



JPMorgan Fleming Indian Investment Trust plc

Results.

+72.1% Return to shareholders¹
(2002: No Change)

+62.4% Return on net assets²
(2002: -1.1%)

+57.0% Benchmark return^{3,4}
(2002: +3.9%)

+49.3% MSCI India Index^{3,5}

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

²Change in net asset value per share with net dividends (if any) reinvested (Source: AITC/Fundamental Data).

³Change in value with net dividends (if any) reinvested (Source: Standard & Poor's – www.funds-sp.com).

⁴The Company's benchmark over the reporting period was the Bombay Stock Exchange National 100 Index in sterling terms. This 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 benchmark and, consequently, there may be some divergence between its performance and that of the Company.

⁵With effect from 1st October 2003, the Company's performance will be measured against the MSCI India Index in sterling terms. The reason for the change in benchmark index is given in the Chairman's statement on page 2. The return over the year for this index is shown here for information only.

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Chairman's Statement

Philip Daubeney CHAIRMAN

Year Under Review

It has been an exceptional year for investors in the Company's shares with our Investment Manager producing a return on net assets of +62.4%. This is comfortably ahead of the +57.0% return of the benchmark index, the Bombay Stock Exchange National 100 Index in sterling terms. The Investment Manager highlights the contributing factors to this outperformance in the review shown on pages 7 to 10, but the Board particularly noted that a significant proportion of the excess return over the benchmark index was due to successful stock selection.

The stock market rally was broad based with almost every sector participating. Profit margins in Indian companies are increasing as revenue growth accelerates while costs have been stabilised. Equity valuations are still attractive despite the strong gains.

Structurally, India seems to have surged to a higher growth level. GDP is expected to increase by 7% propelled by strong domestic consumption, growing trade, and a new round of capital investment. Liquidity is abundant. The Indian rupee has strengthened and Foreign Exchange Reserves have increased sharply.

As ever, there are risks to investing in India, most immediately in the form of elections in 2004. The Manager and Board are confident, however, that the medium to longer term prospects are sound.

Over the year the discount at which the Company's shares trade to the net asset value narrowed, resulting in a +72.1% share price return.

Since the year end the net asset value has continued to grow strongly from 100.6p to 118.2p at the time of writing, and the share price from 86.5p to 112.0p. In addition the Investment Manager, over the two-month period to 30th November 2003 continued to outperform the benchmark index.

Gearing

Given the turnaround in the market and the continuing positive outlook for India the Board believes that it would be beneficial if the Investment Manager was able to gear the portfolio, as it would, in positive markets, enhance the return to shareholders. In this regard, the Board is in the process of arranging a borrowing facility with The Royal Bank of Scotland for up to \$15m. This facility will be for a period of one year, and will be at a floating rate of interest. It will therefore be able to be repaid during the year at no penalty cost to the Company.

The Investment Manager can use this facility as they see appropriate except that the Board has restricted the maximum gearing level of the Company to 15%. If the facility was fully utilised today the Company would be 12% geared. The actual gearing level today is 1%.

Continuation Vote

The forthcoming Annual General Meeting has specific significance this year as it is a requirement of the Company's Articles of Association that an ordinary resolution be put to shareholders that the Company continue in existence for a further five-year period. This is the first such continuation vote and if it is passed they will thereafter, under the terms of the Articles, take place every five years.

It is therefore appropriate for me to highlight the performance and progress of the Company over longer periods than normal, including since its launch in May 1994.

The table below shows the performance of the Company over the one and five year periods to 30th September 2003 as well as since launch in

Chairman's Statement continued

May 1994. While the timing of the launch of the Company ten years ago was in retrospect not ideal, the subsequent performance of both the market and the Investment Manager has been good.

	1 year	5 years	Since launch
Net Asset Value –			
total return	+62.4%	+110.2%	+5.6%
Benchmark¹ –			
total return	+57.0%	+59.0%	-20.2%
NAV Outperformance vs benchmark¹	+5.4%	+51.2%	+25.8%
Share Price –			
total return	+72.1%	+142.0%	-4.5%

Source: Fundamental Data/Datastream.

¹ Bombay Stock Exchange National 100 Index in sterling terms.

Given this performance and our continuing enthusiasm for the investment opportunities in India, as discussed in more detail by the Investment Manager on pages 7 to 10, the Directors are of the opinion that the continuation of the Company will be in the best interest of all shareholders. The Board strongly recommends that shareholders vote in favour of the resolution, as they intend to do in respect of their own holdings.

Given the importance of this resolution, shareholders are encouraged to vote either in person at the Annual General Meeting or by completing the enclosed proxy card.

If the resolution is not passed, the Directors are required to convene an Extraordinary General Meeting within four months at which proposals would be considered for the Company to be reorganised, voluntarily wound up, or otherwise.

Change in Benchmark

On 14th July the Board announced that the benchmark index against which the Company's performance was measured would be changing to the *MSCI India Index in sterling terms with effect from 1st October 2003*, being the first day of the current financial year.

The Board previously used the Bombay Stock Exchange National 100 Index (in sterling terms) for performance comparison purposes but changes to its constituents in May 2003 had a significant impact on its investability. This was highlighted by the largest stock in the index then having a 14% weighting but a free-float of only 4%. In view of this and other similar changes, the Investment Manager and the Board believed the existing benchmark had become unrepresentative of opportunities in India and unrealistic from a portfolio investment perspective.

The MSCI India Index is a free-float-adjusted market capitalisation index that is designed to measure equity performance in India. It is now widely used by mainstream India funds.

As this change was announced during the year the Board felt that it would be appropriate to show the performance of the portfolio against both the old and the new indices in these Accounts. In future only the MSCI India index will be used.

The change in the benchmark index did not result in any significant changes to the structure of the portfolio.

Governance

The Board has considered the implications of the recent reports on corporate governance and considers that it has complied with the principles

“After years of hesitant starts, India finally seems poised to graduate to the next level of economic development. Corporate India is attractively priced and well positioned to benefit from this growth, as is your Company.”

of the Association of Investment Trust Companies code of corporate governance.

The Board believes that the actions of individual directors, rather than the length of their service, is the appropriate factor in determining the independence of directors. In addition, the Board is mindful of the continuation vote which will take place at this year's Annual General Meeting and, if passed, every five years thereafter. Moreover, the Board believes that familiarity with the Indian market over a considerable period is also an important factor.

The Nomination Committee of the Board will, when Directors retire by rotation, consider whether they should be re-elected in light of the above criteria. In any one year the Nomination Committee is made up of those Directors who are not up for re-election by rotation at the next Annual General Meeting. With a Board of five Directors, at least two Directors will be re-elected every year.

If the continuation vote is passed at the forthcoming Annual General Meeting, it is the Board's intention to appoint a further independent Director.

The Board also noted the FSA's changes to the Listing Rules and recently announced that it is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including investment trusts). Accordingly the Company's shares continue to remain an eligible investment for as many buyers of investment trust shares as possible.

Discount Management

In 1998 the Board was concerned over the level of discount at which the Company's shares were then trading to the net asset value and therefore obtained shareholder authority to repurchase

shares for cancellation, in order to enhance shareholder value and to reduce discount volatility. This mechanism has been actively used since then with over 27% of the issued shares being cancelled. Throughout this period the Board has regularly reviewed and amended the policy at which level shares could be repurchased as the discount has narrowed. The Board is therefore pleased that the discount has now narrowed to less than 10%.

Going forward, the Board will continue to use the buy back powers but now feels it is appropriate to state that it is its intention to manage the discount such that, as far as is possible and dependent on market conditions, the discount remains at less than 10%.

Authority to Repurchase or Issue the Company's Shares

At last year's Annual General Meeting shareholders gave the Directors authority to repurchase the Company's shares for cancellation. During the year 10.7m shares were repurchased at an average discount of 18.1% and an average price of 55.0p. The total cost of these purchases was £5.9m. This reduced the issued share capital by approximately 13.7% and had the effect of enhancing the net asset value of the remaining shares by 2.7%.

As stated earlier, the Board will continue to use this authority as and when appropriate, and is seeking approval from shareholders to renew the facility at the forthcoming Annual General Meeting.

Shares repurchased in the future might, however, as explained under the next heading, not be cancelled but held as treasury shares.

At the Annual General Meeting of the Company in 1998, shareholders granted Directors the authority to issue shares for cash should the shares trade at

a premium to net asset value. This authority was in place until 27th January 2003. Although no such shares have been issued under this authority since it was granted, the Board believes that it would be wise to renew the authority so that it could be used if circumstances changed. The proposed authority would enable 10% of the share capital to be issued in new shares. As such issues would only be made at prices which are at a premium to the net asset value, this would result in an enhancement of the Company's net asset value per share and would therefore be to the benefit of existing shareholders. This authority would last until 27th January 2009. A resolution proposing the Directors be authorised to effect such issues will be proposed at the forthcoming Annual General Meeting.

Treasury Shares

From the 1st December 2003, investment trusts have been able to buy their own shares, and either hold them in treasury and then subsequently re-issue them or to cancel such shares. The Board welcomes this, and views treasury shares as an additional tool in the armoury to manage both the absolute level and volatility of the discount or premium.

As explained earlier, the Board is seeking shareholders approval at the forthcoming Annual General Meeting for the renewal of the existing buy back authority as well as the introduction of a share issuance authority. The ability to issue shares out of treasury would supplement this latter authority, as issuing shares out of treasury would be cheaper since they will avoid the necessity of the Company paying listing fees to the London Stock Exchange and the UK Listing Authority.

Because of this advantage the Board is proposing to issue treasury shares when appropriate to do so having regard to the interests of the Company. The Board will only buy back shares at a discount to their prevailing net asset value, and issue shares when they trade at a premium to their net asset value in both cases, so as not to prejudice remaining shareholders.

Purchases of shares to be held in treasury will be made in accordance with the Listing Rules of the UK Listing Authority and the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 as amended.

JPMorgan Fleming Asset Management

The Board has reviewed the investment management, secretarial and marketing services provided to the Company by JPMorgan Fleming Asset Management (UK) Limited. This review has included their performance record, management processes, investment style, resources and risk control mechanisms. The Board was satisfied with the results of the review and therefore in the opinion of the Directors, the continuing appointment of JPMorgan Fleming Asset Management (UK) Limited for the provision of these services is in the best interests of shareholders.

Investment Philosophy

The investment process is one of active stock selection, combined with disciplined portfolio construction and risk controls. The Investment Manager looks for securities that exhibit a combination of factors that are proven to *outperform over time*. Examples of these factors include value, high earnings growth rates, and stocks where earnings expectations are being

upgraded. The Investment Manager validates that these factors exist for each stock through inhouse research, and that the companies invested in are financially sound. Tight risk controls are maintained, and the final portfolio is diversified, with no single security or sector being allowed to rise to too great a proportion of the portfolio. The average number of stocks in the portfolio is approximately 50.

Warrants

At the time of the Company's launch, shareholders received one warrant for every five shares purchased. Each warrant confers the right to subscribe for one ordinary share at £1 at a specific time each year. I would like to remind shareholders that these warrants will expire at the beginning of February 2004. As we have done every year since the Company's launch, the Directors will send a circular to warrant holders in December 2003 giving details and informing them of their opportunity to exercise these warrants, should they so wish.

Annual General Meeting

The Annual General Meeting this year will be held at 60 Victoria Embankment, London, EC4 at 12 noon on Wednesday 28th January 2004. The format of the meeting will be similar to those of recent years and will include an investment presentation from representatives of the Manager, Ted Pulling and Rukhshad Shroff, as well as an opportunity for shareholders to meet and question the Directors. As mentioned earlier, the continuation of the Company will be decided at this meeting and shareholders are therefore encouraged to vote in person or by proxy.

Outlook

The Company's current year has commenced satisfactorily, reflecting the justified optimism with

which investors view the Indian stock market. Earnings for the Indian financial year ending March 2004 are expected to increase by 24%. GDP for the year ending March 2004 is expected to grow by 7%, significantly higher than in previous years. There are fundamental reasons to believe that these levels of growth can be maintained through the year ending March 2005, providing a conducive environment for equities to register further gains. Comprehensive company visiting by the Investment Manager continues to result in the discovery of new companies into which your Company can invest. This has always been the essence of the Indian investment strategy – bottom up stock selection.

As with every emerging market, there are risks. Late 2003 to mid 2004 will be an election - intensive period in India. This could result in a slower pace of reform which may disenchant some investors. We believe, though, that the reform and divestment programme in India will not be reversed. There remains some external risk, such as the state of the US economy and the US stock market. That said, we believe that the domestic dynamics in India can support higher equity prices.

We believe that India's growing role in global trade will attract more investment, both equity and direct. India and China are emerging as the dynamic duo in the global outsourcing story. After years of hesitant starts, India finally seems poised to graduate to the next level of economic development. Corporate India is attractively priced and well positioned to benefit from this growth, as is your Company.

Philip Daubeney

Chairman

5th December 2003

Investment Manager's Report

Edward Pulling
INVESTMENT MANAGER

Rukhshad Shroff
INVESTMENT MANAGER

The year in review

The year to September 2003 was one of two very different periods. The year began with the government's decision to postpone the much awaited and fiscally necessary divestment of government owned oil-refining companies. Investor sentiment was clearly dented by this, foreign investors turned net sellers of Indian stocks and the popular BSE 30 Sensex dipped below 3,000 in October 2002. A poor macro backdrop and S&P's downgrade of India's domestic debt clearly did not help.

However, the market did manage a recovery by the end of December 2002, supported by a combination of factors that included Reliance's large gas discovery, some encouraging data regarding industrial activity and a more supportive external environment. Foreign investors emerged net buyers and local sentiment also improved. Gains did not sustain into 2003, especially for technology stocks, which were dragged down by continuing margin pressures. Even a reasonably pro-equity budget failed to enthuse the market. Economic data remained mixed, with a muted to marginally negative impact on the market.

But April was when the action really started. Infosys declared results and presented their outlook for the next twelve months that severely disappointed the market. The stock lost about 40% of its value in two trading sessions, pulling the rest of the technology sector down with it. Although there were a few difficult days, your Company was underweight technology stocks and therefore outperformed. More importantly, it brought technology stocks and the overall market down to a level where it was considered undervalued.

This is when the second half story began to unfold, and a distinctly more positive one too. Corporate earnings remained resilient and gradually began to show marked improvement, especially domestic cyclicals. Years of cost cutting combined with some improvement in sales volumes translated into mid-teens earnings growth. A timely, adequate and well-distributed monsoon helped sentiment. More importantly the prospect for a good year for agriculture, on which almost 700 million people in India continue to rely, improved the outlook for rural consumption and overall growth. GDP growth forecasts underwent a series of upgrades and estimates are currently at 7%. Corporate performance for the quarters ending June and September was very strong, driven by a double-digit acceleration in sales growth and continued margin expansion, as operating leverage continued to feed through and lower interest costs. Profit growth is currently in excess of 20%. This solid corporate performance is broad based, covering domestic as well as international cyclicals. It includes service and manpower intensive industries and encompasses both small as well as large companies.

Other macro economic indicators are strong. Inflation remains benign at about 4%; interest rates have continued to decline and are close to record lows; foreign exchange reserves have risen to the highest level on record and now cover over 12 months of imports and the rupee has begun to appreciate, albeit partly driven by dollar weakness. The government has made progress on several fronts, including passing important legislation on the banking and power sectors and has continued to

“Foreign investors are pouring money into Indian stocks at a record pace, as existing investors increase their allocations, while new investors are increasingly discovering what is an attractive long term investment opportunity.”

Investment Manager's Report continued

facilitate much needed investment in infrastructure sectors such as roads and ports.

Indian equities, undervalued in April/early May 2003 have responded to this combination of strong macro and corporate fundamentals. From its absolute low in October 2002, the benchmark index over the review period, the BSE 100, gained 62% by the Company's year-end in sterling terms. Foreign investor activity has reached unprecedented levels – net buying in September 2003 alone exceeded the total net purchases for all of calendar 2002. Local investors too have started increasing exposure to equities, with domestic mutual funds seeing net inflows after months of net redemptions.

Performance

Performance has been very satisfactory. Going into the big IT services sell off, we were underweight the sector and used that weakness to move to an overweight position. This helped performance. This investment was funded by selling the more defensive staples sector. Once again this move aided performance. Our overweight position in industrials (auto, cement, engineering) was also a wise choice.

One of the features of the strong equity market during the year has been how well the better mid cap stocks have fared. During the year the BSE 100 Index of large cap stocks appreciated 57% whereas the NSE S&P CNX Midcap Index gained 95%. Our ongoing conscious effort to discover well-run businesses at attractive valuations, which often tend to be mid cap stocks, proved to be successful. Kotak Bank, Mahindra & Mahindra and Divis Laboratories are some examples of where our investment research has resulted in successful investments.

Performance attribution for the year to 30th September 2003

	1 Year %
Net asset value total return in sterling terms	62.4
Benchmark total return in sterling terms ¹	57.0
Relative return	5.4
Analysis of relative return	
– Allocation effect	-3.1
– Selection effect	6.2
– Gearing/cash effect	0.8
– Management fee and other expenses	-2.3
– Buy backs	2.7
– Other/Residual item	1.1
Total	5.4

Source: Frank Russell/JPMFAM/Fundamental Data

¹This is based on the Bombay National Index

Definitions

Performance attribution: Analyses how the Company achieved its recorded performance relative to its benchmark.

Allocation effect: Measures the impact of allocating assets differently to those in the benchmark, via the portfolio's weighting in different sectors or asset types.

Stock selection effect: Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities outside the benchmark.

Gearing/cash effect: Measures the impact of returns on borrowings, cash balances or cash substitutes on the Company's relative performance.

Management fee and other expenses: The payment of fees and expenses reduces the level of total assets, and therefore has a negative effect on relative performance.

Buybacks: Measures the net effect on relative performance of decreasing the number of shares in issue.

Other/Residual item: Arises when there is a divergence between total return as calculated by the AITC/Fundamental Data, and total return as calculated by the attribution generating system. This is a result of methodology differences with respect to the treatment of income and cashflows and timing differences.

Outlook

With a more than 50% rise in the market, sentiment towards India is very positive. Foreign investors are pouring money into Indian stocks at a record pace,

Investment Manager's Report continued

as existing investors increase their allocations, while new investors are increasingly discovering what is an attractive long term investment opportunity.

We have often pointed out the strength and attractive fundamentals of the corporate sector. Not only is this true, but it is more so now, in our opinion. Growth and profitability are being driven not only by domestic forces, but also by a new focus on exports. While performance in traditional export-oriented sectors such as IT services and more recently pharmaceuticals is well known and on track, exports of manufactured goods is the additional growth driver. These cover a wide range of sectors such as cars, trucks, motorcycles, engineering equipment and natural resources.

In addition to the traditionally attractive micro opportunities, the macroeconomic backdrop is providing a more favourable operating environment. Notwithstanding the near term focus on elections, policy traction is generally improving, public investment in infrastructure is having a

multiplier impact on demand and efficiency. Interest rates are low and expected to remain so, in turn fuelling consumer demand, funded by cheap credit.

Although the market has risen sharply, valuations are not expensive. The market trades at 13x forward earnings (the outlook for which is positive), which is still below its historic level, leaving sufficient room for stocks to rerate in the medium to long term.

India is closer to achieving its known potential of a sustained 7% GDP growth rate than it has ever been. When it does, the investment opportunity will be significant. It appears to be payback time for patient investors who have suffered the ups and downs of the Indian market.

Edward Pulling and Rukhshad Shroff

5th December 2003

Report & Accounts.

Facts.

OBJECTIVE

Capital growth from investments in India.

POLICIES

- To invest in a diversified portfolio of equity and equity-related securities of Indian companies. To invest also in companies which earn a material part of their revenues from India. The Company will not invest in the other countries of the Indian sub-continent nor in Sri Lanka.
- To invest no more than 15% of gross assets in other listed investment companies (including investment trusts).

BENCHMARK

The performance benchmark over the period under review was the Bombay Stock Exchange National 100 Index expressed in sterling. With effect from 1st October 2003 a new benchmark has been adopted, the MSCI India Index expressed in sterling.

RISK

Investors should note that there can be significant economic and political risks inherent in investing in a single emerging economy such as India. As such, the Indian market can exhibit more volatility than developed markets and this should be taken into consideration when considering the suitability of the Company as a potential investment.

CAPITAL STRUCTURE

The Company has an authorised ordinary share capital of 200,000,000 shares of 25p each, of which 67,144,792 were in issue at the year end. In addition there were 16,796,000 warrants in issue at the year end. Each warrant confers the right to subscribe for ordinary 25p share at 100p on 2nd February 2004, the last such opportunity to do so.

CONTINUATION VOTE

Under the Company's Articles of Association, the Directors are required to propose a resolution that the Company continues as an investment trust at the forthcoming Annual General Meeting and at every fifth year thereafter.

MANAGEMENT COMPANY

The Company employs J.P. Morgan Fleming Asset Management (UK) Limited to manage its assets.

Figures.

Summary of Results

	2003	2002	
TOTAL RETURNS for the year to 30th September			
Return to shareholders ¹	+72.1%	0.0%	
Return on net assets ²	+62.4%	-1.1%	
Benchmark return ^{3,4}	+57.0%	+3.9%	
MSCI India Index ^{3,5}	+49.3%	–	
			% CHANGE
ASSETS at 30th September			
Shareholders' funds (£'000)	67,573	48,236	+40.1
Number of ordinary shares in issue	67,144,792	77,844,792	
Undiluted net asset value per ordinary share	100.64p	61.96p	+62.4
Ordinary share price ⁶	86.50p	50.25p	+72.1
Discount of ordinary share price to undiluted net asset value	14.1%	18.9%	
Warrant price ⁶	2.75p	1.75p	+57.1
REVENUE for the year to 30th September			
Gross revenue return (£'000)	1,065	941	+13.2
Net revenue available for ordinary shareholders (£'000)	(182)	(363)	
Earnings per ordinary share	(0.26)p	(0.46)p	
Dividends per ordinary share	nil	nil	
Exchange rates	£1 = Rs76.0256 US\$ = Rs45.76	£1 = Rs76.035 US\$ = Rs48.35	
ACTUAL GEARING FACTOR⁷			
	101.2%	96.6%	
TOTAL EXPENSE RATIO⁸			
	2.2%	2.0%	

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

²Change in net asset value per share with net dividends (if any) reinvested (Source: AITC/Fundamental Data).

³Change in value with net dividends (if any) reinvested (Source: Standard & Poor's – www.funds-sp.com).

⁴The Company's benchmark is the Bombay Stock Exchange National 100 index in sterling terms. This 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 benchmark and, consequently, there may be some divergence between its performance and that of the Company.

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⁶Source: Datastream.

⁷Investments expressed as a percentage of ordinary shareholders' funds. Shows the effect of gearing on the undiluted net asset value if the assets were to increase by 100%.

⁸Management fees and all other operating expenses (including tax relief, where allowable, but excluding interest payments) expressed as a percentage of average net assets over the financial year.

Performance and Discount

Performance since launch

Figures have been rebased to 100 at
25th May 1994

Performance Relative to Benchmark Index

Figures have been rebased to 100 at
25th May 1994

Premium/(Discount) to Net Asset Value

Figures have been rebased to 100 at
25th May 1994

Financial Record

As at 30th September	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Ordinary shareholders' funds (£'000)	80,576	52,213	43,995	55,267	44,255	69,556	81,856	49,452	48,236	67,573
Undiluted net asset value per ordinary share (p)	95.9	61.1	47.7	59.9	48.0	84.8	103.4	62.8	62.0	100.6
Ordinary share price (p)	96.0	67.5	49.5	55.0	35.8	61.8	79.5	50.3	50.3	86.5
Premium/(discount) (%)	0.10	10.5	3.8	(8.2)	(25.5)	(27.2)	(23.1)	(20.0)	(18.9)	(14.1)
Actual gearing (%) ²	91.2	105.1	91.6	97.1	98.6	105.3	90.3	104.3	96.6	101.2
Total Expense Ratio (%) ²	1.64	2.06	2.11	1.89	2.24	1.86	1.78	1.96	1.99	2.15

Year ended 30th September	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Gross revenue return (£'000)	1,147	1,309	1,411	637	765	851	1,198	999	941	1,065
Earnings/(loss) per ordinary share (p)	0.56	(0.28)	(0.27)	(0.54)	(0.35)	(0.36)	(1.12)	(0.54)	(0.46)	(0.26)
Dividend per ordinary share (net) (p)	0.45	nil	nil	nil	nil	nil	nil	nil	nil	nil

Rebased to 100 at 30th September 1994	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Undiluted net asset value per ordinary share	100.0	63.7	49.7	62.5	50.1	88.4	107.8	65.5	64.7	104.9
Undiluted net asset value per ordinary share – total return ¹	100.0	64.1	50.1	62.8	50.3	88.9	108.4	65.9	65.0	105.7
Ordinary share price	100.0	70.3	51.6	57.3	37.3	64.4	82.8	52.4	52.4	90.1
Ordinary share price – total return ¹	100.0	70.6	51.8	57.6	37.4	64.7	83.2	52.6	52.6	90.5
Bombay Stock Exchange National 100 Share Index in sterling terms – total return ²	100.0	71.7	63.1	70.3	46.5	74.8	74.0	45.3	47.0	73.9
MSCI India Index in sterling terms – total return ²	100.0	72.2	65.8	76.1	50.8	85.5	86.3	57.9	59.4	88.7

¹ Source: Datastream.

² Definitions shown on page 13.

Ten Largest Group Investments

at 30th September 2003

Company	Description	Market Value £'000	% ¹
Reliance Industries	Energy	6,515	9.6
Infosys Technologies	Information Technology	5,224	7.8
Wipro	Information Technology	3,936	5.8
Bharat Heavy Electricals	Industrials	3,917	5.8
State Bank of India	Financials	3,611	5.3
Larsen & Toubro	Industrials	2,899	4.3
Mahindra & Mahindra	Consumer Discretionary	2,879	4.3
Tata Motors	Consumer Discretionary	2,688	4.0
Sun Pharmaceutical	Healthcare	2,590	3.8
Associated Cement	Materials	2,356	3.5
		36,615	54.2

¹Based on total assets less current liabilities of £67.6m.

Sector and Shareholder Analyses

Group Portfolio Analysis

at 30th September 2003

Sector	Portfolio	Benchmark
	September 2003	September 2003
	%	%
Information Technology	25.6	17.6
Industrials	17.0	5.1
Financials	11.7	17.1
Materials	11.4	5.5
Energy	11.1	19.1
Healthcare	10.9	9.4
Consumer Discretionary	9.8	8.0
Telecommunication Services	1.6	1.9
Utilities	1.6	2.1
Media	0.5	—
Consumer Staples	—	14.2
Net Current Liabilities	(1.2)	—

Based on total assets less current liabilities of £67.6m.

Analysis of Shareholders

at 30th September 2003

	Number of shares	% holding
Pension Funds	3,870,083	5.8
Insurance Companies	6,597,256	9.8
Investment Trusts	2,200,000	3.3
Unit Trusts	4,750,000	7.1
Other Institutions	7,749,337	11.5
Total institutions	25,166,676	37.5
Named individuals in Investment Trust Share Plan ¹	10,360,520	15.4
Named individuals in Investment Trust Pension Account ¹	1,259,035	1.9
Named individuals in Investment Trust Personal Equity Plan ¹	11,675	0.1
Named individuals in Investment Trust Individual Savings Account ¹	1,451,929	2.1
Retail investors held through bank and broker nominee accounts	28,894,957	43.0
Total individuals	41,978,116	62.5
Total shares in issue	67,144,792	100.0

Nominee accounts have been allocated to their appropriate institutional category

¹Savings products managed by JPMorgan Fleming as explained on page 46.

List of Group Investments

at 30th September 2003

Company	Market Value £'000	Company	Market Value £'000
Information Technology		Energy	
Infosys Technology	5,224	Reliance Industries	6,515
Wipro	3,936	Hindustan Petroleum	800
Digital Globalsoft	2,289	Oil & Natural Gas	206
Satyam Computer Services	2,180	Total Energy	7,521
Mphasis BFL	1,603		
HCL Technologies	1,344	Healthcare	
E-Serve International	754	Sun Pharmaceutical	2,590
Total Information Technology	17,330	CIPLA	2,023
		Dr Reddys Laboratories*	855
Industrials		GlaxoSmithKline Pharmaceuticals	712
Bharat Heavy Electricals	3,917	Cadila Healthcare	406
Larsen & Toubro	2,899	Divi's Laboratorie	390
Saw Pipes	1,569	Apollo Hospitals	363
Asea Brown Boveri	1,257	Total Healthcare	7,339
Punjab Tractors	1,243		
Container Corporation	347	Consumer Discretionary	
Shipping Corporation India	279	Mahindra & Mahindra	2,879
Total Industrials	11,511	Tata Motors	2,688
		Bajaj Auto	728
Financials		Indian Hotels	263
State Bank of India	3,611	ITC Hotels	100
Kotak Mahindra Finance	2,134	Total Consumer Discretionary	6,658
HDFC Bank	1,293		
Housing Development Finance	658	Telecommunication Services	
Max India	179	Bharti Tele-Ventures	1,097
Total Financials	7,875	Total Telecommunication Services	1,097
Materials		*Includes GDR/ADR stocks	
Associated Cement	2,356	*Unquoted	
Hindalco Industries	1,682		
Sesa Goa	1,277		
Gujarat Ambuja Cements*	1,038		
Indian Rayon	1,046		
Sterlite Industries*	274		
Total Materials	7,673		

List of Group Investments continued

at 30th September 2003

Company	Market Value £'000
Utilities	
BSES	794
Tata Power	299
Total Utilities	1,093
Media	
New Delhi Television*	320
Total Media	320
Total	68,417

*Unquoted

The sectors used above are as defined by the MSCI India Index.

Group Investment Activity

during the year to 30th September 2003

	Value at 30th September 2002		Purchases	Sales	Change in value	Value at 30th September 2003	
	£'000	%	£'000	£'000	£'000	£'000	%
Equities	46,347	99.5	38,171	41,656	25,281	68,143	99.6
Convertibles and fixed interest	233	0.5	—	—	41	274	0.4
Total Portfolio	46,580	100.0	38,171	41,656	25,322	68,417	100.0

The above table includes the transactions undertaken by the subsidiary company translated at the exchange rate ruling at the balance sheet date.

Faces.

Board of Directors

Philip Daubeney (Chairman)**

Born 1938

Chairman since September 2002 and a Director since April 1994

He was formerly chief executive of ICI (India).

Iain Saunders

Born 1947

A Director since April 1994

He worked for JPMorgan Fleming Asset Management and its predecessor companies from 1971 to 2001, retiring as Deputy Chairman. Companies associated with the Manager with whom he has a connection are the JPMorgan Fleming American Investment Trust, of which he is a Director, and the Czech and Slovak Investment Company and a number of Luxembourg SICAVs, of which he is Chairman. He is also Chairman of Baring Emerging Europe plc, MB Asia Select Fund and the Deutschland Investment Company.

David Baker**

Born 1942

A Director since April 1994

Former managing director of Sun Life Investment Management Services Ltd.

Vijay Joshi**

Born 1941

A Director since May 1995

Fellow of Merton College, Oxford and a previous economic adviser to the Indian Ministry of Finance.

Pierre Dinan*

Born 1937

A Director since December 2002

He is a senior partner of the Mauritian chartered accountants firm De Chazal Du Mee (DCDM) where he is head of the marketing and economics services division. He is also a director of Multiconsult, a global business management services company and a wholly owned subsidiary of DCDM. Multiconsult are employed to act as secretary and administrator to the Company's wholly owned subsidiary JPMorgan Fleming Indian Investment Company (Mauritius) Limited.

* Members of the Audit Committee.

† Considered independent of the manager.

* Member of Nomination Committee.

Directors' Report

Business of the Company

The Company carries on business as an investment trust. It was approved by the Inland Revenue as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30th September 2002. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 30th September 2002 is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment. The Company is not a close company for taxation purposes.

The Company owns 100% of the share capital, together with options to acquire further shares, of its subsidiary undertaking, JPMorgan Fleming Indian Investment Company (Mauritius) Limited, an investment holding company registered in Mauritius.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 1 to 6 and in the Investment Manager's Report on pages 7 to 10.

Revenue

Consolidated gross revenue for the year totalled £1,065,000 but after deducting management expenses, interest and taxation there was a deficit of £182,000. This, when transferred to the revenue reserve, increases the deficit to £3,431,000 as at 30th September 2003. In view of this, no dividend is being declared.

Going Concern

Under the Company's Articles of Association, the Directors are required to propose a resolution that the Company continue as an Investment Trust at the forthcoming Annual General Meeting and every fifth year thereafter.

The Board believes that India provides good opportunities for investment and has no hesitation in recommending that shareholders vote for the Company to continue in its present form.

After making enquiries, the Directors consider 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 this reason, they continue to adopt the going concern basis in preparing the accounts.

Payment Policy

It is the Company's policy to obtain the best terms for all business and therefore there are no standard payment terms. In general the Company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. As at 30th September 2003, the Company had no outstanding trade creditors.

Directors

The Directors of the Company at the end of the year together with their interests in its shares and warrants, all beneficially owned, are given below:

	Ordinary shares		Warrants	
	30th September 2003	1st October 2002	30th September 2003	1st October 2002
PEG Daubeney (Chairman)	7,147	7,147	—	—
DE Baker	10,285	10,285	15,000	15,000
P Dinan	—	— ¹	—	— ¹
VR Joshi	3,900	3,900	4,000	4,000
IOS Saunders	10,000	10,000	400	400

¹At date of appointment on 31st December 2002.

No changes in the above holdings have been recorded by any Director to the date of this report.

As reported in last year's accounts, Mr Jacques Harel retired as a Director on 31st December 2002 and on the same day Mr Pierre Dinan was appointed as a Director.

In accordance with the Company's Articles, the Directors retiring by rotation are Mr David Baker and Mr Iain Saunders. Both are eligible and offer themselves for re-election by shareholders at the Annual General Meeting.

Directors' Report continued

During the year, an insurance policy has been maintained by the Company which indemnified the Directors of the Company against certain liabilities arising in the conduct of their duties.

Acquisition of the Company's Own Shares

The Company repurchased a total of 10,700,000 shares for cancellation during the year, representing 13.7% of the Company's issued share capital at the previous year end, for a total consideration of £5,885,000. A special resolution to renew the authority to repurchase shares will be put to shareholders for approval at the Annual General Meeting as detailed on page 27.

Management and Management Fee

The Manager, J.P. Morgan Fleming Asset Management (UK) Limited ("JPMFAM") is a wholly-owned subsidiary of JPMorgan Chase & Co. which through other subsidiaries may also provide banking, dealing and custodian services to the Company. The contract with the Manager can be terminated on one year's notice.

The Manager is remunerated at a rate of 1.2% per annum of the Company's assets less liabilities and is paid monthly in arrears.

When the Company invests in funds managed or advised by JPMFAM or any of its associated companies they are excluded from the calculation and therefore attract no fee.

Notifiable Share Interests

At the date of this report the following had declared a notifiable interest in the Company's issued share capital:

Shareholder	Number of shares held	%
AXA Investment Managers	6,822,929	10.2
The Emerging Markets Country Fund	2,747,000	4.1
City of London Investment Management	2,347,000	3.5

Auditors

On 1st August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1st August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Corporate Governance

To ensure the appropriate level of corporate governance, the Board has put in place arrangements which it believes are suitable for an investment trust and enable the Company to comply with the Principles of Good Governance and Code of Best Practice (the 'Combined Code'), published by the Committee on Corporate Governance in June 1998. The Board considers that the Company has complied with the provisions contained within Section 1 of the Combined Code throughout the year ended 30th September 2003 and the following describes how the relevant principles of governance are applied to the Company. The Board also considers that it has complied with the principles of the AITC Code of Corporate Governance.

The Board

The Board consists solely of non-executive Directors, the majority of whom are, in the Board's judgement, independent of the Company's Manager, including the Chairman. The Board considers that, under the terms of the AITC Code, Iain Saunders and Pierre Dinan are not independent Directors.

The Board does not feel that it would be appropriate to adopt a policy whereby Directors serve for a limited period of time.

Directors' Report continued

A management agreement between the Company and JPMFAM sets out matters over which the Manager has authority. This includes management of the Company's assets and the provision of accounting, company secretarial, administration and some marketing matters. All other matters are reserved for the approval of the Board.

The Board meets on at least four occasions each year and between these meetings there is regular contact with the Manager who provides the Board with appropriate and timely management information. JPMFAM also provide company secretarial advice and services. The Board regularly reviews both the performance of and the contractual arrangements with, the Manager. The Directors also have access, where necessary, in the furtherance of their duties, to independent professional advice at the expense of the Company.

Board Committees

The Board as a whole fulfils the functions of the Remuneration Committee. It reviews Directors' fees on a regular basis. The Remuneration Report is set out on page 26.

The Nomination Committee, in any one year, comprises of those Directors who are not standing for re-election at the next Annual General Meeting. It selects suitable candidates for appointment to the Board and considers whether Directors who retire by rotation should stand for re-election. The Chairman of the Nomination Committee will attend the Annual General Meetings.

The Audit Committee meets at least twice each year. The Committee reviews the terms of the management agreement and reviews the effectiveness of the Company's internal control systems, receives information from the Manager's compliance department and also reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external Auditors. The Directors' statement on the Company's system of internal control is set out below.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company.

At the Company's Annual General Meeting, the Directors and representatives of the Manager are available in person to meet and answer shareholders' questions. In addition, a presentation is given by the Investment Manager which reviews the Company's activities. During the year, the Company's Brokers, the Investment Manager and JPMFAM hold regular discussions with institutional shareholders. The Directors are made fully aware of any views raised by institutional shareholders and responses are tailored as necessary. The Chairman and Directors make themselves available as and when required to address shareholder queries.

Accountability and Audit

The Directors' responsibilities in respect of the Accounts are set out on page 26 and the statement of the Auditors' responsibilities is given on page 29.

Internal Controls

The Combined Code requires the Directors to review, at least annually, the effectiveness of the Company's system of internal control and to report to shareholders that they have done so. This encompasses a review of all controls which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of internal control which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable but not absolute assurance against fraud, material misstatement or loss.

Since investment management, custody of assets and administrative services are provided to the Company by JPMFAM and its associates, the Company's system of internal control mainly

Directors' Report continued

comprises monitoring the services provided by JPMFAM and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives.

The key elements designed to provide effective internal control are as follows:

Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data, including revenue projections, analyses of transactions and performance comparisons.

Management Agreement – Appointment of a manager and custodian regulated by The Financial Services Authority (FSA), whose responsibilities are clearly defined in a written agreement.

Management Systems – The Manager's system of internal control includes organisational agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems. These are monitored by JPMFAM's Compliance Department which regularly monitors compliance with FSA rules.

Investment Strategy – Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key operating controls of the manager and its associates as follows:

- the Board, through the Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMFAM's Compliance Department;
- the Board reviews the report on the internal controls and the operation of the custodian JPMorgan Chase Bank, which is independently reviewed; and
- the Board every six months reviews a report on the internal controls and operations of JPMFAM which is independently reported on.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 30th September 2003, and to the date of approval of this Annual Report and Accounts.

Socially Responsible Investment

The following, which has been reviewed and approved by the Board, is a summary of JPMFAM's policy statement on socially responsible investment ('SRI'):

Unless instructed otherwise, we believe it is our primary duty to act in the best financial interests of our clients and to achieve good financial returns consistent with an acceptable level of risk in the management of our clients' investments. A company run in the long-term interests of its shareholders with the objective of enhancing shareholder value over time will need to manage effectively relationships with its employees, suppliers and customers, to behave ethically and to have regard to the environment and society as a whole. In our pursuit of good financial returns for our clients, our investment managers take account of these and all other factors affecting the valuation of the companies in which they are currently invested or considering investment on behalf of clients.

Corporate Governance and Voting Policy

The following, which has been reviewed and approved by the Board, is a summary of JPMFAM's statement on corporate governance and voting policy:

We at all times will try to protect our clients' best interests through the exercise of their votes. We seek to promote good practice on all corporate governance issues, with the overall aim of minimising corporate mismanagement and failure.

Directors' Report continued

Annual General Meeting

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

a) Authority to Issue Shares for Cash

The Companies Act 1985 requires that the directors of a company be authorised by shareholders to allot shares. It also requires that new shares issued by a company for cash be offered first to existing shareholders in proportion to their existing shareholdings. However, shareholders can, by special resolution, authorise directors to allot shares otherwise than by a pro-rata issue to existing shareholders.

Resolution 7 in the Notice of the Meeting on page 27 is such a special resolution, giving the Directors specific authority to allot new shares, otherwise than by a pro-rata issue to existing shareholders, for cash up to an aggregate nominal amount of £1,678,619 representing 6,714,479 ordinary shares of 25 pence each, such amount being approximately equivalent to 10% of the present issued share capital. This authority will remain in effect until 27th January 2009.

The Board believes that, should the shares move to a sustained premium to net asset value, it would be in the interests of existing shareholders for the Company to be able to issue new shares to participants purchasing shares through the JPMorgan Fleming savings products and also to other investors. As such issues would only be made at prices greater than net asset value, they increase the assets underlying each share and spread the administrative expenses, other than those fees charged as a percentage of assets, over a greater number of shares. The issue proceeds are available for investment in line with the Company's investment objective.

The Directors recommend that shareholders grant them authority to allot shares up to the limit set out above. No issue of shares will be

made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

b) Repurchase of the Company's Shares

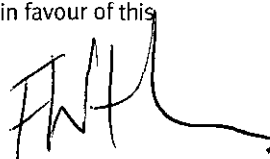
The authority to repurchase up to 14.99 per cent of the Company's issued ordinary share capital will expire on 28th July 2004 unless it is renewed at the forthcoming AGM. The Board will seek shareholder approval at the AGM to renew this authority, which will last until 27th July 2005 or the conclusion of the Company's Annual General Meeting in 2005 or until the whole of the 14.99 per cent has been acquired, whichever is the earlier.

The full text of the resolution is set out in resolution 8 in the Notice of Meeting on page 27. Repurchases will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing net asset value per ordinary share as and when market conditions are appropriate.

The Directors consider that the renewal of the share repurchase authority is in the interests of shareholders as a whole and unanimously recommend that shareholders vote in favour of the resolution.

c) Continuation of the Company

As required by the Articles of Association, an ordinary resolution will be proposed at the Annual General Meeting which if passed will enable the Company to continue in existence as an investment trust for a further five years. As explained in the Chairman's statement on page 1 and 2, the Directors unanimously recommend that shareholders vote in favour of this resolution.



By order of the Board
FW Easton, for and on behalf of
J.P. Morgan Fleming Asset Management (UK) Limited,
Secretary
5th December 2003

Directors' Remuneration Report

In the year to 30th September 2003, the Chairman was paid at the rate of £15,000 per annum and the other Directors at the rate of £11,000 per annum.

Directors' Remuneration

Director's Name	2003 £	2002 £
PEG Daubeney (Chairman)	15,000	11,000
DE Baker	11,000	11,000
P Dinan	8,250	—
VR Joshi	11,000	11,000
IOS Saunders	11,000	11,000
J Harel	2,750	11,000
MB Cannan	—	15,000

The information contained in this table is audited.

The Board as a whole fulfils the function of the Remuneration Committee which reviews fees on a regular basis. Reviews are based on information provided by the Manager, J.P. Morgan Fleming Asset Management (UK) Limited, and by independent surveys on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. In view of the additional amount of time the Directors are focusing on regulatory and corporate governance issues, as well as the fact that the level of Directors' fees have remained unchanged since 2000, it is likely that the review which is to take place in 2004 will result in an increase in the rate of Directors' remuneration. The Directors' fees are not performance-related.

In aggregate, fees must not exceed £100,000 per annum. Directors' fees are reviewed regularly and any increase in the maximum aggregate amount

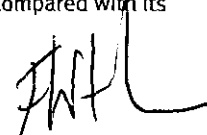
requires both Board and shareholder approval.

The Directors do not have service contracts with the Company. Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they are elected by shareholders. Thereafter, a Director's appointment will run for a three-year term. A Director may then be invited by the Board to serve for a further three years. A Director's continuing appointment is subject to re-election by shareholders on retirement by rotation in accordance with the Company's Articles of Association.

The Company does not operate any type of incentive or pension scheme and therefore no Directors receive bonus payments or pension contributions from the Company or hold options to acquire shares in the Company. Directors are not paid compensation for loss of office. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in connection with attending the Company's business.

It is a requirement that this report includes certain graphical information. This can be found on page 14 where the Company's net asset value total return and share price total return are compared with its benchmark index.

By order of the Board
FW Easton, for and on behalf of
J.P. Morgan Fleming Asset Management (UK) Limited,
Secretary
5th December 2003



Directors' Responsibilities in Respect of the Accounts

United Kingdom company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the year and of the net revenue for the year. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy, at any time, the financial position of the Company and Group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Notice of Annual General Meeting

Notice is hereby given that the tenth Annual General Meeting of JPMorgan Fleming Indian Investment Trust plc will be held at 60 Victoria Embankment, London, EC4 at 12 noon on Wednesday 28th January 2004 for the following purposes:

- 1 To receive the Directors' report, the annual accounts and the auditors' report for the year ended 30th September 2003.
- 2 To receive the Directors' Remuneration Report for the year ended 30th September 2003.
- 3 To re-elect Mr David Baker as a Director.
- 4 To re-elect Mr Iain Saunders as a Director.
- 5 To appoint Deloitte & Touche LLP as Auditors to the Company and to authorise the Directors to agree their remuneration.

Special Business

To consider the following resolution which will be proposed as an ordinary resolution:

- 6 THAT the Company continue in existence as an investment trust for a further five-year period.

To consider the following resolutions which will be proposed as Special Resolutions:

Authority to issue shares for cash

- 7 THAT
 - (a) the Directors be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise for the period ending on 27th January 2009 all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £1,678,619;
 - (b) pursuant to and during the period of the authority referred to in paragraph (a) above the Directors be empowered to allot equity securities up to an aggregate nominal amount of £1,678,619 as if section 89(1) of the said Act did not apply to any such allotment;

- (c) by such authority and power the Directors may during such period make offers or agreements which would or might require allotments after the expiry of such period; and

- (d) for the purposes of this resolution, words and expressions defined in or for the purposes of Part IV of the said Act, shall bear the same meanings in this resolution.

Authority to repurchase shares

- 8 THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the 'Act') to make market purchases (within the meaning of Section 163 of the Act) of its issued ordinary shares of 25p each in the capital of the Company.

PROVIDED ALWAYS THAT

- (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 10,065,004 or, if less, that number of shares which is equal to 14.99% of the Company's issued share capital as at the date of the passing of this Resolution;
- (ii) the minimum price which may be paid for an ordinary share shall be 25p;
- (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased.
- (iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors);

Notice of Annual General Meeting continued

(v) the authority hereby conferred shall expire on 27th July 2005 unless the authority is renewed at the Company's Annual General Meeting in 2005 or at any other general meeting prior to such time; and

(vi) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract notwithstanding such expiry.

By order of the Board

FW Easton, for and on behalf of

J.P. Morgan Fleming Asset Management (UK)
Limited,

Secretary

5th December 2003

Notes

- 1 A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll vote on their behalf. A proxy need not be a shareholder of the Company. The lodging of a form of proxy does not prevent a shareholder from attending and voting if they so wish.
- 2 Proxy forms must be lodged not less than 48 hours before the meeting at the office of the Registrar.
- 3 To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members 48 hours before the time of the meeting ("the specified time"). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, shareholders must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
- 4 Admittance to the meeting will be restricted to shareholders, guests will only be admitted by prior agreement.

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JPMORGAN FLEMING INDIAN INVESTMENT TRUST PLC

We have audited the financial statements of JPMorgan Fleming Indian Investment Trust plc ("the Company") for the year ended 30th September 2003 which comprise the Statements of Total Return, the Balance Sheets, the Consolidated Cash Flow Statement, the statement of accounting policies and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the Directors' Remuneration Report. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements and the part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it

does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the Directors' Remuneration Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report described as having been audited.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th September 2003 and of the return of the Company and the Group for the year then ended, and the financial statements and the part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
London
5th December 2003

Consolidated Statement of Total Return

for the year ended 30th September 2003

	Notes	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Realised gains on investments	11	—	5,178	5,178	—	5,317	5,317
Change in unrealised depreciation	11	—	22,571	22,571	—	(2,459)	(2,459)
Currency translation difference	11	—	(3,993)	(3,993)	—	(5,230)	(5,230)
Currency losses on cash and short-term deposits held during the year	11	—	(34)	(34)	—	(80)	(80)
Other capital charges	11	—	(38)	(38)	—	(44)	(44)
Exchange adjustments	11	—	1,567	1,567	—	2,236	2,236
Unrealised exchange gain on intercompany loan	11	—	153	153	—	—	—
Realised losses on intercompany loan		—	—	—	—	(137)	(137)
Income from investments	1	1,055	—	1,055	907	—	907
Other income	1	10	—	10	34	—	34
Gross return		1,065	25,404	26,469	941	(397)	544
Management fee	2	(607)	—	(607)	(703)	—	(703)
Other administrative expenses	3	(557)	—	(557)	(446)	—	(446)
Interest payable	4	(40)	—	(40)	(41)	—	(41)
Return before taxation		(139)	25,404	25,265	(249)	(397)	(646)
Taxation	5	(43)	—	(43)	(114)	—	(114)
Transfer (from)/to reserves		(182)	25,404	25,222	(363)	(397)	(760)
Return per ordinary share	6	(0.26)p	36.49p	36.23p	(0.46)p	(0.51)p	(0.97)p

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

No operations were acquired or discontinued in the year.

The notes on pages 35 to 44 form part of these accounts.

Consolidated Balance Sheet

at 30th September 2003

	Notes	2003 £'000	2002 £'000
ASSETS EMPLOYED			
Fixed assets			
Investments at valuation	7	68,417	46,580
Current assets			
Debtors	8	429	141
Cash and short-term deposits		224	1,970
		653	2,111
Creditors			
Amounts falling due within one year	9	(1,497)	(455)
Net current (liabilities)/assets		(844)	1,656
Total net assets		67,573	48,236

FINANCED BY

Capital and reserves

Called-up share capital	10	16,786	19,461
Share premium	11	3	3
Other reserve	11	41,929	47,814
Warrant reserve	11	5,886	5,886
Capital reserve – realised	11	(13,445)	(15,127)
Capital reserve – unrealised	11	13,573	(10,192)
Capital redemption reserve	11	6,272	3,597
Revenue reserve	11	(3,431)	(3,206)
Total equity shareholders' funds		67,573	48,236

Net asset value per ordinary share

Ordinary – undiluted	12	100.64p	61.96p
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The accounts on pages 30 to 44 were approved by the Directors on 5th December 2003 and are signed on their behalf by:

PEG Daubeney
Chairman



The notes on pages 35 to 44 form part of these accounts.

Parent Company Statement of Total Return

for the year ended 30th September 2003

	Notes	2003 Revenue £'000	2003 Capital £'000	2003 Total £'000	2002 Revenue £'000	2002 Capital £'000	2002 Total £'000
Realised gains on investments	11	—	226	226	—	466	466
Change in unrealised depreciation	11	—	25,547	25,547	—	(511)	(511)
Currency losses on cash and short-term deposits held during the year	11	—	(2)	(2)	—	(69)	(69)
Other capital charges	11	—	(1)	(1)	—	(6)	(6)
Unrealised exchange gain on intercompany loan	11	—	153	153	—	—	—
Realised loss on intercompany loan		—	—	—	—	(137)	(137)
Income from investments	1	20	—	20	174	—	174
Other income	1	3	—	3	32	—	32
Gross return		23	25,923	25,946	206	(257)	(51)
Management fee	2	(328)	—	(328)	(404)	—	(404)
Other administrative expenses	3	(334)	—	(334)	(309)	—	(309)
Interest payable	4	(61)	—	(61)	6	—	6
Return before taxation		(700)	25,923	25,223	(501)	(257)	(758)
Taxation	5	(1)	—	(1)	(2)	—	(2)
Transfer (from)/to reserves		(701)	25,923	25,222	(503)	(257)	(760)
Return per ordinary share		(1.01)p	37.23p	36.22p	(0.64)p	(0.33)p	(0.97)p

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

No operations were acquired or discontinued in the year.

The revenue column of this statement is the profit and loss statement of the Company.

The notes on pages 35 to 44 form part of these accounts.

Parent Company Balance Sheet

at 30th September 2003

	Notes	2003 £'000	2002 £'000
ASSETS EMPLOYED			
Fixed assets			
Investments at valuation	7	71,723	46,564
Current assets			
Debtors	8	44	24
Cash and short-term deposits		73	1,701
		117	1,725
Creditors			
Amounts falling due within one year	9	(4,267)	(53)
Net current (liabilities)/assets		(4,150)	1,672
Total net assets		67,573	48,236
FINANCED BY			
Capital and reserves			
Called-up share capital	10	16,786	19,461
Share premium	11	3	3
Other reserve	11	41,929	47,814
Warrant reserve	11	5,886	5,886
Capital reserve – realised	11	7,238	7,112
Capital reserve – unrealised	11	(5,826)	(31,623)
Capital redemption reserve	11	6,272	3,597
Revenue reserve	11	(4,715)	(4,014)
Total equity shareholders' funds		67,573	48,236
Net asset value per ordinary share	12	100.64p	61.96p

The accounts on pages 30 to 44 were approved by the Directors on 5th December 2003 and are signed on their behalf by:

PEG Daubeney
Chairman



The notes on pages 35 to 44 form part of these accounts.

Consolidated Cash Flow Statement

for the year ended 30th September 2003

	Note 14	2003 £'000	2002 £'000
Operating activities			
Cash received from investments		1,035	682
Deposit interest received		23	76
Management fee paid		(626)	(671)
Directors' fees		(59)	(70)
Other cash payments		(564)	(409)
Net cash outflow from operating activities		(191)	(392)
Servicing of finance			
Interest paid		(37)	(92)
Net cash outflow from servicing of finance		(37)	(92)
Taxation			
Taxation paid		—	(6)
Total tax paid		—	(6)
Capital expenditure and financial investment			
Purchases of investments		(38,210)	(35,270)
Sales of investments		41,359	40,222
Other capital charges		(79)	(6)
Net cash inflow from capital expenditure and financial investment		3,070	4,946
Net cash inflow before financing		2,842	4,456
Financing			
Changes in short-term loan		1,182	(1,725)
Repurchase of shares		(5,885)	(456)
Net cash outflow from financing		(4,703)	(2,181)
(Decrease)/increase in cash for the year		(1,861)	2,275

The notes on pages 35 to 44 form part of these accounts.

Notes to the Accounts

at 30th September 2003

ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the prior year, is set out below:

i. Basis of accounting

The accounts are prepared under the historic cost convention, modified to include the revaluation of investments and in accordance with applicable accounting standards and with the Statement of Recommended Practice (SORP) 'Financial statements of investment trust companies'.

ii. Basis of consolidation

The consolidated statement of total return and balance sheet include the financial statements of JPMorgan Fleming Indian Investment Trust plc and its wholly-owned subsidiary undertaking.

iii. Valuation of investments

Quoted investments are valued at middle market prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value. Unlisted investments have been included at Directors' valuation. The subsidiary undertaking is carried at its net asset value in the parent company balance sheet.

Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to capital reserve – realised, and unrealised surpluses and deficits on the revaluation of investments are taken to the capital reserve – unrealised.

iv. Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction or, where appropriate, at the rate of exchange in the related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in the revenue account, depending on whether the gain or loss is of a capital or revenue nature.

For the purposes of consolidation the closing rate method is used, under which translation gains or losses are shown as a movement on the capital reserve. The accounts of the overseas subsidiary undertaking are translated at the closing exchange rate.

v. Income

Income from investments is included in the revenue account on an ex-dividend basis. Interest receivable on bonds is dealt with on an accruals basis. Unfranked income is included in the revenue account gross before deduction of income tax.

vi. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment; and
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

vii. Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability will crystallise.

Deferred tax is recorded in accordance with FRS19 'Deferred Tax'.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. A deferred tax asset is only recognised to the extent that it is regarded as recoverable.

Notes to the Accounts continued

	Group		Parent	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
1. Income				
Income from investments				
Overseas dividends	1,055	875	20	142
Overseas interest	—	32	—	32
	1,055	907	20	174
Other income				
Deposit interest	10	34	3	32
Total income	1,065	941	23	206
Total income comprises:				
Dividends	1,055	875	20	142
Interest	—	32	—	32
Other income	10	34	3	32
Total income	1,065	941	23	206
Analysis of income from investments:				
Listed overseas	1,055	907	20	174
	1,055	907	20	174

	Group		Parent	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
2. Management fee				
Management fee	574	642	295	343
Irrecoverable VAT thereon	33	61	33	61
	607	703	328	404

Details of the terms of the management agreement are given on page 22.

	Group		Parent	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
3. Other administrative expenses				
Other management expenses	464	318	247	187
Directors' fees ¹	59	70	59	70
Auditors' remuneration	22	22	16	16
Irrecoverable VAT	12	36	12	36
	557	446	334	309

¹ Full disclosure is given in the Directors' Remuneration Report on page 26.

Notes to the Accounts continued

	Group		Parent	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
4. Interest payable				
On short-term loans	40	41	61	(6) ¹

¹ Credit due to foreign exchange movements.

	Group		Parent	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
5. Taxation				
Foreign tax	45	115	1	2
Prior year adjustment	(2)	(1)	—	—
	43	114	1	2

The tax charge in these financial statements has been calculated on the basis that the Group benefits from the Mauritian Indian tax treaty. As reported last year, access to treaty relief on this basis was challenged but the Indian Supreme Court has recently quashed this action. The Directors therefore believe that the Group will continue to obtain treaty relief.

The actual tax charge for the Group reconciles to the tax charge on the Group Revenue before tax based on the standard rate of corporation tax of 30% as follows:

	Group	Group
	2003	2002
	%	%
Standard rate of UK corporation tax	30.0	30.0
Deferred tax movements not provided for	(30.0)	(30.0)
Overseas tax written off in accounts	(32.4)	(46.2)
Prior year adjustment	1.5	0.4
	(30.9)	(45.8)

The Company has an unrecognised deferred tax asset of £1,420,378 (2002: £1,202,161). This has arisen from deductible expenses exceeding taxable income.

	Group			Group		
	2003	2003	2003	2002	2002	2002
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
6. Return per ordinary share						
Return attributable to ordinary shareholders	(182)	25,404	25,222	(363)	(397)	(760)
Return per ordinary share ¹	(0.26)p	36.49p	36.23p	(0.46)p	(0.51)p	(0.97)p

The undiluted return per ordinary share is based on the revenue on ordinary activities after taxation and on 69,623,927 ordinary shares, being the weighted average number of ordinary shares in issue during the year (2002: 78,100,920).

¹As at 30th September 2003, under the provisions of FRS14 'Earnings per Share' there would be no dilution to return per ordinary share should the warrants be exercised, based on the position at year end (2002: same).

Notes to the Accounts continued

	Group		Parent	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
7. Investments				
Investments listed on a recognised investment exchange	67,823	45,664	845	1,178
Unlisted investments	594	916	70,878	45,386
	68,417	46,580	71,723	46,564
		Group ¹		Parent ²
		2003		2003
	Listed	Unlisted	Total	Listed
	overseas	£'000	£'000	overseas
	£'000	£'000	£'000	£'000
Opening book cost	59,593	2,078	61,671	3,739
Currency translation difference	(2,985)	(111)	(3,096)	—
Restated opening book cost	56,608	1,967	58,575	3,739
Opening unrealised depreciation	(13,371)	(1,051)	(14,422)	(2,561)
Opening valuation	43,237	916	44,153	1,178
Movements in the year:				
Purchases at cost	38,171	—	38,171	558
Sales – proceeds	(41,656)	—	(41,656)	(1,171)
Sales – realised gains	5,178	—	5,178	226
Change in unrealised depreciation	22,893	(322)	22,571	54
Closing valuation	67,823	594	68,417	845
Closing book cost	49,291	1,967	51,258	3,256
Closing unrealised appreciation/(depreciation)	18,532	(1,373)	17,159	(2,411)
Closing valuation	67,823	594	68,417	845

¹Included in the decrease in unrealised appreciation during the year is £4,613,000 of prior year's depreciation which was realised during the year.

²Included in the decrease in unrealised appreciation during the year is £97,000 of prior year's depreciation which was realised during the year.

Notes to the Accounts continued

	Parent	
	2003	2002
	Total	Total
	£'000	£'000
Investment in subsidiary undertaking		
Opening book cost	74,701	79,931
Currency translation difference	(2,426)	(2,994)
Restated opening book cost	72,275	76,937
Opening unrealised depreciation	(29,316)	(34,173)
Opening valuation	42,959	42,764
Movements in the year:		
Change in unrealised depreciation	27,919	2,622
Closing valuation	70,878	45,386

The Company owns 100% of the ordinary share capital, together with options to acquire further shares, of its subsidiary undertaking, JPMorgan Fleming Indian Investment Company (Mauritius) Limited, an investment holding company registered in Mauritius.

	Group		Parent	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
8. Debtors				
Securities sold for future settlement	297	—	—	—
Taxation recoverable	14	12	—	—
Other debtors	36	33	36	19
Dividends and interest receivable	82	96	8	5
	429	141	44	24

	Group		Parent	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
9. Creditors: Amounts falling due within one year				
Securities purchased for future settlement	121	160	—	—
Short-term loans	1,182	—	642	—
Loan interest payable	3	—	43	—
Amount owed to subsidiary company	—	—	3,521	—
Taxation payable	17	—	—	—
Accrued expenses	160	236	61	53
Other creditors	14	59	—	—
	1,497	455	4,267	53

Notes to the Accounts continued

	2003 £'000	2002 £'000
10. Share capital		
Authorised share capital		
200,000,000 ordinary shares of 25p each	50,000	50,000
	50,000	50,000
Allotted and fully-paid share capital		
Opening balance of 77,844,792 (2002: 78,694,792)		
ordinary shares of 25p each	19,461	19,674
Repurchase of 10,700,000 (2002: 850,000) ordinary shares	(2,675)	(213)
Closing balance of 67,144,792 (2002: 77,844,792)		
ordinary shares of 25p each	16,786	19,461

Warrants

There are 16,796,600 warrants in issue (2002: same). Each warrant confers the right to subscribe for one ordinary 25p share at 100p on 2nd February 2004.

	Group 2003						
	Share premium £'000	Other reserve' £'000	Warrant reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Capital redemption reserve £'000	Revenue reserve £'000
11. Reserves							
Opening balance	3	47,814	5,886	(15,127)	(10,192)	3,597	(3,206)
Exchange adjustment	—	—	—	1,189	421	—	(43)
Restated opening balance	3	47,814	5,886	(13,938)	(9,771)	3,597	(3,249)
Currency translation difference on consolidation of subsidiary	—	—	—	—	(3,993)	—	—
Currency losses on cash and short-term deposits held during the year	—	—	—	(34)	—	—	—
Realised gains on investments	—	—	—	5,178	—	—	—
Change in unrealised depreciation	—	—	—	—	22,571	—	—
Transfer on disposal of investments	—	—	—	(4,613)	4,613	—	—
Other capital charges	—	—	—	(38)	—	—	—
Unrealised gain on intercompany loan	—	—	—	—	153	—	—
Repurchase of ordinary shares	—	(5,885)	—	—	—	2,675	—
Retained net revenue for the year	—	—	—	—	—	—	(182)
Closing balance	3	41,929	5,886	(13,445)	13,573	6,272	(3,431)

'Redesignated as a distributable reserve for the purpose of share repurchases.

Notes to the Accounts continued

	Parent 2003						
	Share premium £'000	Other reserve £'000	Warrant reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Redemption reserve £'000	Revenue reserve £'000
Opening balance	3	47,814	5,886	7,112	(31,623)	3,597	(4,014)
Currency loss on cash and short-term deposits held during the year	–	–	–	(2)	–	–	–
Realised gains on investments	–	–	–	226	–	–	–
Change in unrealised depreciation	–	–	–	–	25,547	–	–
Transfer on disposal of investments	–	–	–	(97)	97	–	–
Unrealised gain on intercompany loan	–	–	–	–	153	–	–
Repurchase of ordinary shares	–	(5,885)	–	–	–	2,675	–
Other capital charges	–	–	–	(1)	–	–	–
Retained net revenue for the year	–	–	–	–	–	–	(701)
Closing balance	3	41,929	5,886	7,238	(5,826)	6,272	(4,715)

	Group			
	Net asset value per share		Net assets attributable	
	2003 p	2002 p	2003 £'000	2002 £'000

12. Net asset value per share

The net asset value per share at the year end is calculated as follows:

Ordinary shares:

Undiluted	100.64	61.96	67,573	48,236
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Undiluted net asset value per ordinary share is based on net assets at the year end and on 67,144,792 ordinary shares, being the number of ordinary shares in issue at the year end (2002: 77,844,792).

Under the provisions of FRS14 'Earnings per Share' the warrants do not result in a dilutive impact in respect of the year to 30th September 2003 (2002: same) and therefore the dilutive net asset value per share is the same as the undiluted.

Notes to the Accounts continued

	Group		Parent	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
13. Reconciliation of movement in shareholders' funds				
Opening shareholders' funds	48,236	49,452	48,236	49,452
Total recognised gains/(losses) for the year	25,222	(760)	25,222	(760)
Repurchase of shares	(5,885)	(456)	(5,885)	(456)
Closing shareholders' funds	67,573	48,236	67,573	48,236

	Group	
	2003	2002
	£'000	£'000
14. Cash flow statement		
Reconciliation of revenue to net cash outflow from operating activities:		
Net revenue before interest payable and taxation	(99)	(208)
Net premium on debt securities	—	(31)
Decrease/(increase) in accrued income	14	(58)
Increase in other debtors	(3)	(18)
(Decrease)/increase in accrued expenses	(76)	24
Tax on unfranked investment income	(30)	(97)
Currency translation difference	3	(4)
	(191)	(392)
Reconciliation of net cash flow to movement in net debt:		
(Decrease)/increase in cash for the year	(1,861)	2,275
Cash (inflow)/outflow from changes in debt for the year	(1,182)	1,725
Currency translation difference	149	(254)
Movement in net debt for the year	(2,894)	3,746
Currency losses on cash and short term deposits held during the year	(34)	(80)
Net funds/(debt) at beginning of the year	1,970	(1,696)
Closing net (debt)/funds	(958)	1,970
Analysis of net debt		

	At 1st October 2002 £'000	Cash flow £'000	Exchange movement £'000	At 30th September 2003 £'000
Cash and short-term deposits	1,970	(1,861)	115	224
Debt due within one year	—	(1,182)	—	(1,182)
Total	1,970	(3,043)	115	(958)

Notes to the Accounts continued

15. Contingent liabilities

At 30th September 2002 and 30th September 2003 there were no commitments of uncalled capital for either the Group or Parent Company.

16. Transactions with JPMorgan Fleming

Details of the rate of the management fee are set out on page 22. The management fee paid to JPMFAM for the year can be found in note 2, page 36. In addition, JPMFAM was paid £58,000 for shareholder services (2002: £60,000). Included within the figure shown as other management expenses in note 3 on page 36 is a safe custody fee of £118,093 which is payable to JPMorgan Chase as custodian of the Company (2002: £89,270).

JPMFAM carries out many transactions on behalf of the Company. Where some of these transactions are with JPMorgan Securities, an associated company, they are carried out on an arm's length basis. The Board satisfies itself that the terms of all transactions are at market competitive rates.

17. Financial Instruments

The Company's financial instruments comprise:

- Equity shares with Indian exposure. These are held in accordance with the Company's investment objectives and policies.
- Bank loans denominated in US dollars, the main purpose of which is to raise finance for the Company's operations.
- *Short-term debtors, creditors and cash amounts arising directly from its operations.*

As an investment trust, the Company invests in securities for the long-term. Accordingly it is, and has been throughout the year under review, the Company's policy that no short-term trading in investments or other financial instruments shall be undertaken. A review of the Company's investment strategy during the year is included in the *Investment Manager's report on pages 7 to 10.*

The main risks arising from the Company's financial instruments is market price risk which incorporates both foreign currency and interest rate risk. The Board's policy for managing these risks is summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Board meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk-reward profile.

Interest rate risk

The Company borrows at floating rates of interest.

Foreign currency risk

The Company has an exposure to foreign currency as part of the risk-reward inherent from a company that invests overseas.

Notes to the Accounts continued

The income and capital value of the Company's investments can be affected by exchange rate movements as some of the Company's assets and income are denominated in currencies other than sterling which is the Company's reporting currency.

The Board has identified three principal areas where foreign currency risk could impact the Company:

- movements in rates affect the value of investments;
- movements in rates affect short-term timing differences; and
- movements in rates affect the income received.

The Company may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs.

Liquidity risk

The Company's assets comprise mainly realisable securities, which can be sold to meet funding requirements if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

Currency exposures

An analysis of the Group's net assets by currency at 30th September 2003 is:

	<i>INR £m</i>	<i>US\$ £m</i>	<i>Total £m</i>
Investments	67.6	0.8	68.4
Net current assets/(liabilities)	0.1	(0.5)	(0.4)
Financial instruments outstanding at year end	67.7	0.3	68.0

An analysis of the Group's net assets by currency at 30th September 2002 is:

	<i>INR £m</i>	<i>US\$ £m</i>	<i>Total £m</i>
Investments	45.4	1.2	46.6
Net current assets/(liabilities)	2.0	(0.1)	1.9
Financial instruments outstanding at year end	47.4	1.1	48.5

Interest rate risk profile of financial assets and financial liabilities

All of the Group's financial assets are equity shares or other investments which neither pay interest nor have a maturity date.

Liabilities

There were no long-term fixed liabilities at the year end (2002: same). As at 30th September 2003 the Company had a short term floating rate loan. The interest payable is based on LIBOR plus a margin.

Fair value of financial instruments

Financial assets and liabilities are included in the balance sheet at values which represent fair values without exception.

Information about the Company

FINANCIAL CALENDAR

Financial year end	30th September
Half year results announced	May
Full year results announced	December
Dividend	None payable at present
Annual General Meeting	January

History

The Company was launched in May 1994 by a public offer of shares which raised £84 million before expenses. In February 2002, the Company adopted its present name, JPMorgan Fleming Indian Investment Trust plc.

Company Number

Company registration number: 2915926
London Stock Exchange code: 0345035

Market Information

The Company's shares and warrants are listed on the London Stock Exchange. The market price of the shares is shown daily in the Financial Times, The Daily Telegraph, The Times and The Independent. The market price of the warrants is shown daily in the Financial Times. Market price of the Company's shares is also published on the JPMorgan Fleming internet site at www.jpmorganfleming.com/its, where it is updated every fifteen minutes during trading hours.

Taxation

Investors who purchased shares on the launch of the Company should apportion 90.3% of the cost of their holding to the shares and 9.7% to the warrants. This ratio is based on the closing prices of the shares and warrants on 26th May 1994, which was their first day of trading on the London Stock Exchange.

Share Transactions

The shares may be dealt in through a stockbroker or through a professional adviser acting on an investor's behalf. They may also be purchased and held through the JPMorgan Fleming Investment Trust Share Plan, Investment Savings Account (ISA) and Personal Equity Plan (PEP).

Manager and Secretary

J.P. Morgan Fleming Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials, 20 Finsbury Street, London
EC2Y 9AQ

Please contact Fraser Easton for company secretarial issues and administrative matters at the above address, or telephone 020 7742 6000.

Registrars

Lloyds TSB Registrars, Reference 1087,
The Causeway, Worthing, West Sussex, BN99 6DA

Telephone number: 0870 600 3984

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1087.

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

Auditors

Deloitte & Touche LLP.

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

Investing through JPMorgan Fleming

JPMorgan Fleming operate a range of savings products which enable investors to purchase shares in its range of investment trusts as follows:

Share Plan

The Investment Trust Share Plan is a low-cost savings plan allowing investments in any of the JPMorgan Fleming managed investment trusts. The minimum investment is £50 per month or a lump sum of £500. There is a 1% transaction charge (plus 0.5% Government stamp duty) on all purchases, with a minimum charge of £1 and a maximum charge of £50 for each transaction in each trust.

Individual Savings Account ('ISA')

All of the JPMorgan Fleming managed investment trusts are available through either a mini or maxi stocks and shares component ISA. Under current legislation, investments grow free of income and capital gains tax. The minimum investment is £100 per month per trust or a lump sum of £1,000 per trust, subject to the overall annual allowances.

Personal Equity Plan ('PEP')

Although no new subscriptions can be made to a PEP, existing plans from other managers can be transferred into the Investment Trust PEP. The annual management charge is a flat fee of £25 plus VAT per trust.

Pension Account

The Investment Trust Pension Account is simple, flexible and low cost. There is no annual account charge and only a 0.3% dealing charge on purchases (0.5% Government stamp duty is also payable, excluding the Cash Fund). There are just four investment choices: JPMorgan Fleming Managed Growth, JPMorgan Fleming Claverhouse, JPMorgan Fleming Overseas and the Cash Fund.

Under current regulations, tax relief is available on all contributions and investments grow free of capital gains tax. The minimum investment is £100 gross per month or £1,000 gross lump sum.

To find out more about
JPMorgan Fleming Indian
and how to invest visit
www.jpmorganfleming.com/its

The investment trust range from JPMorgan Fleming

JPMorgan Fleming American	Capital growth from North American investments
JPMorgan Fleming Asian	Capital growth from Asian investments, excluding Japan
JPMorgan Fleming Chinese	Capital growth from Greater China investments
JPMorgan Fleming Claverhouse	Capital and income growth from UK investments
JPMorgan Fleming Continental European	Capital growth from Continental European investments
JPMorgan Fleming Emerging Markets	Capital growth from emerging markets worldwide
JPMorgan Fleming European Fledgeling	Capital growth from smaller Continental European companies
JPMorgan Fleming Income & Capital	Income and capital growth from UK investments through a split-capital structure
JPMorgan Fleming Income & Growth	Income and capital growth from higher-yielding investments through a split-capital structure
JPMorgan Fleming Indian	Capital growth from investment in India
Fleming Japanese	Capital growth from Japanese investments
JPMorgan Fleming Japanese Smaller Companies	Capital growth through investment in small and medium-sized Japanese companies
JPMorgan Fleming Managed Growth	Long-term capital growth from investing in the range of investment trusts managed by JPMorgan Fleming
JPMorgan Fleming Managed Income	Growth of income with potential of long-term capital growth from investing in JPMorgan Fleming managed funds and fixed income securities
Fleming Mercantile	Capital growth from a portfolio of medium and smaller UK companies
JPMorgan Fleming Mid Cap	Capital growth from medium-sized UK companies
JPMorgan Fleming Overseas	Capital growth from overseas markets
JPMorgan Fleming Russian Securities	Capital growth from Russian securities
JPMorgan Fleming Smaller Companies	Capital and income growth from UK smaller companies
JPMorgan Fleming Technology	Capital growth from investment in the global technology sector
JPMorgan Fleming US Discovery	Capital growth from US micro cap companies
JPMorgan Fleming Worldwide Income	High income with capital growth through a split-capital structure from a portfolio of equities and bonds with international exposure

Please remember that the value of shares and the income from them can fall as well as rise and investors may not get back the full amount invested. Past performance is not necessarily a guide to the future. For trusts investing in emerging markets the risk to your capital may be greater. Exchange rate changes may cause the value of overseas investments to rise or fall. Unquoted investments may be illiquid and difficult to value and may be more volatile.

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JPMorgan Fleming Brochureline

Freephone 0800 40 30 30

8.30 am to 6.00 pm Monday to Friday, and 9.00 am to 2.00 pm Saturday

Please use this service to order ISA, PEP transfer, Pension Account or Share Plan literature and/or annual reports of the JPMorgan Fleming managed investment trusts.

JPMorgan Fleming Helpline

Freephone 0500 500 324 or 020 7742 9974

8.30 am to 6.00 pm Monday to Friday, and 9.00 am to 2.00 pm Saturday

Please use this service if you have any general queries about the range of JPMorgan Fleming managed investment trusts and products, including investment performance.

JPMorgan Fleming Pension Helpline

Freephone 0800 413 176 or 01722 414 888

9.00 am to 5.00 pm Monday to Friday

Please use this service if you have any queries relating to the Pension Account or require a personal illustration.

www.jpmorganfleming.com/its