

APRIL 30, 2009

NEW
ASIA
FUND

Semiannual Report



T. ROWE PRICE[®]

®

HIGHLIGHTS

- Asian stock markets were volatile in the six months ended April 30, 2009, but they rallied as the period progressed, providing solid gains.
- Your fund's strong results exceeded its benchmarks due in large part to holdings in the consumer staples and industrials and business services sectors.
- During the past six months, we took advantage of compelling investment opportunities in India and reduced our substantial position in China.
- We remain focused on owning the best growth companies in the fastest-growing markets—China and India—and have trimmed our exposure to slower-growth, export-oriented markets such as South Korea and Taiwan.

The views and opinions in this report were current as of April 30, 2009. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and the managers reserve the right to change their views about individual stocks, sectors, and the markets at any time. As a result, the views expressed should not be relied upon as a forecast of the fund's future investment intent. The report is certified under the Sarbanes-Oxley Act, which requires mutual funds and other public companies to affirm that, to the best of their knowledge, the information in their financial reports is fairly and accurately stated in all material respects.

REPORTS ON THE WEB

Sign up for our E-mail Program, and you can begin to receive updated fund reports and prospectuses online rather than through the mail. Log in to your account at troweprice.com for more information.

Fellow Shareholders

Although Asian markets have been extremely volatile, we are pleased to report solid returns for your fund in the six months ended April 30, 2009. Following a sharp downturn early in the reporting period, Asian stocks rallied strongly in March and April. The portfolio’s holdings in its key markets, China and India, performed extremely well. From a country perspective, every market in our universe generated positive returns; sector results were also uniformly higher. In the past few months, we have seen risk aversion moderate significantly, and banking institutions appear to be on more solid footing. Thanks to lower interest rates, liquidity injections, and stimulus programs throughout the region, the severe contraction in economic growth is abating. Nevertheless, Asia’s markets have recovered only a portion of last year’s devastating losses.

Although we are clearly not out of the woods, the powerful performance surge and signs of economic stability are encouraging. The New

PERFORMANCE COMPARISON

Six-Month Period Ended 4/30/09

New Asia Fund	25.93%
MSCI All Country Asia ex Japan Index	21.52
Lipper Pacific Ex-Japan Funds Average	21.29

Asia Fund posted a strong 25.93% gain in the six months ended April 30, 2009. As shown in the Performance Comparison table, your fund outperformed its Lipper peer group average and the benchmark MSCI All Country Asia ex Japan Index. Our advantage

versus our benchmark index was almost entirely the result of stock selection, which was especially good in our largest sectors—consumer staples and industrials and business services.

As we wrote in our last shareholder letter, the past year has been extraordinarily painful, and we are disappointed that we did not do better. However, our 5- and 10-year returns, which you can see on page 13, continue to reflect our strong longer-term results. Although we cannot predict what will happen in the markets in the near term, we feel that Asia’s economies and stock markets are well positioned to outperform developed markets in a very challenging global environment.

A WORD ABOUT YOUR SHAREHOLDER REPORT

At T. Rowe Price, we believe that information is essential to understanding your investments in this fast-moving and volatile market environment. In this shareholder report's "Manager's Letter," your fund's portfolio manager writes a candid assessment of recent market events and fund performance, offers important insights into how the fund is managed, and provides a perspective for the next few months. We encourage you to read this report carefully.

Did you know you could receive your shareholder report sooner? The online version is usually available at least two weeks before you receive it by mail. If you're looking for easy access to the latest shareholder reports, account statements, transaction confirmations, tax forms, mutual fund prospectuses, and more, consider paperless e-delivery options from T. Rowe Price.

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STRATEGY

We believe that successful long-term investing demands disciplined adherence to an investment philosophy. The ability to see through short-term momentum, keep the big picture in perspective, and focus on the underlying fundamentals are the cornerstones of our investing process. We intend to continue concentrating on our core strengths—namely, identifying companies with strong management, sustainable earnings growth, and reasonable valuations—resulting in a portfolio of high-quality companies. As always, we remain committed to identifying the themes and emerging trends that are shaping the investment landscape in order to find the region's best growth companies.

MARKET AND PORTFOLIO REVIEW

India

Indian and Chinese equities account for about two-thirds of the fund and were responsible for the majority of the portfolio's strong results. However, we have shifted our emphasis somewhat toward India and away from China. The Indian stock market was one of the weakest performers in the Asia region, registering a comparatively modest 15% advance over the past six months. As is the case throughout the region,

growth is slowing, and the Indian government has announced a variety of measures to bolster its economy.

Despite stimulus programs that have increased money supply, propped up the banking system, and improved domestic consumption, the growth forecast is sharply lower for 2009 and 2010 than in recent years. Nevertheless, we believe India's large economy should be relatively sheltered from the collapse in global trade, and we think the stock market's recent underperformance is unjustified given the country's solid economic fundamentals.

India is now the fund's largest country overweight, representing approximately 38% of the portfolio (we also remain slightly overweight

in China). Our decision to establish new positions and add to several of our holdings was based on the individual merit of these companies, also known as bottom-up investing. We believe that there are a lot of great companies in India, and we think the infrastructure development theme will be durable as the country seeks to ramp up the necessary resources to underpin economic growth. A number of these stocks fell to extremely

MARKET PERFORMANCE

(In U.S. Dollar Terms)		
Periods Ended 4/30/09	6 Months	12 Months
China	30.07%	-37.25%
India	15.40	-48.65
Indonesia	44.91	-34.32
Malaysia	18.43	-28.93
Singapore	11.01	-42.88
South Korea	20.75	-41.71
Taiwan	19.07	-37.27
Thailand	23.57	-44.45

Source: RIMES Online, using MSCI indices.

low historical valuations due to the uncertainty of future earnings and the difficulty of getting financing. However, many of them have already raised a significant amount of new capital, and the availability of new funding looks to be relatively secure. In many ways, India's economy is more defensive than others in the region because domestic consumption represents about half of the economy, which essentially operates on a cash basis.

The portfolio benefited from strong stock selection in India, although our large allocation to an underperforming market hurt our comparison with the benchmark. As investors grew less cautious toward the end of the reporting period, our smaller-cap holdings, especially in the industrials and business services sector, generated excellent results. Infrastructure stocks, which were some of the worst performers in

2008, generated solid contributions in the period. Several of our larger holdings, including **Jaiprakash Associates** and **GMR Infrastructure**, posted robust gains over the past six months. (Please refer to the portfolio of investments for a complete listing of holdings and the amount each represents in the fund.)

Jaiprakash, an industrial conglomerate, has been a prime beneficiary of the lower interest rate environment and liquidity coming back into India as the period progressed. The company is primarily involved in infrastructure and power plant construction and real estate operations. However, all of its projects are longer term, which means it needs a large amount of financing. When liquidity in India became scarce during the credit crisis, the stock got crushed, falling more than 80% last year. We think the company has exceptionally good business opportunities. Much of the concern about funding has been removed, and, in the last six weeks of the reporting period, the stock advanced more than 100%. GMR was in basically the same situation. It is a holding company that, through its subsidiaries, is engaged in a variety of infrastructure projects. The company primarily builds and runs airports, power generation facilities, and highways. We believe that both companies have solid business opportunities and are well managed. As a more enduring recovery takes hold, we think these stocks can generate stronger revenues and earnings and should continue to provide attractive returns.

The portfolio's two largest holdings are also Indian companies. **Container Corporation of India**, which is a leader in the road and rail segment, posted exceptionally strong results thanks to a recovery in demand for its shipping services. **DLF Limited**, our next-largest holding, also generated solid six-month results. The company is the country's largest real estate management and development company. We believe that the real estate segment offers superior long-term growth opportunities for the largest and best-run operators. The housing market is showing signs of normalizing, confidence is returning, and affordability and real demand in India are near all-time highs. As liquidity improves and construction activity regains momentum (in both housing and infrastructure), the strongest firms in these segments could generate steadily improving revenue and profitability.

The results of the Parliamentary elections, which were announced after the end of our reporting period, have provided a major boost for India's outlook and for the stock market. We intend to remain disciplined in trimming stocks where market euphoria drives valuations to unsustainable levels.

China

The Chinese market posted a strong 30% return in the six-month period, although China's growth has slowed significantly in the last two quarters. The Chinese economy grew at a below-trend 6.1% rate in the first quarter of 2009, after reporting 6.8% growth in the final quarter of 2008. Beijing is struggling to maintain a 7% target growth rate, which is still far less than the 9% recorded for the 2008 calendar year. The falloff in Chinese growth was largely due to a collapse in exports and fixed-asset investments. However, we think that the aggressive government countercyclical stimulus packages announced will bolster growth and keep the economy in positive territory. China has amassed significant reserves over the past few years, and investors bid up Chinese stocks believing that the government has the firepower and desire to spend its way out of trouble and to pick up some of the slack from weakness in exports by boosting domestic demand.

China was the portfolio's largest absolute and relative performance contributor for the past six months. Stock selection was good across our Chinese holdings, and our overweight allocation (approximately 28% of the portfolio) added value because China's market outperformed within the Asia region. The fund's best performer in China was **Shanghai Industrial**, a state-owned real estate, infrastructure, health care, and consumer products holding company. The stock rose sharply because it is viewed as a beneficiary of the government's stimulus efforts. We like the company because it has a high-quality real estate portfolio of residential and commercial properties that generate steadily growing cash flow.

Alibaba.com also posted strong gains. The company operates an English-language Web site that specializes in business-to-business marketing primarily for international buyers who want to contact Chinese sellers. It also runs similar sites for Chinese and Japanese vendors. The company made a successful strategy shift since its November 2007 initial public offering (IPO). Instead of targeting a few premium subscribers, it is now going for higher volumes and has lowered its fees. Alibaba and Shanghai Industrial have both gained more than 100% in the past six months.

In the consumer staples sector, our overweight allocation hurt our comparison with the benchmark because the more defensive sectors underperformed during the period. However, **Uni-President** and **Tsingtao Brewery** performed well. Uni-President is actually based in Taiwan, but most of its business is conducted in China.

Although we continue to believe in the Chinese growth story, we reduced our overweight toward the end of the period. We trimmed

SECTOR DIVERSIFICATION

	Percent of Net Assets	
	10/31/08	4/30/09
Industrials and Business Services	25.3%	22.0%
Consumer Staples	19.6	18.3
Financials	16.9	17.0
Consumer Discretionary	10.7	12.2
Information Technology	9.6	10.6
Utilities	6.3	6.9
Telecommunication Services	2.2	2.0
Materials	3.1	1.2
Energy	2.0	0.0
Health Care	0.0	0.0
Other and Reserves	4.3	9.8
Total	100.0%	100.0%

Historical weightings reflect current industry/sector classifications.

or eliminated several stocks that had rallied strongly. For example, we sold our entire positions in **China Resources Land** and **China Shenhua Energy**. Investors had bid up the shares and valuations of both companies, expecting that they would be prime beneficiaries of the massive government stimulus package for infrastructure. We also eliminated several of our largest detractors during the period. **China Merchants Holding**, **Beijing Capital International Airport**, and **China COSCO Holdings** generated disappointing first-half results.

We used the proceeds as a source of cash to increase our allocation in India.

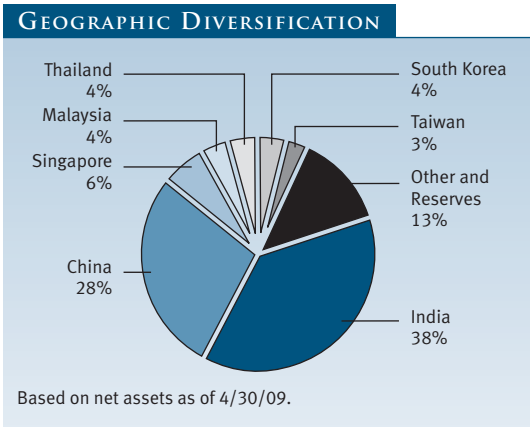
The Rest of the Region

After a quick review of the portfolio's Twenty-Five Largest Holdings table on page 12, it is apparent that India and China represent the lion's share of the fund. **Taiwan Semiconductor**, **Bumiputra-Commerce** (Malaysia), and **Olam International** (Singapore) are the only three stocks in the table based outside our two favored countries. However, this is purely a result of our bottom-up stock selection process. As you can see in the Geographic Diversification chart on page 7, our holdings in India and China represent 66% of the fund, which is fairly consistent with our allocation over the past few reporting periods. Our next-largest country allocations are in Singapore, Malaysia, Thailand, and South Korea.

South Korea's economy is dominated by exports, and demand is waning in the face of the global slowdown. However, in the past six months the won fell sharply, which aided exporters, and the market performed in line with the overall Asian markets index. During the period, we moved further underweight in the country by selling some of our highly profitable position in **LS Industrial Systems**. This electrical components producer held up well due to the steadiness of its earnings and cash flow despite the deteriorating economy. At the end of the reporting period, we held only three

stocks (4% of the fund) in South Korea, which represents 19% of the index, because we think it will continue to generate slower growth than China or India.

We eliminated several positions in Taiwan over the past six months and now own only one stock, the previously mentioned Taiwan Semiconductor. We bought the stock after it declined 50% last



year. The company has generated stable revenue and earnings gains, has sizable cash reserves, and has virtually no debt. It faces challenges because its end markets have weakened, but it has almost no competition. Taiwan's improving relations with mainland China are a long-term positive. Increasingly, tourists have been able to travel between the two on direct flights. At the end of the reporting period, the Chinese government lifted the ban on investments in Taiwan. For the first time since the civil war six decades ago, a state-owned Chinese company, China Mobile, made an investment on the island. We continue to monitor these developments very closely. If wealthy Taiwanese investors start to repatriate cash to Taiwan after many years of investing overseas, it is possible that we will see a rekindling of Taiwan's economy, which could create some interesting investment opportunities.

OUTLOOK

WE CONTINUE TO
TAKE A LONG-TERM
APPROACH TO
OUR INVESTMENTS
IN ASIA, AND
ESPECIALLY FAVOR
THE PROSPECTS FOR
INDIA AND CHINA,
WHICH WE VIEW AS
THE GROWTH
ENGINES OF
THE REGION.

Asia's markets suffered their worst year of performance on record in 2008. The effects of the global financial crisis sapped liquidity from the region, and global trade slowed dramatically. It is clear that economies within the region are slowing and economic data are expected to remain weak in the near term. Much of the bad economic and earnings news is widely known, which may be the reason for the recent rally. However, a sustained upswing is unlikely until global leading indicators have stabilized and begin improving. Before this happens, we may see another period of weakness from the region's markets, although we believe it is unlikely that we will test the lows seen in the past few months.

We continue to take a long-term approach to our investments in Asia, and especially favor the prospects for India and China, which we view as the growth engines of the region. We believe our focus on these two markets will be rewarded over time due to the rising levels of urbanization, industrialization, and domestic consumption. However, to counter the volatility we expect, we believe it is prudent for investors to build positions over time.

Although we are aware of the economic challenges India faces in the near term, in our opinion, it remains an attractive market for longer-term investors. The magnitude of the Indian market's underperformance relative to other Asian markets provided us with an opportunity to add high-quality companies at attractive valuations. Liquidity in the country has improved, and the leading companies, once again, have access to capital. We think that the strongest companies will take market share within their industries and emerge from this downturn stronger. Within the portfolio, we are focused on companies that will benefit from rising domestic consumption and segments that will perform better in a lower interest rate environment, including industrials, infrastructure, and real estate. The election result, handing the Congress party a larger majority, is a medium-term positive for India, but the party will face many challenges to its reform agenda. We will remain disciplined in responding to market movements.

China has attracted investor attention as it rallied in recent months, the market is benefiting from its fiscal strength. From a macroeconomic perspective, the country also appears very attractive—although growth is slowing, it should be more robust than almost anywhere else in the world. One of our concerns is that China needs to wean itself from its dependence on exports and focus on boosting domestic consumption. We think the government will need to spend more to improve basic social services. This means spending on low-cost housing, health care, and pensions. This process will take time. State-owned enterprises may disappoint the market in terms of their near-term earnings—as they share the pain of this transition. Given this backdrop, we prefer to own private-sector companies in China. In particular, we like the consumer and Internet segments, which could benefit from rising levels of consumption over the long term. While these companies will not be immune to the slowdown, they still offer good growth prospects.

In addition to these two large economies, we will continue to seek high-quality investments throughout the region. Recent events in Taiwan could bode well for the future of that economy. We also spend time visiting companies in the smaller markets of Thailand, Malaysia, Indonesia, Singapore, and the Philippines looking for promising investment candidates.

In this challenging and volatile environment, we will continue to work diligently on your behalf. Thank you for your continued support.

A NOTE FROM FRANCES DYDASCO

As we informed shareholders by letter a few months ago, in August 2009 I will be retiring from T. Rowe Price after 12 years with the firm. The first thing I would like to do is to thank you, fellow shareholders, for entrusting me with your hard-earned savings. I want you to know that I appreciate your confidence in me and in T. Rowe Price. I would also like to welcome Anh Lu to the managerial ranks. Anh joined me as co-portfolio manager of your fund in April. We have worked closely for several years, and I want to assure you that she is exceptionally well prepared for this assignment. Anh has 13 years of emerging markets investment experience, seven of which have been with T. Rowe Price. After August 1, she will assume the sole leadership role of the portfolio and become the chairman of the New Asia Fund's Investment Advisory Committee.

Finally, Anh and I will continue to work closely to ensure a seamless transition of managerial duties. We have visited with a number of the fund's institutional clients to discuss the transition. What we told them about the portfolio's investment process can be summarized as follows:

- The fund's investment philosophy, investment professionals, and analyst team will remain largely intact. We will continue to rely on our seasoned portfolio managers and the strength of our independent research group to conduct rigorous research and analysis.
- We will continue to seek companies with strong managements, sustainable earnings growth, and reasonable valuations, resulting in a portfolio of high-quality companies. These are the attributes that contribute to the T. Rowe Price heritage of intelligent risk taking.
- We will remain long-term investors committed to identifying the themes and emerging trends that are shaping the investment landscape in order to find the region's best growth companies. We will always have our investors' interest at the forefront of every investment decision, and we will never forget that we are a fiduciary—entrusted as a caretaker of our clients' assets.

Respectfully submitted,



Frances Dydasco
Cochairman of the fund's Investment Advisory Committee



Anh Lu
Cochairman of the fund's Investment Advisory Committee

May 15, 2009

The committee chairmen have day-to-day responsibility for managing the portfolio and work with committee members in developing and executing the fund's investment program.

RISKS OF INTERNATIONAL INVESTING

Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. Funds investing in a single country or in a limited geographic region tend to be riskier than more diversified funds. Risks can result from varying stages of economic and political development; differing regulatory environments, trading days, and accounting standards; and higher transaction costs of non-U.S. markets. Non-U.S. investments are also subject to currency risk, or a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency.

GLOSSARY

Gross domestic product (GDP): GDP is the total market value of all goods and services produced in a country in a given year.

Lipper averages: The averages of available mutual fund performance returns for specified time periods in defined categories as tracked by Lipper Inc.

MSCI All Country Asia ex Japan Index: An index that measures equity market performance of developed and emerging countries in Asia, excluding Japan.

PORTFOLIO HIGHLIGHTS

TWENTY-FIVE LARGEST HOLDINGS

	Percent of Net Assets 4/30/09
Container Corp. of India, India	3.2%
DLF Limited, India	3.1
Taiwan Semiconductor Manufacturing, Taiwan	3.1
Jaiprakash Associates, India	3.0
Xiniao Gas, China	2.9
Tsingtao Brewery, China	2.7
Hengan International, China	2.6
Bumiputra-Commerce, Malaysia	2.6
GMR Infrastructure, India	2.4
Guangshen Railway, China	2.3
Tencent, China	2.1
Shanghai Industrial, China	2.1
Alibaba.com, China	2.0
Housing Development Finance, India	1.9
Ctrip.com International, China	1.8
GVK Power & Infrastructure, India	1.8
MAX India, India	1.7
Shree Renuka Sugars, India	1.6
Olam International, Singapore	1.6
Mundra Port, India	1.6
Kotak Mahindra Bank, India	1.6
Maruti Suzuki, India	1.5
Baidu, China	1.5
Bajaj Auto, India	1.4
Wumart Stores, China	1.4
Total	53.5%

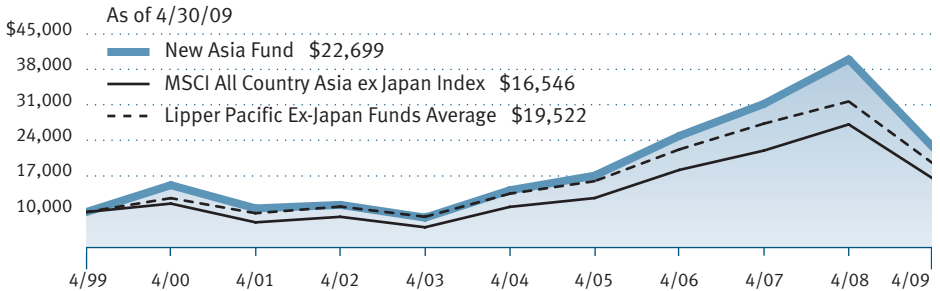
Note: Table excludes investments in the T. Rowe Price Reserve Investment Fund and collateral for securities lending.

Performance and Expenses

GROWTH OF \$10,000

This chart shows the value of a hypothetical \$10,000 investment in the fund over the past 10 fiscal year periods or since inception (for funds lacking 10-year records). The result is compared with benchmarks, which may include a broad-based market index and a peer group average or index. Market indexes do not include expenses, which are deducted from fund returns as well as mutual fund averages and indexes.

NEW ASIA FUND



AVERAGE ANNUAL COMPOUND TOTAL RETURN

This table shows how the fund would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate.

Periods Ended 4/30/09	1 Year	5 Years	10 Years
New Asia Fund	-43.43%	9.68%	8.54%

Returns do not reflect taxes that the shareholder may pay on fund distributions or the redemption of fund shares. Past performance cannot guarantee future results.

FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

Actual Expenses

The first line of the following table (“Actual”) provides information about actual account values and expenses based on the fund’s actual returns. You may use the information in this line, together with your account balance, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information on the second line of the table (“Hypothetical”) is based on hypothetical account values and expenses derived from the fund’s actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund’s actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Note: T. Rowe Price charges an annual small-account maintenance fee of \$10, generally for accounts with less than \$2,000 (\$500 for UGMA/UTMA). The fee is waived for any investor whose T. Rowe Price mutual fund accounts total \$25,000 or more, accounts employing automatic investing, and IRAs and other retirement plan accounts that utilize a prototype plan sponsored by T. Rowe Price (although a separate custodial or administrative fee may apply to such accounts). This fee is not included in the accompanying table. If you are subject to the fee, keep it in mind when you are estimating the ongoing expenses of investing in the fund and when comparing the expenses of this fund with other funds.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

FUND EXPENSE EXAMPLE (CONTINUED)

T. ROWE PRICE NEW ASIA FUND			
	Beginning Account Value 11/1/08	Ending Account Value 4/30/09	Expenses Paid During Period* 11/1/08 to 4/30/09
Actual	\$1,000.00	\$1,259.30	\$5.94
Hypothetical (assumes 5% return before expenses)	1,000.00	1,019.54	5.31

*Expenses are equal to the fund's annualized expense ratio for the six-month period (1.06%), multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (181) divided by the days in the year (365) to reflect the half-year period.

QUARTER-END RETURNS

Periods Ended 3/31/09	1 Year	5 Years	10 Years
New Asia Fund	-49.47%	4.56%	7.93%

Current performance may be higher or lower than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please visit our Web site (troweprice.com) or contact a T. Rowe Price representative at 1-800-225-5132. The performance information shown does not reflect the deduction of a 2% redemption fee on shares held for 90 days or less. If it did, the performance would be lower.

This table provides returns through the most recent calendar quarter-end rather than through the end of the fund's fiscal period. It shows how the fund would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. Returns do not reflect taxes that the shareholder may pay on fund distributions or the redemption of fund shares. When assessing performance, investors should consider both short- and long-term returns.

EXPENSE RATIO

New Asia Fund	0.96%
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The expense ratio shown is as of the fund's fiscal year ended 10/31/08. This number may vary from the expense ratio shown elsewhere in this report because it is based on a different time period and, if applicable, does not include fee or expense waivers.

T. ROWE PRICE NEW ASIA FUND

Unaudited

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	6 Months Ended 4/30/09 [†]	Year Ended 10/31/08 [†]	10/31/07 [†]	10/31/06 [†]	10/31/05 [†]	10/31/04
NET ASSET VALUE						
Beginning of period	\$ 8.01	\$ 25.16	\$ 13.87	\$ 11.31	\$ 8.82	\$ 8.14
Investment activities						
Net investment income	0.02	0.39	0.26	0.21	0.15	0.10
Net realized and unrealized gain (loss)	1.98	(15.61)	12.83	3.19	2.39	0.65
Total from investment activities	2.00	(15.22)	13.09	3.40	2.54	0.75
Distributions						
Net investment income	(0.40)	(0.19)	(0.21)	(0.12)	–	(0.06)
Net realized gain	–	(1.75)	(1.59)	(0.72)	(0.05)	(0.01)
Total distributions	(0.40)	(1.94)	(1.80)	(0.84)	(0.05)	(0.07)
Redemption fees added to paid-in capital	–	0.01	–	–	–	–
NET ASSET VALUE						
End of period	\$ 9.61	\$ 8.01	\$ 25.16	\$ 13.87	\$ 11.31	\$ 8.82

Ratios/Supplemental Data

Total return ⁽¹⁾	25.93%	(65.12)%	105.57%	31.58%	28.91%	9.28%
Ratio of total expenses to average net assets	1.06% ⁽²⁾	0.96%	0.93%	1.05%	1.05%	1.09%
Ratio of net investment income to average net assets	0.55% ⁽²⁾	2.35%	1.53%	1.63%	1.38%	1.12%
Portfolio turnover rate	17.5%	55.4%	53.4%	76.3%	55.9%	72.3%
Net assets, end of period (in millions)	\$ 2,037	\$ 1,828	\$ 5,913	\$ 1,883	\$ 1,286	\$ 877

[†] Per share amounts calculated using average shares outstanding method.

⁽¹⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions and payment of no redemption or account fees.

⁽²⁾ Annualized

The accompanying notes are an integral part of these financial statements.

T. ROWE PRICE NEW ASIA FUND

Unaudited

April 30, 2009

PORTFOLIO OF INVESTMENTS ‡	Shares/\$ Par	Value
(Cost and value in \$000s)		
CHINA 27.7%		
Common Stocks 26.8%		
Alibaba.com (HKD)(1)(2)	35,014,000	41,280
Baidu, ADR (USD)(1)(2)	132,900	30,952
Ctrip Com International, ADR (USD)(1)	1,210,300	37,422
Gome Electrical Appliances (HKD)(1)	168,282,000	12,160
Guangshen Railway, H Shares (HKD)(3)	103,014,000	46,169
Hengan International (HKD)(1)	12,519,000	52,313
Li Ning (HKD)(1)	9,035,000	18,587
Ports Design (HKD)(1)	5,081,000	7,945
Shanghai Industrial (HKD)	12,358,000	42,073
Sina (USD)(2)	770,000	21,568
Tencent Holdings (HKD)	4,731,200	42,400
Tsingtao Brewery, H Shares (HKD)(1)	21,842,000	55,975
Uni President China Holdings (HKD)(2)	52,062,000	26,189
Want Want China Holdings (HKD)	41,965,000	21,061
Wumart Stores, H Shares (HKD)(3)	32,598,000	28,997
Xiniao Gas Holdings (HKD)	43,620,000	59,783
		544,874
Common Stocks - China A-shares (4) 0.9%		
Qingdao Haier	3,274,568	4,884
Shanghai ShenTong Metro	3,136,570	4,225
Shanghai Tunnel Engineering (2)	2,853,949	5,069
Shenzen Airport	5,247,400	4,946
		19,124
Total China (Cost \$553,396)		563,998
HONG KONG 1.1%		
Common Stocks 1.1%		
Hong Kong Exchanges	709,700	8,156
Shangri-La Asia (1)	10,125,326	14,985
Total Hong Kong (Cost \$28,820)		23,141

	Shares/\$ Par	Value
(Cost and value in \$000s)		
INDIA 37.9%		
Common Stocks 37.9%		
Bajaj Auto	2,297,576	29,264
BF Utilities (2)	1,645,409	19,389
Bharat Forge	2,878,229	7,393
Container Corporation of India	4,270,903	65,020
DLF Limited	13,593,867	63,305
Exide Industries	20,953,255	21,858
GMR Infrastructure (2)	21,710,758	49,271
GVK Power & Infrastructure (2)	62,362,798	35,661
Himatsingka Seide (2)(3)	6,155,827	3,293
Housing Development Finance	1,083,969	37,794
ibn18 Broadcast (2)	5,332,254	9,411
India Infoline	14,134,485	21,688
Jaiprakash Associates	21,643,687	60,598
Kalindee Rail Nirman Engineers (3)	923,900	1,909
Kalpataru Power Transmission	247,282	1,939
Kotak Mahindra Bank	4,092,734	31,880
Marico Limited	18,552,326	25,656
Maruti Suzuki India	1,884,408	31,064
Max India (2)(3)	12,112,737	34,252
Mundra Port	2,574,492	20,016
Mundra Port and Sez Limited	1,625,082	12,677
Phoenix Mills	7,120,176	15,819
Power Trading Corporation of India (3)	17,305,365	24,632
PVR (2)(3)	620,606	1,019
PVR (Lock-Up Shares) (2)(3)	1,000,000	1,633
Redington India (3)	5,147,915	13,905
Shree Renuka Sugars (3)	16,798,228	33,211
Sintex Industries	5,060,043	14,295
Srei Infrastructure Finance (3)	9,577,473	7,469
Sun TV Network	5,626,622	21,113
Suzlon Energy	8,652,216	11,186

	Shares/\$ Par	Value
(Cost and value in \$000s)		
Suzlon Energy, Class A	4,914,386	6,276
Television Eighteen India	5,773,748	9,985
United Spirits Limited	1,916,399	27,082
Total India (Cost \$1,224,612)		770,963
INDONESIA 1.2%		
Common Stocks 1.2%		
Telekomunikasi	33,684,000	24,972
Total Indonesia (Cost \$26,093)		24,972
MALAYSIA 4.5%		
Common Stocks 4.5%		
Bumiputra Commerce	23,145,235	52,208
IOI	14,913,600	17,952
Malayan Banking	14,727,505	17,877
Rexit (3)	14,601,000	3,153
Total Malaysia (Cost \$98,373)		91,190
PHILIPPINES 0.7%		
Common Stocks 0.7%		
International Container Terminal Services	55,693,500	14,720
Total Philippines (Cost \$24,382)		14,720
SINGAPORE 6.4%		
Common Stocks 6.4%		
CapitaMall Trust, REIT	26,934,000	22,601
Goodpack	18,932,000	10,386
Goodpack, Warrants, 7/16/09 (2)	2,527,500	—
Olam International	28,041,000	33,073
Singapore Airlines	2,440,000	17,559

	Shares/\$ Par	Value
(Cost and value in \$000s)		
Singapore Exchange	4,508,000	18,929
Starhub	12,518,000	15,416
Wilmar International	5,557,000	13,311
Total Singapore (Cost \$132,621)		131,275

SOUTH KOREA 3.6%

Common Stocks 3.6%

LG Household & Health Care	157,344	21,644
LS Industrial Systems	454,919	25,628
Samsung Fine Chemicals (3)	646,443	25,324
Total South Korea (Cost \$42,814)		72,596

TAIWAN 3.1%

Common Stocks 3.1%

Taiwan Semiconductor	37,716,000	62,998
Total Taiwan (Cost \$64,024)		62,998

THAILAND 4.0%

Common Stocks 4.0%

Bangkok Bank	6,217,900	14,984
Bangkok Bank, NVDR	4,285,500	10,261
CP ALL	46,739,800	16,558
Kasikornbank	12,636,500	20,035
Kasikornbank, NVDR	1,685,800	2,494
Siam Commercial Bank	9,698,000	16,560
Total Thailand (Cost \$73,500)		80,892

T. ROWE PRICE NEW ASIA FUND

	Shares/\$ Par	Value
(Cost and value in \$000s)		
SHORT-TERM INVESTMENTS 9.1%		
Money Market Funds 9.1%		
T. Rowe Price Reserve Investment Fund, 0.34% (3)(5)	185,252,193	185,252
Total Short-Term Investments (Cost \$185,252)		185,252
SECURITIES LENDING COLLATERAL 3.0%		
Investments in Pooled Account Managed by JPMorgan Chase Bank, London 3.0%		
Medium-Term Notes 0.3%		
Commonwealth Bank Australia, VR, 0.516%, 6/8/09	2,256,159	2,253
JPMorgan Chase, VR, 1.381%, 6/2/09	1,398,819	1,399
K2 (USA), VR, 0.34%, 6/19/09	1,670,560	1,662
Merrill Lynch, VR, 1.291%, 5/8/09	451,232	451
Wells Fargo, VR, 0.443%, 5/1/09	676,848	677
		6,442
Money Market Funds 2.5%		
T. Rowe Price Reserve Investment Fund, 0.34% (3)(5)	49,861,124	49,861
		49,861
Repurchase Agreements 0.2%		
Merrill Lynch, Tri-Party, Dated 4/30/09, 0.17%, Delivery Value of \$4,600,018 on 5/1/09, Collateralized by U.S. Government securities, 0.00% – 6.00%, 2/25/10 – 06/20/36, valued at \$4,692,003	4,599,997	4,600
		4,600
Total Investments in Pooled Account Managed by JPMorgan Chase Bank, London		60,903
Total Securities Lending Collateral (Cost \$61,038)		60,903

(Cost and value in \$000s)

Total Investments in Securities

102.3% of Net Assets (Cost \$2,514,925)

\$ 2,082,900

‡ Denominated in the currency of the country of incorporation unless otherwise noted.

(1) All or a portion of this security is on loan at April 30, 2009 -- total value of such securities at period-end amounts to \$61,397. See Note 3.

(2) Non-income producing

(3) Affiliated Companies

(4) China A-shares are subject to certain restrictions. See Note 3.

(5) Seven-day yield

ADR American Depository Receipts

HKD Hong Kong Dollar

NVDR Non Voting Depository Receipt

REIT Real Estate Investment Trust

USD U.S. Dollar

VR Variable Rate; rate shown is effective rate at period-end.

Affiliated Companies

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control.

Affiliate	Purchase		Sales		Investment Income	Value	
	Cost	Cost	Cost	Cost		4/30/09	10/31/08
Anhui Expressway	\$ -	\$ 28,402	\$ -	\$ -	- \$	12,495	
Guangshen Railway	-	36,403	-	-	46,169	56,634	
GVK Power & Infrastructure	-	-	-	-	**	11,284	
Hanwha non-life Insurance	-	-	-	-	-	5,761	
Himatsingka Seide	-	438	-	-	3,293	3,789	
Kalindee Rail Nirman Engineers	-	-	-	-	1,909	2,156	
LS Industrial Systems	-	-	-	-	**	41,568	
Max India	23,878	-	-	-	34,252	-	
Phoenix Mills Power Trading Corporation of India	-	-	-	-	**	7,088	
PVR	485	-	-	-	1,019	654	
PVR (Lock-Up Shares)	-	-	-	-	1,633	1,896	
Redington India	-	-	-	-	13,905	18,315	
Rexit	-	-	79	-	3,153	3,495	
Samsung Fine Chemicals	-	26,678	532	-	25,324	36,219	
Shree Renuka Sugars	3,428	-	70	-	33,211	14,498	
Srei Infrastructure Finance	-	-	-	-	7,469	9,601	

Affiliated Companies (continued)

(\$000s)

Affiliate	Purchase Cost	Sales Cost	Investment Income	Value	
				4/30/09	10/31/08
Tianjin Development	-	-	-	-	11,309
T. Rowe Price Reserve Investment Fund 0.34%	▣	▣	357 ^	235,113	106,067
Wumart Stores	-	1,770	-	28,997	28,413
Totals			\$ 1,038	\$ 460,079	\$ 389,966

** The issuer was not considered an affiliated company at April 30, 2009.

▣ Purchase and sale information not shown for cash management funds.

^ Excludes earnings on securities lending collateral investments, which are subject to rebates and fees as described in Note 3.

Amounts reflected on the accompanying financial statements include the following amounts related to affiliated companies:

Investment in securities, at cost	<u>\$ 523,813</u>
Dividend income	1,038
Interest income	-
Investment income	<u>\$ 1,038</u>
Realized gain (loss) on securities	<u>\$ (42,431)</u>
Capital gain distributions from mutual funds	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ASSETS AND LIABILITIES

(\$000s, except shares and per share amounts)

Assets

Investments in securities, at value (cost \$2,514,925)	\$ 2,082,900
Receivable for shares sold	12,677
Foreign currency (cost \$5,305)	5,297
Dividends and interest receivable	2,983
Cash	50
Other assets	2,836
Total assets	<u>2,106,743</u>

Liabilities

Obligation to return securities lending collateral	61,038
Payable for investment securities purchased	2,415
Payable for shares redeemed	2,061
Investment management fees payable	1,255
Due to affiliates	291
Other liabilities	2,915
Total liabilities	<u>69,975</u>

NET ASSETS**\$ 2,036,768****Net Assets Consist of:**

Undistributed net investment income	\$ 2,129
Accumulated undistributed net realized loss	(544,010)
Net unrealized loss	(432,152)
Paid-in capital applicable to 211,848,223 shares of \$0.01 par value capital stock outstanding; 4,500,000,000 shares of the Corporation authorized	<u>3,010,801</u>

NET ASSETS**\$ 2,036,768****NET ASSET VALUE PER SHARE****\$ 9.61**

The accompanying notes are an integral part of these financial statements.

T. ROWE PRICE NEW ASIA FUND

Unaudited

STATEMENT OF OPERATIONS

(\$000s)

	6 Months Ended 4/30/09
Investment Income (Loss)	
Income	
Dividend	\$ 12,130
Securities lending	1,605
Interest	1
Total income	<u>13,736</u>
Expenses	
Investment management	6,881
Shareholder servicing	1,614
Prospectus and shareholder reports	161
Custody and accounting	279
Registration	29
Legal and audit	44
Directors	7
Miscellaneous	21
Total expenses	<u>9,036</u>
Net investment income	<u>4,700</u>
Realized and Unrealized Gain (Loss)	
Net realized gain (loss)	
Securities	(504,038)
Foreign currency transactions	(2,004)
Net realized loss	<u>(506,042)</u>
Change in net unrealized gain (loss)	
Securities	906,540
Other assets and liabilities denominated in foreign currencies	180
Change in net unrealized gain	<u>906,720</u>
Net realized and unrealized gain	<u>400,678</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 405,378</u>

The accompanying notes are an integral part of these financial statements.

T. ROWE PRICE NEW ASIA FUND

Unaudited

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	6 Months Ended 4/30/09	Year Ended 10/31/08
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 4,700	\$ 97,599
Net realized loss	(506,042)	(39,181)
Change in net unrealized gain (loss)	906,720	(3,824,211)
Increase (decrease) in net assets from operations	405,378	(3,765,793)
Distributions to shareholders		
Net investment income	(87,079)	(44,638)
Net realized gain	-	(411,182)
Decrease in net assets from distributions	(87,079)	(455,820)
Capital share transactions*		
Shares sold	229,967	1,375,007
Distributions reinvested	69,380	382,771
Shares redeemed	(408,666)	(1,624,423)
Redemption fees received	232	2,573
Increase (decrease) in net assets from capital share transactions	(109,087)	135,928
Net Assets		
Increase (decrease) during period	209,212	(4,085,685)
Beginning of period	1,827,556	5,913,241
End of period	\$ 2,036,768	\$ 1,827,556
Undistributed net investment income	2,129	84,508
*Share information		
Shares sold	28,748	79,235
Distributions reinvested	8,608	18,855
Shares redeemed	(53,525)	(105,115)
Decrease in shares outstanding	(16,169)	(7,025)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price International Funds, Inc. (the corporation), is registered under the Investment Company Act of 1940 (the 1940 Act). The New Asia Fund (the fund), a nondiversified, open-end management investment company, is one portfolio established by the corporation. The fund commenced operations on September 28, 1990. The fund seeks long-term growth of capital through investments in companies located (or with primary operations) in Asia (excluding Japan).

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates made by fund management. Fund management believes that estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the fund ultimately realizes upon sale of the securities.

Investment Transactions, Investment Income, and Distributions Income and expenses are recorded on the accrual basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Dividend income and capital gain distributions are recorded on the ex-dividend date. Income tax-related interest and penalties, if incurred, would be recorded as income tax expense. Investment transactions are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis. Distributions to shareholders are recorded on the ex-dividend date. Income distributions are declared and paid on an annual basis. Capital gain distributions, if any, are declared and paid by the fund, typically on an annual basis.

Currency Translation Assets, including investments, and liabilities denominated in foreign currencies are translated into U.S. dollar values each day at the prevailing exchange rate, using the mean of the bid and asked prices of such currencies against U.S. dollars as quoted by a major bank. Purchases and sales of securities, income, and expenses are translated into U.S. dollars at the prevailing exchange rate on the date of the transaction. The effect of changes in foreign currency exchange rates on realized and unrealized security gains and losses is reflected as a component of security gains and losses.

Redemption Fees A 2% fee is assessed on redemptions of fund shares held for 90 days or less to deter short-term trading and to protect the interests of long-term shareholders. Redemption fees are withheld from proceeds that shareholders receive from the sale or exchange of fund shares. The fees are paid to the fund, and are recorded as an increase to paid-in capital. The fees may cause the redemption price per share to differ from the net asset value per share.

New Accounting Pronouncements On November 1, 2008, the fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157), *Fair Value Measurements*. FAS 157 defines fair value, establishes the framework for measuring fair value, and expands the disclosures of fair value measurements in the financial statements. Adoption of FAS 157 did not have a material impact on the fund's net assets or results of operations.

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161 (FAS 161), *Disclosures about Derivative Instruments and Hedging Activities*, which is effective for fiscal years and interim periods beginning after November 15, 2008. FAS 161 requires enhanced disclosures about derivative and hedging activities, including how such activities are accounted for and their effect on financial position, performance and cash flows. Management is currently evaluating the impact the adoption of FAS 161 will have on the fund's financial statements and related disclosures; however, it is expected to have no material impact on the fund's net assets or results of operations.

NOTE 2 - VALUATION

The fund's investments are reported at fair value as defined under FAS 157. The fund values its investments and computes its net asset value per share at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day that the NYSE is open for business.

Valuation Methods Equity securities listed or regularly traded on a securities exchange or in the over-the-counter (OTC) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made, except for OTC Bulletin Board securities, which are valued at the mean of the latest bid and asked prices. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Listed securities not traded on a particular day are valued at the mean of the latest bid

and asked prices for domestic securities and the last quoted sale price for international securities. Debt securities with remaining maturities of less than one year at the time of acquisition generally use amortized cost in local currency to approximate fair value. However, if amortized cost is deemed not to reflect fair value or the fund holds a significant amount of such securities with remaining maturities of more than 60 days, the securities are valued at prices furnished by dealers who make markets in such securities or by an independent pricing service.

Investments in mutual funds are valued at the mutual fund's closing net asset value per share on the day of valuation.

Other investments, including restricted securities, and those for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the T. Rowe Price Valuation Committee, established by the fund's Board of Directors.

For valuation purposes, the last quoted prices of non-U.S. equity securities may be adjusted under the circumstances described below. If the fund determines that developments between the close of a foreign market and the close of the NYSE will, in its judgment, materially affect the value of some or all of its portfolio securities, the fund will adjust the previous closing prices to reflect what it believes to be the fair value of the securities as of the close of the NYSE. In deciding whether it is necessary to adjust closing prices to reflect fair value, the fund reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. A fund may also fair value securities in other situations, such as when a particular foreign market is closed but the fund is open. The fund uses outside pricing services to provide it with closing prices and information to evaluate and/or adjust those prices. The fund cannot predict how often it will use closing prices and how often it will determine it necessary to adjust those prices to reflect fair value. As a means of evaluating its security valuation process, the fund routinely compares closing prices, the next day's opening prices in the same markets, and adjusted prices.

Valuation Inputs Various inputs are used to determine the value of the fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical securities

Level 2 – observable inputs other than Level 1 quoted prices (including, but not limited to, quoted prices for similar securities, interest rates, prepayment speeds, credit risk)

Level 3 – unobservable inputs

Observable inputs are those based on market data obtained from sources independent of the fund, and unobservable inputs reflect the fund's own assumptions based on the best information available. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, non-U.S. equity securities actively traded in foreign markets generally are reflected in Level 2 despite the availability of closing prices, because the fund evaluates and determines whether those closing prices reflect fair value at the close of the NYSE or require adjustment, as described above. The following table summarizes the fund's investments, based on the inputs used to determine their values on April 30, 2009:

Valuation Inputs	Investments in Securities	Foreign Currencies
Level 1 – quoted prices	\$ 275,195,000	\$ 0
Level 2 – significant other observable inputs	1,795,545,000	(1,000)
Level 3 – significant unobservable inputs	12,160,000	0
Total	\$2,082,900,000	\$ (1,000)

Following is a reconciliation of the fund's Level 3 investments for the period ended April 30, 2009:

	Investments in Securities
Balance, beginning of period	\$ 0
Change in unrealized gain (loss)	(20,717,000)
Transfers in to (out of) Level 3	32,877,000
Balance, end of period	\$ 12,160,000

NOTE 3 - INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

Emerging Markets At April 30, 2009, approximately 83% of the fund's net assets were invested, directly or indirectly, in securities of companies located in emerging markets or denominated in or linked to the currencies of emerging market countries. Future economic or political developments could adversely affect the liquidity or value, or both, of such securities.

Repurchase Agreements All repurchase agreements are fully collateralized by U.S. government securities. Collateral is in the possession of the fund's custodian or, for tri-party agreements, the custodian designated by the agreement. Collateral is evaluated daily to ensure that its market value exceeds the delivery value of the repurchase agreements at maturity. Although risk is mitigated by the collateral, the fund could experience a delay in recovering its value and a possible loss of income or value if the counterparty fails to perform in accordance with the terms of the agreement.

China A-shares During the six months ended April 30, 2009, the fund invested in certain Chinese equity securities (A-shares) available only to local Chinese investors and Qualified Foreign Institutional Investors (QFII). The fund gains access to the A-share market through T. Rowe Price International, Inc. (TRPI), which serves as the registered QFII for all participating T. Rowe Price-sponsored investment companies. Investment decisions related to A-shares are specific to each participating fund, and each fund bears the resultant economic and tax consequences of its holdings and transactions in A-shares. The fund is subject to certain restrictions and administrative processes relating to its ability to repatriate cash balances, investment proceeds, and earnings associated with its A-shares and may incur substantial delays in gaining access to its assets or a loss of value in the event of noncompliance with applicable Chinese rules or requirements. Current Chinese tax law is unclear whether capital gains realized on the fund's investments in A-shares will be subject to tax. Because management believes it more likely than not that Chinese capital gains taxes will be imposed, accrued taxes are reflected in the accompanying financial statements.

Securities Lending The fund lends its securities to approved brokers to earn additional income. It receives as collateral cash and U.S. government securities valued at 102% to 105% of the value of the securities on loan. Cash collateral is invested by the fund's lending agent(s) in accordance with investment guidelines approved by fund management. Although risk is mitigated by the collateral, the fund could experience a delay in recovering its securities and a possible loss of income or value if the borrower fails to return the securities or if collateral investments decline in value. Securities lending revenue recognized by the fund consists of earnings on invested collateral and borrowing fees, net of any rebates to the borrower and compensation to the lending agent. On April 30, 2009, the value of loaned securities was \$61,397,000; aggregate collateral received included U.S. government securities valued at \$1,040,000.

Other Purchases and sales of portfolio securities, other than short-term securities, aggregated \$286,274,000 and \$601,559,000, respectively, for the six months ended April 30, 2009.

NOTE 4 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income and gains. Distributions are determined in accordance with Federal income tax regulations, which differ from generally accepted accounting principles, and, therefore, may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences. The amount and character of tax-basis distributions and composition of net assets are finalized at fiscal year-end; accordingly, tax-basis balances have not been determined as of April 30, 2009.

At April 30, 2009, the cost of investments for federal income tax purposes was \$2,514,925,000. Net unrealized loss aggregated \$432,153,000 at period-end, of which \$192,615,000 related to appreciated investments and \$624,768,000 related to depreciated investments.

NOTE 5 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price International, Inc. (the manager), a wholly owned subsidiary of T. Rowe Price Associates, Inc. (Price Associates), which is wholly owned by T. Rowe Price Group, Inc. The investment management agreement between the fund and the manager provides for an annual investment management fee, which is computed daily and paid monthly. The fee consists of an individual fund fee, equal to 0.50% of the fund's average daily net assets, and a group fee. The group fee rate is calculated based on the combined net assets of certain mutual funds sponsored by Price Associates (the group) applied to a graduated fee schedule, with rates ranging from 0.48% for the first \$1 billion of assets to 0.285% for assets in excess of \$220 billion. The fund's group fee is determined by applying the group fee rate to the fund's average daily net assets. At April 30, 2009, the effective annual group fee rate was 0.31%.

In addition, the fund has entered into service agreements with Price Associates and two wholly owned subsidiaries of Price Associates (collectively, Price). Price Associates computes the daily share price and provides certain other administrative services to the fund. T. Rowe Price Services, Inc., provides shareholder and administrative services in its capacity as the fund's transfer and dividend disbursing agent. T. Rowe Price Retirement Plan Services, Inc., provides subaccounting and recordkeeping services for certain retirement accounts invested in the fund. For the six months ended April 30, 2009, expenses incurred pursuant to these service agreements were \$92,000 for Price Associates, \$1,123,000 for T. Rowe Price Services, Inc., and \$51,000 for T. Rowe Price Retirement Plan Services, Inc. The total amount payable at period-end pursuant to these service agreements is reflected as Due to Affiliates in the accompanying financial statements.

The fund is also one of several mutual funds sponsored by Price Associates (underlying Price funds) in which the T. Rowe Price Spectrum Funds (Spectrum Funds) may invest. The Spectrum Funds do not invest in the underlying Price funds for the purpose of exercising management or control. Pursuant to a special servicing agreement, expenses associated with the operation of the Spectrum Funds are borne by each underlying Price fund to the extent of estimated savings to it and in proportion to the average daily value of its shares owned by the Spectrum Funds. Expenses allocated under this agreement are reflected as shareholder servicing expense in the accompanying financial statements. For the six months ended April 30, 2009, the fund was allocated \$18,000 of Spectrum Funds' expenses, of which \$12,000 related to services provided by Price. The amount payable at period-end pursuant to this

agreement is reflected as Due to Affiliates in the accompanying financial statements. Additionally, redemption fees received by the Spectrum Funds are allocated to each underlying Price fund in proportion to the average daily value of its shares owned by the Spectrum Funds. \$2,000 of redemption fees reflected in the accompanying financial statements were received from the Spectrum Funds. At April 30, 2009, approximately 1% of the outstanding shares of the fund were held by the Spectrum Funds.

The fund may invest in the T. Rowe Price Reserve Investment Fund and the T. Rowe Price Government Reserve Investment Fund (collectively, the T. Rowe Price Reserve Investment Funds), open-end management investment companies managed by Price Associates and considered affiliates of the fund. The T. Rowe Price Reserve Investment Funds are offered as cash management options to mutual funds, trusts, and other accounts managed by Price Associates and/or its affiliates and are not available for direct purchase by members of the public. The T. Rowe Price Reserve Investment Funds pay no investment management fees.

INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information, which you may request by calling 1-800-225-5132 or by accessing the SEC's Web site, www.sec.gov. The description of our proxy voting policies and procedures is also available on our Web site, www.troweprice.com. To access it, click on the words "Our Company" at the top of our corporate homepage. Then, when the next page appears, click on the words "Proxy Voting Policies" on the left side of the page.

Each fund's most recent annual proxy voting record is available on our Web site and through the SEC's Web site. To access it through our Web site, follow the directions above, then click on the words "Proxy Voting Records" on the right side of the Proxy Voting Policies page.

HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS

The fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available electronically on the SEC's Web site (www.sec.gov); hard copies may be reviewed and copied at the SEC's Public Reference Room, 450 Fifth St. N.W., Washington, DC 20549. For more information on the Public Reference Room, call 1-800-SEC-0330.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT

On March 10, 2009, the fund's Board of Directors (Board) unanimously approved the investment advisory contract (Contract) between the fund and its investment manager, T. Rowe Price International, Inc. (Manager). The Board considered a variety of factors in connection with its review of the Contract, also taking into account information provided by the Manager during the course of the year, as discussed below:

Services Provided by the Manager

The Board considered the nature, quality, and extent of the services provided to the fund by the Manager. These services included, but were not limited to, management of the fund's portfolio and a variety of related activities as well as financial and administrative services, reporting, and communications. The Board also reviewed the background and experience of the Manager's senior management team and investment personnel involved in the management of the fund. The Board concluded that it was satisfied with the nature, quality, and extent of the services provided by the Manager.

Investment Performance of the Fund

The Board reviewed the fund's average annual total returns over the 1-, 3-, 5-, and 10-year periods as well as the fund's year-by-year returns and compared these returns with a wide variety of previously agreed upon comparable performance measures and market data, including those supplied by Lipper and Morningstar, which are independent providers of mutual fund data. On the basis of this evaluation and the Board's ongoing review of investment results, and factoring in the severity of market turmoil in 2008, the Board concluded that the fund's performance was satisfactory.

Costs, Benefits, Profits, and Economies of Scale

The Board reviewed detailed information regarding the revenues received by the Manager under the Contract and other benefits that the Manager (and its affiliates) may have realized from its relationship with the fund, including research received under "soft dollar" agreements. The Board noted that soft dollars were not used to pay for third-party, non-broker research during 2008. The Board also received information on the estimated costs incurred and profits realized by the Manager and its affiliates from advising T. Rowe Price mutual funds, as well as estimates of the gross profits realized from managing the fund in particular. The Board concluded that the Manager's profits were reasonable in light of the services provided to the fund. The Board also considered whether the fund or other funds benefit under the fee levels set forth in the Contract from any economies of scale realized by the Manager. Under the Contract, the fund pays a fee to the Manager composed of two components—a group fee rate based on the aggregate assets of certain T. Rowe Price mutual funds (including the fund) that declines at certain asset levels and an individual fund fee rate that is assessed on the assets of the fund. The Board concluded that the advisory fee structure for the fund continued to provide for a reasonable sharing of benefits from economies of scale with the fund's investors.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

Fees

The Board reviewed the fund's management fee rate, operating expenses, and total expense ratio and compared them with fees and expenses of other comparable funds based on information and data supplied by Lipper. The information provided to the Board indicated that the fund's management fee and expense ratio were generally below the median for comparable funds. The Board also reviewed the fee schedules for comparable privately managed accounts of the Manager and its affiliates. Management informed the Board that the Manager's responsibilities for privately managed accounts are more limited than its responsibilities for the fund and other T. Rowe Price mutual funds that it or its affiliates advise. On the basis of the information provided, the Board concluded that the fees paid by the fund under the Contract were reasonable.

Approval of the Contract

As noted, the Board approved the continuation of the Contract. No single factor was considered in isolation or to be determinative to the decision. Rather, the Board concluded, in light of a weighting and balancing of all factors considered, that it was in the best interests of the fund to approve the continuation of the Contract, including the fees to be charged for services thereunder.

INVESTMENT SERVICES AND INFORMATION

KNOWLEDGEABLE SERVICE REPRESENTATIVES

By Phone: 1-800-225-5132. Available Monday through Friday from 7 a.m. until midnight ET and weekends from 8:30 a.m. until 5 p.m. ET.

In Person at a T. Rowe Price Investor Center. Please visit the Web at troweprice.com/investorcenter or call 1-800-225-5132 to locate a center near you.

ACCOUNT SERVICES

Automated 24-Hour Services Including Tele* AccessSM and account access through the T. Rowe Price Web site at troweprice.com.

Automatic Investing. From your bank account or paycheck.

Automatic Withdrawal. Scheduled, periodic redemptions.

IRA Rebalancing. Automatically rebalance to ensure that your accounts reflect your desired asset allocations.

BROKERAGE SERVICES[‡]

Trade stocks, mutual funds, ETFs, bonds, options, CDs, precious metals, and more at competitive commissions.

INVESTMENT INFORMATION

Consolidated Statement. Overview of all of your accounts.

Shareholder Reports. Manager reviews of their strategies and results.

T. Rowe Price Report. Quarterly investment newsletter.

T. Rowe Price Investor. Quarterly publication of insightful financial articles.

Insights. Educational reports on investment strategies and markets.

Investment Guides. Investors Portfolio Review; International Investing Guide; Guide to Bond Funds; On Track Retirement Savings Guide; and Retirement Readiness Guide.

FINANCIAL INTERMEDIARIES AND ADVISORS

By Phone: 1-877-804-2315. Contact us Monday through Friday from 8:30 a.m. until 6 p.m. ET.

By Mail: T. Rowe Price, Financial Institution Services, P.O. Box 89000, Baltimore, MD 21289-4232.

CUSTOMERS WHO TRADE THROUGH A FINANCIAL INTERMEDIARY

Please contact your intermediary or financial professional for assistance.

[‡] Option trading involves additional risk and is not suitable for all investors. Brokerage services offered by T. Rowe Price Investment Services, Inc., member FINRA/SIPC.

troweprice.com

LOG IN AND MANAGE YOUR INVESTMENTS ONLINE

troweprice.com/access

We offer a consolidated view of your T. Rowe Price mutual fund and brokerage accounts. You can sort accounts, customize their groupings, and/or grant View Access to others as you see fit. Analyze your portfolio with **Portfolio Growth Tracker**. Track the historical growth of your mutual fund investments over time. The analysis consists of three components: Activity Summary, Asset Allocation, and Net Investment versus Market Value.

ONLINE SERVICING

troweprice.com/paperless

Enroll to receive your transaction confirmations, investor statements, prospectuses, and shareholder reports online instead of by U.S. mail. You will receive an e-mail with a link to our Web site informing you that your document is available to view online, print, or download. For your convenience and recordkeeping purposes, you will continue to receive your end-of-year summary statement by mail.

Join our E-mail Program to receive market and fund information by e-mail.

Receive timely market reports, performance on T. Rowe Price mutual funds, investment and market insights from T. Rowe Price managers, and more.

INVESTMENT GUIDANCE AND TOOLS

troweprice.com/planningtools

Personal Guides provide you with information that can help you, in a few easy steps, match investments with your financial objectives.

Morningstar® Portfolio Manager (formerly Portfolio Tracker) enables you to track, rebalance, and analyze your portfolio.

Morningstar Portfolio X-Ray® is a comprehensive tool that provides an in-depth examination of your exposure to different sectors, stock types, sub-asset classes, and global diversification.

FINANCIAL INTERMEDIARIES AND ADVISORS

troweprice.com/financialintermediaries

This secure site is designed for professional financial intermediaries and advisors. Financial professionals may access daily prices and historical performance on mutual funds; view market research, manager commentary, and sales ideas; and access literature and forms. For U.S. technical assistance, call 1-888-358-8490 or e-mail us at onlinehelp@troweprice.com. For non-U.S. technical assistance, call +1 (410) 345 4400 or contact us via e-mail.

T. ROWE PRICE RETIREMENT SERVICES

T. Rowe Price offers unique retirement services that can help you meet a broad variety of planning challenges. Our retirement tools are suitable for individuals, the self-employed, small businesses, corporations, and nonprofit organizations. For more information, call **1-800-IRA-5000** or visit our Web site at **troweprice.com/retirement**.

INVESTMENT ACCOUNTS

Rollover IRAs. When you are changing jobs, retiring, or deciding what to do with the money left in a former employer's retirement plan, a Rollover IRA can be the smart move. Call toll-free 1-800-IRA-5000. Our rollover specialists can open your account over the phone and handle most of the paperwork for you. They'll even contact your former employer to help move your money.

Roth IRAs. Your contributions can grow tax-deferred for retirement and distributions are potentially tax-free. Open your account over the phone by calling 1-800-IRA-5000 or online at troweprice.com/ira.

Traditional IRAs. Call 1-800-IRA-5000 or visit troweprice.com/ira to open one of these tax-deferred retirement accounts. In some cases, contributions may be tax-deductible.

Small Business Retirement Plans. If you're self-employed or run a small business or professional practice, T. Rowe Price can help you establish a cost-effective retirement plan that's easy to set up and maintain.

403(b) Custodial Accounts. For those employed by a school, university, church, or other nonprofit organization.

No-Load Variable Annuities.

INVESTMENT GUIDANCE

T. Rowe Price Advisory Planning Services offers a wide range of services that provide expert advice based on your individual needs and financial goals, including consultations with an advisory counselor. Please contact one of our specialists at **1-800-844-9424** to determine the most appropriate service to fit your needs.*

* Services offered by T. Rowe Price Advisory Services, Inc., a federally registered investment adviser. There may be costs associated with these services.

COLLEGE PLANNING

With the costs of college steadily increasing, it's critical to plan early. Our college planning information and college savings products can help you meet your educational investment goals. For more information, visit our Web site at troweprice.com/college, where you will find the **Saving for College Personal Guide**, an interactive tool that can help you determine how much you should save, estimate future tuition costs, and review college savings options. In a few easy steps, the guide provides you with information and a Personalized Action Plan. To speak with a college planning specialist, please call **1-800-638-5660**.

Education Savings Accounts (formerly Education IRAs). This education investment account permits contributions up to a total of \$2,000 per year per beneficiary to help pay for educational costs at eligible schools, including elementary, secondary, and post-secondary institutions. Withdrawals from Education Savings Accounts are tax-free if the proceeds are used for qualified educational expenses.

College Savings Plans (529 Plans). To help families prepare for college education costs, T. Rowe Price manages three 529 plans that are open to all U.S. residents. Any earnings on contributions are tax-deferred and distributions are exempt from federal income taxes when used for qualified educational expenses. Also, these plans offer high contribution limits and affordable systematic investing.

T. Rowe Price manages the T. Rowe Price College Savings Plan, a national 529 plan offered by the Education Trust of Alaska; the Maryland College Investment Plan; and the University of Alaska College Savings Plan. The Maryland College Investment Plan offers certain potential benefits for Maryland residents, and the University of Alaska College Savings Plan offers potential benefits for Alaska residents.

Earnings on a distribution not used for qualified expenses may be subject to income taxes and a 10% federal penalty. Please note that the availability of tax or other benefits may be conditioned on meeting certain requirements such as residency, purpose for or timing of distributions, or other factors, as applicable.

Please visit our Web site or call 1-800-638-5660 to obtain the applicable plan disclosure document, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. Please consider, before investing, whether your or your beneficiary's home state offers any state tax or other benefits that are only available for investments in that state's plan. T. Rowe Price Investment Services, Inc., Distributor/Underwriter.

ADVISORY PLANNING SERVICES

If you are looking for professional investment advisory services with a personal touch, T. Rowe Price can help you make informed investing decisions and take control of your financial future.

You will work one-on-one with an experienced advisory counselor who, after discussing your situation with you and analyzing the financial information you provide, will recommend a strategy that meets your own individual goals and preferences.*

* Services offered by T. Rowe Price Advisory Services, Inc., a federally registered investment adviser. There may be costs associated with these services.

BROKERAGE SERVICES

T. Rowe Price Brokerage is a division of T. Rowe Price Investment Services, Inc., member FINRA/SIPC.

A convenient place to trade stocks, bonds, mutual funds, CDs, precious metals, and more. T. Rowe Price Brokerage makes it easy to increase your investment choices beyond T. Rowe Price funds. Whether you are an active or casual trader, you will find our Brokerage division provides the dependability you expect. You have the flexibility to trade the way you prefer: go online, use our automated Tele-Trader phone system, or speak with our registered phone representatives.

Low, competitive commissions and costs. This commitment to providing value at low cost extends to both commissions and account fees. We offer commissions as low as \$12.95 for online stock trades.*

Enjoy the high standard of service we're known for. Since 1937, T. Rowe Price has built a reputation for putting clients first. Our commitment to our clients is just as important to us today. You can find that principle reflected in the T. Rowe Price approach to serving our clients.

Services you expect from T. Rowe Price Brokerage:

- Research and news available 24 hours a day from MarketWatch, Inc.**
- Online account access that lets you place stock, option, ETF, and mutual fund orders; create personal watch lists; and get real-time quotes over the Internet
- Consolidated statement showing your mutual fund and Brokerage holdings
- Money fund sweep option
- Secure line of credit***
- Free dividend reinvestment
- Unlimited checkwriting plus VISA® Gold ATM and Check Card for Brokerage Advantage customers

VISA is a registered trademark of VISA U.S.A., Inc.

* \$12.95 for online stock trades up to 1,000 shares, plus \$.02 for each additional share for customers who make more than 30 trades in the previous 12-month period or who qualify for Personal or Enhanced Personal Services. If you don't qualify for the \$12.95 rate, you can still save with our competitive commission of \$19.95 for online stock trades up to 1,000 shares, plus \$.02 for each additional share.

** The information provided through this service is prepared by independent investment research companies that are not affiliated with T. Rowe Price. While the information provided is deemed reliable, neither T. Rowe Price Brokerage nor the information providers guarantee the accuracy or completeness of the information or make any warranties with regard to the results obtained from its use.

*** Applies to customers who have been approved for a margin account. Margin trading involves greater risks and is not suitable for all investors.

T. ROWE PRICE MUTUAL FUNDS

This page contains supplementary information that is not part of the shareholder report.

STOCK FUNDS

Domestic

Blue Chip Growth*
Capital Appreciation*
Capital Opportunity*
Diversified Mid-Cap Growth
Diversified Small-Cap Growth
Dividend Growth*
Equity Income*
Equity Index 500
Extended Equity Market Index
Financial Services
Growth & Income
Growth Stock*
Health Sciences
Media & Telecommunications
Mid-Cap Growth*
Mid-Cap Value*
New America Growth*
New Era
New Horizons
Real Estate*
Science & Technology*
Small-Cap Stock*
Small-Cap Value*
Spectrum Growth
Tax-Efficient Multi-Cap Growth
Total Equity Market Index
Value*

ASSET ALLOCATION FUNDS

Balanced
Personal Strategy Balanced
Personal Strategy Growth
Personal Strategy Income
Retirement 2005*
Retirement 2010*
Retirement 2015*
Retirement 2020*

ASSET ALLOCATION FUNDS (CONT.)

Retirement 2025*
Retirement 2030*
Retirement 2035*
Retirement 2040*
Retirement 2045*
Retirement 2050*
Retirement 2055*
Retirement Income*

BOND FUNDS

Domestic Taxable

Corporate Income
GNMA
High Yield*
Inflation Protected Bond
New Income*
Short-Term Bond*
Spectrum Income
Strategic Income*
Summit GNMA
U.S. Bond Index
U.S. Treasury Intermediate
U.S. Treasury Long-Term

Domestic Tax-Free

California Tax-Free Bond
Georgia Tax-Free Bond
Maryland Short-Term
Tax-Free Bond
Maryland Tax-Free Bond
New Jersey Tax-Free Bond
New York Tax-Free Bond
Summit Municipal Income
Summit Municipal Intermediate
Tax-Free High Yield
Tax-Free Income*
Tax-Free Short-Intermediate
Virginia Tax-Free Bond

MONEY MARKET FUNDS

Taxable

Prime Reserve
Summit Cash Reserves
U.S. Treasury Money

Tax-Free

California Tax-Free Money
Maryland Tax-Free Money
New York Tax-Free Money
Summit Municipal Money Market
Tax-Exempt Money

INTERNATIONAL/GLOBAL FUNDS

Stock

Africa & Middle East
Emerging Europe & Mediterranean
Emerging Markets Stock
European Stock
Global Large-Cap Stock*
Global Real Estate*
Global Stock*
Global Technology
International Discovery
International Equity Index
International Growth & Income*
International Stock*
Japan
Latin America
New Asia
Overseas Stock
Spectrum International

Bond

Emerging Markets Bond
International Bond*

For more information about T. Rowe Price funds or services, please contact us directly at 1-800-225-5132. Request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Investments in the money market funds are not insured or guaranteed by the FDIC or any other government agency. Although the funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the funds.

* T. Rowe Price Advisor and R Classes may be available for these funds. T. Rowe Price Advisor and R Classes are offered only through financial intermediaries. For more information about T. Rowe Price Advisor and R Classes, contact your financial professional or call T. Rowe Price at 1-877-804-2315.



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