FIDELITY JAPANESE VALUES PLC

Preliminary Announcement of Audited Results
For the year ended 31 December 2012

Chairman's Statement

I have pleasure in presenting the Annual Report of Fidelity Japanese Values PLC for the year ended 31 December 2012.

Over three years, since the last continuation vote, the NAV per share has risen by 7.9% and the share price by 6.4%. Both compare very favourably with the Company's Benchmark, which only rose by 4.2%.

PERFORMANCE REVIEW
Over the year to 31 December 2012, your Company's absolute performance was somewhat disappointing. For, although the market rose strongly in yen terms, your Company's NAV per share and share price did not reflect this rise, largely as a result of the depreciation of the yen and the market's focus on larger cap and value stocks.

While the Company's undiluted NAV per share fell by 4.23p or 6.6%, the ordinary share price fell by only 0.87p or 1.7%, as the discount narrowed from 18.2% to 13.9%. The share price performance thus compared relatively favourably with the performance of the Russell Nomura Mid/Small Cap Index (sterling adjusted) which fell by 3.1%.

As can be seen from the Attribution Analysis below, Index performance and Index income added 10.43p but the gains were offset by the yen's depreciation against the pound, which detracted 11.13p. In addition, the Portfolio Manager's focus on mid and small cap growth stocks, at a time when the market was focused on larger cap and value stocks, meant that stock selection detracted 3.76p, although the impact of gearing was positive (+ 0.90p, calculated on a yen terms basis).

Attribution Analysis	Year ended 31 December 2012 (pence)
NAV at 31 December 2011 (undiluted)	64.17
Impact of the Index (in yen terms)	+8.90
Impact of Index Income (in yen terms)	+1.53
Impact of Stock Selection	-3.76
Impact of Gearing (in yen terms)	+0.90
Impact of Exchange Rate	-11.13
Impact of Charges	-1.29
Impact of Share Issues/Share Repurchases	+0.07
Cash/Residual	+0.55
NAV at 31 December 2012 (undiluted)	59.94

MARKET REVIEW
Global markets finally shrugged off another period of international uncertainty towards the end of the year. For much of 2012, the Eurozone debt crisis, concerns over the Chinese growth outlook and worries over the US fiscal cliff dictated the direction of the Japanese market. However, as fears over these issues abated towards the end of the year, the political leadership transition to a pro-corporate Liberal Democrat Party Government triggered a sharp rebound in share prices. The Japanese equity market ended the year on a high note with TOPIX up 18.0% in Japanese yen terms, although the gain in sterling terms was a modest 0.5%. Mid and small cap stocks underperformed the broader market with the Russell Nomura Mid/Small Cap Index up 13.9% in yen terms, but down 3.1% in sterling terms.

During the year, the Japanese market fell to its lowest point in 29 years as fears of a global slowdown took hold. Weak economic data releases from China and the US, coupled with the growing threat from the Eurozone debt crisis, precipitated a correction in share prices that continued through April and May. Increased risk aversion fuelled demand for the yen as a safe-haven currency, exerting further pressure on Japanese stocks. Improvements in US economic data provided a subsequent boost to sentiment, but Japanese stocks lacked direction. Finally towards the end of the year, expectations for aggressive monetary policies from the Bank of Japan contributed to a weakening of the yen and a robust rally in the stockmarket. "Abenomics," a combination of fiscal and monetary stimuli aimed at reviving the economy and ending two decades of deflation, triggered almost US$28 billion of foreign inflows into Japanese stocks from November onwards. The correlation between the Japanese stockmarket and the yen/dollar exchange rate remained extraordinarily strong, as Japanese stocks' operating leverage to a weaker yen is high.

GEARING

The Company gears through the use of long Contracts For Difference ("CFDs"). Total portfolio exposure was £70.2m at the year end, equating to gearing of 21.0% (see the Annual Report for further details). Using long CFDs continues to provide more flexibility for the Company's needs at a much lower cost than traditional bank debt.

THE BOARD

As reported in the last Annual Report, 2012 saw several changes to the Board, with William Thomson stepping down as Chairman of the Company following the Annual General Meeting on 10 May 2012 and Nicholas Barber retiring as a Director with effect from 31 December 2012. William joined the Board in 1997, becoming Chairman at the end of 2004, whilst Nicholas was appointed a Director in 2000. The Board will miss their knowledge and counsel and wish both of them a long and happy retirement.

Following William Thomson's retirement I was appointed Chairman, whilst David Miller has kindly agreed to take over from Nicholas Barber as the Company's Senior Independent Director. Biographies of the current Directors may be found in the Annual Report. It is considered that the Directors have a wide range of appropriate skills and experience to make up a balanced Board for your Company.

SUBSCRIPTION SHARES

The rights attaching to a total of 12,710 subscription shares were exercised in respect of the year ended 31 December 2012, at which point the total number of subscription shares in issue was 17,232,149. A further 7,032,140 subscription shares were exercised between the year end and the final subscription date of 28 February 2013. Following the expiry of the exercise rights there remained 10,200,009 subscription shares in issue.

On 1 March 2013, the Company appointed a trustee in respect of the outstanding subscription shares. The trustee determined that the net proceeds from the sale of ordinary shares arising on the exercise of the rights attaching to the outstanding shares after the deduction of costs, expenses and fees were higher than the cost of exercising the rights attached to the subscription shares. Accordingly, on 1 March 2013 the trustee exercised the subscription rights in respect of 10,200,009 subscription shares on behalf of subscription shareholders and those additional shares arising were sold in the market. Further details of the subscription shares may be found in the Directors' Report in the Annual Report.

SHARE REPURCHASES

Purchases of ordinary shares for cancellation are made at the discretion of the Company and within guidelines set from time to time by the Board. Share repurchases are made in the light of prevailing market conditions, together with their impact on liquidity and gearing. Shares will only be repurchased when the result is an enhancement to the net asset value of the ordinary shares for the remaining shareholders. During the year a total of 638,000 ordinary shares (2011: nil) were repurchased for cancellation. Your Board continues to believe that the ability to repurchase shares is a valuable tool and, therefore, a resolution to renew your Company's authority to repurchase shares will be proposed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at midday on 14 May 2013 at Fidelity's offices at 25 Cannon Street, London EC4M 5TA (St Paul's or Mansion House tube station) and all investors are encouraged to attend. The Board is looking forward to the opportunity to speak to shareholders. The Portfolio Manager will be attending and will give a presentation on the past year and the prospects for the current year.

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 three years was passed at the 2010 Annual General Meeting. A further continuation vote will take place at this year's Annual General Meeting.

During the past three years, the Company outperformed the Russell Nomura Mid/Small Cap Index (in sterling terms). The NAV per share increased by 7.9% on a total return basis, whilst the share price rose by 6.4%; this compared to a gain of 4.2% in the Russell Nomura Mid/Small Cap Index. Looking forward, the blend of monetary and fiscal stimulus prescribed by Japan's recently elected Prime Minister, aimed at the final resolution of deflation, is encouraging. Furthermore, the Japanese market has finally worked off its valuation premium and now compares very favourably with its own long term history and its global peers on virtually all main measures. In this environment, it is more important than ever to identify companies whose growth potential is underestimated by the stockmarket.

Hereafter, we would like to examine the case for Japan and our approach to this unique market where many attractive investment opportunities are overlooked.

The case for Japan
Japan's challenges are both substantial and well-documented. While they should be acknowledged up front there is little need to revisit them at length: concerns include the aging of the population, government debt levels, the fiscal deficit and a distinctly mixed approach to corporate governance. However, these challenges should not negate the case for continuation of the Company.

Rather it is important to be clear that an investment in stocks within a stockmarket is not an investment in that market's economy; that there is at best a weak correlation in any year between stockmarket returns and economic growth; that individual companies need not be exposed only to their home market; that demographics are frequently a distraction for equity investors; and that – crucially – there is a price for every asset.

For many years now, being underweight Japan has been a consensus trade of remarkable consistency among international investors. This has been the right stance for most of the time. But does this mean that investors have all been correct to focus on demographics, government debt, and poor corporate governance? Or could a substantial contributing factor have been that Japan has been undergoing a deserved, but prolonged, multi-year de-rating following the excesses of the bubble years?

Over a period of nearly 25 years, the Japanese market has worked off its valuation premium and now compares favourably with its own long term history and its global peers on the main valuation measures. Yet, investor disdain for Japan has, if anything, intensified, driven by the inertia of consecutive Governments, the challenges facing corporate Japan and the trauma of the 2011 earthquake and its aftermath.

Given the above, we strongly believe that for diversified investors, Japanese equities should still play a role in broader asset allocation policy. Bought at the right price, it makes much sense to invest in a basket of good stocks in a deep but unloved market.

The investment approach
There is limited merit in taking an undifferentiated (e.g. index) approach to a basket of Japan's largest stocks, many of which are most closely associated with Japan's macro challenges and which are large by virtue of past rather than current or future success. However, the broad-brush problems should not be extrapolated to each and every company in Japan, which of course is why stock picking in such a deep market holds attractions. This should be particularly true further down the market cap spectrum. As in other markets, smaller companies have greater flexibility than larger peers; they have a wider variety of growth opportunities, either due to market share gains within stable industries or due to growing – perhaps new – industries, both domestically and abroad; and their equity typically is less well researched and, therefore, less efficiently priced. They may well become the giants of the future.

The Portfolio Manager's approach combines a pursuit of growth (which in the last few years has been a scarce commodity in Japan) with a focus on small caps with multi-year growth drivers. These, as noted above, can offer both flexibility of business models and pricing inefficiencies. He finds, for example, interesting opportunities in companies benefiting from a broad shift towards internet-based consumer services. He also favours companies with strong balance sheets, which have been out of favour in the recent market rally.

At a stock level we find that the Portfolio Manager is clear about his methodology. He feels that he can add more value by identifying mispricing on a company by company basis, rather than by seeking to gain competitive advantage through better than consensus forecasting of macro-economic variables or constructing portfolios primarily on the back of those variables. His rigour on stock valuation is such that he buys into weakness and sells into strength – something which can result in some trading activity given the volatility of the names that he owns.

Outlook
Equity investing in Japan has been a challenging experience for many years now. As a result the Japanese market has fallen off the radar screens of many investors who, in focusing on the ongoing challenges faced at macro and micro levels, may be missing the extent to which Japanese equities have already de-rated over time. Japanese

equity remains a large asset class, which has had low ownership for some years and which now offers some very reasonable valuations. Recent political events, and what these may mean for near term growth expectations and the exchange rate, have been treated as a catalyst by a number of investors – but the case for Japan extends further.

As a weak domestic growth environment and poor corporate governance have created headwinds for many stocks, a bottom-up approach is necessary, finding companies which will succeed either at home or overseas. While general investor attitudes towards risk and liquidity may well drive periods of large cap outperformance, over time we would expect medium and small caps to offer a fertile hunting ground for stock picking.

The Board's recommendation
We strongly believe that Japan remains a stock picker's market where our Portfolio Manager's bottom-up approach offers good prospects. Therefore, we recommend that shareholders vote in favour of the continuation vote.

David Robins
Chairman
21 March 2013

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Income Statement for the year ended 31 December 2012

	2012 revenue £'000	2012 capital £'000	2012 total £'000	2011 revenue £'000	2011 capital £'000	2011 total £'000
Losses on investments designated at fair value through profit or loss	–	(6,376)	(6,376)	–	(4,114)	(4,114)
Gains/(losses) on derivative instruments held at fair value through profit or loss	–	2,635	2,635	–	(312)	(312)
Income*	1,289	–	1,289	1,445	–	1,445
Investment management fee	(757)	–	(757)	(830)	–	(830)
Other expenses	(441)	–	(441)	(441)	–	(441)
Exchange (losses)/gains on other net assets	–	(384)	(384)	4	483	487
Net return/(loss) before finance costs and taxation	91	(4,125)	(4,034)	178	(3,943)	(3,765)
Finance costs	(76)	–	(76)	(83)	–	(83)
Net return/(loss) on ordinary activities before taxation	15	(4,125)	(4,110)	95	(3,943)	(3,848)
Taxation on return/(loss) on ordinary activities**	(70)	–	(70)	(75)	–	(75)
Net (loss)/return on ordinary activities after taxation for the year	(55)	(4,125)	(4,180)	20	(3,943)	(3,923)
(Loss)/return per ordinary share – undiluted and diluted	(0.06p)	(4.24p)	(4.30p)	0.02p	(4.06p)	(4.04p)

*** Income**

	2012 £'000	2011 £'000
Income from investments designated at fair value through profit or loss		
Overseas dividends	1,005	1,099
Income from derivatives held at fair value through profit or loss		
Dividends on long CFDs	284	346
Total income	1,289	1,445

** This relates to overseas taxation only

A Statement of Total Recognised Gains and Losses has not been prepared as there are no gains and losses other than those reported in this Income Statement.
The total column of the Income Statement is the profit and loss account of the Company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the year.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 2012

	share capital £'000	share premium account £'000	capital redemption reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
Opening shareholders' funds: 1 January 2011	24,872	81	2,437	57,955	(6,421)	(13,436)	65,488
Issue of ordinary shares on exercise of rights attached to subscription shares	441	529	–	–	–	–	970
Exercise of rights attached to subscription shares and conversion into ordinary shares	(88)	88	–	–	–	–	–
Net (loss)/return on ordinary activities after taxation for the year	–	–	–	–	(3,943)	20	(3,923)
Closing shareholders' funds: 31 December 2011	25,225	698	2,437	57,955	(10,364)	(13,416)	62,535
Issue of ordinary shares on exercise of rights attached to subscription shares	3	4	–	–	–	–	7
Exercise of rights attached to subscription shares and conversion into ordinary shares	(1)	1	–	–	–	–	–
Repurchase of ordinary shares	(159)	–	159	(328)	–	–	(328)
Net loss on ordinary activities after taxation for the year	–	–	–	–	(4,125)	(55)	(4,180)
Closing shareholders' funds: 31 December 2012	25,068	703	2,596	57,627	(14,489)	(13,471)	58,034

Balance Sheet as at 31 December 2012

Company number 2885584

	2012	2011
	£'000	£'000
Fixed assets		
Investments designated at fair value through profit or loss	55,087	58,807
Current assets		
Derivative assets held at fair value through profit or loss	1,941	2,202
Debtors	2,632	797
Cash at bank	674	4,056
	5,247	7,055
Creditors		
Derivative liabilities held at fair value through profit or loss	(301)	(2,211)
Creditors	(1,999)	(1,116)
	(2,300)	(3,327)
Net current assets	2,947	3,728
Total net assets	58,034	62,535
Capital and reserves		
Share capital	25,068	25,225
Share premium account	703	698
Capital redemption reserve	2,596	2,437
Other reserve	57,627	57,955
Capital reserve	(14,489)	(10,364)
Revenue reserve	(13,471)	(13,416)
Total equity shareholders' funds	58,034	62,535
Net asset value per ordinary share		
Undiluted	59.94p	64.17p
Diluted	59.19p	62.79p

Cash Flow Statement for the year ended 31 December 2012

	2012	2011
	£'000	£'000
Operating activities		
Investment income received	917	1,017
Dividends on long CFDs received	294	332
Investment management fee paid	(790)	(870)
Directors' fees paid	(182)	(137)
Other cash payments	(471)	(227)
Net cash (outflow)/inflow from operating activities	(232)	115
Finance costs		
Interest paid on long CFDs	(76)	(85)
Net cash outflow from finance costs	(76)	(85)
Financial investments		
Purchase of investments	(51,491)	(58,309)
Disposal of investments	48,137	58,235
Net cash outflow from financial investments	(3,354)	(74)
Derivative activities		
Proceeds of long CFD positions closed	986	1,673
Net cash inflow from derivative activities	986	1,673
Net cash (outflow)/inflow before financing	(2,676)	1,629
Financing		
Exercise of rights attached to subscription shares	6	971
Repurchase of ordinary shares	(328)	–
Net cash (outflow)/inflow from financing	(322)	971
(Decrease)/increase in cash	(2,998)	2,600

The above statements have been prepared on the basis of the accounting policies as set out in the financial statements in the annual report to 31 December 2012. This preliminary statement was approved by the Board on 21 March 2013 and agreed by the Auditor on 22 March 2013. It is not the Company's statutory financial statements. The statutory financial statements for the financial year ended 31 December 2011 have been delivered to the Registrar of Companies. The statutory financial statements for the financial year ended 31 December 2012 have been approved and audited but have not yet been filed. The statutory financial statements for the financial years ended 31 December 2011 and 31 December 2012 received unqualified audit reports, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) and (3) of the Companies Act 2006.

The annual report and financial statements will be posted to shareholders as soon as is practicable and in any event no later than 15 April 2013.