



Interim Report **07**

JPMorgan US Discovery Investment Trust plc

Interim Report & Accounts for the six months ended 30th June 2007

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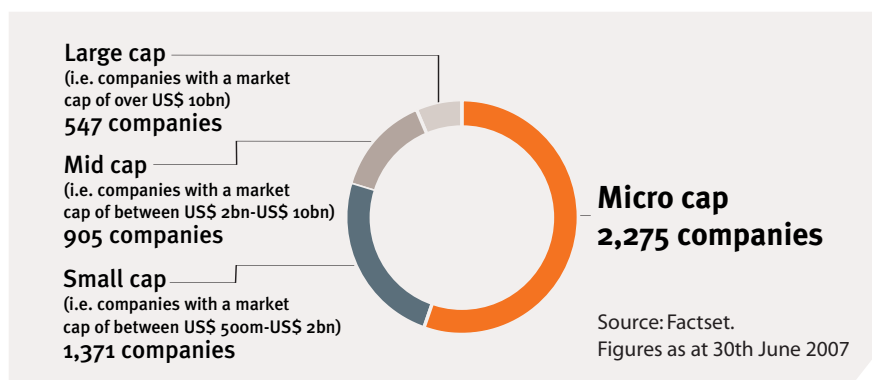
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Objective

Capital growth from investing in US micro cap companies, which are defined as companies with a market capitalisation of between US\$50m and US\$500m, the majority of which are quoted on the Nasdaq exchange. The pie chart below illustrates the significance of the US micro cap universe.



Investment Philosophy

Long-term investments in growth companies with leading competitive positions, run by highly motivated and talented management that can sustain growth over a period of many years. Rigorous investment analysis and disciplined approach to stock picking.

Investment Criteria

- To identify growth companies with a core competitive advantage.
- To focus intensively on the value-added of the business and the competence of management.
- To emphasise predictability and durability of business.
- To invest only in companies where there is a minimum predicted rate of return of 15%.

Portfolio Construction

- Disciplined approach to stock picking.
- 70-100 holdings.
- Stock constraints: no position above 10%, rarely above 3%.
- Stock weightings based on risk-adjusted expected returns.
- No derivatives without Board approval.

Gearing

To use gearing to increase potential returns to shareholders.

Benchmark

The Russell 2000 Index in sterling terms.

Management Company

The Company employs JPMorgan Asset Management (UK) Limited to manage its assets. The investment team is situated in New York. The portfolio manager, Christopher Jones, has over 25 years industry experience, and is backed up by a strong team of eleven investment professionals who between them have over 100 years' industry experience.

Interim Performance

Total Returns (capital plus income)

+6.8%

Share Price¹

+4.1%

Total return on net assets^{2,6}

+3.7%

Benchmark total return^{3,4}

Financial Data

	30th June 2007	31st Dec 2006	% change
Shareholders' funds (£'000)	83,293	93,192	(10.6)
Number of ordinary shares in issue ⁵	9,071,480	10,159,480	
Net asset value per ordinary share	958.3p	917.3p	4.5
Net asset value per ordinary share assuming reissue of treasury shares ⁶	955.1p	917.3p	4.1
Ordinary share price	880.5p	824.0p	6.8
Discount of ordinary share price to net asset value	8.1%	10.2%	
Discount of ordinary share price assuming reissue of treasury shares ⁶	7.8%	10.2%	
Actual gearing factor	116.1%	112.5%	

A glossary of terms and definitions is provided on page 15.

¹Source: Standard & Poor's – www.funds.morningstar.com

²Source: Fundamental Data – www.funddata.com

³Source: Russell Mellon – www.mellon.com

⁴The Company's benchmark is the Russell 2000 Index (in sterling terms). Comparison of the Company's performance is made with this benchmark. This is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not follow or track this benchmark and, consequently, there may be some divergence between its performance and that of the Company.

⁵This number includes 380,000 shares held in treasury at 30th June 2007.

⁶Net asset value assuming the 380,000 shares held in treasury at 30th June 2007 were reissued at the ordinary share price as at 30th June 2007. No shares were held in treasury at 31st December 2006.

Chairman's Statement



Despite a volatile stock market, I am pleased to report that over the six months to 30th June 2007, the Company's total return on net assets of +4.1% slightly outperformed the total return for the Company's benchmark, the Russell 2000 index, of +3.7%.

Performance

Despite a volatile stock market, I am pleased to report that over the six months to 30th June 2007, the Company's total return on net assets of +4.1% outperformed the total return for the Company's benchmark, the Russell 2000 index, of +3.7%.

Over the same period, the Company's total return to shareholders was better still at +6.8%, as the discount narrowed from 10.2% to 8.1%.

Share Buybacks

At the Annual General Meeting held in April 2007, the authority to repurchase up to 14.99% of the Company's issued share capital was renewed. Over the six months to 30th June 2007, 1,088,000 shares were repurchased and cancelled at an average discount of 8.19%.

Shareholders also gave the Board authority to allot new ordinary shares in the Company and reissue ordinary shares from Treasury. During the reporting period, no shares were issued, but a total of 380,000 shares were repurchased to hold in Treasury at an average discount of 8.73%. Since the period end a further 62,000 shares have been repurchased and held in Treasury. Where necessary, such Treasury shares will be re-issued at a limited discount to net asset value to manage any imbalance between supply and demand, and hence improve liquidity in the shares.

Your Board will continue to monitor the discount and its volatility closely.

Gearing

As reported in my annual statement, the Company's single borrowing facility was renewed at US\$28m in January 2007 to allow the Managers to manage gearing actively to enhance returns to shareholders. The Company had drawn down US\$13.9m as at the date of this report.

Robin Lewis

Chairman

20th September 2007

Investment Manager's Report



The Company's NAV advanced 4.1% during the first six months of 2007, which was slightly ahead of the performance of the Russell 2000 index which returned +3.7%.

Investment Performance

The Company's NAV advanced 4.1% during the first six months of 2007, which was slightly ahead of the performance of the Russell 2000 index which returned +3.7%.

Performance during the period under review was mixed due to a volatile stock market that saw the strong start to the year followed by a sharp sell-off in March, and then a powerful recovery fuelled largely by an explosion in takeover activity by private equity funds. Your Company benefited from the corporate activity when ECollege was taken over by Pearson at a modest premium. In general, however, investors in the microcap universe continued to face a headwind as large cap stocks outperformed smaller stocks. The second quarter earnings season for microcap stocks was more robust than predicted and performance has improved steadily since the March sell-off. At the time of writing the Company has continued to weather the market turmoil.

At the sector level, performance during the first half of 2007 was negatively impacted by stock selection in the Consumer Discretionary and Healthcare sectors, which represented 28% and 14% of the portfolio respectively at 30th June 2007. This was offset by stock selection in the portfolio's two other large sectors, Financial Services and Technology, which represented 20% and 11% of the portfolio respectively.

Portfolio Highlights

The top three contributors to performance were Hemosense, FirstService, and Magma Design. Hemosense, a manufacturer of handheld blood coagulation monitoring systems, advanced 111% during the period, as the company continued to demonstrate market share gains and signed a landmark deal with the Laboratory Corporation of America. Property services provider FirstService Corporation's shares advanced 56% from a combination of strong results and an increase in the stock's valuation. Finally, Magma Design Automation, a software provider to integrated circuit designers, advanced 57% from both a favourable litigation settlement and continued market share gains.

Investment Manager's Report continued

The top three detractors from performance were Five Star Quality Care, Youbet.com and Investools. Five Star Quality Care, a senior living facility operator, declined 28% after the company reported second quarter results marked by a slight decline in occupancy rates. On-line bookmakers' website Youbet.com declined 34% as the company lost a portion of its content due to an industry shake-up. Investools, an on-line brokerage and investor education provider, declined 28% as the growth rate of students acquired through their partner channel slowed down.

Market Outlook

While second quarter earnings results have been mostly favorable, investors have been more focused on market risks, and more specifically the rapid deterioration in the sub-prime credit market. This has caused some materially above average volatility in the market, short-term paralysis in other parts of the credit markets and some high profile problems in the hedge fund world. However, unlike some previous credit crises, outside the sub-prime housing market, business fundamentals, corporate cash flows and balance sheets are as strong as they have been in a decade. As such they provide a solid footing for stabilization in markets, once the pain of poor lending decisions in the sub-prime market has been absorbed by the banks and hedge funds that made the poor underwriting decisions.

We have continued to concentrate the Company's portfolio in our highest conviction names and believe that the current market environment will produce some interesting investment opportunities.

Christopher Jones
Investment Manager

20th September 2007

Ten Largest Investments

at 30th June 2007

Company¹	Sector	Valuation £'000	%²
Bankrate	Consumer Discretionary	3,462	4.1
FirstService	Product Durables	2,991	3.6
Magma Design Automation	Information Technology	2,962	3.6
Interface	Materials & Processing	2,836	3.4
Hemosense	Healthcare	2,668	3.2
RBC Bearing	Industrials	2,444	2.9
James River	Financials	2,264	2.7
Monarch Casino	Consumer Discretionary	2,218	2.7
Concur Technologies	Industrials	2,205	2.6
Five Star Quality Care	Healthcare	1,961	2.4
Total³		26,011	31.2

¹All companies shown are registered in USA.

²Based on total assets less current liabilities of £83.4m.

³As at the 31st December 2006, the value of the ten largest investments amounted to £24,975,000, representing 26.7% of total assets less current liabilities.

Portfolio Analysis

Sector Analysis

Total Investments	at 30th June 2007		at 31st December 2006	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Consumer Discretionary	27.7	16.7	30.4	16.8
Industrials	22.6	16.8	5.8	15.3
Financial Services	20.2	21.8	22.0	22.8
Healthcare	13.5	11.5	13.7	11.4
Information Technology	11.1	16.2	12.1	16.8
Energy	2.6	4.7	4.5	4.6
Consumer Staples	2.3	3.0	1.8	3.0
Producer Durables	—	—	4.7	—
Auto & Transportation	—	—	2.8	—
Materials	—	4.9	2.2	4.9
Utilities	—	2.6	—	2.9
Telecommunication Services	—	1.8	—	1.5
Total	100.0	100.0	100.0	100.0

Based on investments at fair value of £96.7m (2006: £104.8m).

Income Statement

for the six months ended 30th June 2007

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended 30th June 2007			Six months ended 30th June 2006			Year ended 31st December 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) from investments held at fair value through profit or loss	—	3,238	3,238	—	(2,602)	(2,602)	—	(3,425)	(3,425)
Net foreign currency gains	—	254	254	—	586	586	—	1,178	1,178
Income from investments	171	—	171	149	—	149	293	—	293
Other interest receivable and similar income	5	—	5	5	—	5	7	—	7
Gross return/(loss)	176	3,492	3,668	154	(2,016)	(1,862)	300	(2,247)	(1,947)
Management fee	(46)	(419)	(465)	(51)	(463)	(514)	(97)	(874)	(971)
Performance fee	—	115	115	—	390	390	—	903	903
Other administrative expenses	(137)	—	(137)	(155)	—	(155)	(260)	—	(260)
Net (loss)/return on ordinary activities before finance costs and taxation	(7)	3,188	3,181	(52)	(2,089)	(2,141)	(57)	(2,218)	(2,275)
Finance costs	(33)	(295)	(328)	(22)	(195)	(217)	(52)	(466)	(518)
Net (loss)/return on ordinary activities before taxation	(40)	2,893	2,853	(74)	(2,284)	(2,358)	(109)	(2,684)	(2,793)
Taxation	(25)	—	(25)	(22)	—	(22)	(43)	—	(43)
Net (loss)/return on ordinary activities after taxation	(65)	2,893	2,828	(96)	(2,284)	(2,380)	(152)	(2,684)	(2,836)
(Loss)/return per share (note 3)	(0.67)p	29.96p	29.29p	(0.94)p	(22.48)p	(23.42)p	(1.49)p	(26.42)p	(27.91)p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information. The 'Total' column represents all the information that is required to be disclosed in a 'Statement of Total Recognised Gains and Losses' ('STRGL'). For this reason a STRGL has not been presented.

Reconciliation of Movements in Shareholders' Funds

for the six months ended 30th June 2007 (unaudited)

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Six months ended 30th June 2007 (unaudited)					
At 31st December 2006	2,540	602	94,753	(4,703)	93,192
Repurchase and cancellation of shares	(272)	272	(9,412)	—	(9,412)
Repurchase of shares into treasury	—	—	(3,315)	—	(3,315)
Capital return from ordinary activities	—	—	2,893	—	2,893
Revenue loss from ordinary activities	—	—	—	(65)	(65)
At 30th June 2007	2,268	874	84,919	(4,768)	83,293
Six months ended 30th June 2006 (unaudited)					
At 31st December 2005	2,540	602	97,437	(4,551)	96,028
Capital loss from ordinary activities	—	—	(2,284)	—	(2,284)
Revenue loss from ordinary activities	—	—	—	(96)	(96)
At 30th June 2006	2,540	602	95,153	(4,647)	93,648
Year ended 31st December 2006 (audited)					
At 31st December 2005	2,540	602	97,437	(4,551)	96,028
Capital loss from ordinary activities	—	—	(2,684)	—	(2,684)
Revenue loss from ordinary activities	—	—	—	(152)	(152)
At 31st December 2006	2,540	602	94,753	(4,703)	93,192

Balance Sheet

as at 30th June 2007

	(Unaudited) 30th June 2007 £'000	(Unaudited) 30th June 2006 £'000	(Audited) 31st December 2006 £'000
Fixed assets			
Investments at fair value through profit or loss	96,674	106,553	104,813
Current assets			
Debtors	13,497	2,689	231
Cash at bank and in hand	245	140	132
	13,742	2,829	363
Creditors: amounts falling due within one year	(27,017)	(15,143)	(11,764)
Net current liabilities	(13,275)	(12,314)	(11,401)
Total assets less current liabilities	83,399	94,239	93,412
Provisions for liabilities and charges	(106)	(591)	(220)
Total net assets	83,293	93,648	93,192
Capital and reserves			
Called up share capital	2,268	2,540	2,540
Capital redemption reserve	874	602	602
Capital reserve	84,919	95,153	94,753
Revenue reserve	(4,768)	(4,647)	(4,703)
Shareholders' funds	83,293	93,648	93,192
Net asset value per share (note 4)	958.3p	921.8p	917.3p

Cash Flow Statement

for the six months ended 30th June 2007

	(Unaudited) Six months ended 30th June 2007 £'000	(Unaudited) Six months ended 30th June 2006 £'000	(Audited) Year ended 31st December 2006 £'000
Net cash outflow from operating activities	(1,195)	(1,738)	(2,019)
Net cash outflow from returns on investments and servicing of finance	(329)	(229)	(530)
Net cash inflow/(outflow) from capital expenditure and financial investment	4,916	(8,909)	(7,565)
Net cash (outflow)/inflow from financing	(3,521)	10,430	9,068
Decrease in cash for the period	(129)	(446)	(1,046)

Notes to the Accounts

for the six months ended 30th June 2007

1. Financial Statements

The information contained within the financial statements in this half-yearly report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st December 2006 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985.

2. Accounting Policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' dated 31st December 2005.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these interim accounts are consistent with those applied in the accounts for the year ended 31st December 2006.

3. (Loss)/return per share

	(Unaudited) Six months ended 30th June 2007 £'000	(Unaudited) Six months ended 30th June 2006 £'000	(Audited) Year ended 31st December 2006 £'000
(Loss)/return per share is based on the following:			
Revenue loss	(65)	(96)	(152)
Capital return/(loss)	2,893	(2,284)	(2,684)
Total return/(loss)	2,828	(2,380)	(2,836)
Weighted average number of shares in issue	9,657,538	10,159,480	10,159,480
Revenue loss per share	(0.67)p	(0.94)p	(1.49)p
Capital return/(loss) per share	29.96p	(22.48)p	(26.42)p
Total return/(loss) per share	29.29p	(23.42)p	(27.91)p

4. Net asset value per share

Net asset value per share is based on the net assets attributable to the ordinary shareholders of £83,293,000 (30th June 2006: £93,648,000 and 31st December 2006: £93,192,000) and on the 8,691,480 (30th June 2006: 10,159,480 and 31st December 2006: 10,159,480) shares in issue at the period end, excluding shares held in treasury.

Information about the Company

Financial Calendar

Financial year end	31st December
Interim results announced	September
Final results announced	March
Annual General Meeting	April
Interim Management Statements	

History

JPMorgan US Discovery Investment Trust plc was incorporated in 1955 as Atomic Securities Trust Limited. It was dormant until 1962 when it changed its name to Fledgeling Investments Limited and began operations as an unquoted investment company.

The trust was wholly owned by a number of Fleming investment trusts and invested in listed and unlisted companies in the UK and US which for reasons of small size, illiquidity or risk, were unsuitable for direct investment. In 1982, with assets of £9.2 million, it obtained a listing on the London Stock Exchange and gained investment trust status. At that time it changed its name to The Fleming Fledgeling Investment Trust plc and gradually broadened its investment scope into Europe and the Asian markets. In April 1998, the Company changed its name to The Fleming US Discovery Investment Trust plc (and adopted its present investment policy), and then to JPMorgan Fleming US Discovery Investment Trust plc in May 2002. The Company adopted its present name in April 2006.

Directors

The Hon. RW Lewis OBE (*Chairman*)
 M Ansell
 CJ Galleymore
 AS Kemp
 DJ Walter

Company Numbers

Company registration number: 552775
 London Stock Exchange Sedol number: 0341710
 Bloomberg Code: JPU.LN
 Reuters Code: JPU.L

Market Information

The Company's net asset value ('NAV') is published daily, via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in The Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan Internet site at www.jpemusdiscovery.co.uk, where is updated every fifteen minutes during trading hours.

Website

www.jpemusdiscovery.co.uk

Share Transactions

The shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the JPMorgan Investment Trust Share Plan, Individual Savings Account (ISA) and Personal Equity Plan (PEP) and the Pension Account.

Manager and Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials,
 20 Finsbury Street,
 London EC2Y 9AQ
 Telephone: 020 7742 6000

Please contact Lucy Dina for company secretarial and administrative matters.

Registrars

Lloyds TSB Registrars,
 Reference 1084
 The Causeway,
 Worthing,
 West Sussex BN99 6DA
 Telephone: 0870 600 3984

Notifications of changes of address and enquiries regarding certificates or dividend cheques should be made in writing to the Registrar quoting reference 1084.

Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk

Auditors

Ernst & Young LLP,
 One More London Place,
 London SE1 2AF

Brokers

Cenkos Securities plc,
 6, 7, 8 Tokenhouse Yard,
 London EC2R 7AS

Savings Products Administrators

For queries on the JPMorgan ISA, PEP, Share Plan or Pension Account, see contact details on the back cover of this report.

aic

The Association of
 Investment Companies A member of the AIC

Glossary of Terms

Share Price

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received (net of tax) were reinvested in the shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

Total Return on Net Assets

Total return on net asset value (NAV) per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company (net of tax) were reinvested in the shares of the Company at time the shares were quoted ex-dividend.

This is also based on the assumption that any shares held in treasury were reissued at the ordinary share price as at the period end.

Benchmark Total Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received (net of tax) were reinvested in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not follow or "track" this index and consequently, there may be some divergence between the Company's performance and that of the stated index.

Discount/Premium

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

Actual Gearing Factor

Investments expressed as a percentage of shareholders' funds. This shows the effect of gearing on the net asset value if the market value of the portfolio was to increase by 100%.

JPMorgan Helpline

Freephone 0800 40 30 30 or 0207 742 9999

9.00 am to 5.30 pm Monday to Friday

JPMorgan Pension Helpline

Freephone 0800 41 31 76 or 0172 241 4888

9.00 am to 5.00 pm Monday to Friday

Please use this number if you have any queries relating to the Pension Account.

Your telephone call may be recorded for your security

www.jpemusdiscovery.co.uk