



# Half Year Report 07

JPMorgan Mid Cap  
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st December 2007

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## Objective

JPMorgan Mid Cap Investment Trust plc (the "Company") aims to achieve capital growth from investment in medium-sized UK companies. The Company specialises in investment in FTSE 250 companies, using long and short-term borrowings to increase returns to shareholders.

## Investment Policy

- To focus on FTSE 250 stocks that deliver strong capital growth and income.
- To have significant exposure to the UK economy. Mid cap stocks derive the bulk of their earnings from the UK, thus gaining momentum from the relatively rapid growth of the UK economy.
- To seek out both value stocks and growth stocks to deliver strong performance throughout the market cycle.
- To use gearing 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 FTSE 250 Index (excluding investment trusts).

## Capital Structure

- UK domiciled.
- Full listing on the London Stock Exchange.
- Authorised share capital of 48,000,000 ordinary shares of 25p each, of which 27,159,380 were in issue as at 31st December 2007 (30th June 2007: 29,232,000).

## Management Company

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

## AIC

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

# Half Year Performance

Total Returns (capital plus income)

**-20.0%**

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

**-14.0%**

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

**-7.5%**

Benchmark total return<sup>1</sup>

**5.50p**

Interim Dividend (2007: 5.00p)

**+10.0%**

Increase in Interim Dividend  
(2007: +25%)

## Financial Data

	31st December 2007	30th June 2007	% change
Shareholders' funds (£'000)	182,142	233,651	-22.0
Number of shares in issue	27,159,380	29,232,000	
Net asset value per share with debt at par value	670.6p	799.3p	-16.1
Net asset value per share with debt at fair value <sup>3</sup>	663.4p	793.7p	-16.4
Share price	548.0p	695.5p	-21.2
Discount of share price to net asset value with debt at par value	18.3%	13.0%	
Discount of share price to net asset value with debt at fair value <sup>3</sup>	17.4%	12.4%	

A glossary of terms and definitions is provided on page 14.

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

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

<sup>3</sup>Market values of listed gilt stock with similar profiles have been used to determine the fair value of the debenture stock.

# Chairman's Statement



## Performance

In my year end statement I commented on the weakness and volatility of equities in the wake of the turmoil in global capital and credit markets. This weakness has been reflected in the performance of both the mid cap market and your Company over the half year to 31st December 2007. The Company achieved a negative total return on net assets per share of 14.0%, underperforming the benchmark's negative return of 7.5%. The Company's negative total return to shareholders (share price and net dividend) was 20.0%, reflecting a significant widening of the discount from 12.4% to 17.4%. After the strong gains witnessed over the previous four years, these results are disappointing and to some extent reflect a revaluation of mid cap stocks in relation to their larger cap counterparts.

A more detailed review of the Company's performance is given in the Investment Manager's report on pages 3 to 4.

## Revenue and dividends

Revenue after taxation for the six months to 31st December 2007 was £2,136,000 (2006: £2,106,000) and earnings per share, calculated on the average weekly number of shares in issue, were 7.65p (2006: 6.90p).

The Board continues to recognise the importance of income to shareholders and, having increased the interim dividend by 33% and 25% in the last two years, proposes a further increase of 10% to 5.50p (2006: 5.00p) this year. The dividend will be paid on 23rd April 2008 to shareholders on the register at the close of business on 25th March 2008.

## Loan facilities and Gearing

The Company's level of gearing began the period at around 111%, gradually increasing as the Managers identified stocks which they felt had been oversold, ending at 116%. The Company has a three year £45m revolving credit facility with the Bank of Ireland.

## Share Buybacks

Over the course of the six months under review, the Company repurchased for cancellation 2,072,620 ordinary shares, representing 7.1% of its issued share capital. This added 0.9% to the net asset value of the remaining shares.

## Prospects

Whilst further downgrades to profits and earnings forecasts for the mid cap market are to be expected, our Managers believe that such has been the fall in mid cap share prices that valuations now reflect much of the expected bad news. Mid cap stocks no longer trade at a premium to large caps and, although there will doubtless be further periods of nervousness, attractive value is returning and volatility should decline. The Board remains optimistic that, once the mid cap cycle has bottomed, the mid cap index and your Company will again enjoy periods of strong growth relative to the large cap indices and will more than justify its ongoing niche role as a specialist investment trust.

**Andrew Barker**  
Chairman

14th February 2008

# Investment Managers' Report



Jeremy Wells



Christopher Llewelyn

## Market Background

2007 turned out to be a disappointing year for mid cap investors, and a disappointing year for JPMorgan Mid Cap. For only the second year in the last nine, the mid cap market underperformed the headline FTSE 100 Index, and for the first calendar year since the end of the bear market of 2000 to 2002 in UK equities, the mid cap index declined in value. The vast majority of this fall in value of the FTSE 250 Index occurred from June 2007 onwards. Whilst in the last full year accounts, published in September 2007, we were able to report that the mid cap market had finished the year to 30th June close to the May 2007 all time highs, in the six months ended 31st December 2007 the mid cap market has declined steadily. Over the six months of the interim period, the FTSE 250 Index has declined from a starting level of 11528 to a period end level of 10658, a price fall of 7.5%. As the interim period unfolded, investor confidence in the UK economy, UK equities in general, and mid cap equities in particular, has steadily ebbed away. Investors are nervous that the UK economy is heading into recession, that the Northern Rock debacle has fundamentally damaged the British banking system, putting a squeeze on lending criteria to consumers and companies alike, that policy makers (the Bank of England and the Treasury) will be unable to do much to alleviate these developments, and that mid cap stocks in particular will suffer in this environment. These factors, coupled with the fact that most UK institutional investors and hedge funds are structurally overweight in mid cap equities and have been looking to reduce their exposures, have all put downward pressure on mid cap share prices in recent months.

## Portfolio

It is our investment philosophy that cheap companies, and fast growing companies, with improving fundamentals, will outperform the overall market over the long term. We therefore aim to build consistently a portfolio for the Company that is overweight in both the best of value companies and the best of growth companies, whilst also ensuring that the management of the companies selected for your portfolio demonstrate capital discipline. Overall the portfolio should therefore be more lowly valued than the FTSE 250 Index, have more growth expected of it, and have better fundamentals.

Over the latest financial half year the Company's net assets per share (NAV) fell from 799.3p to 670.6p, giving a total return with net income reinvested of -14.0%, which compared to a total return on the FTSE 250 ex IT Index of -7.5%. Over the same period the Company's shares fell from a mid price of 695.5p to 548.0p, and with dividends gave a total return to shareholders of -20.0%. The difference between the return to shareholders and the NAV return over the period was accounted for by a widening of the discount from 12.4% to 17.4%.

The last six months has been a particularly challenging period for JPMorgan Mid Cap. Against a backdrop of a declining FTSE 250 Index benchmark, the companies we have invested in have not on the whole performed well, so that stock selection has reduced shareholders' returns by 6.7% in this period. In addition, our strategic and tactical decisions to be geared (which over the longer term have added a lot of value to shareholders) put an additional drag on returns in this period, of 1.6%. Share buy-backs and other effects were a small positive offset in the six months, adding 1.8% back to shareholders' returns. With hindsight, your managers took too sanguine a view about the growth prospects and likely

## Investment Managers' Report continued

sentiment for mid caps in the latest half year, and held the wrong stocks with the wrong level of tactical gearing as a result.

For the six months under review, the five biggest positive contributors to portfolio performance among stocks held were Stagecoach, Game Group, Burren Energy, IG Group, and Petrofac; whilst the stocks held which detracted most from performance were Savills, Michael Page, SThree, FKI, and Morgan Crucible. Of the stocks adding the most to relative performance in the interim period, all were substantial overweight positions within the portfolio, each of which delivered a stock return of 23% or better. Trading updates from Stagecoach, Game Group, IG Group, and Petrofac during the period all beat market growth expectations, propelling the shares higher; whilst for Burren Energy, the on/off/on again courtship with the Italian oil major ENI was finally amicably concluded in an agreed all cash take-over. Of the detractors, all delivered negative stock returns of 35% or worse, and are all economically sensitive or cyclical companies, where market sentiment turned down savagely in the latest period. Of the companies, only FKI warned on profits prospects in this period, whilst both Savills and Morgan Crucible sounded cautious notes about 2008 in trading updates. For the staffing companies, Michael Page and SThree, trading updates remained robust – with strong growth reported – but market sentiment cared little, as the view formed that these companies would suffer profits disappointments in due course. All of the major detractors fell to very low valuation levels as a result of their poor share price performances.

### Future Outlook

At the time of the last full year accounts, we suggested that the weakness that had been witnessed in the mid cap market over the summer months of 2007 had created a buying opportunity for our preferred mid cap stocks. We must now recognise that we were too early, and too optimistic, in trying to call a bottom in the sell off of mid cap stocks in the autumn of 2007. As autumn has given way to winter, so a much deeper gloom than we expected has settled over the mid cap market, with share price falls continuing into the first weeks of 2008. The market consensus is now largely that 2008 will be a year of less economic growth than 2007, as UK consumers continue to rein back their expenditure and as UK banks tighten their lending criteria to rebuild their battered balance sheets; and perhaps a year of no growth at all if the slowdown turns into a recession. Under these circumstances the received wisdom is that UK consumer stocks and sectors will face a tough time, as will companies that are highly indebted with short term debt. Stock broking analysts have already begun to trim their forecasts for profits, earnings, and dividend growth across the breadth of the UK mid cap market for 2008, in particular focusing on economically sensitive sectors such as general retailers, house builders, and leisure. The consensus for earnings growth for 2008 at the time of writing for the mid cap market is 9.5%, but most commentators believe this number will be revised downward steadily as we progress through the year. We agree that further downgrades to profits and earnings forecasts for the mid cap market as a whole should be expected, and that in some cases these downgrades will be accompanied by further share price falls. However we also feel that such has been the fall in prices for the mid cap market already, in advance of the yet to be reported downgrades, that mid cap valuations already reflect much of the bad news that is now expected. On consensus earnings expectations, the mid cap market is currently valued at a little over 11 times 2008 earnings, with a dividend yield of around 3%, a 20% reduction in the valuation over the last six months. Mid caps no longer trade on a valuation premium to large cap stocks. Whilst we expect that investors will remain nervous over the coming months, and that the mid cap market will remain volatile, we also believe that some bargain basement opportunities are also emerging within the mid cap market, which over a medium term horizon will be handsomely rewarded. Later in 2008, when the effects of lower interest rates are beginning to be felt, overall mid cap market volatility should also abate, and allow the mid cap index to regain some of the recently lost ground.

**Jeremy Wells**

**Christopher Llewelyn**

Investment Managers

14th February 2008

## Ten Largest Investments

as at 31st December 2007

<b>Company</b>	<b>Sector</b>	<b>Valuation £'000</b>	<b>%<sup>1</sup></b>
Stagecoach	Consumer services	6,894	3.2
EMAP	Consumer services	6,555	3.1
Aggreko	Industrials	5,708	2.7
Amlin	Financials	5,493	2.6
Burren Energy	Oil & Gas	5,541	2.6
Cookson	Industrials	5,470	2.6
Investec	Financials	5,464	2.6
Hays	Industrials	5,426	2.5
John Wood Group	Oil and Gas	5,413	2.5
Game	Consumer services	5,403	2.5
<b>Total</b>		<b>57,367</b>	<b>26.9</b>

<sup>1</sup>Based on total assets less current liabilities of £213.2m other than loan facilities repayable within one year.

<sup>2</sup>As at 30th June 2007, the value of the ten largest investments amounted to £63,948,000 representing 24.3% of total assets less current liabilities.

## Portfolio Analysis

	31st December 2007 %	30th June 2007 %
FT-SE Mid 250 Index	94.0	96.6
FT-SE 100 Index	2.7	2.9
Small companies	2.1	0.4
Liquidity fund	1.2	0.1
	100.0	100.0

Based on total assets less current liabilities of £213.2m (30th June 2007: £263.9m) other than facilities repayable within one year.

## Sector Analysis

	31st December 2007		30th June 2007	
	Portfolio %	Benchmark %	Portfolio %	Benchmark %
Industrials	32.4	31.0	34.4	32.8
Consumer Services	23.5	21.8	19.8	22.6
Financials	16.6	16.6	22.3	18.7
Oil & Gas	11.3	7.0	6.4	6.8
Consumer Goods	8.0	8.8	13.8	9.2
Technology	3.0	4.7	1.5	4.8
Basic Materials	2.9	4.7	1.5	1.9
Utilities	1.1	2.8	0.2	1.4
Telecommunications	—	1.4	—	0.9
Healthcare	—	1.2	—	0.9
Liquidity fund	1.2	—	0.1	—
	100.0	100.0	100.0	100.0

Based on total assets less current liabilities of £213.2m (30th June 2007: £263.9m) other than facilities repayable within one year.

# Income Statement

for the six months ended 31st December 2007

	<b>(Unaudited)</b> <b>Six months ended</b> <b>31st December 2007</b>			<b>(Unaudited)</b> <b>Six months ended</b> <b>31st December 2006</b>			<b>(Audited)</b> <b>Year ended</b> <b>30th June 2007</b>		
	<b>Revenue</b> <b>£'000</b>	<b>Capital</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>	<b>Revenue</b> <b>£'000</b>	<b>Capital</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>	<b>Revenue</b> <b>£'000</b>	<b>Capital</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
<b>(Losses)/gains from investments held at fair value through profit or loss</b>	—	(36,494)	(36,494)	—	46,617	46,617	—	46,400	46,400
Income from investments	2,833	—	2,833	2,761	—	2,761	5,984	—	5,984
Other interest receivable and similar income	7	—	7	13	—	13	19	—	19
<b>Gross return/(loss)</b>	<b>2,840</b>	<b>(36,494)</b>	<b>(33,654)</b>	<b>2,774</b>	<b>46,617</b>	<b>49,391</b>	<b>6,003</b>	<b>46,400</b>	<b>52,403</b>
Management fee	(160)	(375)	(535)	(169)	(395)	(564)	(360)	(840)	(1,200)
Other administrative expenses	(163)	—	(163)	(163)	—	(163)	(298)	—	(298)
<b>Net return/(loss) on ordinary activities before finance costs and taxation</b>	<b>2,517</b>	<b>(36,869)</b>	<b>(34,352)</b>	<b>2,442</b>	<b>46,222</b>	<b>48,664</b>	<b>5,345</b>	<b>45,560</b>	<b>50,905</b>
Finance costs	(381)	(889)	(1,270)	(336)	(785)	(1,121)	(656)	(1,530)	(2,186)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>2,136</b>	<b>(37,758)</b>	<b>(35,622)</b>	<b>2,106</b>	<b>45,437</b>	<b>47,543</b>	<b>4,689</b>	<b>44,030</b>	<b>48,719</b>
Taxation	—	—	—	—	—	—	—	—	—
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>2,136</b>	<b>(37,758)</b>	<b>(35,622)</b>	<b>2,106</b>	<b>45,437</b>	<b>47,543</b>	<b>4,689</b>	<b>44,030</b>	<b>48,719</b>
<b>Return/(loss) per share</b> (note 4)	<b>7.65p</b>	<b>(135.23)p</b>	<b>(127.58)p</b>	<b>6.90p</b>	<b>148.82p</b>	<b>155.72p</b>	<b>15.53p</b>	<b>145.85p</b>	<b>161.38p</b>

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

Six months ended 31st December 2007(Unaudited)

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 30th June 2007</b>	7,308	2,692	215,810	7,841	233,651
Shares bought back and cancelled	(518)	518	(13,244)	—	(13,244)
Net (loss)/return on ordinary activities	—	—	(37,758)	2,136	(35,622)
Dividends appropriated in the period	—	—	—	(2,643)	(2,643)
<b>At 31st December 2007</b>	6,790	3,210	164,808	7,334	182,142

Six months ended 31st December 2006 (Unaudited)

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 30th June 2006</b>	7,777	2,223	184,165	7,231	201,396
Shares bought back and cancelled	(206)	206	(4,806)	—	(4,806)
Net return on ordinary activities	—	—	45,437	2,106	47,543
Dividends appropriated in the period	—	—	—	(2,587)	(2,587)
<b>At 31st December 2006</b>	7,571	2,429	224,796	6,750	241,546

Year ended 30th June 2007 (Audited)

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
<b>At 30th June 2006</b>	7,777	2,223	184,165	7,231	201,396
Shares bought back and cancelled	(469)	469	(12,385)	—	(12,385)
Net return on ordinary activities	—	—	44,030	4,689	48,719
Dividends appropriated in the year	—	—	—	(4,079)	(4,079)
<b>At 30th June 2007</b>	7,308	2,692	215,810	7,841	233,651

# Balance Sheet

as at 31st December 2007

	(Unaudited) 31st December 2007 £'000	(Unaudited) 31st December 2006 £'000	(Audited) 30th June 2007 £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss	213,022	270,130	263,923
<b>Current assets</b>			
Debtors	294	453	983
Cash and short term deposits	223	244	292
	517	697	1,275
<b>Creditors:</b> amounts falling due within one year	(21,927)	(19,819)	(22,081)
<b>Net current liabilities</b>	(21,410)	(19,122)	(20,806)
<b>Total assets less current liabilities</b>	191,612	251,008	243,117
<b>Creditors:</b> amounts falling due after more than one year	(9,470)	(9,462)	(9,466)
<b>Total net assets</b>	182,142	241,546	233,651
<b>Capital and reserves</b>			
Called up share capital	6,790	7,571	7,308
Capital redemption reserve	3,210	2,429	2,692
Capital reserve	164,808	224,796	215,810
Revenue reserve	7,334	6,750	7,841
<b>Shareholders' funds</b>	182,142	241,546	233,651
<b>Net asset value per share</b> (note 5)	670.6p	797.6p	799.3p

# Cash Flow Statement

for the six months ended 31st December 2007

	(Unaudited) Six months ended 31st December 2007 £'000	(Unaudited) Six months ended 31st December 2006 £'000	(Audited) Year ended 30th June 2007 £'000
Net cash inflow from operating activities (note 6)	2,239	2,365	4,890
Net cash outflow from returns on investments and servicing of finance	(1,242)	(1,090)	(2,214)
Net cash inflow from capital expenditure and financial investment	14,673	5,564	11,288
Dividends paid	(2,643)	(2,587)	(4,079)
Net cash outflow from financing	(13,096)	(5,806)	(11,391)
<b>Decrease in cash for the period</b>	<b>(69)</b>	<b>(1,554)</b>	<b>(1,506)</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Decrease in cash for the period	(69)	(1,554)	(1,506)
Cash (inflow)/outflow from changes in debt	(700)	1,000	(300)
Changes in net debt arising from cash flows	(769)	(554)	(1,806)
Net debt at the beginning of the period	(29,974)	(28,161)	(28,161)
Amortisation of issue expenses	(4)	(3)	(7)
<b>Net debt at the end of the period</b>	<b>(30,747)</b>	<b>(28,718)</b>	<b>(29,974)</b>
<b>Represented by:</b>			
Cash and short term deposits	223	244	292
Debt due within one year	(21,500)	(19,500)	(20,800)
Debt due after five years	(9,470)	(9,462)	(9,466)
<b>Net debt</b>	<b>(30,747)</b>	<b>(28,718)</b>	<b>(29,974)</b>

# Notes to the Accounts

for the six months ended 31st December 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.

## 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 30th June 2007.

## 3. Dividends

	(Unaudited) Six months ended 31st December 2007 £'000	(Unaudited) Six months ended 31st December 2006 £'000	(Audited) Year ended 30th June 2007 £'000
Final dividend in respect of the year ended 30th June 2007 of 9.5p (2006: 8.5p) <sup>1</sup>	2,643	2,587	2,587
Interim dividend in respect of the six months ended 31st December 2006 of 5.0p	N/a	N/a	1,492
	2,643	2,587	4,079

An interim dividend of 5.5p has been declared in respect of the six months ended 31st December 2007, costing £1,494,000.

<sup>1</sup>The Company declared a dividend of £2,777,000 (2006: £2,644,000) but the dividend paid amounted to £2,643,000 (2006: £2,587,000) as a result of share buybacks after the year end but prior to the record date.

## 4. Return/(Loss) per share

	(Unaudited) Six months ended 31st December 2007 £'000	(Unaudited) Six months ended 31st December 2006 £'000	(Audited) Year ended 30th June 2007 £'000
Return/(Loss) per share is based on the following:			
Revenue return	2,136	2,106	4,689
Capital (loss)/return	(37,758)	45,437	44,030
Total (loss)/return	(35,622)	47,543	48,719
Weighted average number of shares in issue	27,921,446	30,530,923	30,188,673
Revenue return per share	7.65p	6.90p	15.53p
Capital (loss)/return per share	(135.23)p	148.82p	145.85p
Total (loss)/return per share	(127.58)p	155.72p	161.38p

## 5. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue at 31st December 2007 of 27,159,380 (31st December 2006: 30,285,000 and 30th June 2007: 29,232,000).

# Notes to the Accounts continued

for the six months ended 31st December 2007

## 6. Reconciliation of operating revenue to net cash inflow from operating activities

	(Unaudited) Six months ended 31st December 2007 £'000	(Unaudited) Six months ended 31st December 2006 £'000	(Audited) Year ended 30th June 2007 £'000
<b>Reconciliation of operating revenue to net cash inflow from operating activities</b>			
Net (loss)/return before finance costs and taxation	(34,352)	48,664	50,905
Capital loss/(return) before finance costs and taxation	36,869	(46,222)	(45,560)
Decrease in accrued income	428	314	57
Increase in other debtors	(5)	(11)	(18)
(Increase)/decrease in accrued expenses	(100)	15	346
Expenses charged to capital	(601)	(395)	(840)
<b>Net cash inflow from operating activities</b>	<b>2,239</b>	<b>2,365</b>	<b>4,890</b>

## 7. Contingent asset

In 2004 the AIC lodged a joint appeal for the payment of investment trust management fees to be exempt from VAT. In November 2007 HM Revenue and Customs ("HMRC") announced their withdrawal from the case. This means that henceforth, VAT will no longer be charged on investment management fees and that the Company is entitled to seek reimbursement of VAT paid in the past. The Manager has filed protective claims for the period subsequent to 1st February 2001 and as a result an amount in excess £1.0 million is potentially recoverable for this period. In addition, a decision in the court of appeal has opened the possibility for further VAT recovery from HMRC for the period from 1st January 1990 to 4th December 1996. There is no potential claim for the intervening period from 5th December 1996 to 31st January 2001. In the absence of a definitive agreement with the Manager or specific guidance from HMRC as to how the reclaims will be effected, it is not yet possible to quantify the amount or timing of any recovery. Accordingly no asset has been recognised in the accounts at 31st December 2007.

## 8. Accounts for the year ended 31st June 2007

The figures and financial information for the year ended 30th June 2007 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.

# Interim Management Report

The Company is now required to make the following disclosures in its half year report.

## Principal Risks and Uncertainities

The principal risks and uncertainties faced by the Company fall into five broad categories: investment and strategy; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 30th June 2007.

## Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company during the period.

## Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

for and on behalf of the Board  
Andrew Barker  
Chairman

## 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.

### Actual gearing factor

Investments expressed as a percentage of shareholders' funds. This shows the effect of gearing on the NAV if the market value of the portfolio was to increase by 100%. This calculation excludes any holding in the JPMorgan Sterling Liquidity Fund, which is held as an alternative to cash.

### 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.

# Information about the Company

## Financial Calendar

Financial year end	30th June
Interim results announced	February
Final results announced	October
Half yearly dividends on ordinary shares paid	November, April
11% Debenture Stock 2011/16 interest paid	1st December, 1st June
Annual General Meeting	November

## History

JPMorgan Mid Cap Investment Trust plc was launched in 1972 as Crossfriars Trust Limited. The Company changed its name to The Fleming Enterprise Investment Trust plc in 1982. It adopted its current investment policy of concentrating on FTSE 250 companies in 1993. The Company changed its name to The Fleming Mid Cap Investment Trust plc in October 1998, JPMorgan Fleming Mid Cap Investment Trust plc in October 2001 and adopted its present name on 9th November 2005.

## Directors

Andrew Barker (Chairman)  
John Emly  
Gordon McQueen  
Alexander Scott

## Company Numbers

Company registration number: 1047690  
London Stock Exchange Sedol number: 0235761  
Bloomberg code: JMF LN  
Reuters code: JMF 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, Financial Times, The Independent, The Scotsman, The Times, The Guardian, on BBC Ceefax and on the Company's website at [www.jpmmidcap.com](http://www.jpmmidcap.com), where the share price is updated every 15 minutes during trading hours.

## Website

[www.jpmmidcap.co.uk](http://www.jpmmidcap.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: 0207 742 6000

For company secretarial and administrative matters, please contact Andrew Norman.

## Registrars

Equiniti  
Reference 1082  
Aspect House  
Spencer Road  
Lancing  
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 1082.

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

## Auditors

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

## Brokers

Dresdner Kleinwort  
30 Gresham Street  
London EC2V 3PG

## Savings Product Administrators

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

**aic**

The Association of  
Investment Companies A member of the AIC

# 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.jpmmidcap.co.uk](http://www.jpmmidcap.co.uk)