

Claverhouse

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JPMorgan Fleming Claverhouse Investment Trust plc

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH JUNE 2006

Six Month Performance

TOTAL RETURNS (capital plus income) for the six months ended 30th June 2006

+7.1% Return to shareholders¹

+7.4% Return on net assets²

+6.1% FTSE All Share Index^{3,4}

	30th JUNE 2006	31st DEC 2005	% CHANGE
FINANCIAL DATA (capital returns)			
Total net assets less current liabilities (£'000)	357,186	350,200	+2.0
Shareholders' funds (£'000)	326,343	318,454	+2.5
Number of shares in issue	62,175,371	64,212,361	-3.2
Net asset value per share with debt at par value	524.9p	495.9p	+5.8
Net asset value per share with debt at fair value ⁵	518.5p	487.9p	+6.3
Share price	496.0p	469.0p	+5.8
Discount of share price to net asset value per share with debt at par value	5.5%	5.4%	
Discount of share price to net asset value per share with debt at fair value ⁵	4.3%	3.9%	

¹Change in share price with net dividends reinvested.
(Source: Standard & Poor's – www.funds-sp.com).

²Change in net asset value (with debt valued at par) per share with net dividends reinvested.
(Source: Fundamental Data Ltd).

³Change in the index adjusted to include net dividends reinvested.
(Source: Datastream).

⁴The Company's benchmark is the FTSE All-Share Index. Comparison of the Company's performance is made with this benchmark. The benchmark should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not track this benchmark and therefore there may be a degree of divergence between its performance and that of the Company.

⁵The fair value of the £30 million debenture issued by the Company has been calculated by reference to a similar gilt plus a margin. All other debt is held at fair value.

Chairman's Statement

Performance

Your Company enjoyed another period of sound investment performance in the six months to 30th June 2006. The Company produced a total return on net assets of +7.4% compared with a total return of +6.1% from the Company's benchmark, the FTSE All-Share Index. The total return to shareholders was +7.1%. A full review of the Company's performance for the first six months, and the outlook for the remainder of the year, is provided in the Investment Managers' Review opposite.

Revenue and Dividends

Earnings per share for the six months to 30th June 2006 were 7.84p, which compares with 6.29p for the corresponding period last year. The Directors have already declared two quarterly dividends of 2.80p each for the current financial year. It is the Directors' intention to continue the Company's practice of increasing dividends each year and current revenue forecasts show that an increased total dividend for the current financial year should be well covered.

Share Buy-backs

The Company continues to maintain an active share buy-back programme and has repurchased a total of 956,832 shares at an average effective discount of 5.0% since shareholders renewed the Board's authority on 27th April 2006. In the six months to 30th June 2006, 2,036,990 shares were repurchased at an average effective discount of 5.2% and a total cost of £10,154,000.

Investment Managers

There has been a new addition to the management team in that Sarah Emly is now assisting James Illsley and Chris Complin in the management of the Company's assets. Sarah has worked for Flemings/JPMAM for the past ten years, and has worked in the UK specialist team for the past six years.

Sir Michael Bunbury BT., KCVO, DL

Chairman

8th August 2006

Investment Managers' Report

Market Review

The UK stock market had a positive six months, although volatility over the final six weeks of the review period took some of the shine off overall returns. Nevertheless, the FTSE All Share Index still ended the period 6.1% higher.

Market performance was strong over the first four months of the year when sentiment was boosted by a flow of encouraging economic and corporate reports. By early May, the FTSE All Share Index had risen to a five and a half year high, some 10% above its level at the beginning of January.

Strong merger and acquisition activity played a major role in the market's rise, with a number of UK companies attracting takeover bids from foreign competitors. Many of these bids came from Continental Europe, where relatively cheap Euro borrowing costs and the attractive valuations of UK companies proved irresistible.

Among the major deals over the review period, BAA, the airports operator, agreed to be bought by Spanish construction company, Ferrovial, for £10.3 billion, BOC, the industrial gases group, agreed to a £8 billion takeover bid from its smaller German rival, Linde, while Goldman Sachs was successful with a £2.8 billion offer for Associated British Ports.

Also helping the market was solid growth in corporate profits and the domestic economy. Earnings reports continued to come in ahead of expectations, while economic data continued to suggest robust growth in the domestic economy, with lead indicators showing a modest recovery in consumer borrowing and an upturn in the housing market.

Another key support for investor confidence during the first four months of the period came from hopes that interest rates would fall further following last August's quarter-point reduction to 4.5%. However, investors became concerned towards the end of the

half year as inflationary pressures began to build in the face of rising commodity prices, so much so that the market began to price in interest rate increases over the coming 12 months, which were confirmed with the August increase in the UK base rate to 4.75%.

This reversal in interest rate expectations served as a wake up call. With investors also concerned that US interest rates would need to rise much further than had previously been hoped, the UK stock market (along with other global markets) suffered a sharp correction in mid-May sparked by worries over the potential impact of higher interest rates on economic growth and corporate profits growth.

Portfolio Review

For the first six months of 2006 the total return on net assets for your Company was 7.4% compared with the benchmark return of 6.1%. The Company's financial gearing was beneficial given the market's strength, but the majority of the outperformance was due to the performance of the underlying equity portfolio.

Our investment philosophy is to invest in both value and growth stocks and to build a portfolio that is consistently overweight in both of these long term outperforming styles. In the first half of the financial year the returns to these styles were positive, with both value and growth, particularly earnings momentum, outperforming the overall market, and contributing to the Company's outperformance.

The most significant stock contributors during the first half of 2006 included our holding in the attractively valued steel company, Corus Group, which saw upgrades to its earnings forecasts as steel prices increased. Corus rose by more than 50% in the six months, supported by the take-over of Arcelor by Mittal Steel, which fuelled speculation that Corus could be a future take-over candidate

itself. The recruitment specialist, Michael Page International, continued to deliver strong earnings growth, consistently beating analysts' profit forecasts. This combination of superior earnings growth, coupled with positive newsflow, is one that we actively seek and for Michael Page it was sufficient to push the shares up by over 30%, contributing strongly to performance. As oil and natural gas prices rose, we benefited from our holding in BG Group which continued to perform strongly, with some especially positive news from the group's Liquefied Natural Gas division. The Company also benefited from its underweight position in the leading mobile telephony company, Vodafone, which suffered significant earnings disappointments over the period. These stock positions contributed to the Company's outperformance over the first six months of 2006, although they were partially offset by being underweight in some stocks which outperformed the market. The main detractor from performance was the zero weighting in BAA, the British Airport Authority group, which was bid for during this period. The underweight position in the mining company, Xstrata, also hurt performance as it strongly increased in value as commodity prices rose sharply in the early months of the year; however, this was offset by our holdings in other mining stocks, BHP Billiton and Rio Tinto, both of which performed well.

As stock markets continue to be volatile, our investment focus will remain constant and we will continue to invest in stocks with those characteristics that we seek: fundamentally sound companies trading at attractive valuations and companies offering superior earnings growth, supported by positive newsflow. In line with these criteria, we are currently identifying opportunities in sectors such as household goods (housebuilders), tobacco, banks and pharmaceuticals. Significant purchases in the first six months of the year included GlaxoSmithKline, HSBC and also Marks & Spencer. By contrast, we remain underweight in sectors which do not offer stocks that meet

our investment criteria, such as media, technology and mobile telecommunications.

Market Outlook

In the near term, the UK stock market may continue to tread water until the extent of future interest rate increases, particularly in the US, becomes clearer. The ongoing conflict in the Middle East will only add to market uncertainty. However, longer-term valuations are attractive, for example on a price/earnings basis and also relative to other assets such as gilts, and a renewed burst of merger and acquisition activity is expected once markets settle.

UK stocks remain well supported by reasonable valuations and a robust global economic backdrop, which continues to boost earnings prospects for the market's many internationally-focused large-cap stocks. However, given the weaker trend in UK economic data some domestically focused companies may face challenges ahead.

James Illsley

Chris Complin

Sarah Emly

Investment Managers

8th August 2006

Analyses of the Portfolio

Ten Largest Investments*

As at 30th June 2006

Company	Description	Valuation £' 000	% ¹
GlaxoSmithKline	Pharmaceuticals	24,746	6.6
HSBC	Retail Banks	23,286	6.3
Royal Dutch Shell	Oil & Gas	21,797	5.9
BP	Oil & Gas	20,242	5.4
Barclays	Retail Banks	14,596	3.9
JPM UK Smaller Companies ²	Investment Companies	14,423	3.9
BG Group	Oil & Gas	12,337	3.3
BHP Billiton	Mining	12,178	3.3
Royal Bank of Scotland	Retail Banks	11,638	3.1
British American Tobacco	Tobacco	11,205	3.0
Total		166,448	44.7

¹Based on total assets less current liabilities of £372.2m. The Company's £15m 364 day revolving credit facility has been treated as a long-term liability for the purpose of this analysis.

²UK smaller companies fund is managed by JPMorgan. This holding, and that in the equivalent investment trust (JPMF Smaller Companies Investment Trust), is used to gain small companies exposure in the portfolio. They are both excluded from the calculation of the Company's management fee.

*As at 31st December 2005, the value of the ten largest investments amounted to £159,580,000, representing 43.7% of total assets less current liabilities.

Sector Analysis

Sector Breakdown*	Portfolio	30th June 2006 Index	31st December 2005 Portfolio
	%	%	%
Financials	36.5	28.4	33.3
Oil & Gas	15.6	16.7	16.3
Basic Materials	11.4	7.7	8.8
Health Care	9.1	8.8	7.2
Consumer Services	7.4	11.8	9.9
Consumer Goods	7.3	9.0	9.0
Utilities	4.3	4.3	4.1
Industrials	3.7	6.8	4.8
Telecommunications	3.4	5.5	4.9
Technology	—	1.0	0.5
Net Current Assets	1.3	—	1.2

Based on total assets less current liabilities of £372.2m (2005: £365.2m). The Company's £15m 364 day revolving credit facility has been treated as a long-term liability for the purpose of this analysis.

*No comparisons to 2005 index due to reclassification of index.

Income Statement

	(Unaudited)			(Unaudited)			(Audited)			
	Six months ended 30th June 2006			Six months ended 30th June 2005			Year ended 31st December 2005			
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return	
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Gains from investments held at fair value through profit or loss	—	19,159	19,159	—	17,886	17,886	—	64,163	64,163	
Income from investments	5,841	—	5,841	5,077	—	5,077	10,126	—	10,126	
Other interest receivable and similar income	89	—	89	74	—	74	227	—	227	
Gross revenue and capital gains	5,930	19,159	25,089	5,151	17,886	23,037	10,353	64,163	74,516	
Management fee	(334)	(619)	(953)	(365)	(678)	(1,043)	(758)	(1,409)	(2,167)	
Other administrative expenses	(147)	—	(147)	(160)	—	(160)	(318)	—	(318)	
Performance fee	—	(416)	(416)	—	44	44	—	(2,969)	(2,969)	
Net return before finance costs and taxation	5,449	18,124	23,573	4,626	17,252	21,878	9,277	59,785	69,062	
Finance costs	(501)	(930)	(1,431)	(451)	(837)	(1,288)	(917)	(1,703)	(2,620)	
Net return before taxation	4,948	17,194	22,142	4,175	16,415	20,590	8,360	58,082	66,442	
Taxation	—	—	—	—	—	—	(1)	—	(1)	
Net return after taxation	4,948	17,194	22,142	4,175	16,415	20,590	8,359	58,082	66,441	
Return per share	3	7.84	27.23	35.07	6.29p	24.74p	31.03p	12.76p	88.65p	101.41p

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

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 capital column represents all the information that is required to be disclosed in "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 2006 (unaudited)

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31st December 2004 (as restated)¹	16,841	149,641	4,031	91,131	10,400	272,044
Shares bought back and cancelled	(788)	—	788	(12,836)	—	(12,836)
Total return from ordinary activities	—	—	—	58,082	8,359	66,441
Dividends appropriated in the year	—	—	—	—	(7,195)	(7,195)
At 31st December 2005	16,053	149,641	4,819	136,377	11,564	318,454
Shares bought back and cancelled	(509)	—	509	(10,154)	—	(10,154)
Total return from ordinary activities	—	—	—	17,194	4,948	22,142
Dividends appropriated in the period	—	—	—	—	(4,099)	(4,099)
At 30th June 2006	15,544	149,641	5,328	143,417	12,413	326,343

¹Restated following the issue of FRS21. Under this standard, dividends are accounted for in the period in which they are paid. Hence the fourth quarterly dividend originally accrued at 31st December 2004 has been added back to the revenue reserve.

Balance Sheet

	Notes	(Unaudited) 30th June 2006 £'000	(Unaudited) 30th June 2005 £'000	(Audited) 31st December 2005 £'000
Fixed assets				
Investments at fair value through profit or loss		367,508	314,901	360,996
Current assets				
Debtors		20,326	1,933	848
Cash and short-term deposits		6,252	5,902	5,923
		26,578	7,835	6,771
Creditors: Amounts falling due within one year		(36,900)	(11,283)	(17,567)
Net current liabilities		(10,322)	(3,448)	(10,796)
Total assets less current liabilities		357,186	311,453	350,200
Creditors: Amounts falling due after more than one year		(29,610)	(29,583)	(29,597)
Provisions for liabilities and charges		(1,233)	(365)	(2,149)
Total net assets		326,343	281,505	318,454
Capital and reserves				
Called-up share capital		15,544	16,373	16,053
Share premium		149,641	149,641	149,641
Capital redemption reserve		5,328	4,498	4,819
Capital reserve		143,417	100,242	136,377
Revenue reserve		12,413	10,750	11,564
Equity shareholders' funds		326,343	281,504	318,454
Net asset value per share	4	524.9p	429.8p	495.9p

Cash Flow Statement

	(Unaudited) Six months ended 30th June 2006 £'000	(Unaudited) Six months ended 30th June 2005 £'000	(Audited) Year ended 31st December 2005 £'000
Net cash inflow from operating activities	3,346	3,627	7,730
Net cash outflow from returns on investments and servicing of finance	(1,416)	(1,263)	(2,554)
Tax recovered	1	—	—
Net cash inflow from capital expenditure and financial investment	13,018	8,990	9,829
Dividends paid	(4,099)	(3,825)	(7,195)
Net cash outflow from financing	(10,522)	(3,048)	(3,309)
Increase in cash for the period	328	4,481	4,501

Notes to the Accounts

1. Accounting policies

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable Accounting Standards 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 2005.

2. Dividends

	(Unaudited) Six months ended 30th June 2006 £'000	(Unaudited) Six months ended 30th June 2005 £'000	(Audited) Year ended 31st December 2005 £'000
Unclaimed dividends refunded to the Company	(17)	—	—
Fourth quarterly dividend of 3.7p paid March (2005: 3.15p)	2,362	2,111	2,111
First quarterly dividend of 2.8p paid June (2005: 2.6p)	1,754	1,714	1,714
Second quarterly dividend of 2.6p paid September	N/a	N/a	1,692
Third quarterly dividend of 2.6p paid December	N/a	N/a	1,678
	4,099	3,825	7,195

A second quarterly dividend of 2.8p per share, amounting to £1,741,000, has been declared payable in respect of the six months ended 30th June 2006 but, in accordance with FRS21, has not been accrued in the accounts.

3. Return per share

	(Unaudited) Six months ended 30th June 2006 £'000	(Unaudited) Six months ended 30th June 2005 £'000	(Audited) Year ended 31st December 2005 £'000
Return per share is based on the following:			
Revenue return	4,948	4,175	8,359
Capital return	17,194	16,415	58,082
Total return	22,142	20,590	66,441
Weighted average number of shares in issue	63,150,968	66,352,091	65,517,675
Revenue return per share	7.84p	6.29p	12.76p
Capital return per share	27.23p	24.74p	88.65p
Total return per share	35.07p	31.03p	101.41p

4. Net asset value per share

Net asset value per share is calculated by dividing equity shareholders' funds by the number of shares in issue at 30th June 2006 of 62,175,371 (30th June 2005: 65,493,758 and 31st December 2005: 64,212,361).

5. 2005 Accounts

The figures and financial information for the year ended 31st December 2005 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	31st December
Interim results announced	August
Final results announced	February/March
Interim dividends on ordinary shares paid	1st June, 1st September, 1st December, 1st March
7% Debenture Stock 2020 interest paid	30th March, 30th September
Annual General Meeting	April

History

JPMorgan Fleming Claverhouse Investment Trust plc was launched as Claverhouse Investment Trust Limited in 1963 with assets of £5 million. The Company took its name from Viscount Claverhouse ('Bonnie Dundee') who was killed at the Battle of Killiecrankie in 1689 whilst leading a rebellion against William and Mary. The name was chosen to commemorate the Company's link with Dundee, where Robert Fleming originated in 1873. The Company changed its name to The Fleming Claverhouse Investment Trust plc in 1983 and adopted its present name in 2003.

Directors

Sir Michael Bunbury BT., KCVO, DL (*Chairman*)
Virginia Holmes
The Rt. Hon. Peter Lilley MP
John Scott
Anne McMeenan

Company Numbers

Company registration number: 754577
London Stock Exchange Sedol number: 0342218
Bloomberg Code: JCH LN
Reuters Code: JCH.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 Daily Telegraph, The Financial Times, The Guardian, The Herald, The Independent, The Scotsman, The Times, on BBC Ceefax and on the JPMorgan internet site at www.jpmfclaverhouse.com, where the price is updated every fifteen minutes during trading hours.

Share Transactions

The shares may be dealt indirectly through a stockbroker or professional advisor acting on an investors' behalf. They may also be purchased and held through the Investment Trust Share Plan, Individual Savings Account ('ISA') and 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 Jonathan Latter for company secretarial and administrative matters.

Registrar

Lloyds TSB Registrars

Reference 1079
The Causeway
Worthing
West Sussex BN99 6DA.
Telephone: 0870 600 3984

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1079.

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

Savings Plan Administrators

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

Independent Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Brokers

JPMorgan Cazenove
20 Moorgate
London EC2R 6DA



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