has extensive experience in investment business.



**Simon Duckworth**<sup>\*</sup> (age 38, date of appointment: 24 February 2003) has been a member of the Corporation of London since 2000 where he sits on the City's Finance Committee. He is Governor of City University and of the Cass Business School. He

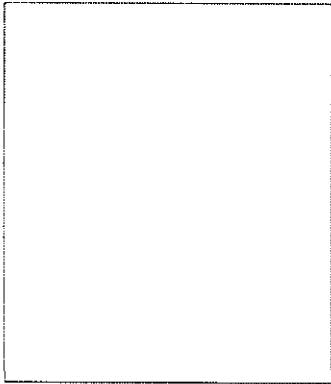
was appointed Clerk to the Worshipful Company of Gunmakers in 2000 and holds a number of other public and charitable appointments.

All of the Directors are non-executive and, with the exception of Mr Fraser, are independent.

<sup>†</sup> Chairman of the Audit and Management Engagement Committees

<sup>\*</sup> members of the Audit and Management Engagement Committees

## Chairman's Statement



**Robert Walther**  
Chairman

I have pleasure in presenting the annual report of Fidelity European Values PLC for the year ended 31 December 2002.

**Performance** - The past year has been a very difficult one for investors. Despite a relatively stable market in the first half of the year, the market fell to new lows in the later part of the year. The market volatility continued unabated as investors remained concerned over the poor economic climate and the prospects of war in the Middle East. During the period under review, the FTSE World Europe (ex UK) Index returned -27.4%. In light of this investment background, I believe the Company performed very well. The net asset value per share of the Company returned -8.5%, and performed significantly better than the index. The strong relative outperformance was due to strong stock picking and favourable market selection during a volatile period for equity markets. Gearing had a negative impact on the portfolio during the reporting year. The shares ended the year trading at a discount of 12% to the underlying asset value per share. (All figures are in sterling and are on a total return basis.) A detailed review of the performance of the portfolio is provided in the Manager's review.

**Gearing** - The Board is responsible for the level of gearing in the Company and reviews it on a regular basis. The Company retained a modest amount of gearing throughout 2002 (17% as at the year end), which reduced the net asset value by 2.3% as a result of falling markets. Your Board believes that markets offer fair value at these

levels and, given the low (by historic standards) cost of borrowing, we intend to keep this level of gearing. We also believe that gearing will continue to benefit shareholders in the long term.

**Dividend** - As indicated last year, your Board recommends the payment of a lower ordinary dividend of 1.2 pence per share (2001: 2.0 pence per share) payable on 28 May 2003 to shareholders on the register at close of business on 7 March 2003 (ex-dividend date 5 March 2003). Your Board believes very strongly that total return (income and capital) is the key performance indicator. We will not therefore restrict the Fund Manager even if this leads to lower dividends in future.

**Directorate** - As mentioned in the interim report the growth of Fidelity International and his appointment as Chairman of COLT meant that Barry Bateman decided to step down as a Director of the Company in July last year.

Notwithstanding the recent proposals from the Financial Services Authority that directors of the Manager should not serve on the Board, I believe that there is value in having a senior member of the Company's Fund Managers who assumes the responsibility of being a Director of the Company. All of the other Directors are totally independent and this provides an appropriate balance. We are therefore pleased that Simon Fraser joined the Board following Barry's resignation. Simon is currently Fidelity's Chief Investment Officer and has been with Fidelity since 1981 when he joined as an analyst.

Mr Albert Francke resigned as a Director on 1 February 2003. Albert served as a Director from December 1992 and his wide experience made him a much valued colleague and, on behalf of the shareholders, I would like to say thank you to Albert for his contribution over this time.

Any proposal for a new Director is considered by the whole Board with the independent Directors taking the lead. A number of candidates were considered and, after

## Chairman's Statement

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due consideration, Mr Simon Duckworth was appointed as a Director of the Company on 24 February 2003. Simon has a proven track record in private and public service and will be a welcome addition to the Board.

Resolutions to elect Simon Fraser and Simon Duckworth will be proposed at the forthcoming Annual General Meeting.

**Continuation Vote** - In accordance with the articles of association of the Company, an ordinary resolution that the Company continue as an investment trust for a further two years will be proposed at the forthcoming Annual General Meeting. Your Board recommends that shareholders vote in favour of the resolution. There will be a further continuation vote at the Annual General Meeting in 2005.

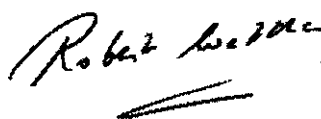
**Annual General Meeting** - The Annual General Meeting of the Company is due to take place on 22 May 2003 at midday at Fidelity's offices at 25 Cannon Street (just next to St. Paul's Cathedral). Full details of the meeting are given on pages 41 to 43 and I look forward to meeting you then.

**Outlook** - In 2002, continental European equity markets posted their third year of decline, falling by 33.4%, as measured by the FTSE World Europe (ex UK) Index in local currency terms. This compares with losses of 19.7% in 2001 and 1.3% in 2000. From their peak in March 2000 to the end of 2002, European equities have declined by 51.8%, dragged down by the poor performance of technology hardware, telecom services, insurance and banking sectors.

The European Central Bank (ECB) forecasts a gradual recovery in economic growth in the eurozone during the course of 2003. The main factors expected to support the strengthening of the economy are lower inflation, a further recovery in foreign demand, which should support exports, and an increase in investment while interest rates remain at relatively low levels. However, the ECB cautioned that this outlook is surrounded by high

uncertainty due to the presence of geopolitical tensions, developments in financial markets, and the persistence of global imbalances.

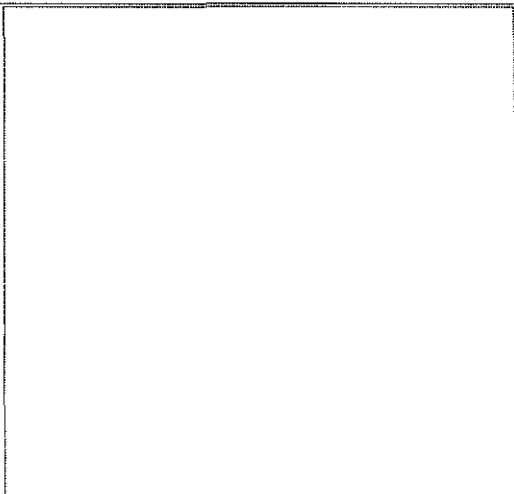
In this uncertain economic and market environment there are opportunities for good stock selection and we hope that our Manager will capitalise on these opportunities in the future as well as he has in the past.



Robert Walther  
24 February 2003

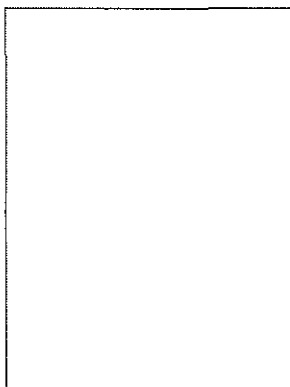
## Investment Manager

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### **Fidelity Investments International**

The Company is managed by Fidelity Investments International, incorporated in the UK on 13 September 1979 (regulated by the Financial Services Authority). Fidelity Investments International is part of the Fidelity Organisation, which, as at 31 December 2002, had total assets under management exceeding £540 billion\*. Fidelity has developed into the world's largest independent investment management organisation.



### **Tim McCarron** (age 40)

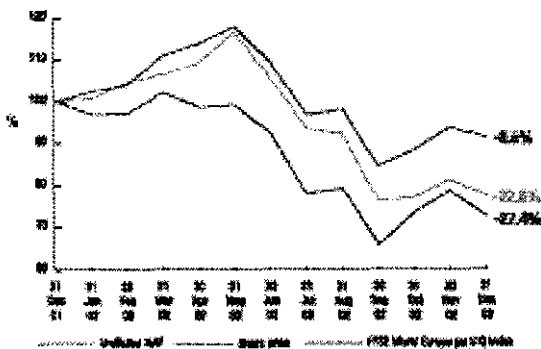
is currently a portfolio manager with Fidelity Investment Services Limited. He has been with Fidelity since 1993, when he joined as a research analyst. He spent a year in Fidelity's Boston office as a research analyst, before returning to the UK in 1995. In addition to Fidelity European Values PLC, he manages three Fidelity OEIC sub-funds: Fidelity Income Plus, Fidelity MoneyBuilder Balanced and the Fidelity European Fund, part of The Edinburgh Investment Trust plc portfolio and a number of institutional portfolios.

\* Total assets under management as at 31 December 2002 include assets of FMR Corp, a US company and affiliate and its subsidiaries.

## Investment Manager's Report

**Performance Review** - As shown in the Summary of Results on page 2, the NAV returned -8.5% in the year to 31 December 2002, outperforming the FTSE World Europe (ex UK) Index, which returned -27.4%. (All performance figures are on a total return basis and in sterling.)

**Total return performance  
for year to 31 December 2002**



**Market Background** - European equity markets declined over the year under review. Technology sectors extended their run of poor returns and IT hardware stocks had a particularly difficult time. Sectors which are themselves dependent on stock market returns, such as insurance and other financials, including asset managers, also performed poorly.

The most resilient areas of the market were the defensive sectors, particularly tobacco. These types of companies were more insulated from external factors such as the lagging European and global economies. Elsewhere, the low interest rate environment benefited real estate companies.

In the eurozone, significant disparities between growth rates in member states remained a feature of economic development. While countries such as Greece and Ireland continued to enjoy robust economic growth, conditions in Germany were less favourable and the economy remained on the brink of recession. German unemployment rose to 10% and contributed to the highest level of joblessness in the eurozone since the middle of 2000. In an attempt to

boost domestic demand, the European Central Bank finally lowered interest rates by 0.5 percentage points to 2.75% in early December. The cut was the first since November 2001 and brought interest rates down to their lowest level in three years.

The euro strengthened against the US dollar over the year, a reversal of the previous year's trend. It rose by 18% against the US currency, from \$0.890 to \$1.049.

**Portfolio Review** - The Company's NAV return was considerably better than the performance of the broad European market. In the context of a falling market, there was a wide differentiation in stock performance within sectors which created a good stock-picking environment.

Holdings in the tobacco sector made a positive contribution to returns with some of the portfolio's larger holdings, including Swedish Match and Altadis, performing well. Stock selection in the banking sector proved rewarding during the year, particularly the holdings in Bank of Ireland and Credit Lyonnais. Bank of Ireland was valued attractively in its sector and has had a strong position on the periphery of the European banking sector, while the share price of Credit Lyonnais was boosted after Credit Agricole launched a takeover bid for the French retail bank during the latter part of the year.

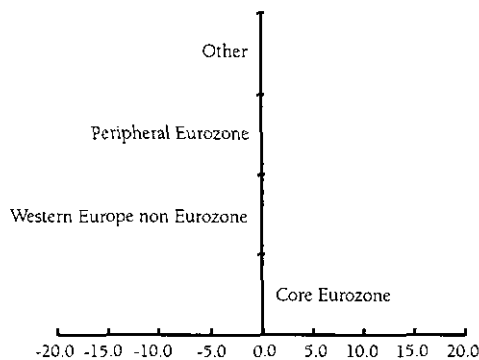
The portfolio's low exposure to IT hardware stocks proved beneficial to performance as the environment for sales of IT and telecommunications equipment continued to deteriorate during the year. Similarly, a low exposure to the poorly performing insurance sector boosted relative returns and stock selection proved to be important. The French life insurer, CNP Assurances was a particularly strong performer.

**Portfolio Structure** - The general structure of the portfolio remains unchanged. In broad terms, the portfolio is positioned with a relatively neutral balance between defensive and economically sensitive sectors. In terms of the technology sectors, the Manager continues to favour media and telecommunication services stocks, with fewer holdings in IT hardware.

The portfolio's bias towards medium-sized and smaller companies remains unchanged. The Manager believes that a greater number of undervalued opportunities can be identified outside the market leaders, as these companies are often less well researched by the broader investment community. The portfolio remains well diversified, with 168 holdings at the end of the year.

Although country allocation is a residual of stock selection, the portfolio remains more exposed to the peripheral markets in Europe including Greece and Spain and is less exposed to the core eurozone markets, notably Germany and France. This is shown in the chart below.

**Relative % weighting to FTSE World Europe (ex UK) Index**



(Source: Fidelity, 31.12.2002)

**Outlook** - Economic expansion could slow further in the eurozone in coming months as companies curb spending and costs, but a recovery may come later in the year if global growth picks up as expected. Additionally, unemployment may increase in early 2003 as companies cut costs to maintain profitability.

Although interest rates were reduced in December, many economists expect further cuts if the eurozone economy struggles to pick up momentum and inflation falls further. However, the benefit of these cuts for European companies could be reduced by the development of the euro, which strengthened relative to the US dollar in 2002. This will be particularly important for companies with an export

orientation or those selling commodity products where international competition is a factor.

In this uncertain economic and market environment, we continue to believe that stock selection based on in-depth company analysis will be key in outperforming the index over the coming year.

Fidelity Investments International  
24 February 2003

## Portfolio Listing

as at 31 December 2002

Holdings by value	Market Value £'000	% <sup>†</sup>
<b>Altadis</b> <i>Spanish tobacco company</i>	9,056	2.6%
<b>Statoil ASA</b> <i>Norwegian supplier of crude oil and natural gas</i>	8,928	2.5%
<b>Roche</b> <i>Swiss developer and manufacturer of pharmaceutical and chemical products</i>	6,792	1.9%
<b>DNB</b> <i>Norwegian bank</i>	6,721	1.9%
<b>Telecom Italia</b> <i>Italian telecommunications company</i>	6,599	1.9%
<b>Novartis</b> <i>Swiss manufacturer of pharmaceuticals</i>	6,574	1.9%
<b>CNP</b> <i>French provider of insurance and pension products</i>	6,330	1.8%
<b>Vodafone Libertel</b> <i>Dutch mobile telecommunications operator</i>	5,888	1.7%
<b>Klepierre</b> <i>French real estate management</i>	5,887	1.7%
<b>Norsk Hydro</b> <i>Norwegian industrial company</i>	5,563	1.6%
<b>Nokia</b> <i>Finnish international telecommunications company</i>	5,552	1.6%
<b>Banco Popular Espanol</b> <i>Spanish bank</i>	5,456	1.5%
<b>Swedish Match</b> <i>Swedish tobacco company</i>	5,439	1.5%
<b>Vivendi Universal</b> <i>French multimedia services</i>	5,395	1.5%
<b>Telekom Austria</b> <i>Austrian provider of telecommunication services</i>	5,106	1.4%
<b>VNU</b> <i>Dutch publishing business</i>	5,006	1.4%
<b>Banco Santander Central Hispano</b> <i>Spanish bank</i>	4,926	1.4%
<b>Aventis</b> <i>French manufacturer of life science products</i>	4,900	1.4%
<b>Wella</b> <i>German hair products company</i>	4,609	1.3%
<b>Estonian Telecom</b> <i>Estonian provider of telephone services</i>	3,921	1.1%
<b>Solvay</b> <i>Belgian manufacturer of pharmaceuticals, chemicals and plastics</i>	3,847	1.1%
<b>Greek Organisation of Football Prognostics</b> <i>Greek gaming company</i>	3,762	1.0%
<b>Amer</b> <i>Finnish sporting goods and tobacco company</i>	3,696	1.0%
<b>Eniro</b> <i>Swedish publisher of catalogues and telephone directories</i>	3,654	1.0%
<b>Fortum</b> <i>Finnish provider of energy-related products and services</i>	3,649	1.0%
<b>Top 25 Holdings</b>	<b>137,256</b>	<b>38.7%</b>

<sup>†</sup> % total assets less current liabilities, excluding loan liability

## Portfolio Listing

as at 31 December 2002

Holdings by value	Market Value £'000	%†
<b>Neopost</b> <i>French manufacturer of mailing and shipping equipment</i>	3,501	1.0%
<b>Converium</b> <i>Swiss provider of reinsurance services worldwide</i>	3,452	1.0%
<b>Public Power of Greece</b> <i>Greek electricity company</i>	3,443	0.9%
<b>Pernod-Ricard</b> <i>French manufacturer of wines, spirits and non-alcoholic beverages</i>	3,364	0.9%
<b>Hansabank</b> <i>Estonian bank</i>	3,227	0.9%
<b>Euronext</b> <i>First pan-European stock exchange</i>	3,189	0.9%
<b>Bank of Ireland</b> <i>Irish bank</i>	3,175	0.9%
<b>Cosmote</b> <i>Greek provider of mobile telephone services</i>	3,067	0.9%
<b>Gehe</b> <i>German wholesaler and retailer of pharmaceuticals</i>	3,023	0.8%
<b>Yukos</b> <i>Russian producer and distributor of oil and petroleum products</i>	2,922	0.8%
<b>Unilever</b> <i>Dutch household product manufacturer</i>	2,867	0.8%
<b>Hungary Tavkozlesi</b> <i>Hungarian provider of telecommunication services</i>	2,807	0.8%
<b>Reed Elsevier</b> <i>Dutch publishing company</i>	2,756	0.8%
<b>Nokian Tyres</b> <i>Finnish tyre manufacturer</i>	2,752	0.8%
<b>Deutsche Boerse</b> <i>German provider of trading and operational services</i>	2,719	0.8%
<b>Corporacion Mapfre</b> <i>Spanish insurance services provider</i>	2,686	0.7%
<b>Vodafone-Panafon</b> <i>Greek provider of mobile telephone services</i>	2,473	0.7%
<b>ISS</b> <i>Danish facility services group</i>	2,387	0.7%
<b>Prosegur</b> <i>Spanish provider of security and transportation services, and temporary employees</i>	2,375	0.7%
<b>Brau-Union</b> <i>Austrian brewery</i>	2,366	0.7%
<b>Fomento De Construcciones</b> <i>Spanish building and construction group</i>	2,364	0.7%
<b>Bilfinger &amp; Berger</b> <i>German provider of construction and engineering services</i>	2,357	0.7%
<b>Pliva</b> <i>Croatian manufacturer of pharmaceuticals</i>	2,355	0.7%
<b>United Drug</b> <i>Irish pharmaceutical distributor</i>	2,345	0.6%
<b>Fonciere Financiere</b> <i>French holding company</i>	2,334	0.6%
<b>Top 50 Holdings</b>	207,562	58.5%
<b>Other Holdings (118)</b>	140,497	39.5%
	348,059	98.0%
<b>Cash &amp; other net assets</b>	7,041	2.0%
	<b>355,100</b>	<b>100.0%</b>

† % total assets less current liabilities, excluding loan liability

## Distribution of the Portfolio\*

as at 31 December 2002

	France	Spain	Switzerland	Netherlands	Norway	Finland	Germany	Sweden	Italy	Ireland	Denmark	Russia	Belgium	Other	Total 2002	Index 2002†	Total 2001
<b>Equities (including convertibles)</b>																	
<b>Financials</b>																	
Banks	2.8	3.3	1.1	-	2.0	0.6	-	-	0.2	0.9	1.4	-	-	0.9	13.2	19.0	14.8
Insurance	1.9	-	1.6	-	-	-	0.4	-	-	-	-	-	-	-	3.9	6.4	3.2
Speciality & Other Finance	0.8	-	-	0.9	0.1	-	0.8	-	-	-	-	-	-	-	2.6	0.2	4.2
Life Assurance	1.8	-	-	-	-	-	-	-	-	0.1	-	-	-	-	1.9	1.2	1.3
Real Estate	-	0.3	-	-	0.4	0.5	-	0.4	-	-	-	-	-	-	1.6	0.1	2.8
Investment Companies	0.6	-	-	0.4	-	-	-	-	-	-	-	-	0.4	-	1.4	0.4	0.9
	<b>7.9</b>	<b>3.6</b>	<b>2.7</b>	<b>1.3</b>	<b>2.5</b>	<b>1.1</b>	<b>1.2</b>	<b>0.4</b>	<b>0.2</b>	<b>1.0</b>	<b>1.4</b>	<b>-</b>	<b>0.4</b>	<b>0.9</b>	<b>24.6</b>	<b>27.3</b>	<b>27.2</b>
<b>Non-Cyclical Consumer Goods</b>																	
Tobacco	-	2.7	-	-	-	-	-	1.5	-	-	-	-	-	0.2	4.4	0.4	5.6
Pharmaceuticals	-	-	1.9	-	-	-	1.5	-	-	-	-	-	-	0.7	4.1	9.9	2.9
Health	-	-	1.1	-	-	-	-	0.2	-	0.7	-	-	0.5	-	2.5	0.6	1.7
Food Producers & Processors	-	-	-	1.0	-	0.2	-	-	0.6	0.4	-	-	-	-	2.2	5.8	2.4
Beverages	0.9	-	-	-	-	-	-	-	-	-	-	-	-	1.2	2.1	0.8	3.5
Personal Care & Household Products	-	-	-	0.6	-	-	1.3	-	-	-	-	-	-	0.2	2.1	1.4	2.3
	<b>0.9</b>	<b>2.7</b>	<b>3.0</b>	<b>1.6</b>	<b>-</b>	<b>0.2</b>	<b>2.8</b>	<b>1.7</b>	<b>0.6</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>0.5</b>	<b>2.3</b>	<b>17.4</b>	<b>18.9</b>	<b>18.4</b>
<b>Cyclical Services</b>																	
Media & Photography	2.1	-	-	2.1	-	0.3	0.6	2.2	0.4	-	0.3	-	-	0.3	8.3	2.5	6.4
Support Services	-	0.7	-	0.3	-	-	-	-	-	0.4	1.4	-	-	-	2.8	1.1	4.6
Leisure, Entertainment & Hotels	0.5	-	-	-	-	-	-	-	-	0.5	-	-	-	1.1	2.1	0.4	2.4
Transport	-	-	0.4	-	-	0.2	-	-	-	-	-	-	-	0.3	0.9	0.9	1.8
General Retailers	-	-	0.2	-	-	-	-	-	-	-	-	-	-	0.1	0.3	1.1	2.1
	<b>2.6</b>	<b>0.7</b>	<b>0.6</b>	<b>2.4</b>	<b>-</b>	<b>0.5</b>	<b>0.6</b>	<b>2.2</b>	<b>0.4</b>	<b>0.9</b>	<b>1.7</b>	<b>-</b>	<b>-</b>	<b>1.8</b>	<b>14.4</b>	<b>6.0</b>	<b>17.3</b>
<b>Non-Cyclical Services</b>																	
Telecommunication Services	0.4	0.2	0.4	1.8	-	1.6	-	-	2.9	-	-	0.9	-	4.9	13.1	7.8	10.0
Food & Drug Retailers	0.6	0.2	-	-	-	-	-	-	-	-	-	-	-	-	0.8	1.9	2.8
	<b>1.0</b>	<b>0.4</b>	<b>0.4</b>	<b>1.8</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>-</b>	<b>2.9</b>	<b>-</b>	<b>-</b>	<b>0.9</b>	<b>-</b>	<b>4.9</b>	<b>13.9</b>	<b>9.7</b>	<b>12.8</b>
<b>Basic Industries</b>																	
Construction & Building Materials	1.0	2.1	-	-	-	0.6	0.9	-	-	0.5	-	-	-	1.6	6.7	2.2	3.8
Chemicals	-	-	2.4	-	-	-	-	-	-	-	0.3	-	1.1	-	3.8	3.6	0.9
Forestry & Paper	-	-	-	-	-	0.8	-	0.4	-	-	-	-	-	-	1.2	1.0	2.4
Steel & Other Metals	-	0.7	-	-	-	0.1	-	-	-	-	-	-	-	-	0.8	0.6	1.0
	<b>1.0</b>	<b>2.8</b>	<b>2.4</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>0.9</b>	<b>0.4</b>	<b>-</b>	<b>0.5</b>	<b>0.3</b>	<b>-</b>	<b>1.1</b>	<b>1.6</b>	<b>12.5</b>	<b>7.4</b>	<b>8.1</b>
<b>Resources</b>																	
Oil & Gas	0.2	-	-	0.6	4.7	1.0	-	-	0.2	-	-	1.6	-	0.5	8.8	10.7	7.3
Mining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1
	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>4.7</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>0.5</b>	<b>8.8</b>	<b>10.7</b>	<b>7.4</b>
<b>General Industrials</b>																	
Diversified Industrials	0.1	0.1	-	-	-	1.3	-	-	-	-	-	-	-	-	1.5	0.2	1.7
Electronic & Electrical Equipment	1.0	-	0.1	-	-	-	-	-	-	-	-	-	-	-	1.1	3.1	0.3
Engineering & Machinery	-	-	0.3	-	-	-	0.2	-	-	-	-	-	-	-	0.5	1.3	0.8
Aerospace & Defence	-	-	-	-	0.4	-	-	-	-	-	-	-	-	-	0.4	0.3	0.9
	<b>1.1</b>	<b>0.1</b>	<b>0.4</b>	<b>-</b>	<b>0.4</b>	<b>1.3</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.5</b>	<b>4.9</b>	<b>3.7</b>
<b>Utilities</b>																	
Electricity	-	-	-	-	-	-	-	-	-	-	-	0.2	-	1.0	1.2	2.2	1.2
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.8	0.2
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>1.0</b>	<b>1.2</b>	<b>5.0</b>	<b>1.4</b>
<b>Information Technology</b>																	
Information Technology Hardware	-	-	-	0.8	-	-	-	-	-	-	-	-	-	-	0.8	4.5	0.1
Software & Computer Services	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	0.3	1.0	0.5
	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.1</b>	<b>5.5</b>	<b>0.6</b>
<b>Cyclical Consumer Goods</b>																	
Automobiles & Parts	-	-	-	-	-	-	0.6	-	-	-	-	-	-	-	0.6	3.0	0.2
Household Goods & Textiles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.6	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>4.6</b>	<b>0.2</b>
<b>Total Equities 2002</b>	<b>14.7</b>	<b>10.3</b>	<b>9.5</b>	<b>8.5</b>	<b>7.6</b>	<b>7.2</b>	<b>6.6</b>	<b>4.7</b>	<b>4.3</b>	<b>3.5</b>	<b>3.4</b>	<b>2.7</b>	<b>2.0</b>	<b>13.0</b>	<b>98.0</b>	<b>100.0</b>	<b>97.1</b>
<b>Cash &amp; Other Net Assets</b>															<b>2.0</b>		<b>2.9</b>
<b>Total - 2002</b>	<b>14.7</b>	<b>10.3</b>	<b>9.5</b>	<b>8.5</b>	<b>7.6</b>	<b>7.2</b>	<b>6.6</b>	<b>4.7</b>	<b>4.3</b>	<b>3.5</b>	<b>3.4</b>	<b>2.7</b>	<b>2.0</b>	<b>13.0</b>	<b>100.0</b>		
† Index - 2002	21.3	7.7	16.8	12.4	1.2	3.8	13.9	4.7	9.6	1.5	1.6	-	2.8	2.7	100.0		
<b>Total Equities - 2001</b>	<b>13.3</b>	<b>11.0</b>	<b>4.5</b>	<b>7.2</b>	<b>8.9</b>	<b>8.3</b>	<b>14.4</b>	<b>5.4</b>	<b>4.6</b>	<b>8.1</b>	<b>3.1</b>	<b>2.7</b>	<b>1.2</b>	<b>4.4</b>			<b>100.0</b>

\* % total assets less current liabilities, excluding loan liability

† FTSE World Europe (ex UK) Index

# Directors' Report

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## Directors' Report

The Directors have pleasure in presenting their report together with the audited accounts of the Company for the year ended 31 December 2002.

The Company was incorporated in England and Wales as a public limited company on 16 August 1991 under the name of Fidelity European Values PLC with the registered number 2638812.

### Activities and Status

A review of the year's activities and an indication of likely future developments are given in the Chairman's Statement on pages 5 and 6 and in the Investment Manager's Report on pages 8 and 9.

The Inland Revenue has approved the Company as an investment trust under section 842 of the Income and Corporation Taxes Act 1988 for the accounting period to 31 December 2001. The Directors are of the opinion that, since that date, the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under that section.

The Company is not a close company and has no employees. It is registered as an investment company as defined in section 266 of the Companies Act 1985 and operates as such.

### Net Asset Value

Investments were valued at £348,059,000 as at 31 December 2002. Shareholders' funds amounted to £296,517,000 resulting in a net asset value per share of 469.73p. Changes to investments are shown in note 10 to the accounts on page 32.

### Results and Dividends

The amount available for distribution as a dividend is £1,068,000 as shown on page 25. The Directors recommend the payment of a dividend of 1.20p, payable on 28 May 2003 to shareholders on the register at close of business on 7 March 2003 (ex dividend date 5 March 2003). The balance of £309,000 has been transferred to reserves.

### Share Capital

#### - Share Issues

Under authorities granted by shareholders on 8 May 2002 281,447 shares were issued during the year to 31 December 2002 at prices representing premia in excess of 2% over the net asset value as follows:

	Number of issues	Total number of shares issued	Price range
Fidelity Share Plan	20	134,759	480p-640p
Fidelity ISA	23	146,688	490p-640p

No further share issues have been made since the year end.

#### - Share Repurchases

Further to the authority granted by shareholders, 30,000 ordinary 25p shares (0.05% of the issued share capital) were purchased for cancellation at a price of 414 pence per share at a discount of 11.13% on 19 December 2002 (2001: nil).

The total amount paid for the shares was £124,200 and the resultant uplift in the NAV per share was 0.02p.

As at 31 December 2002, the total number of shares in issue was 63,125,233.

A further 222,000 shares have been purchased for cancellation since the year end.

### Gearing

The Company has two loans, both of which are repayable on 29 December 2006. The first is with National Australia Bank Limited for euro 40 million at an interest rate of 5.54% per annum. The second is with The Royal Bank of Scotland plc for euro 50 million at an interest rate of 4.96% per annum.

### Political and Charitable Donations

The Company has not made any political or charitable donations in the year (2001: nil).

### Payment of Creditors

The Company's principal supplier is the Manager who is

paid in the month following the end of each calendar quarter, in accordance with the terms of the management agreement. Other suppliers are paid in accordance with the individual payment terms agreed with each supplier.

### Management Company

The Manager, Fidelity Investments International, a subsidiary of Fidelity International Limited, provides management, accounting, administrative and secretarial services to the Company under an agreement entered into on 7 October 1991. Further details of the agreement are given in the Company Summary on page 1. The Manager also provides certain services, including marketing and administration, in connection with the Fidelity Investment Trust Share Plan and the Fidelity Individual Savings Account under an agreement dated 4 March 1996. The amount payable under this agreement for the year to 31 December 2002 was £60,608 (2001: £254,788).

An amount of £1,050,171 was due to the Manager under the above agreements at 31 December 2002 (2001: £1,116,336) and is included in creditors in note 13 on page 36.

The Manager uses certain services which are paid for, or provided, by various brokers. In return it places business, which may include transactions relating to the Company, with these brokers.

The Manager has an arrangement with selected brokers whereby a portion of commissions from security transactions may be paid to the Company to reduce expenses. Amounts received by the Company under this arrangement are offset against other expenses (see note 4 on page 29).

There is a regulatory requirement on the Manager to obtain best execution and no individual deal is entered into which prevents compliance with this requirement.

Mr Simon Fraser is a director of Fidelity Investments International.

Fidelity International Limited has an interest of 826,115 shares in the Company.

### Directors

Mr Barry Bateman retired on 26 July 2002 and Mr Simon Fraser was appointed as a Director on the same date. Mr Albert Francke retired on 1 February 2003 and Mr Simon Duckworth was appointed as a Director on 24 February 2003. The other Directors served as Directors throughout the year to 31 December 2002. As Directors appointed subsequent to the last Annual General Meeting, Mr Fraser and Mr Duckworth are subject to election and offer themselves for election at the forthcoming Annual General Meeting. Mr Walther retires by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Mr Simon Fraser has waived his entitlement to Directors' fees.

No Director is under contract of service with the Company and no contracts existed during or at the end of the financial period in which any Director was materially interested and which was significant in relation to the Company's business, except as disclosed above under the heading of "Management Company".

Except as disclosed above, there have been no related party transactions requiring disclosure under FRS8.

The interests of the Directors in the ordinary shares of the Company as at 31 December 2002 and 31 December 2001 are shown below. There have been no changes in these holdings since the year end.

	31 December 2002 shares	31 December 2001 shares
Robert Walther	7,251	7,251
Barry Bateman*	8,868	8,842
Johan Björkman	-	-
Simon Duckworth**	-	-
Albert Francke <sup>+</sup>	6,053	6,053
Simon Fraser <sup>++</sup>	6,786	6,786 <sup>+++</sup>
David Simpson	5,300	5,300

\* resigned as a Director on 26 July 2002  
 \*\* appointed as a Director on 24 February 2003  
 + resigned as a Director on 1 February 2003  
 ++ appointed as a director on 26 July 2002  
 +++ as at the date of appointment

## Directors' Report

### Analysis of Ordinary Shareholders as at 31 December 2002

	Number of Shareholders	% of Issued Share Capital
Nominee Companies**	1,976	52.34
Individuals*	13,425	36.33
Limited Companies	67	6.49
Banks/Bank Nominees	40	1.95
Others	40	1.53
Assurance/Insurance Companies	10	0.62
Pension Funds	9	0.40
Investment Trusts & Funds	15	0.34
<b>Total</b>	<b>15,582</b>	<b>100.0</b>

\* Includes Share Plan, PEP and ISA investors

\*\* Nominees may also include individual shareholders

### Substantial Share Interests

As at 24 February 2003 notification had been received of the following interests in 3% or more of the issued share capital of the Company:

	%
HBOS	3.90
Legal & General Investment Management	3.05

At 24 February 2003, 28.95% of the issued share capital was held by investors in the Fidelity Investment Trust PEP, Fidelity Individual Savings Account and the Fidelity Investment Trust Share Plan.

### Annual General Meeting

At the Annual General Meeting, resolutions will be proposed to renew the Directors' authority to allot securities in the Company. The authorities sought by these resolutions are to replace the existing powers of the Directors which expire on the date of the Annual General Meeting and will provide the Directors with the flexibility

to issue further ordinary shares if they deem it appropriate to do so. By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders.

**Resolution 8** provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £786,290. If passed, this resolution will enable the Directors to allot a maximum of 3,145,161 ordinary shares which represents approximately 5% of the issued ordinary share capital of the Company as at 24 February 2003.

This authority provides the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares should any favourable opportunities arise to the advantage of shareholders. If new ordinary shares are allotted for cash, section 89(1) of the Companies Act 1985 requires such new shares to be offered to existing holders of ordinary shares ('pre-emption rights'). In certain circumstances it is beneficial for the Directors to allot shares for cash otherwise than pro-rata to existing shareholders and the Companies Act 1985 provides for shareholders to give such power to the Directors by waiving their pre-emption rights.

**Resolution 9** is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities for cash by way of (a) rights issues where practical considerations, such as fractions and foreign securities laws, make this desirable, and (b) other issues up to an aggregate nominal value of £786,290 (5%).

The authority to issue ordinary shares for cash under Resolution 9 will, inter alia, enable the Directors to issue additional new ordinary shares to participants in the Fidelity Investment Trust Share Plan and ISA in the event that the ordinary shares are trading at a premium to their net asset value. The Directors would not intend to use this

power unless such premium were in excess of 2% and unless they considered that it was in the interests of shareholders to do so.

**Resolution 10** is a special resolution which renews the Directors' authority to repurchase the Company's shares for cancellation. It is proposed that the Board be authorised to make arrangements to purchase through the London Stock Exchange up to 9,400,000 ordinary shares of 25 pence (equivalent to 14.94% of the shares in issue at 24 February 2003). By utilising this power to repurchase shares when they are trading at a discount to net asset value, the Company will increase the resulting net asset value per share for remaining shareholders. Purchases of shares will be made at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing net asset value.

The Directors would not issue ordinary shares pursuant to this power at less than the then current fully-diluted net asset value per share.

**Resolution 11** is an ordinary resolution regarding the continuation of the Company as an investment trust.

The Board undertook to give shareholders the opportunity to vote on the continuation of the Company in 2001 and every two years thereafter. Accordingly a resolution for the continuation of the Company as an investment trust will be put to shareholders at the forthcoming Annual General Meeting.

The Directors recommend that shareholders vote in favour of these resolutions.

The full text of the resolutions is set out in the Notice of Meeting contained on pages 41 to 43.

### **Corporate Governance**

Full details are given in the Application of Corporate Governance on pages 19 to 21.

### **Statement of Directors' Responsibilities**

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the net revenue of the Company for that period. In preparing the accounts the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

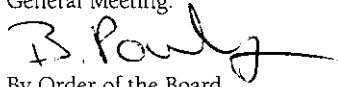
The financial statements may be published on a website that is managed by an organisation other than the Manager or the Board of Directors. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were approved. Visitors to any website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their own jurisdictions.

## Directors' Report

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### Auditors

Following the conversion of our Auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 24 February 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as Auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as Auditors to the Company will be proposed at the Annual General Meeting.



By Order of the Board

Fidelity Investments International

Secretary

24 February 2003

## Application of Corporate Governance

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The Committee on Corporate Governance published its report on the principles of good governance and code of best practice ('the Combined Code') in June 1998. The provisions of the Combined Code replace the previous requirements on corporate governance contained in the Cadbury and Greenbury Codes. The Company is committed to high standards of corporate governance. The Board has put in place a framework for corporate governance, which it believes is appropriate for an investment trust company and which enables the Company to comply with the Combined Code. The Board considers that the Company has complied with the provisions contained within the Combined Code throughout the accounting period to 31 December 2002, except where disclosed below, and this statement describes how the relevant principles of governance are applied to the Company.

### Directors

**The Board** - The Board currently consists of five non-executive Directors, of which four are independent of the Company's Manager. These independent Directors form the members of the Audit Committee and the Management Engagement Committee. The Management Engagement Committee meets once a year and considers both the continuation and terms of the Management Agreement.

**Chairman and Chief Executive** - The Company does not have a chief executive officer as such but, by virtue of employing a management company, these roles are separated. As the Chairman is independent there is no need to appoint another senior independent Director.

**Board balance** - The Board consists of Directors who between them have good knowledge and wide experience of business in Europe and of investment trusts. We ensure that we conduct our business at all times with only the interests of the shareholders in mind and quite

independently of any other associations. We meet at least four times a year and we endeavour to provide leadership in terms of the direction of the Company. Between these meetings, there is regular contact with the Manager. We devote much time to considering investment matters, including the economic, financial and market environment in Europe.

**Supply and agenda of information** - The key source of regular information for the Board is the quarterly Board meeting papers, the contents of which are determined by us and contain sufficient information on the financial condition of the Company. Key representatives of the Manager attend each Board Meeting, enabling the Board to probe further on matters of concern or seek clarification on certain issues. The Directors have access to the advice and services of the Company Secretary through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Directors also have the ability to take independent professional advice, if necessary, at the Company's expense.

**Appointments to the Board** - Any proposal for a new Director will be discussed and approved by all of the Board. As a consequence, there is no 'Nomination Committee'. Upon appointment, each Director receives a briefing on the investment operations and administration functions of the Company, together with a summary of their duties and responsibilities.

**Re-election** - As required by company law, all newly appointed directors stand for election by the shareholders at the next Annual General Meeting following their appointment. The Directors retire by rotation and offer themselves for re-election by shareholders every three years. Directors who have reached the age of 70 are subject to annual re-election. A procedure has been put in place

## Application of Corporate Governance

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whereby formal letters of appointment, which specify the terms of appointment, are issued to new Directors on appointment and to existing Directors as they retire and are re-elected at the Annual General Meeting.

**Directors' Remuneration** - The level of Directors' fees is determined by the whole Board, and therefore a separate remuneration committee has not been appointed. Since all Directors are non-executive, the Company is not required to comply with the principles of the Code in respect of executive directors' remuneration. Directors' fees are disclosed fully in each Annual Report (see the Directors' Remuneration Report on page 22).

**Shareholders** - We are concerned to provide the maximum opportunity for dialogue between the Company and shareholders. We believe our institutional shareholders do have proper access to the Manager at any time and to us if they so wish. All shareholders, particularly individual shareholders, are encouraged to attend the Annual General Meeting at which there is always a presentation of the past year's results and the forthcoming year's prospects, followed by the opportunity to meet the Management and the Board. Proxy voting on all resolutions is disclosed at the Annual General Meeting.

### Accountability and Audit

**Financial Reporting** - Set out on page 17 is a statement by the Directors of their responsibilities in respect of the accounts. The Auditors have set out their reporting responsibilities within the Independent Auditors' Report on page 23.

**Going Concern** - The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts since the assets of the Company consist mainly of securities which are readily realisable and accordingly the Company has adequate financial resources to continue in operational existence for the foreseeable future.

**Internal Control** - The Code requires the Directors to review the effectiveness of the Company's systems of internal control. This has extended the previous requirement which focused on internal financial control and now encompasses a review of all controls.

The identification, control and evaluation of risk is formulated by a series of quarterly investment performance reports, a semi-annual internal controls report and quarterly compliance reports as provided by the Manager. The systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material mis-statement or loss.

The Board has contractually delegated to external agencies, including the Investment Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered including the control systems in operation in so far as they relate to the affairs of the Company. The Company's Audit Committee meets with representatives of the Investment Manager and receives reports upon the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. It reviews the annual and interim accounts and reviews the nature and scope of the external audit and the findings from the Company's statutory audit.

The Board carries out a risk and control assessment including a review of the Manager's risk management processes. The key element of this assessment is the semi-annual internal controls report prepared by the Manager for its investment trust clients. The internal controls report sets out the Manager's control policies and procedures with respect to the management of its clients' investments.

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Whilst the Company, in common with most investment trusts, has no internal audit department, the effectiveness of these controls is monitored by the Manager's compliance and internal audit functions. The Audit Committee has received and reviewed the internal controls report on the effectiveness of the internal controls maintained on behalf of the Company, and an annual compliance report from the Manager's Director of Compliance.

By means of the procedures set out above and in accordance with "Internal Control: Guidance for Directors on the Combined Code" published by the Working Party of the Institute of Chartered Accountants in England and Wales, the Directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and have reviewed the effectiveness of the internal control systems throughout the year.

**Audit Committee and Independent Auditors** – As noted earlier, an Audit Committee has been established, consisting of all the independent Directors. This Committee's authority and duties are clearly defined in its written terms of reference. This includes responsibility for annually reviewing the scope and results of the audit with the external Auditors as well as approving their fees. The Audit Committee of the Board meets with the Auditors at least once a year to review these and other appropriate matters. Full details are given above.

**Exercise of Voting Powers** - The Company has approved a corporate governance voting policy with the intention of voting in accordance with best practice, whilst maintaining a primary focus on financial returns.

On behalf of the Board  
Robert Walther  
24 February 2003

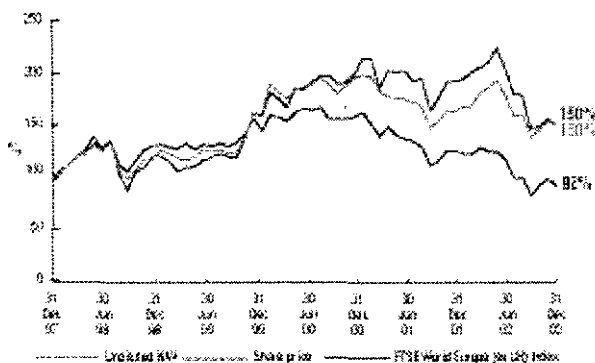
## Directors' Remuneration Report

**Remuneration Committee** - As the Board of Directors is comprised solely of non-executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The determination of the Directors' fees is a matter dealt with by the whole Board.

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £75,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil, and the time committed to the Company's affairs.

No Director has a service contract with the Company. The Company does not generally offer payments to Directors on termination.

### Performance from 31 December 1997 to 31 December 2002



The Company's performance is measured against the FTSE World Europe (ex UK) Index as this is the most appropriate in respect of its asset allocation.

### Remuneration for Qualifying Services

Name	2002 Salary and Fees £'000	2001 Salary and Fees £'000
Robert Walther	16	14
Barry Bateman <sup>(1)</sup>	-	-
Johan Björkman <sup>(2)</sup>	11	2
Simon Duckworth <sup>(3)</sup>	-	-
Albert Francke <sup>(4)</sup>	11	11
Sir Charles Fraser <sup>(5)</sup>	-	6
Simon Fraser <sup>(6)</sup>	-	-
David Simpson	11	11
<b>Total</b>	<b>49</b>	<b>44</b>

No Director received any bonus, taxable expenses, compensation for loss of office or non cash benefits for the year ended 31 December 2002 or the year ended 31 December 2001.

- (1) Mr Bateman waived his Director's fees of £6,200 in 2002 (£11,000 in 2001). He resigned as a Director on 26 July 2002.
- (2) Mr Björkman was appointed as a Director on 6 November 2001.
- (3) Mr Duckworth was appointed as a Director on 24 February 2003.
- (4) Mr Francke resigned as a Director on 1 February 2003.
- (5) Sir Charles Fraser resigned as Chairman and as a Director on 22 May 2001.
- (6) Mr Fraser was appointed as a Director on 26 July 2002 and waived his Director's fees of £4,800 in 2002.

On behalf of the Board

Robert Walther

24 February 2003

# Independent Auditors' Report to the Members of Fidelity European Values PLC

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We have audited the financial statements which comprise the statement of total return, the balance sheet and the cash flow statement and notes 1 to 23 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out in the statement of accounting policies. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the directors' remuneration report ('the auditable part').

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the directors' remuneration report in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

The other information comprises only the Chairman's statement, the investment manager's report, the unaudited part of the directors' remuneration report, the directors' report, and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

## **Basis of audit opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the directors' remuneration report. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

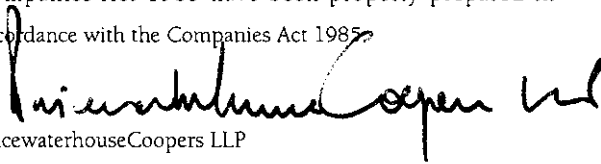
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the auditable part of the directors' remuneration report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Independent Auditors' Report to the Members of Fidelity European Values PLC

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## Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its total return and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985. Those parts of the directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

24 February 2003

## Statement of Total Return (incorporating the revenue account) of the Company

for the year ended 31 December 2002

	notes	2002			2001		
		revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
Losses on investments	10	-	(25,981)	(25,981)	-	(54,199)	(54,199)
Income	2	9,938	-	9,938	9,102	-	9,102
Investment management fee	3	(4,365)	-	(4,365)	(4,294)	-	(4,294)
Other expenses	4	(570)	-	(570)	(626)	-	(626)
Exchange gains		-	538	538	-	634	634
Repurchase of warrants		-	-	-	-	(928)	(928)
Repurchase of shares		-	(124)	(124)	-	-	-
<b>Net return before finance costs and taxation</b>		<b>5,003</b>	<b>(25,567)</b>	<b>(20,564)</b>	<b>4,182</b>	<b>(54,493)</b>	<b>(50,311)</b>
Interest payable	6	(3,018)	-	(3,018)	(1,071)	-	(1,071)
Revaluation of Loan Stock		-	-	-	-	13,220	13,220
Exchange losses on loans	16	-	(3,645)	(3,645)	-	(3)	(3)
<b>Return on ordinary activities before tax</b>		<b>1,985</b>	<b>(29,212)</b>	<b>(27,227)</b>	<b>3,111</b>	<b>(41,276)</b>	<b>(38,165)</b>
Tax on ordinary activities	7	(917)	-	(917)	(649)	-	(649)
<b>Return on ordinary activities after tax for the year attributable to equity shareholders</b>		<b>1,068</b>	<b>(29,212)</b>	<b>(28,144)</b>	<b>2,462</b>	<b>(41,276)</b>	<b>(38,814)</b>
Dividend	8	(759)	-	(759)	(1,257)	-	(1,257)
<b>Transfer to/(from) reserves</b>		<b>309</b>	<b>(29,212)</b>	<b>(28,903)</b>	<b>1,205</b>	<b>(41,276)</b>	<b>(40,071)</b>
<b>Return per ordinary share</b>	9						
Basic		1.69p	(46.32p)	(44.63p)	4.01p	(67.27p)	(63.26p)

The revenue column of this 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 year.

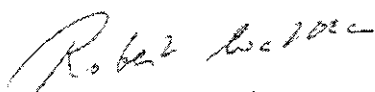
The notes on pages 28 to 38 form an integral part of the accounts

# Balance Sheet

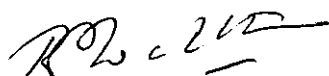
as at 31 December 2002

		2002	2001
	notes	£'000	£'000
<b>Fixed assets</b>			
Investments	10	348,059	367,636
<b>Current assets</b>			
Debtors	12	1,552	3,395
Cash at bank		8,079	37,903
		<b>9,631</b>	<b>41,298</b>
<b>Creditors</b>			
- amounts falling due within one year	13	(2,590)	(30,233)
<b>Net current assets</b>		<b>7,041</b>	<b>11,065</b>
<b>Total assets less current liabilities</b>		<b>355,100</b>	<b>378,701</b>
<b>Creditors - amounts falling due after more than one year</b>			
Fixed rate unsecured loans	14	(58,583)	(54,938)
<b>Total net assets</b>		<b>296,517</b>	<b>323,763</b>
<b>Capital and reserves</b>			
Called up share capital	15	15,781	15,718
Share premium account	16	58,615	57,028
Capital redemption reserve	16	44	37
<b>Other reserves</b>			
Capital reserve - realised	16	220,156	228,340
Capital reserve - unrealised	16	(1,570)	19,458
Revenue reserve	16	3,491	3,182
<b>Total equity shareholders' funds</b>	18	<b>296,517</b>	<b>323,763</b>
<b>Net asset value per ordinary share:</b>			
Basic	17	469.73p	514.94p

The accounts on pages 25 to 38 were approved by the Board of Directors on 24 February 2003 and were signed on its behalf by:



Robert Walther, Chairman



The notes on pages 28 to 38 form an integral part of these accounts

# Cash Flow Statement

for the year ended 31 December 2002

	notes	2002 £'000	2001 £'000
<b>Operating activities</b>			
Investment income received		8,298	7,010
Interest received		252	245
Investment management fee paid		(4,450)	(4,414)
Directors' fees paid		(47)	(58)
Other cash payments		(712)	(564)
<b>Net cash inflow from operating activities</b>	21	<b>3,341</b>	<b>2,219</b>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(3,032)	(1,033)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(3,032)</b>	<b>(1,033)</b>
<b>Taxation</b>			
Overseas tax recovered		659	439
UK income tax recovered		-	9
UK income tax paid		-	(12)
UK corporation tax paid		(381)	-
<b>Tax recovered</b>		<b>278</b>	<b>436</b>
<b>Financial investment</b>			
Purchases of investments		(291,770)	(256,738)
Exchange gains		452	764
Disposals of investments		287,511	241,727
<b>Net cash outflow from financial investment</b>		<b>(3,807)</b>	<b>(14,247)</b>
<b>Equity dividend paid</b>		<b>(1,260)</b>	<b>(350)</b>
<b>Net cash outflow before financing</b>		<b>(4,480)</b>	<b>(12,975)</b>
<b>Financing</b>			
Repurchase of warrants		-	(1,030)
Exercise of warrants		-	4,452
Repurchase of Equity Index-Linked Loan Stock		-	(19,512)
Repurchase of ordinary shares		(124)	-
Fixed rate unsecured loans drawn down		-	54,935
Issue of ordinary shares		1,690	345
Repayment of Equity Index-Linked Loan Stock		(26,869)	-
<b>Net cash (outflow)/inflow from financing</b>		<b>(25,303)</b>	<b>39,190</b>
<b>(Decrease)/increase in cash</b>	19	<b>(29,783)</b>	<b>26,215</b>

The notes on pages 28 to 38 form an integral part of these accounts

# Notes to the Accounts

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## 1 Accounting Policies

A summary of the accounting policies used is set out below. The Company has adopted the AITC Statement of Recommended Practice (SORP) for Investment Trusts dated December 1995.

- a) The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust will be granted.
- b) Income from equity investments is credited to the revenue account on the date on which it is ex-dividend. Interest receivable on fixed interest securities is accounted for on an accruals basis. Unfranked investment income includes tax deducted at source. Interest receivable on short-term loans and deposits, interest payable and expenses of management are dealt with on an accruals basis. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.
- c) Transactions denominated in foreign currencies are calculated in sterling at the rate of exchange ruling as at the date of transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Realised and unrealised capital gains and losses, including exchange differences on the translation of foreign currency assets and liabilities, are dealt with in capital reserves realised and unrealised.
- d) Listed investments are valued at middle market prices. Unlisted investments are valued at market prices ruling where an organised market in such investments exists, other unquoted investments are included at Directors' valuation. Where a price is not readily available the holding would be valued at cost unless circumstances indicate that a different valuation is warranted. In general, valuations are increased where a substantial arm's length transaction has occurred subsequent to acquisition, at a price higher than cost. Valuations are decreased where subsequent transactions have taken place at a price lower than cost or where Fidelity's Fair Value Committee is aware that the company is experiencing operating difficulties.
- e) All expenses are accounted for on an accruals basis and are charged in full to the revenue account within the Statement of Total Return. Finance costs are accounted for on an accruals basis and in accordance with the provisions of FRS4 "Capital Instruments".
- f) Gains and losses on the realisation of investments and realised exchange differences of a capital nature are accounted for in the capital reserve - realised.  
  
Increases and decreases in the valuation of investments held at the year end and unrealised exchange differences of a capital nature are accounted for in the capital reserve - unrealised.
- g) Deferred taxation is provided for in respect of all timing differences that have originated but not reversed by the balance sheet date. A deferred tax asset is only recognised to the extent that its recovery is considered more likely than not.  
  
Deferred tax is recorded in accordance with FRS19 'Deferred Tax'. The adoption of this standard has had no impact on current or prior year results.

**2 Income**

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
<b>Income from investments</b>		
Overseas dividends	9,556	7,877
Overseas scrip dividends	26	839
Fixed interest	104	141
	<b>9,686</b>	<b>8,857</b>
<b>Other income</b>		
Deposit interest	252	245
<b>Total income</b>	<b>9,938</b>	<b>9,102</b>
<b>Total income comprises:</b>		
Dividends	9,582	8,716
Interest	356	386
	<b>9,938</b>	<b>9,102</b>
<b>Income from investments</b>		
Listed overseas	9,686	8,857
	<b>9,686</b>	<b>8,857</b>

**3 Investment management fee**

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
Investment management fee	3,789	3,741
Irrecoverable VAT thereon	576	553
	<b>4,365</b>	<b>4,294</b>

A summary of the terms of the Management Agreement is given in the Company Summary on page 1.

**4 Other expenses**

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
Directors' fees (including National Insurance contributions)	55	53
Other	567	653
Expense reduction*	(66)	(93)
<b>Auditors' remuneration</b>		
Audit	14	13
	<b>570</b>	<b>626</b>

\* The Manager has an arrangement with selected brokers whereby a portion of commissions from security transactions may be paid to the Company to reduce expenses.

## Notes to the Accounts

### 5 Directors' fees

	2002 £'000	2001 £'000
Directors' fees	49	44

The Chairman, Robert Walther, received £16,000 for the year (2001: £14,055). David Simpson and Johan Björkman received fees of £11,000 (2001: £11,000 and £1,700 respectively). Albert Francke retired as a Director on 1 February 2003. During his period as a Director he received fees of £11,000 (2001: £11,000). Barry Bateman retired as a Director on 26 July 2002. During his period as a Director he waived his fees of £6,200 in the year (2001: waived £11,000). Simon Fraser was appointed as a Director on 26 July 2002. During his period as a Director he waived fees of £4,800. Simon Duckworth was appointed as a Director on 24 February 2003 and therefore received no fees during the period. The maximum aggregate fee payable under the Company's Articles of Association is £75,000.

### 6 Interest payable

	2002 £'000	2001 £'000
<b>On loans repayable within 5 years</b>		
Bank overdraft	1	2
Fixed rate unsecured loans	3,017	41
Equity Index-Linked Unsecured Loan Stock	-	1,028
	<b>3,018</b>	<b>1,071</b>

### 7 Tax on ordinary activities

#### a) Analysis of charge in the year

	2002 £'000	2001 £'000
UK Corporation Tax	1,057	1,080
Relief for overseas withholding tax	(1,057)	(874)
	-	206
Overseas taxation	1,107	1,025
Avoir Fiscal and other credits	(190)	(582)
	<b>917</b>	<b>649</b>

**b) Factors affecting the tax charge for the year**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK for an investment trust company (30%) (2001: 30%).

The differences are explained below.

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Return on ordinary activities before tax	1,985	3,111
Return on ordinary activities multiplied by the standard rate of corporation tax of 30% (2001: 30%)	596	933
Effects of:		
Tax credits on Avoir Fiscal and other	56	175
Income not included for tax purposes	(19)	(28)
Increase in management expenses	424	-
Overseas tax	1,107	1,025
Double taxation relief	(1,057)	(874)
Avoir Fiscal and other credits	(190)	(582)
Current corporation tax charge (note 7a)	<b>917</b>	<b>649</b>

Investment trust companies are exempt from tax on capital gains if they meet the Inland Revenue criteria set out in s842 Income and Corporation Taxes Act 1988 for a given period. Therefore, any capital return is not included in the above reconciliation.

c) The Company has unrelieved excess tax losses of £1,415,665 (2001: nil). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

**8 Dividends**

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Final proposed dividend of 1.20 pence per share (2001: 2.00 pence)	757	1,257
Underprovision of final dividend in prior year due to issue of 103,681 shares	2	-
	<b>759</b>	<b>1,257</b>

**9 Return per ordinary share**

	<b>revenue</b>	<b>2002 capital</b>	<b>total</b>	<b>revenue</b>	<b>2001 capital</b>	<b>total</b>
Basic	1.69p	(46.32p)	(44.63p)	4.01p	(67.27p)	(63.26p)

Returns per ordinary share are based on the net revenue return on ordinary activities after taxation of £1,068,000 (2001: £2,462,000), and the capital depreciation in the year of £29,212,000 (2001: depreciation of £41,276,000) and on 63,072,081 ordinary shares (2001: 61,357,602), being the weighted average number of ordinary shares in issue during the year.

## Notes to the Accounts

### 10 Investments

	2002 £'000	2001 £'000
Listed overseas	347,417	365,964
Listed UK	-	959
<b>Total listed investments</b>	<b>347,417</b>	<b>366,923</b>
Unlisted investments - Directors' valuation	642	713
	<b>348,059</b>	<b>367,636</b>

	2002			
	listed overseas £'000	listed UK £'000	unlisted £'000	total £'000
Opening book cost	346,428	1,067	678	348,173
Opening unrealised appreciation/(depreciation)	19,536	(108)	35	19,463
<b>Opening valuation</b>	<b>365,964</b>	<b>959</b>	<b>713</b>	<b>367,636</b>
<b>Movements in the year</b>				
Purchases at cost	291,574	735	11	292,320
Sales - proceeds	(284,023)	(1,850)	(43)	(285,916)
Sales - realised (losses)/gains on sales	(8,581)	48	21	(8,512)
(Decrease)/increase in unrealised appreciation	(17,517)	108	(60)	(17,469)
<b>Closing valuation</b>	<b>347,417</b>	<b>-</b>	<b>642</b>	<b>348,059</b>
Closing book cost	345,398	-	667	346,065
Closing unrealised appreciation/(depreciation)	2,019	-	(25)	1,994
	<b>347,417</b>	<b>-</b>	<b>642</b>	<b>348,059</b>

	2002 £'000	2001 £'000
Realised losses on sales	(8,512)	(2,593)
Decrease in unrealised appreciation	(17,469)	(51,606)
<b>Loss on investments</b>	<b>(25,981)</b>	<b>(54,199)</b>

The annualised portfolio turnover rate for the year is 93.2% (2001: 73.4%)

### 11 FRS13 - Financial Instruments

The investment objective of the Company is detailed in the Company Summary on page 1. In pursuit of this objective, the Company may be exposed to various forms of risk, as described below.

The Company's financial instruments comprise:

- Equity shares held in accordance with the Company's investment objective and policies
- Cash, liquid resources and short-term debtors and creditors that arise from its operations
- Euro borrowings to finance operations

The risks arising from the Company's financial instruments are market price risk, which comprises interest rate risk and foreign currency exposure, liquidity risk and counterparty credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies have remained unchanged since the beginning of the accounting period.

**Market price risk**

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements and changes in exchange rates. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective. The Investment Manager is responsible for actively monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk-reward profile.

**Fair value of financial assets and liabilities**

Fair value of financial assets and liabilities are stated in the balance sheet at values which are not materially different to their fair values, with the exception of the long term fixed rate unsecured loans, whose fair value as at 31 December 2002 given below has been calculated by discounting future cash flows at current euro interest rates.

	2002		2001	
	fair value £'000	book value £'000	fair value £'000	book value £'000
Fixed rate unsecured loan @ 4.96% per annum	35,334	32,546	32,873	30,521
Fixed rate unsecured loan @ 5.54% per annum	28,838	26,037	26,946	24,417
	<b>64,172</b>	<b>58,583</b>	<b>59,819</b>	<b>54,938</b>

**Interest rate risk**

The Company finances its operations through share capital raised. In addition, financing has been obtained through two euro-denominated fixed rate unsecured bank loans, which fall due for repayment on 29 December 2006. The Company is therefore not exposed to a financial risk arising as a result of any increase in euro interest rates on these loans.

The Company's financial assets are mainly invested in equity shares and other investments which neither pay interest nor have a maturity date. The Company also has cash balances of £7,972,643 (2001: £37,899,518) denominated in euros. The rate of interest on the cash balances is currently 3.63% (2001: 3.67%), consequently the risk of a decrease in cash interest earned is low. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

The interest profile of the Company's financial liabilities excluding short-term creditors, as at 31 December 2002 and 2001 was as follows:

Currency	2002	2001
	fixed rate financial liabilities £'000	fixed rate financial liabilities £'000
Euro	<b>58,583</b>	<b>54,938</b>

## Notes to the Accounts

Currency	2002 weighted average interest rate	2002 fixed rate financial liabilities: weighted average period for which rate is fixed
Euro	5.22%	48 months

### Foreign currency risk

The Company's total return and balance sheet can be affected by foreign exchange movements because the Company has assets and income which are denominated in currencies other than the Company's base currency (sterling).

The Board has identified three principal areas where foreign currency risk could impact the Company:

- Movements in rates affecting the value of investments
- Movements in rates affecting short-term timing differences
- Movements in rates affecting the income received

The Company does not hedge the sterling value of investments or other net assets priced in other currencies by the use of derivatives. However, it has increased finance available to the Company for its investment activities with foreign currency borrowings, thereby hedging part of the movements which are a result of exchange movements.

The Company might also be subject to short-term exposure from exchange rate movements, for example between the date when an investment is bought or sold and the date when settlement of the transaction occurs. Income denominated in foreign currencies is converted to sterling on receipt.

The following is an analysis of the Company's foreign currency exposure as at 31 December 2002 and 2001.

Currency	2002			2001		
	Foreign currency monetary assets £'000	Foreign currency monetary liabilities £'000	Net foreign currency monetary assets £'000	Foreign currency monetary assets £'000	Foreign currency monetary liabilities £'000	Net foreign currency monetary assets £'000
Euro	241,739	(58,749)	182,990	244,877	(54,976)	189,901
Swiss franc	33,287	-	33,287	17,094	-	17,094
Norwegian krone	28,554	(65)	28,489	35,166	-	35,166
US dollar	19,513	(263)	19,250	17,538	-	17,538
Swedish krona	16,843	(16)	16,827	20,826	-	20,826
Danish krone	12,266	(115)	12,151	11,594	-	11,594
Hungarian forint	1,655	-	1,655	-	-	-
French franc	-	-	-	978	-	978
Deutschemark	-	-	-	887	-	887
<b>Total</b>	<b>353,857</b>	<b>(59,208)</b>	<b>294,649</b>	<b>348,960</b>	<b>(54,976)</b>	<b>293,984</b>
UK sterling	3,833	(1,965)	1,868	59,974	(30,195)	29,779
<b>Balance sheet total</b>	<b>357,690</b>	<b>(61,173)</b>	<b>296,517</b>	<b>408,934</b>	<b>(85,171)</b>	<b>323,763</b>

### Liquidity risk

The Company's assets mainly comprise readily realisable securities, which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of overdraft facilities as required. Details of the Company's borrowing commitments are explained in note 14 to the accounts.

The maturity profile of the Company's financial liabilities at 31 December 2002 and 2001 is as follows:

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
Less than one year	-	26,869
After more than two years but less than five years	<b>58,583</b>	54,938
	<b>58,583</b>	<b>81,807</b>

Short-term debtors and other short-term creditors are excluded from the above analysis.

### Counterparty risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver either the shares (on a purchase) or the cash (on a sale) after the Company has fulfilled its responsibilities. There is also a counterparty risk associated with deposit takers.

The Company buys and sells investments on a delivery versus payment basis to manage risk.

The Company only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. Additionally, limits are set as to the maximum exposure to any broker at any time, the limits being reviewed on a regular basis.

## 12 Debtors

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
Securities sold for future settlement	232	2,354
Overseas tax recoverable	545	639
Currency receivable	527	-
Amounts receivable on shares issued	-	32
Other debtors	248	370
	<b>1,552</b>	<b>3,395</b>

## Notes to the Accounts

### 13 Creditors - amounts falling due within one year

	2002 £'000	2001 £'000
Repayment of Equity Index-Linked Unsecured Loan Stock	-	26,869
Securities purchased for future settlement	71	38
Proposed dividend	757	1,257
Currency payable	528	37
UK Corporation tax payable	-	378
Loan interest payable	26	41
Overdraft	-	127
Other creditors	1,208	1,486
	<b>2,590</b>	<b>30,233</b>

### 14 Creditors - amounts falling due after one year

	2002 £'000	2001 £'000
Fixed rate unsecured loan @ 4.96% per annum	32,546	30,521
Fixed rate unsecured loan @ 5.54% per annum	26,037	24,417
	<b>58,583</b>	<b>54,938</b>

The fixed rate loan from National Australia Bank Limited of euro 40,000,000 was drawn down in two tranches; euro 33 million on 24 December 2001 and euro 7 million on 28 December 2001, for a period of five years at an interest rate of 5.54% per annum. The loan is repayable on 29 December 2006.

The fixed rate loan from The Royal Bank of Scotland plc of euro 50,000,000 was drawn down on 28 December 2001 for a period of five years at an interest rate of 4.96% per annum. The loan is repayable on 29 December 2006.

### 15 Called-up share capital

	2002 £'000	2001 £'000
<b>Authorised:</b>		
136,000,000 (2001: 136,000,000) ordinary shares of 25p each	<b>34,000</b>	<b>34,000</b>
<b>Issued, allotted and fully paid:</b>		
<b>Beginning of year</b>		
62,873,786 (2001: 58,353,423) ordinary shares of 25p each	15,718	14,588
1 January to 31 December 2001: Issue 68,303 shares	-	17
1 January to 31 December 2001: Exercise 4,452,060 warrants	-	1,113
1 January to 31 December 2002: Issue 281,447 shares	70	-
19 December 2002: Repurchase 30,000 shares	(7)	-
<b>End of year</b>		
63,125,233 (2001: 62,873,786) ordinary shares of 25p each	<b>15,781</b>	<b>15,718</b>

## 16 Reserves

	share premium account £'000	capital redemption reserve £'000	2002 capital reserve realised £'000	capital reserve unrealised £'000	revenue reserve £'000
<b>Beginning of year</b>	<b>57,028</b>	<b>37</b>	<b>228,340</b>	<b>19,458</b>	<b>3,182</b>
Exchange gains on other net assets	-	-	452	86	-
Net loss on realisation of investments	-	-	(8,512)	-	-
Decrease in unrealised appreciation	-	-	-	(17,469)	-
Exchange loss on loans	-	-	-	(3,645)	-
Retained net return for the year	-	-	-	-	309
Issue of ordinary shares	1,587	-	-	-	-
Repurchase of ordinary shares	-	7	(124)	-	-
<b>End of year</b>	<b>58,615</b>	<b>44</b>	<b>220,156</b>	<b>(1,570)</b>	<b>3,491</b>

## 17 Net asset value per share

The basic net asset value per ordinary share is based on net assets of £296,517,000 (2001: £323,763,000) and on 63,125,233 (2001: 62,873,786) ordinary shares, being the number of ordinary shares in issue at the year end.

## 18 Reconciliation of movement in shareholders' funds

	2002 £'000	2001 £'000
<b>Opening shareholders' funds</b>	<b>323,763</b>	<b>359,107</b>
Exercise of warrants	-	4,452
Issue of shares	1,657	377
Repurchase of warrants	-	(102)
Total recognised losses before dividends	(28,144)	(38,814)
Dividend payable	(759)	(1,257)
<b>Closing shareholders' funds</b>	<b>296,517</b>	<b>323,763</b>

## 19 Reconciliation of net cash movements to movement in net debt

	2002 £'000	2001 £'000
<b>Beginning of year</b>	<b>(44,031)</b>	<b>(47,910)</b>
Net cash (outflow)/inflow	(29,783)	26,215
Unrealised foreign exchange movement	86	(130)
Fixed rate unsecured loan drawn down	-	(54,935)
Foreign exchange movement on fixed rate unsecured loans	(3,645)	(3)
Revaluation of Equity Index-Linked Loan Stock	-	13,220
Repurchase of Equity Index-Linked Loan Stock	-	19,512
Repayment of Equity Index-Linked Loan Stock	26,869	-
<b>Change in net debt</b>	<b>(6,473)</b>	<b>3,879</b>
<b>End of year</b>	<b>(50,504)</b>	<b>(44,031)</b>

## Notes to the Accounts

	2002 £'000	change in the year £'000	2001 £'000
<b>Analysis of balances</b>			
Cash at bank	8,079	(29,824)	37,903
Overdraft	-	127	(127)
Fixed rate unsecured loans	(58,583)	(3,645)	(54,938)
Repayment of Equity Index-Linked Loan Stock	-	26,869	(26,869)
<b>End of year</b>	<b>(50,504)</b>	<b>(6,473)</b>	<b>(44,031)</b>

### 20 Analysis of changes in financing during the year

	2002			2001		
	share capital £'000	loans £'000	total £'000	share capital £'000	loans/ loan stock £'000	total £'000
<b>Beginning of year</b>	72,783	54,938	127,721	68,056	59,601	127,657
Cash inflow from exercise of warrants	-	-	-	4,452	-	4,452
Movement in warrant reserve from repurchase of warrants	-	-	-	(102)	-	(102)
Fixed rate unsecured loans drawn down	-	-	-	-	54,935	54,935
Change in value of fixed rate unsecured loans	-	3,645	3,645	-	3	3
Revaluation of Equity Index-Linked Loan Stock	-	-	-	-	(13,220)	(13,220)
Repurchase of Equity Index-Linked Loan Stock	-	-	-	-	(19,512)	(19,512)
Equity Index-Linked Loan Stock repaid post year end	-	-	-	-	(26,869)	(26,869)
Issue of shares	1,657	-	1,657	377	-	377
<b>End of year</b>	<b>74,440</b>	<b>58,583</b>	<b>133,023</b>	<b>72,783</b>	<b>54,938</b>	<b>127,721</b>

### 21 Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities

	2002 £'000	2001 £'000
Net return before finance costs and taxation	5,003	4,182
Scrip dividends	(26)	(839)
Decrease in other creditors	(278)	(107)
Decrease/(increase) in other debtors	122	(103)
Tax on investment income	(1,480)	(914)
<b>Net cash inflow from operating activities</b>	<b>3,341</b>	<b>2,219</b>

### 22 Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 31 December 2002 (2001: nil).

### 23 Related party disclosures

The Directors have complied with the provisions of FRS8 which require disclosure of related party transactions and balances. Full details are set out in the Directors' Report on page 15.

## Investor Information

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The objective of Fidelity European Values PLC is to achieve long-term capital growth from the stockmarkets of continental Europe.

Fidelity European Values was launched on 5 November 1991 with one warrant attached to every five shares. The original subscription price for each share was £1. This year, and every two years hereafter, shareholders will have the right to approve, or otherwise, the continued existence of the Company. The Company is a member of The Association of Investment Trust Companies (AITC) from whom general information on investment trusts can be obtained by telephoning 020 7282 5555 (email address: enquiries@aitc.co.uk).

### How to Invest

The ordinary shares can be bought and sold directly through a stockbroker or indirectly via a lawyer, accountant or other independent financial adviser. A number of banks and building societies also offer this service. The shares can also be bought directly through the Fidelity Investment Trust Share Plan and the Fidelity Individual Savings Account (ISA).

**The Share Plan** allows an investor to make regular monthly payments (minimum £50 per month) or to invest a lump sum (initial minimum £1,000, thereafter £250) into any of the five investment trusts managed by Fidelity. The only charge is Government Stamp Duty of 0.5% payable on all share purchases. Any dividends can be reinvested in additional shares or taken as cash, as preferred. Statements and valuations are sent four times a year. For those investors who use a professional adviser, the Share Plan allows for commission of up to 3% to be paid direct to your adviser.

**The Fidelity ISA** was launched on 6 April 1999. Like its predecessor, the PEP, it allows you to build up your savings free from personal liability to income and capital gains tax. You are able to invest up to £7,000 in the 2002/2003 tax year. There is an initial charge of 3.25% and, for those investors who use a professional adviser, the ISA allows for commission of up to 3% to be paid directly to your

adviser. The full range of Fidelity's investment trusts is available through the ISA. For more information about ISAs, you can request a free guide from Fidelity on 0800 41 41 15.

**The PEP** - no further PEP investments may be made, but existing PEPs can continue to grow tax free.

Since 6 April 2001, the range of investments that can be held in a PEP has been expanded to correspond with those available for investment in an ISA.

For PEP and ISA investors, the reclaimable tax credit attached to dividends is 10% until 5 April 2004. Interest on uninvested cash in a stocks and shares component of an ISA is subject to a 20% flat rate charge, which extinguishes any liability to tax on the interest. The value of tax savings and eligibility to invest in a PEP or an ISA will depend upon individual circumstances and all tax rules may change in the future.

The Fidelity ISA is offered and managed by Financial Administration Services Limited and the Fidelity Share Plan is offered by Fidelity Investments International. Both companies are regulated by the Financial Services Authority.

For information on how to invest through the Share Plan, PEP or ISA please contact your financial adviser or call Fidelity free on 0800 41 41 15.

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 no guarantee of future returns. Fidelity only provides information about its products and will not give investment advice.

Should you wish to seek advice, please contact an independent financial adviser. For the purpose of sections 21 and 25 of the Financial Services and Markets Act 2000, the contents of this report have been approved by Fidelity Investments International, authorised and regulated by the Financial Services Authority.

## Investor Information

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**Annual General Meeting** - with this Report you will find an invitation to attend the AGM at midday on 22 May 2003 at Fidelity's London office at 25 Cannon Street. It is hoped that as many shareholders as possible, including those who hold their shares through the Share Plan, PEP or ISA, will take this opportunity to meet the Directors and hear a report from the Investment Manager on the progress of your Company. The formal AGM notice can be found on pages 41 to 43.

**Price Information** - the mid-market price of the ordinary shares is published daily in the Financial Times under the heading 'Investment Trusts'. The ordinary share price is also published in The Times, The Daily Telegraph and The Independent. You can also obtain current price information by phoning FT Cityline on 0336 43 then 2287. The Reuters code for Fidelity European Values is FEVL.

**NAV Information** - the net asset value of the Company is calculated on a daily basis and released to the London Stock Exchange.

**Capital Gains Tax** - your Directors have been advised that, for the purposes of calculating an investor's possible liability to capital gains tax, the base cost of shares, acquired at the time of the Company's launch, is 95.90p for ordinary shares. All UK individuals, under present legislation, are permitted to have £7,700 of capital gains in the current tax year ie 2002/2003 (£7,500: 2001/2002 tax year) before being liable for capital gains tax. Capital gains are treated as the top slice of income and for the current year will be taxable at 10% for taxpayers up to the starting rate limit, 20% for basic rate taxpayers or 40% for higher rate taxpayers.

**Financial Calendar** - the key dates in the Company's calendar for the year from 31 December 2002:

31 December 2002 - financial year end.

24 February 2003 - announcement of results.

14 March - publication of this Annual Report.

22 May - Annual General Meeting.

30 June - half year end.

23 July - announcement of interim results to 30 June.

August - publication of Interim Report.

### Contact Information

**Private investors** can call free on 0800 41 41 15, 9am to 6pm, seven days a week.

**Financial advisers** can call free on 0800 41 41 81, 8am to 6pm, five days a week.

**Existing shareholders** who have specific queries regarding their holding, for example a change of address, should contact the appropriate administrator:-

**Holders of ordinary shares** - The Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.  
Telephone: 0870 162 3100

Details of individual shareholdings and other information can also be obtained from the registrars' website:  
<http://www.capitaregistrars.com>

**Share Plan investors** - Lloyds TSB Registrars Scotland, PO Box 28448, Finance House, Orchard Brae, Edinburgh EH4 1WQ.  
Telephone: 0800 328 5680

**ISA/PEP investors** - Fidelity, using the freephone numbers given above, or by writing to Fidelity Investments, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

**General enquiries** - Fidelity Investments International, the Investment Manager and Secretary, at the Company's registered office, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.  
Fax : 01737 836892.

Internet site: <http://www.fidelity.co.uk>

## Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of Fidelity European Values PLC will be held at 25 Cannon Street, London EC4M 5TA, on 22 May 2003 at 12.00 noon for the following purposes:

### Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 December 2002.
2. To approve a final dividend.
3. To elect Mr Duckworth as a Director.
4. To elect Mr Fraser as a Director.
5. To re-elect Mr Walther as a Director.
6. To approve the Directors' Remuneration Report for the year ended 31 December 2002.

To consider the following resolution, special notice having been received of the intention to propose the resolution as an ordinary resolution:

7. THAT PricewaterhouseCoopers LLP be re-appointed Auditors of the Company (having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers), to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.

### Special Business

*Resolutions 8 and 9 will, if approved, authorise the Directors to allot a limited number of the currently unissued ordinary shares for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 5% of the number of ordinary shares of the Company in issue on 24 February 2003. The Directors will only issue new shares under this authority to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so.*

To consider and, if thought fit, to pass the following resolutions which will be proposed, Resolution 8 as an ordinary resolution and Resolution 9 as a special resolution:

8. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ('the Act') to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £786,290 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company as at 24 February 2003) such authority to expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired.
9. THAT, subject to the passing of Resolution 8 set out above, the Directors be and they are hereby authorised, pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority given by the said Resolution 9 as if section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited:
  - a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of relevant equity securities where the equity securities attributable respectively to the interests of all holders of securities of such

## Notice of Annual General Meeting

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class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise); and

- b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £786,290 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company as at 24 February 2003); and
- c) to the allotment of equity securities at a price of not less than the fully-diluted net asset value per share.

and this power shall expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this resolution had not expired.

*Resolution 10 is a special resolution which, if approved, will renew the Company's authority to purchase its shares for cancellation. The limit set by the Board is 14.94% of the number of ordinary shares in issue on 24 February 2003. Purchases of shares will be made at the discretion of the Board and within guidelines set from time to time by the Board and in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing net asset value per share, thereby resulting in an increase in net asset value per share.*

10. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 (the 'Act') to make market purchases (within the meaning of section 163 of the Act) of shares of 25p each in the capital of the Company (the 'shares') provided that:

- a) the maximum number of shares hereby authorised to be purchased shall be 9,400,000;
- b) the minimum price which may be paid for a share is 25p;
- c) the maximum price which may be paid for a share is an amount equal to 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Official List for the five business days immediately preceding the day on which the share is purchased;
- d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
- e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

*Resolution 11 is an ordinary resolution, which relates to the continuation of the Company as an investment trust.*

11. THAT the Company continue to carry on business as an investment trust.

By Order of the Board  
Fidelity Investments International  
Secretary 14 March 2003

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Notes:

- 1 A shareholder entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.
- 2 A form of proxy is enclosed for use by shareholders. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish.
- 3 To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrars, Capita Registrars, P O Box 25, Beckenham, Kent BR3 3BR not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken more than 48 hours after it is demanded) not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.
- 4 In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
- 5 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of Members of the Company at 5.30pm on 20 May 2003 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 5.30pm on 20 May 2003 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 6 Shareholders and any proxies or representatives they appoint agree by attending the meeting that they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
- 7 No Director has a service contract with the Company.

Registered Office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP

CB13868

## Directory

### Board of Directors

Robert Walther (Chairman)  
Johan Björkman  
Simon Duckworth  
Simon Fraser  
David Simpson

### Manager, Secretary and Registered Office

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

### Financial Advisers and Stockbrokers

Close Brothers Securities (a division of Winterflood Securities Limited)  
The Atrium Building  
Cannon Bridge  
25 Dowgate Hill  
London EC4R 2GA

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Southwark Towers  
32 London Bridge  
London  
SE1 9SY

### Bankers and Custodian

JPMorgan Chase Bank (London Branch)  
125 London Wall  
London  
EC2Y 5AJ

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

### Lawyers

Slaughter and May  
One Bunhill Row  
London  
EC1Y 8YY

**FIDELITY**  
**EUROPEAN VALUES PLC**

Beech Gate  
Milfield Lane  
Lower Kingswood  
Tadworth  
Surrey KT20 6RP