

Fidelity Special Values PLC

Half-Yearly Report

For the 6 months ended 29 February 2012



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Objective and Highlights

To achieve long term capital growth from an actively managed portfolio of special situation investments, consisting primarily of securities listed or traded on the London Stock Exchange.

Total Return %

	Six months to 29 February 2012	From launch on 17 November 1994 to 29 February 2012
Net Asset Value ("NAV") per share	+10.9	+668.5
Share price	+9.0	+587.4
FTSE All-Share Index ¹	+10.3	+238.6

1 The Company's Benchmark Index

Performance Total Return %

	01/03/07 to 29/02/08	01/03/08 to 28/02/09	01/03/09 to 28/02/10	01/03/10 to 28/02/11	01/03/11 to 29/02/12
NAV per share	-2.8	-31.0	+54.2	+14.9	-4.8
Share price	-7.5	-29.6	+54.1	+13.0	-7.2
FTSE All-Share Index	-2.7	-33.0	+47.3	+17.0	+1.5

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Financial Summary

	29 February 2012	31 August 2011
Assets		
Shareholders' funds	£331.7m	£312.5m
NAV per share	600.42p	552.85p
Number of ordinary shares in issue	55,243,896	56,528,896
Share price data		
Share price at period end	526.00p	494.00p
Share price period high	526.50p	595.00p
Share price period low	443.00p	469.00p
Discount at period end	12.4%	10.6%
Discount period high	14.8%	12.1%
Discount period low	10.7%	6.8%
Returns for the six months to end February		
	2012	2011
Revenue return per ordinary share	3.95p	3.42p
Capital return per ordinary share	52.88p	65.01p
Total return per ordinary share	56.83p	68.43p

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

Chairman's Statement

RESULTS FOR THE SIX MONTHS TO

29 FEBRUARY 2012

NAV PER SHARE: +10.9%

SHARE PRICE: +9.0%

BENCHMARK INDEX: +10.3%

(TOTAL RETURN)

Over the six month period under review the Net Asset Value ("NAV") return of the Company grew by 10.9% against the return of the FTSE All-Share Index (benchmark index) of 10.3%. The share price of the Company lagged that of the UK equity market, returning 9.0%.

In his report to shareholders, the Company's Portfolio Manager, Sanjeev Shah, explains that the six months under review fell into two distinct parts with very different characteristics. In the first, from the Company's last full year at the end of August 2011 until the end of the calendar year, the NAV of the Company failed to keep pace with the overall UK equity market. However in the first two months of 2012 the Company outperformed strongly to make up the lost ground and this performance has continued since the end of February. In last year's full report Sanjeev commented that he did not anticipate the global economy entering into the much feared 'double dip' in a magnitude equal to that of 2008, but that he felt we were instead only part of the way through a long and painful period of low growth as the world moves back to full recovery. He also commented that he was finding more stocks that met with his contrarian value criteria for investments. The renewed concern over Eurozone sovereign debt caused a significant correction at the very start of the Company's new financial year, giving rise to concerns that a 'double dip' was indeed a likely outcome; however since then the domestic recovery in the US allied to more positive long term actions by the European Central Bank ("ECB") has created the type of environment for which Sanjeev has positioned the Company's portfolio.

SHARE REPURCHASES

During the six months to 29 February 2012, 1,285,000 ordinary shares were repurchased for cancellation. Following the end of the period, a further 230,000 ordinary shares were repurchased for cancellation.

OUTLOOK

The domestic US economy is showing early but consistent signs of a more natural increase in economic activity, this time without the previous levels of financial stimulus. At the same time the immediate action taken by the new Head of the ECB to cut the euro interest rate and to underpin the commitment to support the region's banks over at least the medium term did much, initially, to allay the worst of the markets concerns about Eurozone solvency. However there continue to be significant worries about the debt levels in Spain and elsewhere. The sustained increase in oil prices in UK sterling terms remains a key threat to full global recovery, and this is an issue which is as much the result of political instability in the oil producing world as supply and demand economics. Against this background Sanjeev continues to work on shareholders' behalf to identify companies whose true value is not fully appreciated. The Board is confident that the true value of many of the stocks he holds will be increasingly appreciated by the wider market.

Total returns (%)	3 years	5 years	Since launch
NAV per share	+68.6	+13.0	+668.5
Share price	+61.7	+5.3	+587.4
Index	+75.0	+14.2	+238.6

Chairman's Statement

The attribution of the Company's return for the six months to 29 February 2012 is detailed in the table below.

Analysis of change in NAV in the period		pence
NAV @ 31 August 2011		552.85
Impact of Index ¹		+56.27
Impact of Portfolio Management ¹		+3.65
Impact of Other Derivatives ²		+0.39
Operational Costs		-3.33
Dividend Paid		-11.25
Share Repurchases		+1.65
Cash and Residual		-1.11
NAV @ 29 February 2012		600.42

1 Equities purchased via cash or long CFDs

2 Futures, options and short CFDs

Lynn Ruddick

Chairman

20 April 2012

Manager's Half-Yearly Review

HALF-YEARLY RETURNS:

NAV per share: +10.9% to 600.42p

Share price: +9.0% to 526.00p

Benchmark Index: +10.3%

Over the first six month period of its new financial year the Company's assets increased by more than the FTSE All-Share Index to record a return of 10.9% against the 10.3% increase posted by the Index. During the first four months of the period the Company's net asset value declined by 0.4% whilst the Index rose by 3.0%; however the first two months of 2012 saw the Company's net asset value increase by 11.2% compared to the 7.1% rise in the Index. The last part of calendar year 2011 was difficult for the Company's performance as the market began to fear a 'double dip' scenario as the Eurozone sovereign debt crisis evolved. However this market environment, when fear and pessimism are at the most extreme, is exactly the sort of environment when contrarian value stock picking opportunities are most plentiful. I indicated in my report to shareholders at the end of the Company's last financial year that although economic recovery post the financial crisis would be slow and prolonged, I saw a significant 'double dip' as being a low probability event. This led me to use the most recent crisis to reposition the Company's portfolio further towards financial and consumer cyclical stocks. Both of these sectors have subsequently benefited from improving US economic data and the stronger policy response from the ECB such as its Long Term Refinancing Operations.

As part of this repositioning I have continued to look for ways to gain exposure to the stabilisation of housing markets in developed countries. The US subprime market was at the heart of the global financial crisis and now, five years on, there is increasing evidence that house prices and the level of housing transactions are stabilising. As an example, Wolseley, a

Total return performance for the six months to 29 February 2012



Rebased to 100 at 31 August 2011

Sources: Fidelity and Datastream

construction materials distributor, has become a top ten position as we entered the Company's new financial year and it was the strongest contributor to performance over the past six months. I also have exposure to UK housebuilders such as Redrow and DIY retailers such as Kingfisher which are beneficiaries of the same theme.

Overall my long held stance in being overweight banks detracted from relative performance; however this negative contribution was all in the first four months of the Company's financial year. Since January, my banking positions, including Lloyds, have been the strongest contributing sector to performance. This is still a contrarian position as most of my peers are underweight in the banks sector. However, I continue to have robust conviction that owning retail and commercial banks with strong market positions will prove to be a highly rewarding multi year investment opportunity. Funding and capital positions are better than 2008, business is being written at more attractive rates of return,

Manager's Half-Yearly Review

disruptive competition has withdrawn from several markets and valuations are at multi decade lows.

Conversely I continue to avoid significant commodity exposure, and in particular mining stocks. Here I am more bearish of underlying demand and supply fundamentals across several base metals and there are more and more negative data points around Chinese construction growth, a key driver of demand in the previous decade. The underweight stance in mining contributed significantly to performance over the six month review period.

I hold a number of positions in the Company's portfolio which I term 'turnaround situations'. Often this is where there has been a change in the top management of a company and the new team has embarked on a comprehensive drive to recover operational performance. This is quite normal given the economic upheaval we have seen over the last few years. Top positions such as QinetiQ in the defence sector, Ladbroke's in the leisure sector and ITV in the media sector are examples of such turnaround situations and were all in the top contributors to relative performance over the six month review period.

Another theme to which I have significant exposure to is a slow but steady recovery in corporate spending. Corporate balance sheets are strong relative to history but given the uncertain economic climate over the last few years corporate capital expenditure and, more broadly corporate spending, are now at multi decade lows. United Business Media, a leading events company, benefits from an improvement in business spending intentions and was a top ten contributor to performance over the review period. This is also one of the reasons I have exposure to IT service companies such as Logica; unfortunately weakness in the Benelux and Scandinavian operations led to Logica being a

significant detractor to performance over the six months as a whole, but again performance has been strong since January.

The consumption of mobile data is growing at exponential rates and the internet is transforming and disrupting many business models. More and more individuals have smartphones and tablets and are using these devices in ways we would not have imagined possible a few years ago. I have exposure to the mobile data theme through small companies such as Anite which is geared to the testing of next generation networks of mobile operators. The company has almost quadrupled over the past four years and was again a top contributor to performance over the review period. However Ericsson, a top ten position, was a significant detractor to the Company's performance as a result of weakness in its margins. Ericsson provides equipment to mobile operators to make their network more data enabled. With its market leading position and multi year low valuation I have conviction that over time it will contribute strongly to performance and as a result I have added to my exposure. Pure-play ecommerce stocks such as Moneysupermarket.com and Ocado also feature heavily in the Company's portfolio. There are a number of other holdings which are also beneficiaries of the internet and the move to 'digital'. For example, Electrocomponents was a top contributor to performance and it continues to benefit from shifting its catalogue based distribution model to a more internet based distribution model.

I believe we are likely to be in a low economic growth environment in the Western world for many years given the high sovereign and consumer debt in many countries. Interestingly, despite this shortage of economic growth, within equity markets many high growth stocks are trading at a multi year low premium versus low growth stocks.

Manager's Half-Yearly Review

The Company has significant exposure to companies where I believe their structural growth is under appreciated and which, to my mind, still represent contrarian value. The Emerging Market consumer theme is one which I believe will persist for several years hence my exposure to names such as Burberry and L'Oreal. I have chosen, however, to avoid companies in the foods, beverages and tobacco sectors where many stocks are trading at multi decade high relative valuations, a decision which detracted from the Company's performance up until January.

Since the end of the review period in February the Company has continued to perform well and has outperformed the benchmark index by 3.4% in the month of March and by 1.6% since the period end to 17 April. In 2012 I believe fundamentals have begun to reassert themselves in stock valuations after a period in which valuations converged across the market. I remain positive on equities overall as an asset class given both the low interest rate environment and the low exposure to equities in the portfolios of most retail and institutional investors. I continue to position the portfolio for a long, prolonged road to economic recovery but not for a 'depression-like' environment, and hence feel we are very much in the early cycle phase of stock market evolution. There are some very good contrarian value opportunities which exist in the stock market today.

Sanjeev Shah

Portfolio Manager

20 April 2012

Principal Risks and Uncertainties and Going Concern

PRINCIPAL RISKS AND UNCERTAINTIES

The Board believes that the principal risks and uncertainties faced by the Company continue to fall into two broad categories. The first, external risks comprising market, share price and discount risks and the second, internal risks, comprising investment management and governance, operational, financial, compliance, administration etc. Information on each of these is given in the Business Review section of the Annual Report for the year ended 31 August 2011.

GOING CONCERN

The Board receives regular reports from the Manager and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements as outlined in the Annual Report for the year ended 31 August 2011.

By order of the Board

FIL Investments International

20 April 2012

Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- a) the condensed set of financial statements contained within the Half-Yearly financial report has been prepared in accordance with the UK Accounting Standards Board's Statement 'Half-Yearly Financial Reports';
- b) the Chairman's Statement and the Manager's Half-Yearly Review on pages 3 to 7 (constituting the interim management report) include a fair review of the information required by Rule 4.2.7R of the FSA's Disclosure and Transparency Rules and their impact on the condensed set of financial statements;
- c) a description of the principal risks and uncertainties and going concern for the remaining six months of the financial year are detailed on page 8; and
- d) in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related parties transactions during the six months to 29 February 2012 and therefore nothing to report on any material effect by such a transaction on the financial position or the performance of the Company during that period; and there have been no changes in this position since the last Annual Report that could have a material effect on the financial position or performance of the Company in the first six months of the current financial year.

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

The Half-Yearly financial report was approved by the Board on 20 April 2012 and the above responsibility statement was signed on its behalf by Lynn Ruddick, Chairman.

Twenty Largest Investments as at 29 February 2012

Investments including derivatives	Exposure £'000	Fair value ¹ £'000	% ²
HSBC Banking and financial services	24,059	24,011	6.6
GlaxoSmithKline Pharmaceuticals	18,783	18,783	5.1
BP International oil and gas	17,984	17,984	4.9
Lloyds Banking Group Banking and financial services	16,885	16,885	4.6
Ericsson Global telecommunications equipment and related services	11,547	2,941	3.2
Vodafone Mobile telecommunications	11,170	11,170	3.1
ITV Media	10,570	10,570	2.9
Wolseley Construction materials	10,550	10,550	2.9
Centrica Integrated energy	10,280	10,280	2.8
Ladbrokes Betting and gaming	10,113	10,113	2.8
British Sky Broadcasting Broadcasting	9,946	9,946	2.7
Kingfisher International home improvement retailer	9,817	9,817	2.7
Pearson Global publishing	9,662	9,662	2.6
QinetiQ International defence and security technology services	9,589	9,589	2.6
BT Communications services	8,316	8,316	2.3
Citigroup Global diversified financial services	7,825	7,825	2.1

Twenty Largest Investments as at 29 February 2012

Investments including derivatives	Exposure £'000	Fair value ¹ £'000	% ²
London Stock Exchange			
United Kingdom's primary stock exchange	7,659	7,659	2.1
United Business Media			
Global business media	7,541	7,541	2.1
Burberry			
Luxury clothing and non-apparel accessories	7,266	7,266	2.0
Logica			
Information technology consultancy services	7,163	7,163	2.0
Twenty largest investments including derivatives	226,725	218,071	62.1

1 Fair value recognised in the Balance Sheet on page 16 is measured as:

- Listed and AIM quoted investments are valued at bid prices or last prices, where available, otherwise at published price quotations;
- Unlisted investments are valued using an appropriate valuation technique in the absence of an active market;
- Futures and options are valued at the quoted trade price for the contract; and
- Contracts For Difference ("CFDs") are valued as the difference between the settlement price and the value of the underlying shares in the contract (unrealised gains/(losses))

2 % based on total exposure which is the fixed asset investments plus the fair value of the underlying securities within the derivatives

Income Statement

		for the six months ended 29 February 2012 unaudited		
	Notes	revenue £'000	capital £'000	total £'000
Gains/(losses) on investments designated at fair value through profit or loss		-	30,334	30,334
(Losses)/gains on investments via long CFDs held at fair value through profit or loss		-	(911)	(911)
Gains/(losses) on futures, options and short CFDs held at fair value through profit or loss		-	214	214
Net income	2	4,019	-	4,019
Investment management fee		(1,644)	-	(1,644)
Other expenses		(283)	-	(283)
Exchange gains/(losses) on other net assets		3	(14)	(11)
Net return/(loss) on ordinary activities before taxation		2,095	29,623	31,718
Taxation on return/(loss) on ordinary activities	3	120	-	120
Net return/(loss) on ordinary activities after taxation for the period		2,215	29,623	31,838
Return/(loss) per ordinary share	4	3.95p	52.88p	56.83p

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

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

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

No operations were acquired or discontinued in the period.

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

for the year ended 31 August 2011 audited					
revenue £'000	capital £'000	total £'000			
-	(17,846)	(17,846)			
-	(6,642)	(6,642)			
-	5,147	5,147			
10,517	-	10,517			
(3,711)	-	(3,711)			
(562)	-	(562)			
1	(67)	(66)			

6,245	(19,408)	(13,163)			
250	-	250			

6,495	(19,408)	(12,913)			
11.43p	(34.17p)	(22.74p)			

for the six months ended 28 February 2011 unaudited					
revenue £'000	capital £'000	total £'000			
-	35,458	35,458			
-	5,645	5,645			
-	(4,102)	(4,102)			
4,122	-	4,122			
(1,906)	-	(1,906)			
(268)	-	(268)			
-	16	16			

1,948	37,017	38,965			
-	-	-			

1,948	37,017	38,965			
3.42p	65.01p	68.43p			

Reconciliation of Movements in Shareholders' Funds

	Notes	share capital £'000	share premium account £'000
Opening shareholders' funds: 1 September 2010		14,234	95,767
Net return on ordinary activities after taxation for the period		-	-
Dividend paid to shareholders	5	-	-
Closing shareholders' funds: 28 February 2011		14,234	95,767
Opening shareholders' funds: 1 September 2010		14,234	95,767
Repurchase of ordinary shares	6	(103)	-
Net (loss)/return on ordinary activities after taxation for the year		-	-
Dividend paid to shareholders	5	-	-
Closing shareholders' funds: 31 August 2011		14,131	95,767
Repurchase of ordinary shares	6	(321)	-
Net return on ordinary activities after taxation for the period		-	-
Dividend paid to shareholders	5	-	-
Closing shareholders' funds: 29 February 2012		13,810	95,767

capital redemption reserve £'000	other non- distributable reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
2,554	5,152	208,765	7,311	333,783
-	-	37,017	1,948	38,965
-	-	-	(5,979)	(5,979)
2,554	5,152	245,782	3,280	366,769
2,554	5,152	208,765	7,311	333,783
103	-	(2,370)	-	(2,370)
-	-	(19,408)	6,495	(12,913)
-	-	-	(5,979)	(5,979)
2,657	5,152	186,987	7,827	312,521
321	-	(6,342)	-	(6,342)
-	-	29,623	2,215	31,838
-	-	-	(6,319)	(6,319)
2,978	5,152	210,268	3,723	331,698

Balance Sheet

	Notes	29.02.12 unaudited £'000	31.08.11 audited £'000	28.02.11 unaudited £'000
Fixed assets				
Investments designated at fair value through profit or loss		327,853	301,931	353,545
Current assets				
Derivative assets held at fair value through profit or loss		1,870	1,553	3,669
Debtors		3,377	3,077	3,644
Amounts held at futures clearing houses and brokers		3,563	5,359	2,302
Cash at bank		4,518	7,716	10,408
		13,328	17,705	20,023
Creditors				
Derivative liabilities held at fair value through profit or loss		(4,930)	(4,881)	(5,253)
Other creditors		(4,553)	(2,234)	(1,546)
		(9,483)	(7,115)	(6,799)
Net current assets		3,845	10,590	13,224
Total net assets		331,698	312,521	366,769
Capital and reserves				
Share capital	6	13,810	14,131	14,234
Share premium account		95,767	95,767	95,767
Capital redemption reserve		2,978	2,657	2,554
Other non-distributable reserve		5,152	5,152	5,152
Capital reserve		210,268	186,987	245,782
Revenue reserve		3,723	7,827	3,280
Total equity shareholders' funds		331,698	312,521	366,769
Net asset value per ordinary share	7	600.42p	552.85p	644.14p

Cash Flow Statement

	29.02.12 unaudited £'000	31.08.11 audited £'000	28.02.11 unaudited £'000
Operating activities			
Investment income received	4,211	4,093	1,288
Net derivative expenses	(166)	(54)	(200)
Deposit interest received	28	57	14
Investment management fee paid	(2,564)	(2,790)	(1,856)
Directors' fees paid	(92)	(121)	(65)
Other cash receipts/(payments)	209	(367)	(220)
Net cash inflow/(outflow) from operating activities	<u>1,626</u>	<u>818</u>	<u>(1,039)</u>
Taxation			
Overseas taxation recovered	122	290	12
Taxation recovered	<u>122</u>	<u>290</u>	<u>12</u>
Financial investment			
Purchase of investments	(65,702)	(197,893)	(88,715)
Disposal of investments	72,602	204,937	93,987
Net cash inflow from financial investment	<u>6,900</u>	<u>7,044</u>	<u>5,272</u>
Derivative activities			
Premium paid on options	(33)	(810)	-
Premium received on options	84	2,134	300
(Payments)/proceeds on derivative instruments	(1,016)	(1,676)	642
Movements on amounts held at futures clearing houses and brokers	1,796	(2,889)	35
Net cash inflow/(outflow) from derivative activities	<u>831</u>	<u>(3,241)</u>	<u>977</u>
Dividend paid to shareholders	<u>(6,319)</u>	<u>(5,979)</u>	<u>(5,979)</u>
Net cash inflow/(outflow) before financing	<u>3,160</u>	<u>(1,068)</u>	<u>(757)</u>
Financing			
Repurchase of ordinary shares	(6,342)	(2,370)	-
Net cash outflow from financing	<u>(6,342)</u>	<u>(2,370)</u>	<u>-</u>
Decrease in cash	<u>(3,182)</u>	<u>(3,438)</u>	<u>(757)</u>

Notes to the Financial Statements

1 ACCOUNTING POLICIES

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

2 INCOME

	29.02.12 unaudited £'000	31.08.11 audited £'000	28.02.11 unaudited £'000
Income from investments designated at fair value through profit or loss			
UK dividends	3,259	4,413	1,603
UK scrip dividends	541	5,499	2,279
Overseas dividends	139	178	57
Overseas scrip dividends	181	–	31
Income from REIT investments	38	481	312
	<u>4,158</u>	<u>10,571</u>	<u>4,282</u>
Income from derivative instruments held at fair value through profit or loss			
Interest received on short CFDs	12	41	13
Dividends received on long CFDs	39	727	59
	<u>4,209</u>	<u>11,339</u>	<u>4,354</u>
Other income			
Deposit interest	27	57	14
Total income	<u>4,236</u>	<u>11,396</u>	<u>4,368</u>
Expenses of derivative instruments held at fair value through profit or loss			
Interest paid on long CFDs	(162)	(452)	(194)
Dividends paid on short CFDs	(55)	(427)	(52)
Total net income	<u>4,019</u>	<u>10,517</u>	<u>4,122</u>

Notes to the Financial Statements

	29.02.12 unaudited £'000	31.08.11 audited £'000	28.02.11 unaudited £'000
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3 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES

Overseas taxation (credit)/charge for the period

Overseas taxation recovered	(121)	(253)	-
Overseas taxation suffered	1	3	-
	<u>(120)</u>	<u>(250)</u>	<u>-</u>

4 RETURN/(LOSS) PER ORDINARY SHARE

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

	29.02.12 unaudited	31.08.11 audited	28.02.11 unaudited
Revenue return per ordinary share	3.95p	11.43p	3.42p
Capital return/(loss) per ordinary share	<u>52.88p</u>	<u>(34.17p)</u>	<u>65.01p</u>
Total return/(loss) per ordinary share	<u>56.83p</u>	<u>(22.74p)</u>	<u>68.43p</u>

	29.02.12 unaudited £'000	31.08.11 audited £'000	28.02.11 unaudited £'000
Revenue return	2,215	6,495	1,948
Capital return/(loss)	<u>29,623</u>	<u>(19,408)</u>	<u>37,017</u>
Total return/(loss)	<u>31,838</u>	<u>(12,913)</u>	<u>38,965</u>

Weighted average number of ordinary shares in issue during the period

	<u>56,021,478</u>	<u>56,801,156</u>	<u>56,938,896</u>
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Notes to the Financial Statements

5 DIVIDENDS

No dividend has been declared in respect of the current period. The dividend payment of £6,319,000 shown in the Reconciliation of Movements in Shareholders' Funds for the six months ended 29 February 2012 is the final dividend of 11.25 pence per ordinary share for the year ended 31 August 2011 that was paid on 19 December 2011. The dividend payment of £5,979,000 shown in the Reconciliation of Movements in Shareholders' Funds for the six months ended 28 February 2011 and for the year ended 31 August 2011 is the final dividend of 10.50 pence per ordinary share for the year ended 31 August 2010 that was paid on 21 December 2010.

29.02.12 unaudited shares	31.08.11 audited shares	28.02.11 unaudited shares
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6 SHARE CAPITAL

Issued, allotted and fully paid:

Ordinary shares of 25 pence each

Beginning of the period	56,528,896	56,938,896	56,938,896
Repurchase of ordinary shares	(1,285,000)	(410,000)	–
End of the period	55,243,896	56,528,896	56,938,896
	29.02.12 unaudited £'000	31.08.11 audited £'000	28.02.11 unaudited £'000

Issued, allotted and fully paid:

Ordinary shares of 25 pence each

Beginning of the period	14,131	14,234	14,234
Repurchase of ordinary shares	(321)	(103)	–
End of the period	13,810	14,131	14,234

Notes to the Financial Statements

7 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on total net assets of £331,698,000 (31.08.11: £312,521,000; 28.02.11: £366,769,000) and on 55,243,896 (31.08.11: 56,528,896; 28.02.11: 56,938,896) ordinary shares, being the number of ordinary shares in issue at the period end.

8 INVESTMENT TRANSACTIONS COSTS

Included in gains/(losses) on investments designated at fair value through profit or loss are the following investment transaction costs:

	29.02.12 unaudited £'000	31.08.11 audited £'000	28.02.11 unaudited £'000
Purchases	387	969	440
Sales	105	336	108
	<u>492</u>	<u>1,305</u>	<u>548</u>

9 UNAUDITED FINANCIAL STATEMENTS

The results for the six months to 29 February 2012 and 28 February 2011, which are unaudited, constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures and financial information for the year ended 31 August 2011 are extracted from the latest published financial statements. These financial statements, on which the Independent Auditor gave an unqualified report, have been delivered to the Registrar of Companies.

Investor Information

CONTACT INFORMATION

Private investors: call free on:

0800 41 41 10 9am to 6pm, Monday to Saturday.

Financial advisers: call free on:

0800 41 41 81 8am to 6pm,

Monday to Friday.

www.fidelity.co.uk/its

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

Holders of ordinary shares

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

Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open from 8.30am to 5.30pm, Monday to Friday).

Email: ssd@capitaregistrars.com

www.capitaregistrars.com

Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP.

Telephone: 0845 358 1107 (calls to this number are charged at 3.95p per minute from a BT landline. Other telephone providers' costs may vary).

Fidelity ISA investors

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

General enquiries should be made to Fidelity, the Investment Manager and Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP.

Telephone: 01732 36 11 44

Fax: 01737 83 68 92

www.fidelity.co.uk/its

FINANCIAL CALENDAR 2012

- | | |
|-------------------------|--|
| 29 February | – Half-Yearly period end |
| April | – Announcement of Half-Yearly results |
| Beginning of May | – Publication of Half-Yearly report |
| July | – Interim Management Statement (as at 31 May 2012) |
| 31 August | – Financial year end |
| November | – Publication of Annual Report |
| December | – Annual General Meeting |

BOARD OF DIRECTORS

Lynn Ruddick (Chairman)

Ben Thomson

(Senior Independent Director)

Sharon Brown

(Chairman of the Audit Committee)

Andy Irvine

Douglas Kinloch Anderson

Nicky McCabe

MANAGER, SECRETARY AND REGISTERED OFFICE

FIL Investments International

Beech Gate

Millfield Lane

Lower Kingswood

Tadworth

Surrey KT20 6RP

INDEPENDENT AUDITOR

Grant Thornton UK LLP

Chartered Accountants and Registered Auditor

30 Finsbury Square

London EC2P 2YU

LAWYERS

Dickson Minto W.S.

Broadgate Tower

20 Primrose Street

London EC2A 2EW

BANKERS AND CUSTODIAN

JPMorgan Chase Bank (London Branch)

125 London Wall

London EC2Y 5AJ

FINANCIAL ADVISERS AND STOCKBROKERS

Cenkos Securities plc

6,7,8 Tokenhouse Yard

London EC2R 7AS

REGISTRARS

Capita Registrars

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

Glossary of Terms

BENCHMARK

FTSE All-Share Index against which the performance of the Company is measured

CONTRACT FOR DIFFERENCE (CFD)

A contract between an investor and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of the underlying asset of the specified financial instrument. It does not involve buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A [Contract For Difference](#) allows the investor to gain access to the movement in the share price by depositing a small amount of cash known as margin. The investor may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the investor trades long, dividends are received and interest is paid. If the investor trades short, dividends are paid and interest is received

DERIVATIVES

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

DISCOUNT

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

EXPOSURE

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

FAIR VALUE

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

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

FUTURE OR FUTURE CONTRACT

An agreement to buy or sell a fixed amount of an asset at a fixed future date and a fixed price

GEARING OR GEARING EXPOSURE

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

NET ASSET VALUE (NAV)

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

OPTIONS

Options (call or put) are used to gain or reduce exposure to the underlying asset on a conditional basis, for example, the purchase of a call **option** provides exposure to the upside potential of an underlying stock, with the downside risk being limited to the premium paid

PREMIUM

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

RETURN

The return generated in the period from the investments:

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

Glossary of Terms

SHARE REPURCHASES

An increasingly popular way for investment trust companies to return cash to their shareholders is through offering to repurchase a proportion of shares currently held. Companies seek the permission of shareholders to do so at their annual general meetings allowing them to repurchase a proportion of their total shares (up to 15%) in the market at prices below the prevailing [net asset value](#) per share. This process is also used to enhance the [net asset value](#) per share and to reduce the [discount to net asset value](#).

TOTAL RETURN

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

FURTHER INFORMATION

The Fidelity Individual Savings Account ("ISA") is offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by FIL Investments International. Both companies are authorised and regulated by the Financial Services Authority. The Fidelity Investment Trust Share Plan is administered by BNP Paribas Securities Services and shares will be held in the name of Puddle Dock Nominees Limited.

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

Issued by Fidelity Special Values PLC.

Please note that the value of investments and the income from them may fall as well as rise and the investor may not get back the amount originally invested. Past performance is not a guide to future returns. For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than other more developed markets. Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may already have been acted upon by Fidelity.

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Warning to Shareholders

SHARE FRAUD WARNING

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

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

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

PROTECT YOURSELF

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

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

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

REPORT A SCAM

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

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

0300 123 2040



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