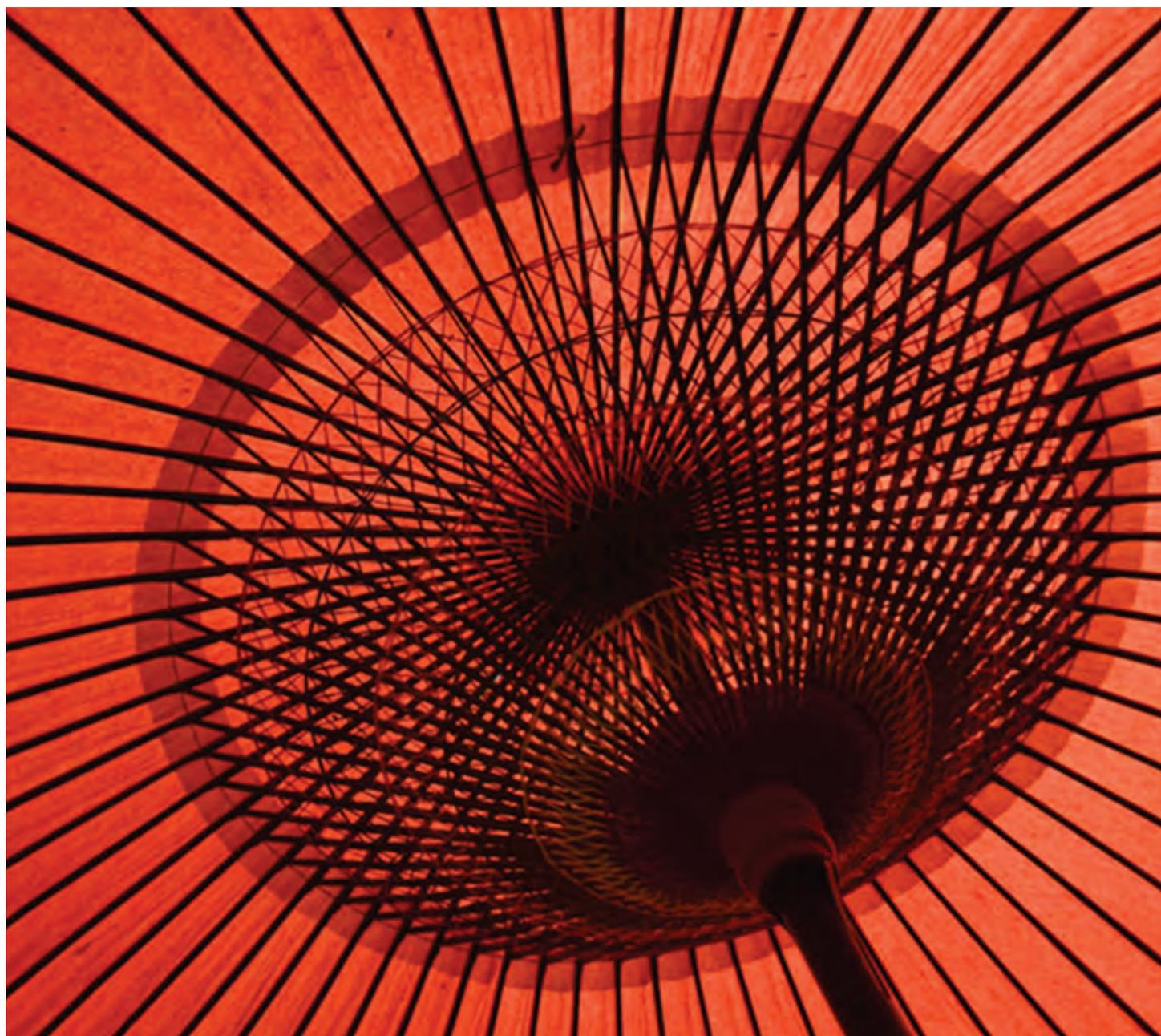

JPMorgan Japanese Investment Trust plc

Half Year Report & Accounts for the six months ended 31st March 2016



Features

Objective

Capital growth from Japanese investments.

Investment Policy

- To maintain a portfolio almost wholly invested in Japan.
- To use gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 15% geared in normal market conditions.
- To invest no more than 15% of its gross assets in any listed company (including investment trusts).

Benchmark

The Tokyo Stock Exchange First Section Index ('TOPIX') expressed in sterling terms.

Capital Structure

UK domiciled. Full listing on the London Stock Exchange and the New Zealand Stock Exchange.

As at 31st March 2016, the Company's share capital comprised 161,248,078 ordinary shares of 25p each.

Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager ('AIFM'). JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

FCA Regulation of 'Non-Mainstream Pooled Investments'

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Website

The Company's website can be found at www.jpmmjapanese.co.uk and includes useful information about the Company, such as daily prices, factsheets and current and historic half year and annual reports.

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Half Year Performance to 31st March 2016

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

+8.5%

Return to shareholders¹

+14.2%

Return on net assets²

+8.3%

Benchmark return³

Financial Data

	31st March 2016	30th September 2015	% change
Shareholders' funds (£'000)	524,875	463,577	+13.2
Number of shares in issue	161,248,078	161,248,078	0.0
Net asset value per share	325.5p	287.5p	+13.2
Share price	276.3p	257.3p	+7.4
Share price discount to net asset value per share	15.1%	10.5%	
Exchange rate	£1 = ¥161.5	£1 = ¥181.4	-11.0
Gearing	8.8%	7.7%	+14.3
Ongoing Charges	0.76%	0.77%	-1.3

A dividend of 2.80p per share was paid in the period.

A glossary of terms and definitions is provided on page 17.

¹ Source: Morningstar.

² Source: J.P. Morgan.

³ Source: Datastream. The Company's benchmark is the Tokyo Stock Exchange First Section Index (TOPIX) expressed in sterling terms.

About the Company

CHAIRMAN'S STATEMENT



Performance

I am pleased to report that for the six months ended 31st March 2016 the total return to shareholders was +8.5% in sterling terms, with a total return on net assets of +14.2%, compared with a rise in the Company's benchmark of +8.3%.

In my Chairman's Statement in the Annual Report and Accounts for the year ending 30th September 2015 I described how your Company's Investment Managers successfully repositioned the portfolio partly in response to the election of Mr Abe as Prime Minister of Japan in late 2012. Your Company's Board regularly subjects the portfolio to backward-looking "what if" analysis to see whether the activity of the Manager has added value. I am very pleased to report that, for example, over the five years to 31st March 2016 the return from a buy and hold strategy measuring the starting portfolio over that period would have been +46.4%¹, whereas the return from the actual active portfolio decisions, including the portfolio repositioning referred to above, was +83.1%¹. Over the five years to 31st March 2016 the total return to shareholders was +73.3%² in sterling terms compared to a rise in the Company's benchmark, the TOPIX, of 39.9%³.

Revenue and Dividends

As emphasised in previous Chairman's Statements, dividend payments from Japanese companies are unpredictable and dividends paid to the Company's shareholders in previous years should not be taken as a guide to future payments. In respect of the year ended 30th September 2015, we paid a dividend of 2.80p per share, in line with the previous year.

Discount Management

The Board has guidelines in place with regard to the management of any discount/premium that may develop between the Company's share price and its net asset value per share and to enhance returns to shareholders. The Company did not repurchase any shares during the period under review.

Gearing

The Board of Directors sets the overall strategic gearing policy and guidelines and reviews these at each meeting. As at the date of this report, the Company was 9.9% geared. The Company has a term loan of JP¥9 billion with National Australia Bank which expires on 29th July 2020, and a revolving credit facility with National Australia Bank (currently undrawn) which matures in July 2016.

Directorate

As announced in my statement in the Annual Report and Accounts for the year ended 30th September 2015, Alan Barber and Keith Percy will retire as Directors during 2016 and recruitment of new Board members is under way.

¹ Source: FactSet.

² Source: Morningstar.

³ Source: Datastream.

CHAIRMAN'S STATEMENT *CONTINUED*

Outlook

The outlook over the next six months for Japanese equities will be largely determined by changes in the US dollar/yen exchange rate as the stock market has recently been exhibiting a more than usually high correlation with exchange rate movements. There continues to be doubts about structural reform which is the third of Mr Abe's Three Arrows "Abenomics" programme. There are also doubts about whether higher corporate profitability, partly engineered by the weaker yen exchange rate, will feed through to higher wages which will significantly determine whether a self-sustaining economic cycle can develop in Japan without taking growth from the rest of the world essentially through competitive currency devaluation.

The Board is very encouraged by the success of a clearly outlined strategy of actively seeking to invest in attractive growth companies in Japan. In this sense we feel it is an interesting time to be an active investor in Japan and the Company's Managers are confident in their ability to continue to find attractive opportunities.

Andrew Fleming
Chairman

23rd May 2016

INVESTMENT MANAGERS' REPORT



Nicholas Weindling



Shoichi Mizusawa

The benchmark TOPIX index rose by 8.3%¹ in sterling terms for the six month period ended 31st March 2016 with the Company's NAV rising by 14.2%². Over three years the Company has achieved a NAV return of 46.6%³ versus 21.1%¹ for the index. The returns over five years are set out in the Chairman's Statement.

These returns have been generated from an investment strategy that remains broadly unchanged and can be summarised as follows:

- The Company's portfolio is overweight in quality and growth stocks. This is a reflection of our investment style but also a reflection of the assumption that, in a world where growth is scarce, growth will continue to command higher-than-normal valuation premia.
- The portfolio is underweight in financial stocks and high-beta cyclicals. In the case of financials it is hard to see sustained profit growth in the current negative interest rate environment. For cyclicals we are more concerned about the competitiveness of these businesses than weakness in the global economy.
- Above all, we try to identify company-specific growth opportunities that can withstand external shocks and can be sustained over the long-term.

The key long-term themes in the fund include the ageing population, use of the internet and online content, domestic consolidation, Japanese brands that have globally strong positions, factory automation, Japanese companies that are growing in Asian markets, healthcare and the increase in inbound tourists. We also believe that Japanese companies are starting to make progress in terms of improving corporate governance and shareholder returns and are seeking to take advantage of this in the portfolio.

Review

Globally concerns over the strength of the economic recovery continued with a sharp sell-off in Chinese shares and falls in commodity prices. However, by the end of March, these concerns had begun to fade.

Within Japan, economic data was mixed. On the one hand the labour market is as tight as at any point in the last twenty years and there is some evidence of rising wages. On the other hand GDP data has been disappointing due to poor export performance and relatively weak domestic consumption.

Prime Minister Abe remained reasonably popular while Bank of Japan Governor Kuroda continued with aggressive monetary easing. A key element of this monetary easing was the Bank of Japan's decision at the end of January to move to a negative interest rate policy. It is still too early to reach conclusions on the effectiveness of this tool but the share prices of financial companies, such as banks, fell significantly as this is likely to weigh on their profits for the foreseeable future.

One positive effect could be that companies will start to use their large cash balances in more productive ways including investment or shareholder returns. At the very least we can say that the Bank of Japan and the government remain committed to boosting growth. The next major decision will be on whether to raise the consumption tax again in 2017.

Corporate performance continued to be strong with Japanese companies announcing record profits for 2015 financial years. Dividends are continuing to rise while the pace of share buybacks is accelerating. In the long-term view we believe it is the sustainability of improvements in corporate governance at Japanese companies that can drive valuations of the market higher.

INVESTMENT MANAGERS' REPORT *CONTINUED*

Portfolio Performance

The outperformance versus the benchmark was due primarily to stock selection and, to a lesser extent, asset allocation. At the asset allocation level the underweight in financials, such as banks and insurance, was particularly helpful as the profits of these companies will be damaged by the new negative interest rate policy. The overweight in services, where there are many companies providing compelling investment opportunities, was a major positive contributor to performance. Gearing had a negative effect as the market fell in yen terms.

Over the period we added to the chemical sector, where we are focusing on Japanese cosmetics and consumer goods brands which have potential to grow strongly in Asia, and information and communications where companies are increasing shareholder returns. By contrast we reduced exposure to electric appliances, where we have become more concerned about the maturity of the smart phone cycle, and banks, where we are worried about the long-term profit outlook.

The top performing stock in the portfolio was Ono Pharmaceutical. Its key drug, Opdivo, is a treatment for cancer and is licensed out to Bristol Myers Squibb in the USA. The development of the drug has progressed well and it is likely to transform the profit outlook of the company. Monotaro is a business-to-business e-commerce company that is disrupting the traditional Japanese business model of supplying goods via trading companies. We believe that it has many years of growth ahead as it still has a very small share of this industry. M3 is a unique company that operates websites for doctors around the world. Amongst other businesses, its M.R. Kun segment promotes drugs to doctors over the internet. Using this marketing method pharmaceutical companies are able to dramatically cut costs. NEXT is a property website similar to Rightmove in the UK. The online real estate market in Japan is still at a relatively early stage of development. Keyence manufactures sensors which are used in factory automation. It has world leading profitability with operating margins in excess of 50%. Over the last few years the percentage of overseas sales has increased dramatically. Although Japanese companies have lost competitive advantage in some areas such as consumer electronics, we believe they remain pre-eminent in robotics and automation, an area which should continue to grow as manufacturing companies try to reduce labour costs, particularly in China. Monotaro, M3 and Keyence were the top three overweight positions for the Company at the end of March.

Stocks that detracted from performance included Cookpad, Rakuten, Laox, Toyo Tire and Kaken Pharmaceutical. Cookpad was a long-standing holding due to its very high usage rate with women aged 20-50 for its online recipes. However, the founder announced a proposal to remove the members of the board due to a disagreement in the future direction of their company. We immediately sold our entire holding. Rakuten is Japan's number one e-commerce company but the shares have performed poorly due to concerns over increasing competition with Yahoo and Amazon. We continue to hold as we believe the long-term opportunity both in e-commerce and online financial services remains attractive. Laox is a retailer that had been benefitting from the surge in tourist numbers over the last couple of years. However, we noticed that consumption patterns were changing particularly for Chinese tourists with them buying more daily goods such as pharmaceuticals and cosmetics. We sold the stock and replaced it with Pola Orbis, a skin care company. We also sold the positions in Toyo Tire, where we are concerned about large increases in tyre supply globally, and Kaken Pharmaceutical where the growth rates of new products have been beneath expectations.

Outlook

Japan is a cyclical stock market due to its large exposure to global manufacturing sectors relative to other major markets as well as relative to its own economy. Uncertainty over the global macro environment could weigh on the Japanese market in the near term. Japanese economic data continues to be lacklustre while the effect of the Bank of Japan's unorthodox policies is unclear. So far there is no evidence of higher wages and lower commodity prices feeding back into higher consumption. Companies have recently announced forecasts for 2016. Although profits hit a record level in 2015, forecasts have been disappointing with profits projected to fall. This is predominately due to the stronger yen. However, companies in the portfolio have made more upbeat statements as their growth is less contingent on the currency and economic conditions. We are also encouraged by continued progress on shareholder returns with several large share buyback announcements, including from stocks held in the Company's portfolio such as NTT, KDDI, Marui and Fuji Heavy Industries.

While the above are risks, our base case remains that the global economy will continue to expand, albeit slowly. Corporate governance reform in terms of better capital management and shareholder returns, combined with unwinding of cross shareholding, are slowly but steadily taking hold. Combined with undemanding valuations, we remain positive on Japanese equities in general, and on the companies that we own in the portfolio in particular.

Nicholas Weindling
Shoichi Mizusawa
Investment Managers

23rd May 2016

¹ Source: Datastream.

² Source: J.P. Morgan.

³ Source: Morningstar.

Investment Review

LIST OF INVESTMENTS AT 31ST MARCH 2016

Company	Sector ¹	Valuation £'000	%
Nippon Telegraph & Telephone	Information & Communications	22,440	3.9
KDDI	Information & Communications	20,905	3.7
Keyence	Electric Appliances	20,778	3.6
MonotaRO	Retail Trade	18,776	3.3
Japan Tobacco	Foods	18,075	3.2
M3	Services	17,370	3.1
ONO Pharmaceutical	Pharmaceuticals	16,208	2.8
Oriental Land	Services	15,672	2.8
Sohgo Securities	Services	14,834	2.6
Fuji Heavy Industries	Transportation Equipment	14,587	2.6
Don Quijote	Retail Trade	13,615	2.4
Shimano	Transportation Equipment	12,266	2.2
Sysmex	Electric Appliances	11,633	2.0
Nippon Shinyaku	Pharmaceuticals	11,249	2.0
Lion	Chemicals	11,112	1.9
Cosmos Pharmaceutical	Retail Trade	10,881	1.9
SMC	Machinery	10,758	1.9
Pola Orbis Holdings	Chemicals	10,224	1.8
Kao	Chemicals	9,896	1.7
Next	Services	9,609	1.7
Japan Exchange	Other Financing Business	9,254	1.6
Sanwa	Metal Products	9,122	1.6
Nihon M&A Center	Services	9,074	1.6
Daikin Industries	Machinery	8,959	1.6
Hoshizaki Electric	Machinery	8,454	1.5
DaiichiKosho	Wholesale Trade	8,357	1.5
Acom	Other Financing Business	7,974	1.4
Nifco	Chemicals	7,930	1.4
Seria	Retail Trade	7,755	1.4
Nidec	Electric Appliances	7,703	1.3
Otsuka	Information & Communications	7,626	1.3
Pigeon	Other Products	7,373	1.3
Rakuten	Services	7,364	1.3
Sosei	Pharmaceuticals	7,173	1.3
H.I.S	Services	7,011	1.2
Fanuc	Electric Appliances	6,958	1.2
Santen Pharmaceutical	Pharmaceuticals	6,948	1.2
HOYA	Precision Instruments	6,947	1.2
Mabuchi Motor	Electric Appliances	6,925	1.2
Murata	Electric Appliances	6,596	1.2
Unicharm	Chemicals	5,932	1.0
Asahi Intecc	Precision Instruments	5,872	1.0

Company	Sector ¹	Valuation £'000	%
Kose	Chemicals	5,724	1.0
Nippon Prologis REIT	Real Estate	5,657	1.0
Orix	Other Financing Business	5,654	1.0
Cyberagent	Services	5,577	1.0
Miura	Machinery	5,514	1.0
Asahi	Foods	5,415	0.9
ABC-Mart	Retail Trade	5,250	0.9
Casio Computer	Electric Appliances	5,198	0.9
Sundrug	Retail Trade	5,096	0.9
Astellas Pharma	Pharmaceuticals	5,039	0.9
Kakaku.com	Services	4,963	0.9
Kewpie	Foods	4,954	0.9
Sho-Bond	Construction	4,938	0.9
Industrial & Infrastructure Fund	Other Financing Business	4,873	0.9
GMO Payment Gateway	Information & Communications	4,873	0.9
Trend Micro	Information & Communications	4,730	0.8
Suruga Bank	Banks	4,615	0.8
Marui	Retail Trade	4,595	0.8
Infomart Corporation	Services	4,266	0.7
Rinnai	Metal Products	3,950	0.7
Start Today	Retail Trade	3,200	0.6
Park24	Real Estate	2,852	0.5
Kubota	Machinery	2,539	0.4
Nakanishi	Precision Instruments	1,958	0.3
Total Portfolio		569,625	100.0

¹ Tokyo Stock Exchange classifications.

SECTOR ANALYSIS

	At 31st March 2016		At 30th September 2015	
	Portfolio %	Benchmark ¹ %	Portfolio %	Benchmark ¹ %
Processing	55.4	47.3	60.0	46.1
Services	16.9	3.8	16.7	3.3
Electric Appliances	11.4	11.6	20.1	11.5
Information & Communications	10.6	8.2	6.7	7.0
Machinery	6.4	4.6	3.3	4.3
Transportation Equipment	4.8	9.8	5.0	11.1
Precision Instruments	2.5	1.6	1.6	1.4
Wholesale Trade	1.5	4.2	1.9	3.9
Other Products	1.3	1.6	2.1	1.7
Rubber Products	–	1.0	2.2	1.0
Glass & Ceramics Products	–	0.9	0.4	0.9
Consumer	25.4	19.0	19.7	17.8
Retail Trade	12.2	5.1	10.7	5.2
Pharmaceuticals	8.2	5.6	6.7	5.0
Foods	5.0	5.1	2.3	4.5
Other Consumer	–	3.2	–	3.1
Basic	11.1	7.6	6.3	7.5
Chemicals	8.8	6.1	4.7	5.9
Metal Products	2.3	0.7	1.6	0.7
Nonferrous Metals	–	0.8	–	0.9
Financial	5.7	12.2	10.5	14.8
Other Financing Business	4.9	1.4	5.0	1.3
Banks	0.8	7.4	5.5	9.6
Insurance	–	2.3	–	2.6
Security & Commodity Futures	–	1.1	–	1.3
Assets	2.4	6.1	3.5	6.0
Real Estate	1.5	2.9	2.6	3.0
Construction	0.9	3.2	0.9	3.0
Utilities	–	7.8	–	7.8
Total	100.0	100.0	100.0	100.0

¹ Based on the total portfolio investments of £569.6m (2015: £493.3m).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31ST MARCH 2016

	(Unaudited) Six months ended 31st March 2016			(Unaudited) Six months ended 31st March 2015			(Audited) Year ended 30th September 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	70,108	70,108	–	115,037	115,037	–	55,125	55,125
Net foreign currency (losses)/gains	–	(5,239)	(5,239)	–	(680)	(680)	–	2,587	2,587
Income from investments	3,536	–	3,536	3,700	–	3,700	6,970	–	6,970
Gross return	3,536	64,869	68,405	3,700	114,357	118,057	6,970	57,712	64,682
Management fee	(319)	(1,276)	(1,595)	(282)	(1,128)	(1,410)	(606)	(2,423)	(3,029)
Other administrative expenses	(298)	–	(298)	(290)	–	(290)	(592)	–	(592)
Net return on ordinary activities before finance costs and taxation	2,919	63,593	66,512	3,128	113,229	116,357	5,772	55,289	61,061
Finance costs	(69)	(276)	(345)	(69)	(277)	(346)	(147)	(587)	(734)
Net return on ordinary activities before taxation	2,850	63,317	66,167	3,059	112,952	116,011	5,625	54,702	60,327
Taxation	(354)	–	(354)	(370)	–	(370)	(697)	–	(697)
Net return on ordinary activities after taxation	2,496	63,317	65,813	2,689	112,952	115,641	4,928	54,702	59,630
Return per share (note 4)	1.55p	39.27p	40.82p	1.67p	70.05p	71.72p	3.06p	33.92p	36.98p

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 prepared under guidance issued by the Association of Investment Companies.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31ST MARCH 2016

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st March 2016						
(Unaudited)						
At 30th September 2015	40,312	8,650	166,791	241,002	6,822	463,577
Net return on ordinary activities	–	–	–	63,317	2,496	65,813
Dividends paid in the period	–	–	–	–	(4,515)	(4,515)
At 31st March 2016	40,312	8,650	166,791	304,319	4,803	524,875
Six months ended 31st March 2015						
(Unaudited)						
At 30th September 2014	40,312	8,650	166,791	186,300	6,409	408,462
Net return on ordinary activities	–	–	–	112,952	2,689	115,641
Dividend paid in the period	–	–	–	–	(4,515)	(4,515)
At 31st March 2015	40,312	8,650	166,791	299,252	4,583	519,588
Year ended 30th September 2015						
(Audited)						
At 30th September 2014	40,312	8,650	166,791	186,300	6,409	408,462
Net return on ordinary activities	–	–	–	54,702	4,928	59,630
Dividends paid in the year	–	–	–	–	(4,515)	(4,515)
At 30th September 2015	40,312	8,650	166,791	241,002	6,822	463,577

¹ This reserve forms the distributable reserve of the Company and may be used to fund distribution of profits to investors via dividend payments.

STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2016

	(Unaudited) 31st March 2016 £'000	(Unaudited) 31st March 2015 £'000	(Audited) 30th September 2015 £'000
Fixed assets			
Investments held at fair value through profit or loss	569,625	580,788	493,278
Current assets			
Debtors	2,278	2,622	6,315
Cash and cash equivalents	9,334	3,673	46,923
	11,612	6,295	53,238
Creditors: amounts falling due within one year	(650)	(67,495)	(33,329)
Net current assets/(liabilities)	10,962	(61,200)	19,909
Total assets less current liabilities	580,587	519,588	513,187
Creditors: amounts falling due after more than one year	(55,712)	–	(49,610)
Net assets	524,875	519,588	463,577
Capital and reserves			
Called up share capital	40,312	40,312	40,312
Capital redemption reserve	8,650	8,650	8,650
Other reserve	166,791	166,791	166,791
Capital reserves	304,319	299,252	241,002
Revenue reserve	4,803	4,583	6,822
Total equity shareholders' funds	524,875	519,588	463,577
Net asset value per share (note 5)	325.5p	322.2p	287.5p

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST MARCH 2016

1. Financial statements

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

The figures and financial information for the year ended 30th September 2015 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements 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 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in November 2014.

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st March 2016.

In March 2016, the FRC published amendments to FRS 102 concerning fair value hierarchy disclosures. These amendments are effective for accounting periods beginning on or after 1st January 2017. The Company has elected to early adopt these amendments in these interim financial statements. Full disclosure is given in note 6.

As a result of the first time adoption of FRS 102 and the revised SORP, comparative numbers and presentational formats have been restated where required. The Company has elected not to prepare a Statement of Cashflows for the current period on the basis that substantially all of its investments are liquid and carried at market value.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 30th September 2015.

3. Dividends paid

	(Unaudited) Six months ended 31st March 2016 £'000	(Unaudited) Six months ended 31st March 2015 £'000	(Audited) Year ended 30th September 2015 £'000
2014 final dividend of 2.80p (2013: 2.80p)	–	4,515	4,515
2015 final dividend of 2.80p (2014: 2.80p)	4,515	–	–
Total dividends paid in the period/year	4,515	4,515	4,515

No interim dividend has been declared in respect of the six months ended 31st March 2016 (2015: nil).

All dividends paid in the period have been funded from the Revenue Reserve.

NOTES TO THE FINANCIAL STATEMENTS *CONTINUED*

4. Return per share

	(Unaudited) Six months ended 31st March 2016 £'000	(Unaudited) Six months ended 31st March 2015 £'000	(Audited) Year ended 30th September 2015 £'000
Return per share is based on the following:			
Revenue return	2,496	2,689	4,928
Capital return	63,317	112,952	54,702
Total return	65,813	115,641	59,630
Weighted average number of shares in issue	161,248,078	161,248,078	161,248,078
Revenue return per share	1.55p	1.67p	3.06p
Capital return per share	39.27p	70.05p	33.92p
Total return per share	40.82p	71.72p	36.98p

5. Net asset value per share

	(Unaudited) 31st March 2016	(Unaudited) 31st March 2015	(Audited) 30th September 2015
Net assets (£'000)	524,875	519,588	463,577
Number of shares in issue	161,248,078	161,248,078	161,248,078
Net asset value per share	325.5p	322.2p	287.5p

6. Fair valuation of investments

The fair value hierarchy analysis for financial instruments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 31st March 2016		(Unaudited) Six months ended 31st March 2015		(Audited) Year ended 30th September 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices for identical instruments in active markets	569,625	–	580,788	–	493,278	–
Total value of investments	569,625	–	580,788	–	493,278	–

Shareholder Information

INTERIM MANAGEMENT REPORT

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment underperformance and strategy; market and currency; political, economic and governance; loss of investment team or investment manager; discount; change of corporate control of the Manager; 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 September 2015.

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.

Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the interim financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of the affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st March 2016, as required by the UK Listing Authority Disclosure and Transparency Rule ('DTR') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

and the Directors confirm that they have done so.

For and on behalf of the Board

Andrew Fleming

Chairman

23rd May 2016

GLOSSARY OF TERMS AND DEFINITIONS

Return to Shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

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 were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

Benchmark Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at 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 'track' this

index and consequently, there may be some divergence between the Company's performance and that of the benchmark.

Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing Charges

The Ongoing Charges represent the Company's management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average of the daily net assets during the year and is calculated in accordance with guidance issued by the AIC. The figure as at 31st March 2015 is an estimated annualised figure.

Share Price Discount/Premium to Net Asset Value ('NAV') Per Share

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The discount is shown as a percentage of the NAV per share. The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

Savings Plan

The Company participates in the J.P. Morgan Investment Trusts Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call J.P. Morgan Asset Management free on 0800 20 40 20 or visit its website at am.jpmorgan.co.uk

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within J.P. Morgan's Stocks & Shares ISA. For the 2015/16 tax year, from 6th April 2015 and ending 5th April 2016, the total ISA allowance is £15,240. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk

There are a number of ways that you can buy shares in investment trust companies; you can invest through J.P. Morgan Online or on the following:

Fund supermarkets:

AJ Bell	James Brearley
Alliance Trust Savings	James Hay
Barclays Stockbrokers	Stocktrade
Charles Stanley Direct	TD Direct
Halifax Share Dealing Service	The Share Centre
Hargreaves Lansdown	Tilney Bestinvest
Interactive Investor	Transact

Alternatively you can invest through an Investment Professional (e.g. a Financial Adviser) on the following 3rd party platforms:

Ascentric	Nucleus
Avalon	Praemium
Axa Elevate	Transact
Novia	

Please note that these websites are third party websites and J.P. Morgan Asset Management does not endorse or recommend any of them. This list is not exhaustive and is subject to change. Please observe each site's privacy and cookie policies as well as their platform charges structure.

You can also buy investment trusts through stockbrokers, wealth managers and banks.

To familiarise yourself with the Financial Conduct Authority ('FCA') adviser charging and commission rules, visit www.fca.org.uk

Financial Conduct Authority

Beware of share fraud



In association with:
icsa
Registrars
Group

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

- 1 Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- 2 Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- 3 Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
- 4 Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- 5 Use the firm's contact details listed on the Register if you want to call it back.
- 6 Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
- 7 Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
- 8 Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- 9 Think about getting independent financial and professional advice before you hand over any money.
- 10 **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Information about the Company

FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	November
Half year end	31st March
Half year results announced	May
Dividend on ordinary shares paid	December
Annual General Meeting	20th December 2016

History

The Company was formed in 1927 as The Capital & National Trust Limited. It was a general investment trust until 1982, when its shareholders approved a change of name to The Fleming Japanese Investment Trust plc and the adoption of a policy of specialising in investment in Japan. It is the largest UK investment trust specialising in Japan. The Company adopted its current name in December 2006.

Directors

Andrew Fleming (Chairman)
Alan Barber
Sir Stephen Gomersall, KCMG
Keith Percy
Christopher Samuel

Company Numbers

Company registration number: 223583
London Stock Exchange number: 0174002
ISIN: GB0001740025
Bloomberg code: JFJ LN

Market Information

The Company's unaudited net asset value ("NAV") per share 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 and on the JPMorgan website at www.jpmpjapanese.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmpjapanese.co.uk

Share Transactions

The Company's 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 J.P. Morgan Investment Account and J.P. Morgan ISA. These products are all available on the online service, www.jpmpjapanese.co.uk/online

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP
Telephone: 020 7742 4000

For company secretarial and administrative matters, please contact Juliet Dearlove at the above address.

Depositary

BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

The Depositary has appointed JPMorgan Chase Bank, N.A. as the Company's custodian.

Registrars (UK)

Equiniti Limited
Reference 1090
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone number: 0371 384 2328

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. Callers from overseas should dial +44 121 415 0225

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1090. Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk.

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

Brokers

Canaccord Genuity
88 Wood Street
London EC2V 7QR

Savings Product Administrators

For queries on the J.P. Morgan Savings Plan and J.P. Morgan ISA, see contact details on the back cover of this report.

aic

The Association of
Investment Companies

A member of the AIC

www.jpmpjapanese.co.uk

J.P. Morgan Helpline

Freephone **0800 20 40 20** or +44 (0) 1268 444470.
Telephone lines are open Monday to Friday, 9am to 5.30pm.

Telephone calls may be recorded and monitored for security and training purposes.