



# Interim Report 07

## JPMorgan Asian Investment Trust plc

Interim Report for the six months ended 31st March 2007

# Features

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## Objective

Capital growth, primarily from investing in equities quoted on the stockmarkets of Asia, excluding Japan.

## Investment Philosophy

- To have a diversified portfolio of Asian stocks.
- To use borrowings from time to time to gear the portfolio within a range of 90%-120% invested.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

## Benchmark

MSCI AC Asia ex Japan Index with net dividends reinvested in sterling terms.

## Capital Structure

The Company has an authorised share capital of 720,000,000 ordinary shares of 25p each, of which 161,457,154 were in issue at the period end.

## Continuation Vote

In accordance with the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an investment trust at the Annual General Meeting in 2008 and every third year thereafter.

## Management Company

The Company employs JPMorgan Asset Management (UK) Limited ('JPMAM') to manage its assets.

## AIC

The Company is a member of the Association of Investment Companies.

## Interim Performance

### Total Returns (capital plus income)

# +17.7%

Total return to shareholders<sup>1</sup>

# +17.6%

Total return on net assets<sup>2</sup>

# +11.2%

Benchmark total return<sup>3,4</sup>

### Financial Data

	31st March 2007	30th Sept 2006	% change
Total net assets (£'000)	280,386	242,280	+15.7
Number of ordinary shares in issue	161,457,154	161,457,154	—
Net asset value per ordinary share	173.7p	150.1p	+15.7
Ordinary share price	156.0p	134.0p	+16.4
Discount of share price to net asset value	10.2%	10.7%	

A glossary of terms and definitions is provided on page 12.

<sup>1</sup>Source: Standard & Poor's – [www.funds-sp.com](http://www.funds-sp.com)

<sup>2</sup>Source: Fundamental Data - [www.funddata.com](http://www.funddata.com)

<sup>3</sup>Source: MSCI

<sup>4</sup>The Company's benchmark is the MSCI AC Asia ex Japan Index with net dividends reinvested in sterling terms.

## Chairman's Statement



We are pleased to see that the complementary strengths of our two investment managers, harnessed together in a greater conviction approach to management of the portfolio, have fulfilled our expectations in this first half year to produce significant outperformance against our benchmark.

The first half year showed a continuation of strong results in the Asian ex Japan markets and these were reflected in the Company's portfolio results. The net asset value total return was +17.6%, significantly outperforming the total return of +11.2% from our benchmark, the MSCI AC Asia ex Japan Index with net dividends reinvested in sterling terms. The return to shareholders over the same period was +17.7%, reflecting a small narrowing of the discount to net asset value.

### Outlook

Your Board's view of the medium term prospects for Asia ex Japan accords with the generally positive view of the Manager. We will continue to watch developments in China closely since there is little doubt that it is assuming an increasingly important place in the economies of Asia and the wider world. Meanwhile, the improvements in performance of south east Asian stockmarkets, particularly Singapore and Indonesia, are also encouraging. We are pleased to see that the complementary strengths of our two investment managers, harnessed together in a greater conviction approach to management of the portfolio, have fulfilled our expectations in this first half year to produce significant outperformance against our benchmark.

**James M Long**  
Chairman

7th June 2007

# Investment Managers' Report



Joshua Tay

The Company has generated strong performance in absolute terms and against the benchmark. This can be attributed in large part to good overall stock selection, reinforced by our higher conviction approach.



Michael Koh

## Market Review

Despite the uncertain economic environment in the US, Asian markets finished up 11.2%, with majority of the gains coming in the 4th quarter of 2006. The combination of surging economic growth, benign inflation and ample liquidity pushed most Asian indices to new highs. Disappointing economic numbers and declining mortgage loan quality in the US did create some hiccups in February and March of 2007. However, positive comments from the US Federal Reserve and easier commodity prices provided some relief from heightening global risk.

The market rally was generally supported by the continuing surge in Asian economies in the last 6 months. Even the less buoyant economies like Korea and Taiwan have shown moderate recovery. With the exception of India, inflation was generally benign in Asia. The 6% rise in the Consumer Price Index ('CPI') for India prompted the central bank to hike interest rates in March this year. Likewise, the Chinese government tightened monetary policy to cool the sizzling property and equity markets.

Interestingly, the best performing markets for the period were not the two hottest economies in Asia. Malaysia and Singapore led Asian markets with +36% and +29% respectively during the 6 month period. The Malaysian government's plan to reflate the economy through a combination of fiscal spending and corporate restructuring finally captured the attention of investors. Property stocks in Singapore continued to rise on the back of demand/supply imbalances, especially in the commercial space sector. China's 26% rise in stock value took place mainly during the 4th quarter of 2006. Naturally, the strong foreign inflow went to the large cap names such as banks and insurance companies. Korea was the most disappointing market with only a 2% rise, with the uninspiring macro environment and disappointing corporate earnings affecting sentiment. The stockmarket in Taiwan was impacted by continued political scandals and the uncertain technology sector.

## Performance Update

The Company has generated strong performance in absolute terms and against the benchmark. This can be attributed in large part to good overall stock selection, reinforced by our higher conviction approach. At the portfolio level the excess return of 7.2% was divided equally between country allocation and stock selection. Our decision to be overweight in Singapore properties and Chinese banks contributed significantly to the overall performance. Malaysia and Indonesia were two markets where we failed to generate excess returns. The former was due to insufficient weighting while stock selection was less than ideal in Jakarta. We look forward to rebuilding an off-benchmark position here at the right time.

## Market Outlook

While there is no sense of universal optimism, due to the real and imagined problems afflicting global stock markets, the majority of Asian companies continue to generate better than expected results from a bottom-up perspective. This is a tangible indicator that the overall outlook should stay positive in the medium to long term.

## Ten Largest Investments

at 31st March 2007

Company	Country	Sector	Valuation £'000	Portfolio % <sup>1</sup>	Benchmark %	Active Bet %
JPMorgan Funds JF India Fund	India	Diversified Financials	22,577	8.0	0.0	+8.0
Samsung Electronics	South Korea	Semiconductors and Equipment	15,259	5.4	4.9	+0.5
China Mobile	China	Telecommunications Services	9,719	3.4	2.8	+0.7
Keppel Land	Singapore	Real Estate	9,570	3.4	0.1	+3.3
Sembcorp Industries	Singapore	Capital Goods	9,419	3.3	0.2	+3.2
Olam International	Singapore	Food and Staples Retailing	8,952	3.2	0.1	+3.1
Doosan Heavy Industry	South Korea	Capital Goods	8,818	3.1	0.0	+3.1
Posco	South Korea	Materials	8,564	3.0	1.9	+1.1
Hana Financial	South Korea	Banks	7,887	2.6	0.4	+2.2
Nine Dragons Paper	Hong Kong	Materials	7,243	2.6	0.2	+2.4
<b>Total<sup>2</sup></b>			108,008	38.0	10.6	

<sup>1</sup>Based on total assets less current liabilities of £300.8m.

<sup>2</sup>As at 30th September 2006, the value of the ten largest investments amounted to £89,098,000 representing 35.0% of total assets less current liabilities.

## Capital Gains Tax

For shareholders who rolled their investment in The Fleming Far Eastern Investment Trust plc into the Company, the Capital Gains Tax apportionments are shown below. The apportionment of the original base cost will depend upon which option under the Fleming Far Eastern reconstruction scheme was chosen.

<b>Option 1</b>	All share option	JPMorgan Asian ordinary shares	0.95853
		JPMorgan Asian warrants	0.04147
<b>Option 2</b>	Share and Japanese unit option	JPMorgan Asian ordinary shares	0.64066
		JPMorgan Asian warrants	0.02772
		S&P Japanese units	0.33162
<b>Option 3</b>	Share and cash option	JPMorgan Asian ordinary shares	0.25082
		JPMorgan Asian warrants	0.01085
		S&P cash units	0.73833

# Portfolio Analyses

## Geographical Analysis

	at 31st March 2007			at 30th September 2006		
	Portfolio % <sup>1</sup>	Benchmark %	Active Bet %	Portfolio % <sup>1</sup>	Benchmark %	Active Bet %
Hong Kong and China	27.8	31.1	-3.3	26.2	28.2	-2.0
South Korea	23.1	22.9	+0.2	24.6	25.8	-1.2
Singapore	16.0	8.2	+7.8	10.6	7.1	+3.5
Taiwan	11.5	18.4	-6.9	17.3	19.2	-1.9
India	9.7	9.1	+0.6	9.4	9.9	-0.5
Indonesia	8.3	2.4	+5.9	7.8	2.4	+5.4
Malaysia	3.4	4.5	-1.1	2.2	3.9	-1.7
Thailand	0.0	2.2	-2.2	1.3	2.4	-1.1
Philippines	0.0	0.8	-0.8	0.0	0.8	-0.8
Pakistan	0.0	0.4	-0.4	0.0	0.3	-0.3
Net current assets	0.2	0.0	+0.2	0.6	0.0	+0.6
<b>Total</b>	100.0	100.0		100.0	100.0	

<sup>1</sup>Based on total assets less current liabilities of £300.8m (2006: £254.4m).

## Sector Analysis

	at 31st March 2007			at 30th September 2006		
	Portfolio % <sup>1</sup>	Benchmark %	Active Bet %	Portfolio % <sup>1</sup>	Benchmark %	Active Bet %
Financials	31.9	30.5	+1.4	31.6	28.2	+3.4
Information Technology	17.5	19.6	-2.1	18.4	22.4	-4.0
Industrials	14.8	11.8	+3.0	12.3	11.4	+0.9
Consumer Staples	11.1	3.6	+7.5	5.2	3.8	+1.4
Consumer Discretionary	9.4	7.4	+2.0	8.7	8.2	+0.5
Materials	7.8	7.4	+0.4	7.8	6.1	+1.7
Telecommunication Services	6.0	8.1	-2.1	5.0	8.0	-3.0
Healthcare	1.3	0.7	+0.6	1.8	0.8	+1.0
Energy	0.0	6.9	-6.9	6.4	6.8	-0.4
Utilities	0.0	4.0	-4.0	2.2	4.3	-2.1
Net current assets	0.2	0.0	+0.2	0.6	0.0	+0.6
<b>Total</b>	100.0	100.0		100.0	100.0	

<sup>1</sup>Based on total assets less current liabilities of £300.8m (2006: £254.4m).

# Income Statement

for the six months ended 31st March 2007

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended 31st March 2007			Six months ended 31st March 2006			Year ended 30th September 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains from investments held at fair value through profit or loss	—	41,792	41,792	—	34,782	34,782	—	25,657	25,657
Net foreign currency gains/(losses)	—	461	461	—	(274)	(274)	—	753	753
Income from investments	1,536	—	1,536	1,804	—	1,804	5,460	—	5,460
Other interest receivable and similar income	50	—	50	73	—	73	180	—	180
<b>Gross return</b>	1,586	42,253	43,839	1,877	34,508	36,385	5,640	26,410	32,050
Management fee	(823)	—	(823)	(769)	—	(769)	(1,601)	—	(1,601)
Performance fee	—	(1,987)	(1,987)	—	—	—	—	—	—
Other administrative expenses	(265)	—	(265)	(327)	—	(327)	(637)	—	(637)
Net return on ordinary activities before finance costs and taxation	498	40,266	40,764	781	34,508	35,289	3,402	26,410	29,812
Finance costs	(502)	—	(502)	(361)	—	(361)	(852)	—	(852)
Net (loss)/return on ordinary activities before taxation	(4)	40,266	40,262	420	34,508	34,928	2,550	26,410	28,960
Taxation	(138)	—	(138)	(243)	—	(243)	(474)	—	(474)
<b>Net (loss)/return on ordinary activities after taxation</b>	(142)	40,266	40,124	177	34,508	34,685	2,076	26,410	28,486
<b>(Loss)/return per share (note 2)</b>	(0.09)p	24.94p	24.85p	0.11p	21.01p	21.12p	1.27p	16.17p	17.44p

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 31st March 2007 (unaudited)

	Called up Share capital £'000	Share premium £'000	Exercised Warrant redemption reserve £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 30th September 2005</b>	41,900	4,347	977	1,111	112,463	56,935	3,175	220,908
Adjustment to opening shareholders' funds at 1st October 2005 to reflect the adoption of bid prices	—	—	—	—	—	(680)	—	(680)
Repurchase of shares for cancellation	(686)	—	—	686	(3,561)	—	—	(3,561)
Cancellation of shares held in treasury	(850)	—	—	—	—	850	—	—
Total return from ordinary activities	—	—	—	—	—	26,410	2,076	28,486
Dividends appropriated in the year	—	—	—	—	—	—	(2,873)	(2,873)
<b>At 30th September 2006</b>	40,364	4,347	977	2,647	108,902	82,665	2,378	242,280
Total return/(loss) from ordinary activities	—	—	—	—	—	40,266	(142)	40,124
Dividends appropriated in the period	—	—	—	—	—	—	(2,018)	(2,018)
<b>At 31st March 2007</b>	40,364	4,347	977	2,647	108,902	122,931	218	280,386

# Balance Sheet

as at 31st March 2007

	(Unaudited) 31st March 2007 £'000	(Unaudited) 31st March 2006 £'000	(Audited) 30th September 2006 £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss	300,194	274,739	252,742
<b>Current assets</b>			
Debtors	3,888	1,365	490
Cash and short term deposits	4,254	1,275	1,386
	8,142	2,640	1,876
<b>Creditors:</b> amounts falling due within one year	(7,518)	(4,435)	(255)
<b>Net current assets/(liabilities)</b>	624	(1,795)	1,621
<b>Total assets less current liabilities</b>	300,818	272,944	254,363
<b>Creditors:</b> amounts falling due after more than one year			
Bank loans	(20,394)	(20,178)	(12,045)
<b>Provisions for liabilities and charges</b>			
Deferred tax	(38)	(46)	(38)
<b>Total net assets</b>	280,386	252,720	242,280
<b>Capital and reserves</b>			
Called up share capital	40,364	41,900	40,364
Share premium	4,347	4,347	4,347
Exercised warrant reserve	977	977	977
Capital redemption reserve	2,647	1,111	2,647
Other reserve	108,902	112,463	108,902
Capital reserve	122,931	91,443	82,665
Revenue reserve	218	479	2,378
<b>Shareholders' funds</b>	280,386	252,720	242,280
<b>Net asset value per share (note 3)</b>	173.7p	153.9p	150.1p

# Cash Flow Statement

for the six months ended 31st March 2007

	(Unaudited) Six months ended 31st March 2007 £'000	(Unaudited) Six months ended 31st March 2006 £'000	(Audited) Year ended 30th September 2007 £'000
Net cash (outflow)/inflow from operating activities	(28)	42	2,619
Net cash outflow from return on investments and servicing of finance	(462)	(301)	(831)
Taxation paid	—	(237)	(305)
Net cash outflow from capital expenditure and financial investment	(3,478)	(27,576)	(17,643)
Dividends paid	(2,018)	(2,873)	(2,873)
<b>Net cash inflow from financing</b>	<b>9,243</b>	<b>21,181</b>	<b>9,262</b>
<b>Increase/(decrease) in cash for the period</b>	<b>3,257</b>	<b>(9,764)</b>	<b>(9,771)</b>

# Notes to the Accounts

for the six months ended 31st March 2007

## 1. Accounting Policies

The accounts have been prepared in accordance with the 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 30th September 2006.

	(Unaudited) Six months ended 31st March 2007 £'000	(Unaudited) Six months ended 31st March 2006 £'000	(Audited) Year ended 30th September 2006 £'000
<b>2. (Loss)/return per share</b>			
(Loss)/return per share is based on the following:			
Revenue (loss)/return	(142)	177	2,076
Capital return	40,266	34,508	26,410
Total return	40,124	34,685	28,486
Weighted average number of shares in issue	161,457,154	164,199,154	163,352,731
Revenue (loss)/return per share	(0.09)p	0.11p	1.27p
Capital return per share	24.94p	21.01p	16.17p
Total return per share	24.85p	21.12p	17.44p

## 3. Net asset value per share

Net asset value per share is based on the net assets attributable to ordinary shareholders of £280,386,000 (31st March 2006: £252,720,000 and 30th September 2006: £242,280,000) and on the 161,457,154 (31st March 2006: 164,199,154 and 30th September 2006: 161,457,154) shares in issue at the period end.

## 4. Accounts for the year ended 30th September 2006

The figures and financial information for the year ended 30th September 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.

# Information about the Company

## Financial Calendar

Financial year end	30th September
Interim results announced	June
Final results announced	November
Dividend on ordinary shares paid (if any)	February
Annual General Meeting	February

## History

The Company was launched in September 1997 as a rollover vehicle for shareholders in The Fleming Far Eastern Investment Trust plc. It adopted its current name in February 2006.

## Directors

James M Long TD (*Chairman*)  
 Alun Evans CMG  
 Ronald Gould  
 Christopher Penn  
 Andrew Sykes

## Company Numbers

Company registration number: 3374850  
 London Stock Exchange Sedol number: 0132077

## 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 and are quoted daily in the Financial Times, Daily Telegraph, The Times, The Independent, The Guardian, The Herald, BBC Ceefax and on the JPMorgan website at [www.jpmasian.co.uk](http://www.jpmasian.co.uk).

## Website

[www.jpmasian.co.uk](http://www.jpmasian.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 Investment Trust Share Plan, Individual Savings Account ('ISA'), and the Personal Equity Plan ('PEP').

## 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 Philip Jones FCIS for company secretarial and administrative matters.

## Registrars

Lloyds TSB Registrars  
 Reference 1357,  
 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 1357.

Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.shareview.co.uk](http://www.shareview.co.uk)

## Auditors

PricewaterhouseCoopers LLP  
 Southwark Towers,  
 32 London Bridge Street,  
 London SE1 9SY

## 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 overleaf.

**aic**

The Association of  
 Investment Companies A member of the AIC

# Glossary of Terms

## **Total Return to Shareholders**

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.

Prior to 31st December 2005 total return on net assets were based on a mid value to mid value basis. However to ensure consistency in the total return valuation basis, all net asset values prior to the 31st December have been adjusted to a bid-market value basis using an average factor compiled from the twelve month end valuations in the year to 31st December 2005 by Fundamental Data.

It should be noted that there may be a degree of divergence in the total return on net assets and the % change in net asset value per share quoted within the accounting records if the Trust has elected not to restate previous period end valuations onto a bid-market value basis under paragraph 108D of FRS 26.

The Total Return on Net Assets is calculated on a basis that assumes that any dividend payable in respect of a period is deducted from the closing NAV of that period. This treatment differs from that required under UK GAAP.

## **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.

# Notes

**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.jpmasian.co.uk](http://www.jpmasian.co.uk)