



Interim Report 07

JPMorgan Russian Securities plc

Interim Report for the six months ended 30th April 2007

Features

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Objective

To provide capital growth from investment in Russian securities.

Investment Policies

- To maintain a diversified portfolio of investments in quoted Russian securities and Russian pre-IPO stocks (up to 10% of the gross assets of the Company) or other companies which derive the majority of their revenue or gains from operating in Russia.
- To use gearing when appropriate to increase potential returns to shareholders.
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts).

Benchmark

The MSCI 10/40 Russia Equities Indices Index in sterling terms.

Capital Structure

The Company has an authorised ordinary share capital of 1,000,000,000 shares of 1p each, of which 55,932,812 were in issue as at 30th April 2007.

Management Company

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

Interim Performance

Total Returns (capital plus income)

+19.5%

Total return to shareholders¹

+21.9%

Total return on net asset value
per ordinary share²

+19.4%

Benchmark total return^{3,4}

Financial Data	30th April	31st Oct	% change
	2007	2006	
Total net assets	£322,543,000	£264,982,000	+21.7
Number of ordinary shares in issue	55,932,812	56,012,812	
Net asset value per ordinary share	576.7p	473.1p	+21.9
Ordinary share price	521.8p	436.8p	+19.5
Discount of share price to net asset value	9.5%	7.7%	

A glossary of terms and definitions is provided on page 11.

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

²Source: Fundamental Data – www.funddata.com.

³Source: Datastream.

⁴The Company's benchmark is the MSCI Russia 10/40 Equities Indices Index in sterling terms.

Chairman's Statement



I am pleased to report that over the six months to 30th April 2007, the net asset value and share price of your Company has continued to increase. The majority of this outperformance is attributable to the Company being underweight in energy stocks and overweight in materials and financials during the period. Details of the Company's investments as at 30th April 2007 can be seen on page 5.

The net asset value rose by +21.9% per share, which was ahead of the benchmark index, the MSCI 10/40 Russia Equities Indices Index in sterling terms, which increased by +19.4%. The Company's share price rose by +19.5%, as the discount at which the shares traded to their net asset value widened from 7.7% to 9.5%.

Revenue

The revenue loss after taxation for the six months ended 30th April 2007 was £1,786,000, which equates to a loss per share of 3.19p.

Outlook

As explained in the Investment Managers' Report, it appears that Russia is entering into a new stage. The Board has confidence that the investment managers are well placed to continue to identify and anticipate changes in Russia which can have an effect on the market, and will continue to ensure that the Company is positioned to take advantage, where possible, of these developments. Despite the likelihood of continuing volatility, the investment managers remain confident over the longer term and continue to believe that Russian equities offer investors a superior risk return profile.

Pamela Idelson Smith
Chairman

13th July 2007

Investment Managers' Report



Oleg I. Biryulyov



Vitaly N. Kazakov

Despite a difficult environment for Russian securities, the Company outperformed the MSCI 10/40 Russia Equities Indices Index in sterling terms over the review period.

Review

The last six months have been challenging for Russian investors. After a strong run towards the end of 2006, the market has subsequently been more volatile throughout 2007. We believe that the Russian market is now entering a new stage of development, which should enable us to add value.

Why do we believe that the Russian market is entering a different stage compared to six or twelve months ago? There are several new factors coming into focus that will affect the future performance of the market.

i) The most important factor relates to the dominance of the energy sector and energy stocks on the Russian equity market. These stocks have historically had very high levels of correlation with oil prices, but in the last twelve months this trend has broken down. Investors have finally concluded that Russian commodity stocks are not particularly different to commodity stocks elsewhere, and that they are affected by the same cyclical factors.

In the initial stages of the oil price run, cash-flows and profits from Russian oil companies grew exponentially as the increased prices were applied to a rapidly expanding production capacity. Extraordinary profits were generated as the cost inflation relating to the support and expansion of oil capacity lagged behind the price increases during the early stages of the cycle. In recent months operational costs have eventually caught up with revenue growth, causing margins to stop expanding and even to decline, demonstrating a textbook business cycle.

Over the last six months, the market has slowly accepted the fact that the huge reserve base in the Russian energy sector may not look as attractive as it did at first glance, if you take account of the current cost base and required capital expenditure to extract and transport those reserves to customers. We expressed our concerns about developments in the energy sector over the last eighteen months and backed our views by taking an aggressive underweight position. Our attribution data indicates that this decision has produced the lion's share of the Company's outperformance for the last 12 months.

ii) The second important factor is that the Russian market has become second only to China in the supply of new equity. This supply has not been absorbed by domestic investor demands, and ultimately put a cap on the market's performance. Valuations of new deals in most cases look stretched, providing poor long term

Investment Managers' Report continued

returns, and we have therefore been very selective in choosing new equity placements. The Company did, however, participated in placements of Open Investments (a real estate developer), Chelyabinsk Zinc Factory (a metallurgical plant), and Sberbank (a savings bank).

iii) Thirdly, Russian domestic funds experienced negative fund flows in the first two months of the review period. This corresponded with a relatively dry period of fund flows in EMEA regional funds and a general reduction of risk appetite among global investors. This new trend caught some investors unaware, but we were prepared for this scenario.

iv) Political risk is another important factor, relating to the upcoming elections and a period of power transition. We share concerns that country risk is likely to rise over the next 12-18 months. The change in the trend from declining to increasing risk, is likely to damage Russian market valuations. We think this situation is temporary, however, and is likely to be overplayed by the media. The increase of Russian economic power on the global scale is likely to correspond with an increase in political influence. We take this factor into account when we are analysing investment opportunities in Russia.

All of these factors make short term investments in the Russian market challenging, as high levels of volatility are likely to remain. However, we are very confident that in the medium and long term time horizons, Russian equities offer a superior risk return profile for investors. We believe that steady economic growth is sustainable, even with declining oil prices, and is likely to accelerate as institutional reforms, such as infrastructure development, pension reform, medical care, military and administration reforms are implemented.

Oleg I. Biryulyov
Vitaly N. Kazakov
Investment Managers

13th July 2007

Ten Largest Investments

at 30th April 2007

Company	Sector	Valuation £'000	Total Assets % ¹
Sberbank Rossii	Financials	44,526	13.8
Open Investments	Financials	41,851	13.0
Mechel ADR	Materials	26,098	8.1
Norilsk Nickel ADR	Materials	25,991	8.1
Mobile Telesystems ADR	Telecommunications	25,824	8.0
Pharmacy 36.6	Healthcare	17,721	5.5
Severstal Auto	Consumer Discretionary	13,654	4.2
Evraz GDR	Materials	12,568	3.9
Novolipetsk Iron & Steel	Materials	11,472	3.5
Comstar United Telesystem	Telecommunications	11,276	3.5
Total²		230,981	71.6

¹Based on total assets less current liabilities of £322.5m.

²As at 31st October 2006, the value of the ten largest investments amounted to £176,175,000 representing 66.5% of total assets less current liabilities.

Sector Analysis

at 30th April 2007

Sector	30th April 2007	
	Portfolio % ¹	Benchmark %
Materials	29.0	16.9
Financials	26.8	9.0
Telecommunications	12.6	25.5
Consumer Discretionary	10.0	4.6
Energy	9.2	35.0
Healthcare	6.8	—
Consumer Staples	6.2	4.6
Industrials	3.3	—
Information Technology	1.4	—
Utilities	—	4.4
Net current liabilities	(5.3)	—
	100.0	100.0

¹Based on total assets less current liabilities of £322.5m (2006: £265.0m).

No comparison with prior year due to the change in benchmark.

Income Statement

for the six months ended 30th April 2007

	(Unaudited) Six months ended 30th April 2007			(Unaudited) Six months ended 30th April 2006			(Audited) Year ended 31st October 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	—	58,933	58,933	—	106,998	106,998	—	102,441	102,441
Net foreign currency gains/(losses)	—	830	830	—	(246)	(246)	—	853	853
Income from investments	1,623	—	1,623	963	—	963	4,137	—	4,137
Other interest receivable and similar income	14	—	14	139	—	139	251	—	251
Gross return	1,637	59,763	61,400	1,102	106,752	107,854	4,388	103,294	107,682
Management fee	(2,256)	—	(2,256)	(1,656)	—	(1,656)	(3,511)	—	(3,511)
Other administrative expenses	(406)	—	(406)	(215)	—	(215)	(554)	—	(554)
Net (loss)/return on ordinary activities before finance costs and taxation	(1,025)	59,763	58,738	(769)	106,752	105,983	323	103,294	103,617
Finance costs	(547)	—	(547)	(388)	—	(388)	(502)	—	(502)
Net (loss)/return on ordinary activities before taxation	(1,572)	59,763	58,191	(1,157)	106,752	105,595	(179)	103,294	103,115
Taxation	(214)	—	(214)	(134)	—	(134)	(574)	—	(574)
Net (loss)/return on ordinary activities after taxation	(1,786)	59,763	57,977	(1,291)	106,752	105,461	(753)	103,294	102,541
(Loss)/return per share (note 2)	(3.19p)	106.75p	103.56p	(2.30p)	191.08p	188.78p	(1.34p)	184.14p	182.80p

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

The "Total" return column of this statement is the profit and loss account of the Company and "Revenue" and "Capital" return 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 April 2007 (unaudited)

	Called up share capital £'000	Other reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Six months ended 30th April 2007						
At 31st October 2006	560	52,813	41	213,227	(1,659)	264,982
Repurchase of shares for cancellation	(1)	(416)	1	—	—	(416)
Capital return from ordinary activities	—	—	—	59,763	—	59,763
Revenue loss from ordinary activities	—	—	—	—	(1,786)	(1,786)
At 30th April 2007	559	52,397	42	272,990	(3,445)	322,543
	Called up share capital £'000	Other reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Six months ended 30th April 2006 (unaudited)						
At 31st October 2005	562	53,361	39	111,209	(906)	164,265
Adjustment to opening shareholders funds at 1st November 2005 to reflect the adoption of bid prices	—	—	—	(1,276)	—	(1,276)
Capital return from ordinary activities	—	—	—	106,752	—	106,752
Revenue loss from ordinary activities	—	—	—	—	(1,291)	(1,291)
At 30th April 2006	562	53,361	39	216,685	(2,197)	268,450
	Called up share capital £'000	Other reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Year ended 31st October 2006 (audited)						
At 31st October 2005	562	53,361	39	111,209	(906)	164,265
Adjustment to opening shareholders funds at 1st November 2005 to reflect the adoption of bid prices	—	—	—	(1,276)	—	(1,276)
Repurchase of shares for cancellation	(2)	(548)	2	—	—	(548)
Capital return from ordinary activities	—	—	—	103,294	—	103,294
Revenue loss from ordinary activities	—	—	—	—	(753)	(753)
At 31st October 2006	560	52,813	41	213,227	(1,659)	264,982

Balance Sheet

as at 30th April 2007

	(Unaudited) 30th April 2007 £'000	(Unaudited) 30th April 2006 £'000	(Audited) 31st October 2006 £'000
Fixed assets			
Investments at fair value through profit or loss	339,668	272,782	274,807
Current assets			
Debtors	2,595	1,128	1,439
Cash and short term deposits	1,447	9,125	1,491
Creditors: amounts falling due within one year	4,042 (21,167)	10,253 (14,585)	2,930 (12,755)
Net current liabilities	(17,125)	(4,332)	(9,825)
Total assets less current liabilities	322,543	268,450	264,982
Total net assets	322,543	268,450	264,982
Capital and reserves			
Called up share capital	559	562	560
Other reserve	52,397	53,361	52,813
Capital redemption reserve	42	39	41
Capital reserve	272,990	216,685	213,227
Revenue reserve	(3,445)	(2,197)	(1,659)
Shareholders' funds	322,543	268,450	264,982
Net asset value per share (note 3)	576.7p	478.0p	473.1p

Cash Flow Statement

for the six months ended 30th April 2007

	(Unaudited) Six months ended 30th April 2007 £'000	(Unaudited) Six months ended 30th April 2006 £'000	(Audited) Year ended 31st October 2006 £'000
Net cash outflow from operating activities	(1,279)	(1,075)	(561)
Net cash outflow from returns on investments and servicing of finance	(477)	(402)	(525)
Net cash (outflow)/inflow from capital expenditure and financial investment	(9,265)	4,993	(4,769)
Net cash inflow/(outflow) from financing	10,610	(8,713)	(7,501)
Decrease in cash for the period	(411)	(5,197)	(13,356)

Notes to the Accounts

for the six months ended 30th April 2007

1. 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 October 2006.

	(Unaudited) Six months ended 30th April 2007 £'000	(Unaudited) Six months ended 30th April 2006 £'000	(Audited) Year ended 31st October 2006 £'000
2. (Loss)/return per share			
(Loss)/return per share is based on the following:-			
Revenue loss	(1,786)	(1,291)	(753)
Capital return	59,763	106,752	103,294
Total return	57,977	105,461	102,541
Weighted average number of shares in issue	55,982,043	56,162,812	56,094,887
Revenue loss per share	(3.19p)	(2.30p)	(1.34p)
Capital return per share	106.75p	190.08p	184.14p
Total return	103.56p	187.78p	182.80p

3. Net asset value per share

Net asset value per share is based on the net assets attributable to the ordinary shareholders' of £322,543,000 (30th April 2006: £268,450,000 and 31st October 2006: £264,982,000) and on the 55,932,812 (30th April 2006: 56,162,812 and 31st October 2006: 56,012,812) shares in issue at the period end.

4. Accounts for the year ended 31st October 2006

The figures and financial information for the year ended 31st October 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	31st October
Interim results announced	June/July
Final results announced	December/January
Dividend (if any)	Annually
Annual General Meeting	March

History

The Company was launched in December 2002 by a placing and offer for subscription. It is the successor Company to The Fleming Russia Securities Fund Limited, a closed-ended investment company incorporated in Jersey and listed on the Irish Stock Exchange. The Company adopted its present name on 1st March 2006.

Directors

Pamela Idelson Smith (Chairman)
 Paul Teleki (Audit Committee Chairman)
 Lysander Tennant
 Patrick Gifford
 James Nicholson

Company Numbers

Company registration number: 4567378
 London Stock Exchange SEDOL code: 0032164732
 Bloomberg code: JRS LN
 Reuters code: JRS.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 website at www.jpmmussian.co.uk where the share price is updated every 15 minutes during trading hours.

Website

www.jpmmussian.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or through a 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 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

For company secretarial and administrative matters, please contact Hilary Lowe.

Registrars

Lloyds TSB Registrars
 Reference 2610
 The Causeway
 Worthing
 West Sussex BN99 6DA
 Telephone: 0870 600 3984

Notifications of changes of address and all enquiries regarding certificates should be sent to the Registrar quoting reference 2610. Registered shareholders can obtain further details on individual holdings on the internet by visiting www.shareview.co.uk

Auditors

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

Brokers

Teather & Greenwood Limited
 Beaufort House
 15a St. Botolph Street
 London EC3A 7QR
 Telephone: 020 7426 9000

Savings Product Administrators

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

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.

Benchmark 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.jpmrussian.co.uk