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Annual Report **07**
JPMorgan Mid Cap
Investment Trust plc

Annual Report & Accounts for the year ended 30th June 2007

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Features

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Objective

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

Investment Policy

- To focus on FTSE 250 stocks that deliver strong capital growth and income
- To have significant exposure to the UK economy. Mid cap stocks derive the bulk of their earnings from the UK, thus gaining momentum from the relatively rapid growth of the UK economy
- To seek out both value stocks and growth stocks to deliver strong performance throughout the market cycle
- To use gearing to increase potential returns to shareholders
- To invest no more than 15% of gross assets in other UK listed investment companies (including investment trusts)

Benchmark

The FTSE 250 Index (excluding investment trusts)

Structure

- UK domiciled
- Full listing on the London Stock Exchange
- Authorised share capital of 48,000,000 ordinary shares of 25p each, of which 29,232,000 were in issue as at 30th June 2007 (2006 31,108,000)

Management Company

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

Financial Results

Total Return (capital plus income)

+27.3%

Total return to shareholders¹
(2006: +48.9%)

+25.9%

Total return on net assets²
(2006: +41.3%)

+25.9%

Benchmark total return¹
(2006: +31.8%)

14.50p

Dividend
(2006: 12.50p)

+16.0%

Dividend increase
(2006: +10.6%)

Long Term Performance

for periods ended 30th June 2007

A glossary of terms and definitions is provided on page 46

¹Source: Standard & Poors – www.funds.morningstar.com

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

Chairman's Statement

Investment Performance

The year under review has seen considerable further gains for mid cap stocks and for your Company. Over the twelve months to 30th June 2007, the Company achieved a total return on net assets per share of 25.9%, exactly mirroring the benchmark's return. This result continues the sequence of strong gains achieved over the last four years which has seen the Company's NAV increase by 93.8%, whilst the benchmark rose by 62.7%. The Company's return to shareholders (i.e. share price plus net dividends) was 27.3%, and the discount, taking debt at fair value, finished the year at 12.4%. For more detail on the Company's results and the longer term record, please see pages 7 to 9 of this report.

The objective we set our Manager is to achieve capital growth through investing in medium-sized UK companies. The main measurement of the Managers' performance we take as the FTSE 250 Index (excluding investment trusts). The Investment Managers' Report on pages 4 to 6 reviews the year in detail and includes a performance attribution table. The major positive contributor to performance this year was gearing, with share buybacks also adding to returns. The Board thoroughly and regularly reviews the Managers' investment strategy and process as detailed on page 17 and 20 of these accounts.

Revenue and Dividends

Net revenue after taxation for the year was £4,689,000 (2006: £4,380,000) and earnings per share were 15.53p (2006: 13.15p). The Board has established a policy to increase dividends annually at least in line with inflation, as long as normal market conditions prevail, and also undertook to rebalance the split between the interim and final dividends. To this end, the Company paid an interim dividend of 5.00p per share (2006: 4.00p) in April 2007. Having increased the interim dividend in this way, the Board is pleased to recommend an increased final dividend of 9.50p per share making a total of 14.50p (2006: 12.50p) which is an increase in the total dividend of 16.0% on last year. This dividend is payable on 8th November 2007 to shareholders on the register at the close of business on 5th October 2007.

Gearing

The Managers successfully employed gearing of up to 117% during the first half of the financial year. After trimming it back tactically to 108%, to moderate the impact of the market volatility witnessed towards the end of the year, the Managers are now prepared to increase it again to take advantage of buying opportunities.

Discount Management

It is the present intention of the board to continue its policy of buying back shares, where appropriate, to enhance net asset value per share. This policy will be reviewed regularly in the light of market conditions. The Company repurchased a total of 1,876,000 shares, representing 6.0% of the issued share capital, during the year to 30th June 2007. This process added 0.8% to the net asset value of the remaining shares.

Since 30th June 2007 the Company has repurchased a further 1,229,120 shares representing 4.2% of the issued share capital. This process has added 0.6% to the net asset value of the remaining shares. The Directors continue to believe that this mechanism is of benefit to shareholders and therefore propose and recommend that powers to repurchase up to 14.99% of the Company's shares for cancellation be renewed for a further period.

Your Board has for some time considered the use of treasury shares to further improve the liquidity of the Company's shares. The ability to repurchase up to 10% of the Company's issued shares into treasury and then reissue them at a limited discount to net asset value would give greater flexibility in the management of imbalances between supply and demand, minimise volatility and enhance the net asset value by issuing shares at a narrower discount than that at which they were purchased. Whilst we recognise that the reissue of shares from treasury is a controversial matter for some shareholders, your Board considers that by specifying clear criteria on which such reissues would be made, such concerns should be minimised. Shares held in treasury

"The year under review has seen considerable further gains for mid cap stocks and for your Company"

could be reissued at a price that is below the then NAV, but would not be reissued at a wider discount than the size-weighted average buying-in level or at below the prevailing bid price at that time. The aggregate dilution associated with any reissues will not exceed 0.5% of the net asset value over the full period of the authority. The Board recommends that shareholders grant the Company authority to reissue shares from treasury at a discount.

Board of Directors

Your Board has put procedures in place to ensure that the Company complies fully with the revised Combined Code and the AIC Code on Corporate Governance. Full details are given in the Corporate Governance section of this report on pages 20 to 23. In accordance with the Company's Articles of Association, the Director retiring by rotation at this year's Annual General Meeting is Gordon McQueen. In addition, John Emly and Alexander Scott retire on grounds of tenure (both have served as Directors for ten years). The Nomination Committee has met to consider the attributes and contributions of the individuals concerned and, following this review, have no hesitation in recommending their re-election at the forthcoming Annual General Meeting.

Investment Manager

The Board has reviewed the investment management, secretarial and marketing services provided to the Company by JPMorgan Asset Management (UK) Limited ("JPMAM"). This annual review has included their performance record, management processes, investment approach, 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 JPMAM for the provision of these services is in the best interests of shareholders.

VAT Case

In 2004 the AIC lodged a joint appeal, with JPMorgan Claverhouse Investment Trust plc, for the payment of investment trust management fees to be exempt from VAT. The European Court of Justice (ECJ) has found in favour of the AIC in declaring that the management fees of investment trusts are eligible for exemption from VAT. We now await the Government's response to this ruling. On the basis of the ECJ ruling it seems that a refund of some past payments of VAT is probable. However, in the absence of a final outcome on the AIC appeal and a definitive agreement with the Manager as to the basis of the calculation of any refund, it is not practical at this stage to quantify the amount of any VAT recoverable.

Annual General Meeting

This year's Annual General Meeting will be held on 7th November 2007 at 12.00 noon at The Armourers' Hall, 81 Coleman Street, London EC2R 5BJ. As in previous years, in addition to the formal part of the meeting, there will be a presentation from the Investment Managers who will answer questions on the portfolio and performance. There will also be an opportunity to meet the Board, the Investment Managers and representatives of JPMorgan after the meeting. I look forward to welcoming as many of you as possible to this meeting. If you have any detailed or technical questions, it would be helpful if you could raise these in advance of the meeting with the Company Secretary at Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ. Shareholders who are unable to attend the AGM are encouraged to use their proxy votes.

Prospects

The recent weakness and volatility in global markets was sparked by concerns over the state of the US sub-prime mortgage and global capital and credit markets. However, our Managers believe that the UK mid cap market, with its strong domestic bias, should avoid much of the fallout from these problems and that earnings and profits growth will continue into 2008. With interest rates near their peak and valuations at attractive levels our Managers have been looking for opportunities selectively to increase their market exposure.

"With interest rates near their peak and valuations at attractive levels our Managers have been looking for opportunities selectively to increase their market exposure."

Andrew Barker
Chairman

24th September 2007

Investment Managers' Report

In the twelve months to 30th June 2007, the Company's net asset value per share ('NAV') rose to 799.30p, giving a total return with net income reinvested of 25.9%, in line with the total return on the FTSE 250 Index (excluding investment trusts) of 25.9%. Over the same period the Company's shares rose from a mid price of 558.00p to 695.50p and with dividends gave a total return to shareholders of 27.3%.

Jeremy Wells

Market Background

In the financial year to 30th June 2007, the Company has again delivered a very strong return to investors. In headline price terms, the FTSE All Share Index rose from 2,968 in June 2006 to 3,404 by June 2007, a gain of 14.7% in capital only terms, whilst with income included the FTSE All Share delivered a total return of 18.4%. As has been the case in each of the preceding three financial years, in the latest period the mid cap market in the UK delivered higher returns to investors than the All Share. In index price terms the FTSE 250 Index rose from 9,422 to 11,528, a capital only gain of 22.4%. The benchmark for the Company, the FTSE 250 Index (ex Investment Trusts), delivered a total return for the period of 25.9%.

Christopher Llewelyn

Looking behind the headline numbers, much of the gain within the mid cap market came in the last six months of 2006. So far in 2007 the mid cap index has been treading water, advancing just 3.1% in capital terms in the six months to 30th June 2007. Over this same period, the mid cap index has for the time being surrendered market leadership to the FTSE 100 Index, which gained 6.2% in capital terms in the first six months. As 2007 has evolved, investor sentiment has progressively become more cautious towards the mid cap universe as bid activity has dried up from debt funded private equity funds, and as the Bank of England has continued to edge interest rates higher. With mid cap stocks in general trading at a healthy premium to large cap stocks, this switch in sentiment was not unexpected.

"In the financial year to 30th June 2007, the Company has again delivered a very strong return to investors."

Portfolio

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

In the twelve months to 30th June 2007, the Company's NAV rose to 799.3p, giving a total return with net income reinvested of 25.9%, in line with the total return on the FTSE 250 Index (excluding investment trusts) of 25.9%. Over the same period, the Company's shares rose from a mid price of 558.0p to 695.5p and with dividends gave a total return to shareholders of 27.3%. Positive absolute returns for investors in the Company were boosted by the decision to maintain a reasonable level of gearing for both strategic and tactical purposes, a decision that has been restated and reconfirmed at each of the last two annual general meetings. Tactically, gearing was held fairly constant in the first half of the period, before being gently reined in by net selling within the portfolio from December onwards. Over the period as a whole, £11.3 million was raised from the portfolio, equivalent to approximately 5%

Performance attribution for the year to 30th June 2007

Contributions to Total Return	%
Benchmark total return	25.9
Stock/Sector selection	-2.8
Gearing/cash	2.6
Investment Manager contribution	-0.2
Portfolio total return	25.7
Management fees/ Other expenses	-0.8
Share repurchases	0.8
Residual	0.2
Other effects	0.2
Net asset value total return	25.9

Source Xamin/HSBC/IPMAM

All figures are on a total return basis

The table provides a breakdown, relative to the benchmark, of the contributions to total return

A glossary of terms and definitions is provided on page 46

“UK companies continue to deliver profit growth in line with or ahead of expectations, with accompanying strong dividend growth”

of the underlying portfolio. Gearing decisions overall added 2.6% to shareholder returns and helped to offset a more disappointing stock selection return within the portfolio, with an impact of -2.8%, giving an overall net management effect of -0.2% in the latest financial year.

The investment management approach of your managers is to target performance at the stock level, and predominantly to use sector exposure to mitigate risk within the portfolio. Among the stocks held in the portfolio that benefited stock selection in the last financial year, the top five were Aggreko, Michael Page International, easyJet, Petrofac and Great Portland Estates. Amongst these names, Michael Page International, the recruitment company, also featured last year, and continued to enjoy buoyant market conditions and deliver very strong year on year profits growth. Buoyant trading conditions in the mobile power generation market also saw Aggreko repeatedly delivering better than expected trading results, propelling the shares higher. easyJet performed strongly, particularly in the first part of the period, as the low cost airline was able to project year on year profits growth of 40-50% as the company continues to win market share from full service airlines. Petrofac, the oil services company, benefited from very busy end markets, as oil exploration companies stepped up their activity, benefiting both Petrofac's sales and margins. Great Portland Estates also delivered its outperformance in the first six months, as strong rental growth and positive valuation shifts on its West End property portfolio pushed the shares to all time highs. Among the stocks held which cost the portfolio performance, the worst five were the Paragon Group of Companies, VT Group, Carpetright, Kensington, and Barratt Developments. Of these, the Paragon Group of Companies and Kensington, both specialist buy to let mortgage providers, were both adversely affected by the Bank of England's steady increase in interest rates, which put a degree of financial strain on their end customers, and ultimately saw Kensington drop out of the Mid Cap index after a profits warning. Both VT Group, the defence support services company, and Carpetright, the retailer, reported disappointing figures during the period. Barratt Developments, in contrast, continued throughout the period to trade well, and acquired its smaller house building rival, Wilson Bowden, in Spring 2007 in an accretive deal, but suffered a share price derating as investor sentiment turned against house builders in general.

Future Outlook

There is an old stock market adage “sell in May and go away, and don't come back until St Leger's Day”, after the famous horse race held annually in mid September. The adage has currency, because a common feature of the UK stock market is listless and directionless conditions over the late spring and summer months, and in some years more marked setbacks. Last year May and June were particularly nervous months for investors, although the setback then proved short lived. This year investor risk aversion appears to have stepped up a little earlier, with confidence in the broad spread of mid cap names generally ebbing from April onwards. Investors and pundits have taken the view that stubborn inflation, and the Bank of England's response of raising interest rates, will inevitably squeeze UK consumers and UK companies exposed to the domestic economy, especially amongst mid caps. On the whole there is little evidence of this so far. Recent UK economic growth figures remain around trend, with inflation beginning to fall back and the UK housing market gently decelerating after five interest rate hikes in the last year. UK companies continue to deliver profit growth in line with or ahead of expectations, with accompanying strong dividend growth. UK interest rates are now close to their expected peak and the focus will soon switch to when the Bank will cut rates. Recent weak mid cap market conditions, which have now taken the mid

Investment Managers' Report Continued

cap index below the level it started 2007, have therefore improved the fundamental attractions of the mid cap market. Based on consensus market estimates of 13.6% earnings growth in 2008, the mid cap market currently trades on a price earnings multiple of 13.5 times for 2008. On anything other than a very short term perspective, this represents an attractive level, and we have been responding to this opportunity by moderately increasing gearing.

Jeremy Wells
Christopher Llewelyn
Investment Managers

24th September 2007

Summary of Results

	2007	2006	
Total Returns (capital plus income) for the year ended 30th June			
Return to shareholders ¹	+27.3%	+48.9%	
Return on net assets ²	+25.9%	+41.3%	
FTSE 250 Index (excluding investment trusts) ¹	+25.9%	+31.8%	
Net Asset Value, Share Price and Discount at 30th June			
			% change
Net asset value per share with debt at par value	799.3p	647.4p	+23.5
Net asset value per share with debt at fair value ³	793.7p	636.9p	+24.6
Share price	695.5p	558.0p	+24.6
Discount of share price to net asset value with debt at par value	13.0%	13.8%	
Discount of share price to net asset value with debt at fair value ³	12.4%	12.4%	
Shareholders funds (£'000)	233,651	201,396	
Revenue for the year ended 30th June			
Net revenue attributable to shareholders (£'000)	4,689	4,380	+7.1
Return per share	15.53p	13.15p	+18.1
Dividend per share	14.50p	12.50p	+16.0
Total Expense Ratio	0.7%	0.7%	
Actual Gearing Factor	113.0%	114.0%	

A glossary of terms and definitions is provided on page 46

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

²Source: Fundamental Data – www.funddata.com

³Market values of listed gilt stocks with similar profiles have been used to determine the fair value of the debenture stock

Performance

- JPMorgan Mid Cap – Share price
- JPMorgan Mid Cap – Net asset value (with debt valued at par)
- FTSE 250 Index (excluding investment trusts)

Source Standard & Poor's –
www.funds.morningstar.com/
Fundamental Data – www.funddata.com

Ten Year Performance

Figures have been rebased to 100 at 30th June 1997

- JPMorgan Mid Cap – Share price
- JPMorgan Mid Cap – Net asset value (with debt valued at par)
- The benchmark index is represented by the grey horizontal line

Source Standard & Poor's –
www.funds.morningstar.com/
Fundamental Data – www.funddata.com

Performance Relative to Benchmark

Figures have been rebased to 100 at 30th June 1997

Ten Year Financial Record

As at 30th June	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Shareholders' funds (£'m)	113 0	152 7	147 2	184 5	167 3	138 2	114 5	153 6	165 9	201 4	233 7
Net asset value per share (with debt at par) (p)	282 4	381 8	367 9	476 4	433 6	358 3	296 9	398 1	473 5	647 4	799 3
Share price (p)	240 5	349 5	298 0	378 5	414 5	326 5	268 0	315 0	384 5	558 0	695 5

Year ended 30th June

Revenue attributable to shareholders (£'000)	2,687	1,878	1,517	2,730	2,921	3,828	4,366	3,364	4,383	4,380	4,689
Earnings per share (p)	6 71	4 69	3 97	6 91	7 57	9 92	11 32	8 72	12 07	13 15	15 53
Dividend per share (net) (p)	5 30	5 30	5 30	6 00	7 00	9 50	10 75	9 75	11 30	12 50	14 50
Discount (%) ¹	14 8	8 4	19 0	20 5	4 4	8 9	9 7	20 9	18 8	13 8	13 0
Actual gearing (%)	111 0	114 0	119 0	119 0	122 0	119 0	124 8	115 0	110 7	114 0	113 0
Total expense ratio (%)	0 85	0 86	1 19	1 10	1 02	1 09	1 27	0 73	0 74	0 67	0 65

Rebased to 100 at 30th June 1997

Net asset value per share – total return ²	100 0	137 4	134 6	176 6	162 7	137 4	118 2	160 4	195 4	275 9	347 3
Share price – total return ³	100 0	148 1	128 7	166 0	184 5	148 7	127 6	155 3	195 0	290 4	369 7
FTSE 250 Index (excluding investment trusts) – total return ³	100 0	128 5	141 3	162 2	161 2	146 0	137 3	180 7	217 1	286 2	360 2

A glossary of terms and definitions is provided on page 46

¹Debt at par

²Source Fundamental Data – www.funddata.com

³Source Standard & Poor's – www.funds.morningstar.com

Ten Largest Investments

at 30th June 2007

Company	Sector	As at 30th June 2007		As at 30th June 2006	
		Valuation £'000	% ¹	Valuation £000	% ¹
Investec² Investec is an international investment and private banking group. The Group provides corporate and investment banking, private banking, securities trading, asset management, property trading and management and trade finance services.	Financials	7,503	2.8	3,338	1.4
Aggreko² Aggreko provides specialist power and temperature control rental services in two main product areas, mobile electricity generators and temperature control equipment. Aggreko also supplies oil free diesel compressors used to eliminate oil based contaminants in the food, pharmaceutical and textile industries. The Group operates through approximately 118 depots in 23 countries worldwide.	Industrials	7,146	2.7	3,560	1.5
Michael Page International Michael Page International provides recruitment consultancy services. The Group places candidates in permanent, contract, temporary, and interim positions. Michael Page conducts operations in the United Kingdom, Europe, Asia-Pacific, and the Americas, focusing on the areas of finance, marketing, retail, sales, legal, technology, human resources and various others.	Industrials	6,883	2.6	5,556	2.4
Go-Ahead The Go Ahead Group provides a range of public transportation services. The Group operates buses, coaches and trains in the North East of England, Luton, Oxford and Brighton, in addition to providing a range of ground handling services, which encompass both airline and cargo handling.	Consumer Services	6,760	2.6	5,684	2.5
Hays Hays provides specialist recruitment and human resource services for clients and candidates requiring permanent and temporary, professional and technical staff.	Industrials	6,584	2.5	5,181	2.2
FirstGroup² FirstGroup is an international passenger group which has bus and rail operations in the United Kingdom and North America. The Group's operations comprise bus and passenger rail franchises, in addition to transit management, school bus operations and fleet maintenance.	Consumer Services	6,571	2.5	4,272	1.8
Savills² Savills provides consulting services and advice on matters related to commercial, agricultural and residential property. The Group primarily acts as an adviser or agent, but not as a principal. Savills provides its property consulting services to customers in the United Kingdom.	Financials	5,980	2.3	3,650	1.6
Amlin² Amlin is an insurance and reinsurance business operating in the Lloyd's market. The Company provides insurance cover to commercial enterprises. Amlin offers risk management solutions to the following areas: aviation, international property and casualty, marine and UK commercial business clients.	Financials	5,845	2.2	2,667	1.2
Burberry² Burberry Group designs, manufactures and distributes luxury apparel and accessories. Their products include clothing for men, women and children, handbags, scarves, leather goods and fragrances under the Burberry brand names. The Group retails its products through Burberry stores in Europe, North America and Japan, and licenses its name to various clothing manufacturers.	Consumer Goods	5,492	2.1	1,136	0.5
Cookson² Cookson Group, a materials technology company, provides materials, processes and services to customers worldwide. The Group's operations consist of electronics, ceramics and precious metals.	Industrials	5,184	2.0	2,516	1.1
Total		63,948	24.3		

¹ Based on total assets less current liabilities of £263.9m (2006: £231.4m), other than loan facilities repayable within one year.

² Not included in the ten largest investments at 30th June 2006.

As at 30th June 2006, the value of the ten largest investments amounted to £55,863,000 representing 24.1% of total assets less current liabilities.

Portfolio Analyses and Investment Activity

Portfolio Analysis at 30th June

	2007 %	2006 %
FTSE 250 Index companies	96.6	94.0
FTSE 100 Index companies	2.9	5.1
Smaller companies	0.4	0.2
Liquidity fund	0.1	—
Net current assets	—	0.7

Based on total assets less current liabilities of £263.9m (2006: £231.4m) other than loan facilities repayable within one year

Sector Analysis at 30th June

	Portfolio 2007 %	Benchmark 2007 %	Portfolio 2006 %	Benchmark 2006 %
Industrials	34.4	32.8	26.2	26.8
Financials	22.3	18.7	25.6	19.8
Consumer Services	19.8	22.6	20.9	27.4
Consumer Goods	13.8	9.2	12.2	10.2
Oil & Gas	6.4	6.8	4.2	4.9
Basic Materials	1.5	1.9	3.8	1.2
Technology	1.5	4.8	3.0	4.4
Utilities	0.2	1.4	2.5	2.5
Telecommunications	—	0.9	0.9	2.4
Healthcare	—	0.9	—	0.4
Liquidity fund	0.1	—	—	—
Net current assets	—	—	0.7	—

Based on total assets less current liabilities of £263.9m (2006: £231.4m) other than loan facilities repayable within one year

Investment Activity

	Value at 30th June 2006		Purchases	Sales	Change in classification ¹	Change in valuation	Value at 30th June 2007	
	£'000	%	£'000	£'000	£'000	£'000	£'000	%
FTSE 250 Index companies	217,408	94.7	143,644	135,792	(15,852)	45,493	254,901	96.6
FTSE 100 Index companies	11,708	5.1	12,983	34,305	13,773	3,498	7,657	2.9
Smaller companies	533	0.2	5,666	6,259	2,079	(1,004)	1,015	0.4
Liquidity fund	—	—	15,547	15,197	—	—	350	0.1
Total	229,649	100.0	177,840	191,553	—	47,987	263,923	100.0

¹Being the re classification in the year of Bellway, Cable & Wireless, Punch Taverns and Resolution from FTSE 250 to FTSE 100 companies and Kensington and Wolfson Microelectronics from FTSE 250 to Smaller companies

List of Investments

at 30th June 2007

Company	£'000	Company	£'000
Industrials		Intermediate Capital	3,718
Aggreko	7,146	IG	3,429
Michael Page International	6,883	Shaftesbury	3,059
Hays	6,584	Hiscox	3,041
Cookson	5,184	Cattles	3,039
Charter	4,654	Collins Stewart	2,639
Ashtead	4,325	Catlin	2,315
Travis Perkins	3,987	Derwent Valley	1,524
Keller	3,606	Admiral	1,273
Balfour Beatty	3,302	Tullett Prebon	1,173
Halma	3,046	Unite	1,033
Invensys	2,994	Paragon Group of Companies	773
Davis	2,650	Rightmove	756
De La Rue	2,644	Close Brothers	718
SThree	2,608	Helphire	700
Chemring	2,230	Big Yellow	546
Kier	2,226	Provident Financial	467
Smith (DS)	2,206		58,437
RPS	2,160	Consumer Services	
Weir	2,012	Go-Ahead	6,760
FKI	1,960	FirstGroup	6,571
SIG	1,858	United Business Media	4,078
Spectris	1,816	Topps Tiles	3,499
Mouchel Parkman	1,791	Stagecoach	3,495
IMI	1,751	easyjet	3,440
Morgan Sindall	1,663	Restaurant Group	3,221
Tomkins	1,256	Findel	3,045
Galliford Try	1,157	Informa	2,751
Electrocomponents	1,100	Arriva	2,597
Mitie	1,045	Daily Mail & General Trust	1,977
Safestore	1,015	Halfords	1,701
Melrose	955	First Choice Holidays	1,646
Interserve	570	GAME	1,600
Speedy Hire	527	Smith (WH)	1,457
Bodycote	497	Thomas Cook	1,047
VT	496	Euromoney Institutional	771
Meggitt	426	Taylor Nelson Sofres	705
Atkins	381	Brown	445
BSS	335	Greggs	420
Aga Foodservice	238	JJB Sports	271
	91,284	Johnston Press	245
Financials			51,742
Investec	7,503	Consumer Goods	
Savills	5,980	Burberry	5,492
Amlin	5,845	Barratt Developments	5,145
St James's Place	4,528	Inchcape	5,105
Great Portland Estates	4,378	Bellway	4,155

Company	£'000
Dairy Crest	3,777
GKN	3,269
Redrow	2,261
Wimpey (George)	2,179
Bovis Homes	1,645
Britvic	1,336
Northern Foods	1,045
Headlam	752
Premier Foods	261
	36,422
Oil & Gas	
Hunting	4,544
Burren Energy	3,883
Petrofac	3,570
John Wood Group	2,117
Dana Petroleum	998
JIX Oil & Gas	821
Venture Production	500
Soco International	332
	16,765
Technology	
AVEVA	1,301
Autonomy	1,178
CSR	867
Micro Focus	799
blinkx	71
	4,216
Basic Materials	
Croda International	3,812
Aquarius Platinum	361
	4,173
Utilities	
British Energy	534
	534
Liquidity Funds	
JPMorgan Sterling Liquidity Fund	350
	350
Total Portfolio	263,923

This portfolio consists entirely of equity shares and liquidity funds

Board of Directors

Andrew Barker*†‡

(Chairman of the Board and Nomination and Remuneration Committee)

A Director since October 2004 and appointed Chairman in April 2005

Chairman of British Portfolio Trust plc, International Biotechnology Trust plc and Morant Wright Japan Income Trust PLC Mr Barker is also a Director of Renaissance US Growth Investment Trust plc

John Emly

A Director since June 1996

Retired from Flemings in 2000 after 25 years' service and was appointed Investment Director of The Civil Aviation Authority's Pension Fund in September 2000 He is a Director of F&C Capital & Income Investment Trust plc and a Director of Shaftesbury plc

Gordon McQueen*†‡

(Chairman of the Audit Committee)

A Director since December 2004

Served as the Finance Director of Bank of Scotland plc and on the Board of HBOS plc and Halifax plc until the end of 2003 Mr McQueen is a Director of Scottish Mortgage Investment Trust plc, Alliance Trust plc and Shaftesbury plc

Alexander Scott*†‡

(Senior Independent Director)

A Director since April 1996

Chairman of Sand Aire Investment Management Limited, a London based investment company, and a Director of Stramongate Assets plc

* *Member of the Audit Committee*

† *Member of the Nomination and Remuneration Committee*

‡ *Considered by the Board to be independent*

Directors' Report

The Directors present their report for the year ended 30th June 2007

Business Review

Business of the Company

The Company carries on business as an investment trust and was approved by HM Revenue & Customs as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30th June 2006. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify as an investment trust company. The Company will continue to seek approval under Section 842 of the Income and Corporation Taxes Act 1988 each year.

Approval for the year ended 30th June 2006 is subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment.

The Company is an investment company within the meaning of Section 266 of the Companies Act 1985. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's Statement on pages 2 and 3, and in the Investment Managers' Report on pages 4 to 6.

Investment Objective and Policies

The Company's objective is to achieve capital growth from investments in medium-sized UK companies by consistent out-performance of the Company's benchmark index, the FTSE 250 Index (excluding investment trusts) and a rising share price over the longer term by taking carefully controlled risks through an investment process that is clearly communicated to shareholders.

In order to achieve this objective, the Company invests in a diversified portfolio, concentrating on FTSE 250 companies with the most attractive prospects. The Company makes use of long and short-term borrowings to increase returns and does not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts).

Performance

In the year to 30th June 2007, the Company produced a total return to shareholders of 27.3% and a total return on net assets of 25.9%. This compares with the return on the Company's benchmark index of 25.9%. As at 30th June 2007, the value of the Company's investment portfolio was £263.9m. The Investment Managers' Report on pages 4 to 6 includes a review of developments during the year as well as information on investment activity within the Company's portfolio.

Total Return, Revenue and Dividends

Gross total return for the year totalled £52,403,000 (2006 £64,363,000) and net total return after deducting interest, administrative expenses and taxation amounted to £48,719,000 (2006 £60,597,000). Distributable income for the year totalled £4,689,000 (2006 £4,380,000).

The Directors recommend a final dividend of 9.50p per share (2006 8.5p) payable on 9th November 2007 to holders on the register at the close of business on 5th October 2007. This distribution will absorb £2,777,000. An interim dividend of 5.0p per share (2006 4.0p) was paid on 23rd April 2007. Following the payment of the final dividend, the revenue reserve will amount to £5,064,000.

Key Performance Indicators ('KPIs')

The Board uses a number of financial KPIs to monitor and assess the performance of the Company. The principal KPIs are:

- **Performance against the benchmark index.** This is the most important KPI by which performance is judged.

Performance Relative to Benchmark Index

Figures have been rebased to 100 as at 30th June 1997.

■ JPMorgan Mid Cap - Share price
 ■ JPMorgan Mid Cap - Net asset value per share (with debt at par value)
 ■ The benchmark index is represented by the grey horizontal line
 Source: Standard & Poors [www.funds.morningstar.com/Fundamental Data Ltd](http://www.funds.morningstar.com/FundamentalData Ltd)

Ten Year Performance


Figures have been rebased to 100 as at 30th June 1997.

■ JPMorgan Mid Cap Share price
 ■ JPMorgan Mid Cap - Net asset value per share (with debt at par value)
 ■ FTSE 250 Index (ex investment trusts)
 Source: Standard & Poors [www.funds.morningstar.com/Fundamental Data Ltd](http://www.funds.morningstar.com/FundamentalData Ltd)

Directors' Report continued

- Performance against the Company's peers**
 The principal objective is to achieve capital growth relative to the benchmark. However, the Board also monitors the performance relative to a broad range of competitor funds.
- Performance Attribution**
 The purpose of performance attribution analysis is to assess how the Company achieved its performance relative to its benchmark index, i.e. to understand the impact on the Company's relative performance of the various components such as stock and sector allocation. Details of the attribution analysis for the year ended 30th June 2007 are given in the Investment Managers' Report on page 5.
- Discount to net asset value ('NAV')**
 The Board has a share repurchase programme which seeks to address imbalances in supply of and demand for the Company's shares within the market. This minimises the volatility and absolute level of the discount to NAV at which the Company's shares trade in relation to its peers in the sector. In the year to 30th June 2007, the shares traded between a discount of 12.4% and 9.3% with debt at fair value.

Discount Performance


 JPMorgan Mid Cap - Discount
 Source: Datastream

- Total expense ratio ('TER')**
 The total expense ratio ('TER') is an expression of the Company's management fees and all other operating expenses (including tax relief, where allowable, but excluding interest payments) as a percentage of average net assets over the year. The TER for the year ended 30th June 2007 was 0.65% (2006: 0.67%). The Board reviews each year an analysis which shows a comparison of the Company's TER and its main expenses with those of its peers.

Share Capital

Further to resolutions passed on 7th November 2006, the Company re-purchased 1,876,000 shares for cancellation

during the year, representing 6.0% of the Company's issued share capital at the beginning of the financial year, for a consideration of £12,385,000. Since the end of the year the Company has repurchased 1,229,120 shares for cancellation for a consideration of £8,144,000.

A resolution to renew the authority to repurchase shares at a discount to NAV is due to be put to shareholders at the forthcoming Annual General Meeting. The full text of this resolution is set out in the Notice of Meeting on page 44.

The Company did not issue any new shares during the year.

Principal Risks

With the assistance of the Manager and Secretary, JPMorgan Asset Management (UK) Limited ('JPMAM'), the Board has drawn up a risk matrix, which identifies the key risks to the Company. These key risks fall broadly under the following categories:

- Investment and Strategy** An inappropriate investment strategy, for example asset allocation or the level of gearing, may lead to under-performance against the Company's benchmark index and peer companies, resulting in the Company's shares trading on a wider discount. The Board manages these risks by diversification of investments through its investment restrictions and guidelines which are monitored and reported on. JPMAM provides the Directors with timely and accurate management information, including performance data and attribution analyses, revenue estimates, liquidity reports and shareholder analyses. The Board monitors the implementation and results of the investment process with the Investment Managers, who attend all Board meetings, and review data which shows statistical measures of the Company's risk profile. The Investment Managers employ the Company's gearing tactically, within a strategic range set by the Board. The Board holds a separate meeting devoted to strategy each year.
- Market** Market risk arises from uncertainty about the future prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by JPMAM. The Board monitors the implementation and results of the investment process with the Investment Managers.

- **Accounting, Legal and Regulatory** In order to qualify as an investment trust, the Company must comply with Section 842 of the Income and Corporation Taxes Act 1988 ("Section 842") Details of the Company's approval are given under "Business of the Company" above Should the Company breach Section 842, it may lose investment trust status and as a consequence gains within the Company's portfolio would be subject to Capital Gains Tax The Section 842 qualification criteria are continually monitored by JPMAM and the results reported to the Board each month The Company must also comply with the provisions of the Companies Act 1985 and, as its shares are listed on the London Stock Exchange, the UKLA Listing Rules A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings A breach of the UKLA Listing Rules may result in the Company's shares being suspended from listing which in turn would breach Section 842 The Board relies on the services of its Company Secretary, JPMAM, and its professional advisers to ensure compliance with The Companies Act 1985 and The UKLA Listing Rules
- **Corporate Governance and Shareholder Relations** Details of the Company's compliance with Corporate Governance best practice, including information on relations with shareholders, are set out in the Corporate Governance report on pages 20 to 23
- **Operational** Disruption to, or failure of, JPMAM's accounting, dealing or payments systems or the custodian's records may prevent accurate reporting and monitoring of the Company's financial position Details of how the Board monitors the services provided by JPMAM and its associates and the key elements designed to provide effective internal control are included within the Internal Control section of the Corporate Governance report on pages 22 and 23
- **Financial** The financial risks faced by the Company are disclosed in note 21 on pages 39 to 41

Future Developments

Clearly the future development of the Company is much dependent upon the success of the Company's investment strategy in the light of economic and equity market developments, but the Investment Managers discuss the outlook in their report on pages 5 and 6

Management

JPMAM is employed under a contract terminable on six month's notice, without penalty If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation

JPMAM is a wholly-owned subsidiary of JPMorgan Chase Bank which, through other subsidiaries, also provides banking, dealing and custodian services to the Company

The Board has evaluated the performance of the Manager and confirms that it is satisfied that the continuing appointment of the Manager is in the interests of shareholders as a whole In arriving at this view, the Board also considered the investment strategy and process of the Investment Managers and the support that the Company receives from JPMorgan

Management and Performance Fees

The fixed basic annual management fee is 0.4% per annum of the Company's total assets less current liabilities The management fee includes a contribution towards JPMAM's general marketing and client administration costs

The terms of the management contract make allowance for the exclusion of management charges on investments held in funds on which JPMAM earns a management fee

In addition to the basic annual management fee, a performance related fee is calculated at 17.5% of outperformance of the Company's net asset value total return (excluding gearing and management fee) over the benchmark The maximum total fee payable in any one year in respect of the fixed management fee and any performance fee is capped at 1.65% of the Company's total assets less current liabilities at the year end date The performance fee will be calculated annually and paid within three months of the year end An estimate is accrued monthly and reflected in the Company's published net asset value per share The performance fee calculation restarts when outperformance of the benchmark has been achieved and a performance fee earned This means that the performance fee is only payable when there has been positive relative performance since the last performance fee was paid No performance fee was payable in the year to 30th June 2007

Directors' Report continued

Going Concern

The Directors consider that the Company has adequate resources, an appropriate financial structure and suitable arrangements in place for its management 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 the Company's policy to abide by these terms. As at 30th June 2007, the Company had no outstanding trade creditors (2006: none).

Directors

The Directors of the Company at the end of the year, together with their beneficial interests in the Company's share capital are given below.

Directors	30th June 2007	1st July 2006
Andrew Barker	8,000	8,000
John Emly	4,978	4,879
Gordon McQueen	1,500	1,500
Alexander Scott	3,700	3,700

No changes in the above holdings have been notified by any Director between the year end and the date of this report.

In accordance with the Articles of Association and Combined Code on Corporate Governance, the Directors retiring at the forthcoming Annual General Meeting are Gordon McQueen, John Emly and Alexander Scott, who, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

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

Disclosure of information to Auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved:

- (a) so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware, and

- (b) each of the Directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of Section 234ZA of the Companies Act 1985.

Notifiable Interests in the Company's Voting Rights

At the date of this report, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of shares held	%
Puddle Dock Nominees Limited ¹	6,847,826	24.4
Barclays plc	3,569,418	12.8
Co-operative Insurance Society	1,617,900	5.8
Insight Investment Management (Global) Limited	1,605,241	5.7
Legal & General Investment Management Limited	1,207,149	4.3

¹ Held on behalf of JPMAM Share Plan, PEP and ISA participants.

Independent Auditors

Ernst & Young LLP have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment, and to authorise the Directors to determine their remuneration for the ensuing year, will be put to shareholders at the Annual General Meeting.

Annual General Meeting

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

(i) Authority to repurchase the Company's shares (resolution 8)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at last year's Annual General Meeting, will expire on 6th May 2008 unless renewed at the forthcoming Annual General Meeting.

The Board will seek shareholder approval at the AGM to renew this authority, which will last until 6th May 2009 or until the whole of the 14.99% has been acquired, whichever is the earlier. The full text of the resolution is set out in the Notice of Meeting on page 44. 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 share as and when market conditions are appropriate.

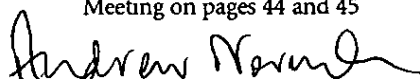
**(ii) Treasury shares/disapplication of pre-emption rights
(resolutions 9 and 10)**

Under the Companies Act 1985, the Company is permitted to repurchase up to 10% of its own shares into treasury for reissue or cancellation at a future date, as an alternative to repurchasing for immediate cancellation. The Board considers that circumstances could arise in which it would be in shareholders' interests for such powers to be exercised.

The Board believes that the effective use of treasury shares could assist the Company in improving liquidity in the Company's shares, of managing any imbalances between supply and demand and minimising the volatility and absolute level of the discount at which the Company's shares trade to their net asset value, for the benefit of shareholders.

Accordingly, shareholders will also be asked at the Annual General Meeting to approve resolutions 9 and 10 which will allow the Company to reissue shares from treasury at a discount to NAV and disapply statutory pre-emption rights respectively. This will enable the Company to reissue shares held in treasury without having to make a pro rata offer to existing shareholders. Shares may be reissued at a price that is below the then current net asset value, but will not be reissued at a wider discount than the size weighted average buying-in level or below the prevailing bid price at that time. Reissues will also be limited so that in the year to the Company's 2008 Annual General Meeting, the aggregate dilution in net asset value per share arising on such reissues does not exceed 4.00 pence per share, being approximately 0.5% of the net asset value per share at 30th June 2007. The Board does not at present propose to set a time limit for cancellation of treasury shares. However, the situation will be monitored closely and it is likely that future policy will be based on experience of discount movements and other factors. It is the Directors' intention that this resolution will be put to the shareholders at subsequent Annual General Meetings.

The text of all the resolutions is set out in full in the Notice of Meeting on pages 44 and 45.



By order of the Board
Andrew Norman, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary
24th September 2007

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities on page 25, indicates how the Company has applied the principles of good governance of the Financial Reporting Council Combined Code (the 'Combined Code') and the AIC's Code of Corporate Governance (the 'AIC Code'), which complements the Combined Code and provides a framework of best practice for investment trusts.

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the best practice provisions of the Combined Code, insofar as they are relevant to the Company's business, and the AIC Code throughout the year under review.

Role of the Board

A management agreement between the Company and JPMAM sets out the 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 services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved during the year. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance and risk control arrangements.

The Board meets at least quarterly during the year and additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

There is an agreed procedure for Directors to take independent professional advice in the furtherance of their duties and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, JPMAM, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition

The Board consists of four non-executive Directors, chaired by Andrew Barker, three of whom are considered to be independent of the Company's Manager. Given his employment until the year 2000 with the predecessor management company, John Emly is not deemed to be independent. The Board believes that it is appropriate to have a Senior Independent Director, and Alexander Scott fulfils this role. The Directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on page 14.

The Company has complied with the provisions of the Combined Code and the AIC Code in regard to the re-election of Directors every three years. The Board does not consider that Directors should serve for a fixed period of time. However, in order to achieve a balance of skills, experience, ages and length of service, it is the Board's policy to refresh itself in an orderly manner over time.

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter, a Director's appointment will run for a maximum term of three years. A Director may thereafter be invited to serve for one or more further terms of three years, in every case subject to the normal requirements for re-election by shareholders at Annual General Meetings. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking re-election but, when making a recommendation, the Board will take into account the ongoing requirements of the Combined Code, including the need to refresh the Board and its Committees. Any Director who has served for a period of more than nine years will stand for annual re-election thereafter.

The terms and conditions of Directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the AGM.

The Board recommends the re-election of Gordon McQueen, who retires by rotation at this year's AGM, and of John Emly and Alexander Scott, who require annual re-election as they have served as Directors for a period in excess of nine years.

Before recommending the various Directors for re-election, the Nomination and Remuneration Committee conducted a thorough review of their performance and was satisfied that they fulfilled their respective roles in an effective manner

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Details of membership of committees are shown with the Directors' profiles on page 14. Directors who are not members of Committees may attend at the invitation of the Chairman.

The table below details the number of Board and Committee meetings attended by each Director. During the year there were 5 Board meetings, including a private meeting of the Directors to evaluate the Manager. In addition, a separate meeting devoted to strategy, two Audit Committee meetings, and a meeting of the Nomination and Remuneration Committee were held.

Director	Board Meetings Attended	Audit Committee Meetings Attended	Nomination & Remuneration Committee Meetings Attended
Andrew Barker	5	2	1
John Emly	5	2 ¹	1 ¹
Gordon McQueen	5	2	1
Alexander Scott	5	2	1

¹Attended by invitation of the Committee

Training and Appraisal

On appointment, the Manager and Company Secretary provide all Directors with induction training. Thereafter regular briefings are provided on changes in regulatory requirements that affect the Company and Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trusts.

The Board has agreed procedures for the formal evaluation of the Manager, its own performance and of that of its committees and individual Directors. Questionnaires, drawn up by the Board, are completed by each Director. The responses are collated and then discussed at a private meeting. The evaluation of individual Directors is led by the Chairman, and the Senior Independent Director leads the evaluation of the Chairman's performance. The Board as a whole evaluates the Manager, its own performance and that of its committees.

Board Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, which consists of all of the independent Directors and is chaired by Andrew Barker, meets at least annually to ensure that the Board has an appropriate balance of skills to carry out its fiduciary duties and to select and propose suitable candidates when necessary for appointment. A variety of sources, including the employment of external search consultants, are used to ensure that a wide range of candidates are considered.

The Committee undertakes an annual performance evaluation, as described above, to ensure that all members of the Board have devoted sufficient time and contributed adequately to the work of the Board. The Committee also reviews Directors' fees and makes recommendations to the Board as and when required.

Audit Committee

The membership of the Audit Committee, which is chaired by Gordon McQueen, and comprises three of the Directors is set out on page 14. The committee meets at least twice each year. The members of the Committee consider that they have the requisite skills and financial experience to fulfil the responsibilities of the Committee.

The Committee reviews the actions and judgements of the Manager in relation to the interim and annual financial statements and the Company's compliance with the Combined Code. It reviews the terms of the management agreement and examines the effectiveness of the Company's internal control systems, receives information from the Manager's compliance department and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors. Representatives of the Company's auditors attend the committee meeting at which the draft annual report and financial statements are considered. Details of the auditors' fees charged for both audit and other services are disclosed in note 5 on page 33. The Directors' statement on the Company's system of internal control is set out below.

Both the Remuneration and Nomination Committee and the Audit Committee have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection on the Company's website, on request at the Company's registered office and at the Annual General Meeting.

Corporate Governance continued

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance and reports formally to shareholders twice a year by way of the Annual Report and Accounts and the Interim Report. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value and share price of the Company's shares.

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the Directors and representatives of the Manager are available in person to meet with and answer shareholders' questions. In addition, a presentation is given by the investment managers who review the Company's performance. During the year the Company's brokers, the investment managers and JPMAM hold regular discussions. The Directors are made fully aware of their views. The Chairman and Directors make themselves available as and when required to address shareholder queries. The Directors may be contacted through the Company Secretary whose details are shown on page 42.

The Company's Annual Report and Accounts are published in time to give shareholders at least 20 working days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 42.

Details of the proxy voting position on each resolution will be published on the Company's website shortly after the Annual General Meeting.

Internal Control

The Combined Code requires the Directors, at least annually, to review 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 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 all administrative services are provided to the Company by JPMAM and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMAM and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives. The Company does not have an internal audit function of its own, but relies on the internal audit department of JPMAM. 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 management accounts, revenue projections, analysis 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 JPMAM'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, either directly or through the Audit Committee, 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 JPMAM's compliance department,
- the Board reviews the report on the internal controls and the operations of its custodian, JPMorgan Chase Bank, which is itself independently reviewed, and
- the Directors review every six months an independent report on the internal controls and the operations of JPMAM.

By the means of the procedures set out above, which accord with the Turnbull guidance on internal controls, the Board confirms that it has reviewed and is satisfied with the effectiveness of the Company's system of internal control for

the year ended 30th June 2007, and to the date of approval of this Annual Report and Accounts

Corporate Governance and Voting Policy

The Company delegates responsibility for voting to JPMAM. The text below is a summary of JPMAM's policy statement on corporate governance and voting policy which has been noted by the Board. The full policy is available from JPMAM on request, or can be downloaded from www.jpmorgan.com

"JPMAM is committed to delivering superior investment performance to its clients worldwide. We believe that one of the drivers of investment performance is an assessment of the corporate governance principles and practices of the companies in which we invest our clients' assets and we expect those companies to demonstrate high standards of governance in the management of their business.

Proxy voting is an important part of the corporate governance process, and we view seriously our obligation to manage the voting rights of the shares entrusted to us as we would manage any other asset. It is the policy of JPMAM to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of our clients. So far as is practicable we will vote at all of the meetings called by companies in which we are invested.

In order to do this we have formulated detailed guidelines for each region, which set out our stance on a variety of key corporate governance issues, including disclosure and transparency, board composition and independence, control structures, remuneration, as well as social and environmental issues. These guidelines form the basis of our proxy voting decisions, although it should be noted that JPMAM makes all of its voting decisions on a case by case basis, taking into account the individual circumstances of each vote."

Corporate Social Responsibility

The following is a summary of JPMAM's policy statement on corporate social responsibility which has been noted by the Board.

"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. We recognise that non financial issues, such as social and environmental issues, can have an economic impact and that any company run in the long-term interests of its shareholders 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. Our investment managers take these factors into account as part of any investment decision."

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 26.

Directors' fees were last adjusted on 1st July 2006 and for the year under review they were paid at the fixed rate of £26,000 for the Chairman, £19,500 for the Chairman of the Audit Committee and £17,500 for the other Directors.

Directors' Remuneration (Audited Information)

Director's Name	2007	2006
	£	£
Andrew Barker	26,000	23,000
John Emly	17,500	16,000
Gordon McQueen	19,500	17,500
Alexander Scott	17,500	16,000
Total	80,500	72,500

The total Directors' fees of £80,500 (2006 £72,500) comprise £80,500 (2006 £66,750) in respect of aggregate emoluments paid to Directors and £nil paid to third parties for making available the services of one of the Directors (2006 £5,750).

The Board's policy for this and subsequent years is that Directors' fees should properly reflect the time spent by the Directors on the Company's business and should be at a level to ensure that candidates of a high calibre are recruited to the Board. The Chairman of the Board and the Chairman of the Audit Committee are paid higher fees than the other Directors, reflecting the greater time commitment involved in fulfilling these roles.

The Board has established a Nomination and Remuneration Committee, which reviews fees on a regular basis. Fee levels are set with a view to the Company's ability to attract and retain Directors of a sufficiently high calibre. Reviews are based on information provided by the Manager, JPMorgan Asset Management (UK) Limited, and industry research, on the level of fees paid to the directors of the Company's peers and within the investment trust industry generally. The Directors' fees are not performance-related. The Articles stipulate that aggregate fees must not exceed £150,000. Any increase in this amount requires both Board and Shareholder approval.

The terms and conditions of Directors' appointments are set out in formal letters of appointment. Details of the Board's policy on tenure are set out on pages 20 and 21.

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.

A graph showing the Company's share price and net asset value total return compared with its benchmark index, the FTSE 250 Index (excluding investment trusts), over the last five years is shown below.

Five year share price and index total return performance to 30th June 2007

— Share Price Total return
— Benchmark Total Return
Source: Standard & Poor's - www.funds.morningstar.com

The Company's benchmark is the FTSE 250 Index (excluding investment trusts) in sterling terms.

By order of the Board
Andrew Norman, for and on behalf of JPMorgan Asset Management (UK) Limited,
Secretary
24th September 2007



Directors' Responsibilities in Respect of the Accounts

Company law requires the Directors to prepare accounts for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the state of affairs of the Company as at the end of the year and of the 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, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts

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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The accounts are published on the www.jpmorganassetmanagement.co.uk website, which is maintained by the Company's Investment Manager, JPMorgan Asset Management (UK) Limited ('JPMAM'). The maintenance and integrity of the website maintained by JPMAM is, so far as it relates to the Company, the responsibility of JPMAM

Independent Auditors' Report

Independent Auditors' Report to the members of JPMorgan Mid Cap Investment Trust plc

We have audited the financial statements of JPMorgan Mid Cap Investment Trust plc for the year ended 30th June 2007 which comprise the Income Statement, Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholder's Funds, Balance Sheet, Cash Flow Statement and related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in 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

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and that the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC 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 Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only Features, Financial Results, Chairman's Statement, Investment Managers' Report, Summary of Results, Performance, Ten Year Financial Record, Ten Largest Investments, Portfolio Analyses and Investment Activity, List of Investments, Board of Directors, Directors' Report, Corporate Governance, the unaudited part of the Directors' Remuneration Report, Information about the Company, Shareholder Analysis, Notice of Meeting and Glossary of Terms. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, 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 to be 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 to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30th June 2007 and of its net return for the year then ended,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
ERNST & YOUNG LLP

Registered Auditors
London

24th September 2007

Income Statement

for the year ended 30th June 2007

	Notes	Revenue £'000	2007 Capital £'000	Total £'000	Revenue £'000	2006 Capital £'000	Total £'000
Gains from investments held at fair value							
through profit or loss	2	—	46,400	46,400	—	58,752	58,752
Income from investments	3	5,984	—	5,984	5,557	—	5,557
Other interest receivable and similar income	3	19	—	19	54	—	54
Gross return		6,003	46,400	52,403	5,611	58,752	64,363
Management fee	4	(360)	(840)	(1,200)	(293)	(684)	(977)
Other administrative expenses	5	(298)	—	(298)	(311)	—	(311)
Net return on ordinary activities before finance costs and taxation							
Finance costs	6	(656)	(1,530)	(2,186)	(627)	(1,851)	(2,478)
Net return on ordinary activities before taxation							
Taxation	7	4,689	44,030	48,719	4,380	56,217	60,597
Net return on ordinary activities after taxation							
		4,689	44,030	48,719	4,380	56,217	60,597
Return per share	9	15.53p	145.85p	161.38p	13.15p	168.72p	181.87p

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

The "Total" column of this statement is the profit and loss account of the Company and the "Revenue" and "Capital" columns represent supplementary information.

The notes on pages 31 to 41 form an integral part of these accounts.

Statement of Total Recognised Gains and Losses

for the year ended 30th June 2007

	Revenue £'000	2007 Capital £'000	Total £'000	Revenue £'000	2006 Capital £'000	Total £'000
Movement in fair value of cash flow hedge during the year	—	—	—	—	356	356
Net return on ordinary activities after taxation	4,689	44,030	48,719	4,380	56,217	60,597
Total recognised gains for the year	4,689	44,030	48,719	4,380	56,573	60,953

Reconciliation of Movements in Shareholders' Funds

for the year ended 30th June 2007

	Called up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Other reserve £'000	Revenue reserve £'000	Total £'000
At 30th June 2005	8,759	1,241	148,902	—	6,995	165,897
Adjustments to opening shareholders' funds						
at 1st July 2005 to reflect the adoption of bid prices	—	—	(659)	—	—	(659)
Adjustment to opening shareholders' funds						
at 1st July 2005 to reflect value of cash flow hedge	—	—	—	(356)	—	(356)
Change in fair value of cash flow hedge	—	—	—	356	—	356
Shares bought back and cancelled	(982)	982	(20,295)	—	—	(20,295)
Net return on ordinary activities	—	—	56,217	—	4,380	60,597
Dividends appropriated in the year	—	—	—	—	(4,144)	(4,144)
At 30th June 2006	7,777	2,223	184,165	—	7,231	201,396
Shares bought back and cancelled	(469)	469	(12,385)	—	—	(12,385)
Net return on ordinary activities	—	—	44,030	—	4,689	48,719
Dividends appropriated in the year	—	—	—	—	(4,079)	(4,079)
At 30th June 2007	7,308	2,692	215,810	—	7,841	233,651

The notes on pages 31 to 41 form an integral part of these accounts

Balance Sheet

at 30th June 2007

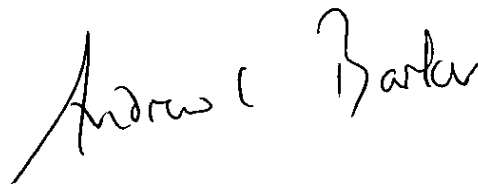
	Notes	2007 £'000	2006 £'000
Fixed assets			
Investments at fair value through profit or loss	10	263,923	229,649
Current assets			
Debtors	11	983	757
Cash and short term deposits		292	1,798
		1,275	2,555
Current liabilities			
Creditors amounts falling due within one year	12	(22,081)	(21,349)
Net current liabilities		(20,806)	(18,794)
Total assets less current liabilities		243,117	210,855
Creditors amounts falling due after more than one year	13	(9,466)	(9,459)
Total net assets		233,651	201,396
Capital and reserves			
Share capital	14	7,308	7,777
Capital redemption reserve	15	2,692	2,223
Capital reserve	15	215,810	184,165
Revenue reserve	15	7,841	7,231
Shareholders' funds		233,651	201,396
Net asset value per share	16	799 3p	647 4p

The accounts on pages 27 to 41 were approved by the Directors and authorised for issue on 24th September 2007

Andrew Barker

Director

The notes on pages 31 to 41 form an integral part of these accounts



Cash Flow Statement

for the year ended 30th June 2007

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activities	17	4,890	4,138
Returns on investments and servicing of finance			
Interest paid		(2,214)	(2,559)
Net cash outflow from returns on investments and servicing of finance		(2,214)	(2,559)
Capital expenditure and financial investment			
Purchases of investments		(178,413)	(160,842)
Sales of investments		191,288	175,158
Transaction costs		(1,579)	(1,841)
Other capital charges		(8)	(5)
Net cash inflow from capital expenditure and financial investment		11,288	12,470
Dividends paid		(4,079)	(4,144)
Net cash flow before financing		9,885	9,905
Financing			
Repurchase of ordinary shares		(11,691)	(20,295)
Drawdown of short term loans		300	10,500
Part repurchase of debenture stock		—	(1,246)
Net cash outflow from financing		(11,391)	(11,041)
Decrease in cash and cash equivalents	18	(1,506)	(1,136)

The notes on pages 31 to 41 form an integral part of these accounts

Notes to the Accounts

for the year ended 30th June 2007

1. Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 1985, United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (the "SORP") issued by the AIC in December 2005

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

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as 'at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off in the capital column of the income statement at the time of acquisition. Subsequently the investments are valued at fair value which is bid market price for listed investments.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the capital column of the income statement within 'Gains from investments held at fair value through profit or loss'. All purchases and sales are accounted for on a trade date basis.

(c) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is taken to capital.

UK dividends are accounted for net of any tax credits. Overseas dividends are shown gross of withholding tax.

Interest receivable on deposits is taken to revenue on an accruals basis.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the following exceptions:

- performance related fees are allocated 100% to capital
- management fees are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio
- expenses incidental to the purchase and sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and include items such as stamp duty and broker commissions. In accordance with the SORP, disclosure of transaction costs is now required and can be found in note 10.

(e) Finance costs

Finance costs are accounted for on an accruals basis and in accordance with the provisions of FRS 25 "Financial Instruments Disclosure and Presentation" and FRS 26 "Financial Instruments Measurement".

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

Notes to the Accounts continued

(f) Financial instruments

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value

Other receivables do not carry any interest, are short term in nature and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts

Debenture issues, bank loans and overdrafts are recorded at the proceeds received net of direct issue costs. Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest rate method

The Company has used derivative financial instruments, in the form of interest rate swaps as a hedge against interest rate fluctuations. Derivative instruments are valued at fair value in the balance sheet in accordance with FRS 26 "Financial Instruments Measurement". Gains or losses arising from changes in the fair value of cash flow hedges in the form of interest rate swaps are taken directly to the Reconciliation of Movements in Shareholders' Funds. Such gains or losses are taken to an "Other Reserve" created specifically for the purpose

(g) Taxation

Deferred tax is accounted for in accordance with FRS 19 "Deferred Tax"

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised

(h) Dividends

In accordance with FRS 21 "Events after the Balance Sheet Date", dividends are included in the accounts in the year in which they are paid

	2007 £'000	2006 £'000
2. Gains from investments held at fair value through profit or loss		
Gains from investments held at fair value through profit or loss based on historical cost	39,849	41,906
Amounts recognised as unrealised in the previous year	(27,349)	(18,279)
Realised gains based on carrying value at previous balance sheet date	12,500	23,627
Net movement in unrealised appreciation	35,487	36,970
Transaction costs	(1,579)	(1,841)
Other capital charges	(8)	(4)
Total capital gains from investments held at fair value through profit or loss	46,400	58,752

	2007 £'000	2006 £'000
3 Income		
Income from investments		
UK dividend income	5,945	5,537
Overseas dividend income	13	20
UK unfranked income	26	—
	5,984	5,557
Other interest receivable and similar income		
Deposit interest	19	44
Underwriting commission	—	10
	19	54
Total income	6,003	5,611
Total income comprises		
Dividends	5,984	5,557
Other interest receivable and similar income	19	54
	6,003	5,611
Analysis of income from investments		
Listed UK	5,971	5,537
Listed overseas	13	20
	5,984	5,557

	Revenue £'000	2007 Capital £'000	Total £'000	Revenue £'000	2006 Capital £'000	Total £'000
4 Management fee						
Management fee	306	715	1,021	249	582	831
Irrecoverable VAT thereon	54	125	179	44	102	146
	360	840	1,200	293	684	977

	2007 £'000	2006 £'000
5. Other administrative expenses¹		
Other management expenses	179	208
Directors' fees ²	81	73
Auditors' remuneration for audit services ³	24	20
Auditors' remuneration for all other services ³	2	—
Safe custody fees	12	10
	298	311

¹ Expenses include the related irrecoverable VAT

² Full disclosure is given in the Directors' Remuneration Report on page 24

³ Includes £4,000 (2006 £3,000) irrecoverable VAT

Notes to the Accounts continued

	Revenue £'000	2007 Capital £'000	Total £'000	Revenue £'000	2006 Capital £'000	Total £'000
6 Finance costs						
Bank loans and overdrafts	342	797	1,139	287	669	956
Debenture stock	314	733	1,047	340	793	1,133
Breakage costs incurred on the repurchase of debenture stock	—	—	—	—	389	389
	656	1,530	2,186	627	1,851	2,478

	2007 £'000	2006 £'000
7 Taxation		
UK corporation tax at 30% (2006 30%)	—	—

The tax charge for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 30%) The difference is explained below

	2007 £'000	2006 £'000
Revenue return on ordinary activities before taxation	4,689	4,380
Revenue return on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30% (2006 30%)	1,407	1,314
Non taxable UK dividends	(1,784)	(1,661)
Unutilised revenue expenses	377	347
	—	—

The Company has an unrecognised deferred tax asset of £11,307,000 (2006 £10,216,000) This has arisen from deductible expenses exceeding taxable income Given the composition of the Company's portfolio it is unlikely that this asset will be utilised in the foreseeable future

Given the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments

8. Dividends

	2007 £'000	2006 £'000
(a) Dividends paid and declared		
2006 final dividend of 8 5p (2005 8 3p) ¹	2,587	2,861
Interim of 5 op (2006 4 op)	1,492	1,283
Total dividends paid in the year	4,079	4,144
Final dividend payable of 9 5p (2006 8 5p)	2,777	2,644

¹The final dividend declared in respect of the year ended 30th June 2006 amounted to £2,644,000 (2005 £2,908,000). However, the amount paid amounted to £2,587,000 (2005 £2,861,000) due to share repurchases after the balance sheet date but prior to the record date.

The final dividend has been proposed in respect of the year ended 30th June 2007 and is subject to approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the accounts for the year ended 30th June 2008.

(b) Dividends for the purposes of section 842 of the Income and Corporation Taxes Act 1988

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 842 of the Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £4,689,000 (2006 £4,380,000).

	2007 £'000	2006 £'000
Interim of 5 op (2006 4 op)	1,492	1,283
Final dividend of 9 5p (2006 8 5p)	2,777	2,644
Total dividends for section 842 purposes	4,269	3,927

9. Return per ordinary share

The revenue return per share is based on the earnings attributable to the ordinary shares of £4,689,000 (2006, £4,380,000) and on the weighted average number of shares in issue during the year of 30,188,673 (2006 33,319,923).

The capital return per share is based on the capital gains attributable to the ordinary shares of £44,030,000 (2006, £56,217,000) and on the weighted average number of shares in issue during the year of 30,188,673 (2006 33,319,923).

Total return per share is based on the total return attributable to the ordinary shares of £48,719,000 (2006 £60,597,000) and on the weighted average number of shares in issue during the year of 30,188,673 (2006 33,319,923).

Notes to the Accounts continued

	2007 £'000	2006 £'000
10. Investments		
Investments listed on a recognised stock exchange	263,923	229,649
	2007 £'000	
Opening book cost	180,534	
Opening unrealised gains	49,115	
Opening valuation	229,649	
Movements in the year		
Purchases at cost	177,840	
Sales – proceeds	(191,553)	
Sales – realised gains	12,500	
Net movement in unrealised appreciation	35,487	
	263,923	
Closing book cost	206,670	
Closing unrealised gains	57,253	
	263,923	

Transaction costs on purchases during the year amounted to £1,155,000 (2006 £1,292,000) and on sales during the year amounted to £424,000 (2006 £549,000) These costs include stamp duty and broker commission

During the year, prior year unrealised gains of £27,349,000 on listed investments have been transferred to realised as disclosed in notes 2 and 15

	2007 £'000	2006 £'000
11. Current assets		
Debtors		
Securities sold for future settlement	265	–
Dividends and interest receivable	700	757
Other debtors	18	–
	983	757

The directors consider that the carrying amount of debtors approximates to their fair value

Cash and short term deposits

Cash and short term deposits comprise bank balances and cash held by the Company, including short term bank deposits The carrying amount of these approximates to their fair value Cash balances in excess of a predetermined amount are placed on short term deposit at market rates of interest

	2007 £'000	2006 £'000
12. Creditors: amounts falling due within one year.		
Securities purchased for future settlement	—	573
Interest payable	182	217
Short term loans	20,800	20,500
Repurchases of shares for future settlement	694	—
Other creditors and accruals	405	59
	22,081	21,349

The Directors consider that the carrying amount of creditors at 30th June 2007 approximates to their fair value '.

The £20,800,000 loan at 30th June 2007 comprises four short term loans drawn down on the Company's facility with The Bank of Ireland. The £20,500,000 loan at 30th June 2006 comprised four short term loans drawn down on the same facility. Further details are given in note 21(b). These loans are included in the accounts at fair value.

	2007 £'000	2006 £'000
13. Creditors: amounts falling due after more than one year.		
£9,500,000 11% debentures 2016	9,466	9,459

Secured by a floating charge on the assets of the Company

	2007 £'000	2006 £'000
14. Share capital		
Authorised		
48,000,000 ordinary shares of 25p each	12,000	12,000
Allotted		
Ordinary shares of 25p each		
Opening balance of 31,108,000 shares (2006 35,037,000)	7,777	8,759
Repurchase of 1,876,000 shares (2006 3,929,000)	(469)	(982)
Closing balance of 29,232,000 shares (2006 31,108,000 shares)	7,308	7,777

During the year, the Company repurchased 1,876,000 ordinary shares with a nominal value of £469,000, for cancellation, representing 6.02% of the shares outstanding at the beginning of the year. The aggregate consideration paid for these shares was £12,385,000 and the reason for the purchases was to reduce the discount of the share price to net asset value.

Notes to the Accounts continued

	2007			Revenue reserve £'000
	Capital redemption reserve £'000	Capital reserve – unrealised £'000	Capital reserve – realised £'000	
15 Reserves				
Opening balance	2,223	49,115	135,050	7,231
Realised gains on investments	—	—	12,500	—
Net movement in unrealised appreciation	—	35,487	—	—
Transaction costs	—	—	(1,579)	—
Transfer on disposal of investments	—	(27,349)	27,349	—
Management fee and finance costs charged to capital	—	—	(2,370)	—
Repurchase of ordinary shares	469	—	(12,385)	—
Other capital charges	—	—	(8)	—
Dividends appropriated in the year	—	—	—	(4,079)
Retained revenue for the year	—	—	—	4,689
Closing balance	2,692	57,253	158,557	7,841

16. Net asset value per share

Net asset value per ordinary share is based on total shareholders' funds attributable to ordinary shareholders of £233,651,000 (2006 201,396,000) and on 29,232,000 ordinary shares in issue at the year end (2006 31,108,000)

	2007 £'000	2006 £'000
17. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities		
Total return on ordinary activities before finance costs and taxation	50,905	63,075
Capital return before finance costs and taxation	(45,560)	(58,068)
Decrease/(increase) in accrued income	57	(183)
(Increase)/decrease in other debtors	(18)	9
Increase/(decrease) in accrued expenses	346	(11)
Expenses charged to capital	(840)	(684)
Net cash inflow from operating activities	4,890	4,138
Reconciliation of net cash flow to movement in net debt		
Decrease in cash for the year	(1,506)	(1,136)
Cash inflow from changes in debt	(300)	(9,254)
Changes in net debt arising from cash flows	(1,806)	(10,390)
Net debt at beginning of the year	(28,161)	(17,761)
Amortisation of issue expenses	(7)	(10)
Closing net debt	(29,974)	(28,161)

	At 30th June 2006 £'000	Cash flow £'000	Other movements £'000	At 30th June 2007 £'000
18. Analysis of changes in net debt				
Cash and short term deposits	1,798	(1,506)	—	292
Debt due within one year	(20,500)	(300)	—	(20,800)
Debt due after five years	(9,459)	—	(7)	(9,466)
Net debt	(28,161)	(1,806)	(7)	(29,974)

19. Contingent assets/liabilities and capital commitments

In 2004 the AIC lodged a joint appeal for the payment of investment trust management fees to be exempt from VAT. The costs of the appeal are being borne by the investment trust industry through the AIC. The European Court of Justice (ECJ) has found in favour of the AIC in declaring that the management fees of investment trusts are eligible for exemption from VAT. We now await the Government's response to this ruling. On the basis of the ECJ ruling it seems that the likelihood of realising some benefit is probable. However, in the absence of a final outcome on the AIC appeal and a definitive agreement with the Manager as to how the claims would be effected, it is not practical at this stage to quantify the amount of any VAT recoverable.

There were no contingent liabilities or capital commitments at the balance sheet date (2006 nil).

20. Transactions with JPMorgan

Details of the management contract (which includes a performance fee) are set out on page 17. The terms make allowance for the exclusion of management charges on investments held in funds on which JPMorgan earns a management fee. Details of the management fee payable for the year can be found in note 4 on page 33. A management fee amounting to £276,000 was outstanding at 30th June 2007 (2006 £nil). Safe custody fees and handling charges amounting to £20,000 (2006 £14,000) were payable to JPMorgan Chase of which £4,000 (2006 £3,000) was outstanding at the year end.

JPMAM carries out some of its investment activities through JPMorgan subsidiaries. These transactions are carried out at arm's length. The commission paid on transactions with JPMorgan subsidiaries was £nil (2006 £57,000).

The Company holds an investment in the JPMorgan Sterling Liquidity Fund. At 30th June 2007 this holding was valued at £350,000 (2006 £nil). During the year the Company made purchases of this fund amounting to £15.5 million (2006 £nil) and sales of £15.2 million (2006 £nil). Income receivable from this fund amounted to £26,000 (2006 £nil). JPMorgan earns no management fee on this fund.

At the year end a bank balance of £292,000 (2006 £122,000) was held with JPMorgan Chase. During the year ended 30th June 2007, the Company received a net amount of interest of £nil (2006 £3,000) from JPMorgan Chase.

21. Financial instruments

(a) Management of risk

The Company's financial instruments comprise

- Investments in equity shares with mainly UK exposure and a sterling liquidity fund. These are held in accordance with the Company's investment objectives and policies,
- Short term debtors, creditors and cash amounts arising directly from its operations, and
- Sterling bank loans and debenture stock, the main purpose of which is to raise finance for the Company's operations.

As an investment trust, the Company invests in securities for the long term. Accordingly it is the Company's policy that no short term trading in investments or other financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, market price risk, liquidity risk and credit risk. The Board's policies for managing these risks are summarised below.

Notes to the Accounts continued

Interest rate risk

The Company finances its operations through bank borrowings, debenture stocks and retained profits. The Company borrows at both fixed and floating rates of interest and may also use interest rate swaps to both generate the desired interest rate profile and to manage the exposure to interest rate fluctuations.

Market price risk

Market price 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 at least quarterly to consider the asset allocation of the portfolio and, as part of their review, the risk associated with particular industry sectors. An investment management team has responsibility for monitoring the portfolio which is selected in accordance with the Company's investment objectives and seeks to ensure that individual stocks meet an acceptable risk-reward profile.

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.

Credit risk

The Company's financial assets are bank balances, debtors and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets. When buying and selling investments, the Company is exposed to the risk that the counterparty will not deliver the investment or cash. The Company will only deal with brokers which have been approved by JPMAM and limits have been set as to the maximum exposure to any one broker at any time. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

(b) Interest rate risk profile of financial assets and financial liabilities

Financial assets

The Company's financial assets comprise investments, debtors and cash. Investments comprise equity shares which neither pay interest nor have a maturity date and a liquidity fund. The liquidity fund is held as an alternative to cash and earns a floating rate of interest linked to the seven day Sterling LIBOR rate. The Company's debtors comprise unsettled broker balances for securities sold, dividends receivable, prepayments and other small balances on which no interest accrues. Cash balances in excess of a predetermined amount are placed on short term deposit and earn market rates of interest.

Financial liabilities

The interest rate profile of the Company's financial liabilities (which were all in sterling) at 30th June was

	2007 £'000	2006 £'000
Fixed rate financial liabilities	9,500	9,500
Floating rate financial liabilities	20,800	20,500
Liabilities on which no interest is paid	1,281	849
	31,581	30,849
For fixed rate financial liabilities		
Interest rate	11.0%	11.0%
Period for which the interest rate is fixed	54 months	66 months

The Company's liabilities may include unsettled broker balances for securities purchased, share repurchases and other accruals on which no interest is payable. The Company has £9.5 million 11% debenture stock in issue which must be redeemed at par on 1st January 2016. However, the whole amount outstanding may be redeemed at par at the option of the Company at any time after 1st December 2011. The Company has arranged a £45 million loan facility with The Bank of Ireland. Under the terms of this agreement the Company may draw down up to £35 million at an interest rate of LIBOR for the loan period plus a margin of 0.4%. Amounts drawn down in excess of £35 million incur interest at LIBOR plus a margin of 0.5%. At 30th June 2007, the Company had drawn down four tranches totalling £20.8 million on this facility for terms ranging between

21. Financial instruments continued

one and two months at a weighted average interest rate of 6.1%. At 30th June 2006, the Company had drawn down four tranches totalling £20.5 million on this facility for terms ranging between one and three months at a weighted average interest rate of 5.1%.

(c) Maturity of the Company's financial liabilities

	2007 £'000	2006 £'000
Falling due in one year or less or on demand	22,081	21,349
Falling due after five years	9,500	9,500
	31,581	30,849

(d) Fair values of financial instruments

All financial assets and liabilities are included in the accounts at fair value except for the following

	Accounts value		Fair value	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
£9.5 million (2006 £9.5 million) debenture stock	9,466	9,459	11,102	12,728

The fair value of the debenture stock has been calculated by reference to a similar dated gilt plus a margin

Information about the Company

Financial Calendar

Financial year end	30th June
Interim results announced	February
Final results announced	September
Half yearly dividends on ordinary shares paid	November, April
11% Debenture Stock 2011/16 interest paid	1st December, 1st June
Annual General Meeting	November
Interim Management Statements	April and October (2008)

History

JPMorgan Mid Cap Investment Trust plc was launched in 1972 as Crossfriers Trust Limited and raised £10 million by a public offer of shares. Its original policy was to invest up to 25% of its assets in UK unquoted shares. The Company changed its name to The Fleming Enterprise Investment Trust in 1982. It adopted its current investment policy of concentrating on FTSE 250 companies in 1993 and reaffirmed this policy in February 1997. The Company changed its name to The Fleming Mid Cap Investment Trust plc in October 1998, to JPMorgan Fleming Mid Cap Investment Trust plc in November 2001 and adopted its present name in November 2005.

Company Numbers

Company registration number 1047690
 London Stock Exchange Sedol number 0235761
 ISIN GB0002357613
 Bloomberg code JMF LN
 Reuters code JMFL

Market Information

The Company's shares are listed on the London Stock Exchange and are quoted in the Financial Times, The Times, The Daily Telegraph, The Scotsman, The Independent and on the JPMorgan website at www.jpmmidcap.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmmidcap.co.uk

Share Transactions

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

Manager and Secretary

JPMorgan Asset Management (UK) Limited

Company's Registered Office

Finsbury Dials
 20 Finsbury Street
 London EC2Y 9AQ
 Telephone 0207 742 6000

For company secretarial and administrative matters, please contact Andrew Norman

Registrars

Lloyds TSB Registrars
 Reference 1082
 The Causeway
 Worthing
 West Sussex BN99 6DA
 Telephone 0870 600 3984

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 1082.

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

Auditors

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

Brokers

Dresdner Kleinwort Investment Bank
 20 Fenchurch Street
 London EC3P 3BB

Savings Product Administrators

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

Shareholder Analysis

at 30th June 2007

	Number of shares	% holding
Unit trusts	4,000,999	13.7
Investment trusts ¹	1,929,560	6.6
Pension funds	1,275,144	4.4
Other institutions	824,202	2.8
Insurance companies	695,224	2.4
Charities	134,529	0.5
Total institutions	8,859,658	30.4
Retail investors holding shares directly or through nominee accounts ²	6,769,671	23.2
Private client brokers	6,356,252	21.7
Individuals in the Investment Trust Share Plan ³	3,832,195	13.1
Individuals in the Investment Trust Personal Equity Plan ³	2,555,463	8.7
Individuals in the Investment Trust Individual Savings Account ³	501,686	1.7
Individuals in the Investment Trust Pension Account ³	357,075	1.2
Total retail holdings	20,372,342	69.6
Total shares in issue	29,232,000	100.00

Nominee accounts have been allocated to their appropriate category

¹ Includes 654,560 shares held by JPMorgan Elect plc

² Includes shares below 10,000 threshold

³ Savings product managed by JPMorgan

Source Thomson Financial

Notice of Meeting

Notice is hereby given that the thirty-fifth Annual General Meeting of JPMorgan Mid Cap Investment Trust plc will be held at The Armourers' Hall, 81 Coleman Street, London EC2R 5BJ on 7th November 2007 at 12.00 noon for the following purposes:

- 1 To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 30th June 2007
- 2 To approve the Directors' Remuneration Report for the year ended 30th June 2007
- 3 To approve a final dividend
- 4 To re-elect Gordon McQueen as a Director of the Company
- 5 To re-elect John Emly as a Director of the Company
- 6 To re-elect Alexander Scott as a Director of the Company
- 7 To re-appoint Ernst & Young LLP as auditors to the Company and to authorise the Directors to determine their remuneration

Special Business

To consider the following resolutions

Authority to repurchase the Company's shares – Special Resolution

- 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 shares of 25p each in the capital of the Company

PROVIDED ALWAYS THAT

- (i) the maximum number of shares hereby authorised to be purchased shall be 4,197,631 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 a share shall be 25p,

- (iii) the maximum price which may be paid for a share shall be an amount equal to the highest of (a) 105% of the average of the middle market quotations for a 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 or (b) the price of the last independent trade, or (c) the highest current independent bid,
- (iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors) at the date following not more than seven days before the date of purchase,
- (v) the authority hereby conferred shall expire on 6th May 2009 unless the authority is renewed at the Company's Annual General Meeting in 2008 or at any other general meeting prior to such time, and
- (vi) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry

Authority to reissue shares from treasury – Special Resolution

- 9 THAT the Directors of the Company be authorised, for the purposes of paragraph 12.6 of the Listing Rules of the United Kingdom Listing Authority, to reissue shares of 25 pence each in the capital of the Company at a price below the net asset value per share of the existing shares in issue, provided always that such issue will be limited to

- (i) up to an aggregate nominal amount of £700,072, representing approximately 10% of the total share capital in issue as at the date of the passing of this resolution,
- (ii) the reissue of shares which immediately before such reissue, were held by the Company as treasury shares, and
- (iii) such number of shares and such reissue prices that, in the year to the Company's 2008 Annual General Meeting, the aggregate dilution associated with all the reissues does not exceed 4.00 pence per share, being approximately 0.5% of the net asset value per share at 30th June 2007

Authority to disapply pre-emption rights on sale of shares from treasury – Special Resolution

10 THAT subject to the passing of resolution 9 set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 95 of the Act to allot (within the meaning of Section 94(3A) of the Act) equity securities (within the meaning of Section 94(2) of the Act) wholly for cash as if Section 89(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment (within the meaning of Section 94(3A) of the Act) of equity securities for cash out of treasury up to an aggregate nominal amount of £700,072, representing approximately 10% of the Company's total share capital in issue as at the date of the passing of this resolution and shall expire on 6th May 2009 unless the authority is renewed at the Company's Annual General Meeting in 2008 or at any other general meeting prior to such time

By order of the Board

Andrew Norman, for and on behalf of
JPMorgan Asset Management (UK) Limited,
Secretary
24th September 2007

Notes

- 1 A member 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 member of the Company. The lodging of a form of proxy does not prevent a member from attending and voting if he so wishes.
- 2 Any instrument appointing a proxy, to be valid, must be lodged at the Company's Registrar not less than 2 business days before the time of the meeting.
- 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 as at 6.00 p.m. on 5th November 2007 (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, members must be entered on the Company's register of members as at 6.00 p.m. two days prior to the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
- 4 Entry to the above Meeting will be restricted to shareholders, with guests admitted only by prior arrangement.

A corporation, which is a shareholder, may appoint an individual to act as its representative and to vote in person at the meeting. The appointment must comply with section 375 of the Companies Act 1985. The representative should bring to the meeting evidence of his or her

appointment, including any authority under which it is signed, unless previously given to the Company's registrars.

- 5 The register of interests of the Directors and connected persons in the share capital of the Company is available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays and public holidays excepted). It will also be available for inspection at the Annual General Meeting.
- 6 No Director has any contract of service with the Company.

Electronic appointment – CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's CREST Manual. The CREST message must be transmitted so as to be received by the issuer's agent (ID7RA01) by not later than 48 hours before the time appointed for the holding of the meeting or the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST message by the CREST Applications Host) from which the issuer's agent is able to retrieve the CREST message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timing and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member(s) is/are a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Glossary of Terms

Return to Shareholders

Total return to the investor, on a mid-market price to mid-market price basis, assuming that all dividends received (net of tax) were reinvested in the shares of the Company at the time the shares were quoted ex-dividend. Transaction costs of reinvestment are not taken into account.

Return on Net Assets

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company (net of tax) were reinvested in the shares of the Company at time the shares were quoted ex-dividend.

Benchmark Return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received (net of tax) were reinvested in the shares of the underlying companies at the time the shares were quoted ex-dividend.

The benchmark is a recognised index of stocks which should not be taken as wholly representative of the Company's investment universe. The Company's investment strategy does not follow or "track" this index and consequently, there may be some divergence between the Company's performance and that of the stated index.

Actual Gearing Factor

Investments expressed as a percentage of shareholders' funds. This shows the effect of gearing on the net asset value if the market value of the portfolio was to increase by 100%.

Total Expense Ratio

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

Discount/Premium

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

Performance Attribution

Analysis of how the Company achieved its recorded performance relative to its benchmark.

Performance Attribution Definitions:

Stock/Sector Selection

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

Gearing/Cash

Measures the impact on returns of borrowings or cash balances on the Company's relative performance.

Management Fees/Other Expenses

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

Share Repurchases

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

Residual

Arises when there is a divergence between total return as calculated by Fundamental Data (includes dividends paid out by the Investment Trust) and total return from the attribution systems (includes dividend income received in on the stocks held by the Investment Trust). This is a result of methodologies and timing differences.

JPMorgan Helpline

Freephone 0800 40 30 30 or 0207 742 9999
9 00 am to 5.30 pm Monday to Friday

JPMorgan Pension Helpline

Freephone 0800 41 31 76 or 0172 241 4888
9 00 am to 5 00 pm Monday to Friday

Please use this number if you have any queries relating to the Pension Account

Your telephone call may be recorded for your security

www.jpmmidcap.co.uk