



Half Year Report **2011**
JPMorgan Income & Growth
Investment Trust plc

Half Year Report & Accounts for the six months ended 31st July 2011

Features

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Objective

The Company's investment objectives are to meet the final capital entitlement of the Income Shareholders and to provide them with a regular quarterly income as well as to provide capital growth for Capital Shareholders.

Investment Policy

In order to manage risk, the Company invests in a diversified portfolio, typically comprising 50 to 70 UK equities and a range of other assets. The investments are primarily UK equities, however, the Company has the flexibility to vary the allocation between UK equities and other assets in order to seek the best absolute returns.

Benchmark

The FTSE 350 Total Return Index.

Capital Structure

For details of the Company's capital structure, please refer to page 16.

Life of the Company

The Company has a fixed life, and will be wound up voluntarily on or around 30th November 2016.

Management Company

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

Half Year Performance

Total returns (includes dividends reinvested)

+4.4%

Unit net asset value total return¹

0.0%

Capital share net asset value total return¹

+4.4%

Income share net asset value total return¹

+1.2%

Benchmark return²

-15.9%

Capital share price total return

+4.1%

Income share price total return³

Financial Data

for the six months ended 31st July 2011

	31st July 2011	31st January 2011	% change
Gross assets (including gearing)	78,051	77,012	+1.3
Assets at 31st July 2011			
Income Shares			
Net assets attributable (£'000)	55,051	54,012	+1.9
Net asset value per share (p)	89.2	87.4	+2.1
Share price (p)	74.3	73.3	+1.4
Share price discount to net asset value %	16.7	16.1	

Two dividends of 1.0p per Income share were paid in the six months ended 31st July 2011.

Capital Shares

Net assets attributable (£'000)	0	0	0.0
Net asset value per share (p)	0.0	0.0	0.0
Share price (p)	7.15	8.50	-15.9
Share price discount to net asset value %	-	-	

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

¹Source: J.P. Morgan.

²Source: FTSE. The Company's benchmark is the FTSE 350 Total Return Index.

³Source: Morningstar. Share price change plus dividends received.

Chairman's Statement



Performance

Your Company achieved a positive return in the first half of our financial year. Equity markets began the year well, but subsequently suffered from recurrent and escalating bouts of Eurozone debt problems. Overall our equity benchmark rose only 1.2%; our portfolio's total return was 4.4%.

It is encouraging to report meaningful outperformance of our benchmark, even if it is disheartening that recovery for markets and economies after the crisis is faltering. As shareholders will remember, the portfolio has two components; currently 61% is invested in UK equities, and 39% is invested across a range of assets and overseas equity markets. Both portions of the portfolio performed well in the first half. UK equities were 2.9% ahead of the benchmark; the diversified assets were 2.0% ahead.

The objectives of the diversified portfolio are to increase the range of assets from which income can be derived and to take advantage of a broader canvas than is available just within the UK equity market. It has two useful side-effects. One is that it reduces the pressure on the UK equity portfolio to provide all of the income, and so allows our managers freer rein in the stocks they choose. The other is that diversification reduces the volatility of the portfolio's return, offsetting to some extent the greater volatility which comes from gearing. It is pleasing to report that the volatility of returns has fallen substantially since this portfolio was created.

Revenue and Dividends

Revenue after tax and before dividends for the period was £ 1,649,000 and earnings per share were 2.67p.

The Board has declared two interim dividends of 1.0p each, payable to Income shareholders and Unit holders on 24th June and 29th September 2011.

Gearing

The Company's current loan facility expires in November. We are about to enter negotiations for its replacement. The Directors are optimistic that we can arrange a sufficient facility with cheaper interest rates than we are currently paying. We expect to make an announcement before the end of November.

Outlook

Since the Company's first half ended, markets have taken a serious turn for the worse. It appears that western governments are no longer in a position to influence the business cycle since their own solvency is in doubt. The current slowdown in activity therefore appears more sinister than it would otherwise. Even more worrying is the prospect of a serious policy error in the Eurozone leading to a second Lehmans-type

shock to financial systems. But global equities look very cheap when compared with expensive government debt; and even in absolute terms, the rating of equities is not demanding. Corporations appear to be in better shape than governments or consumers. Our diversification should, to some extent, offset the effects of gearing in times of market weakness. We will hold our nerve.

Karl Sternberg
Chairman

21st September 2011

Investment Managers' Report



Neill Nuttall



Sarah Emly



John Baker

Asset Allocation

During the six month period under review we made very few changes to the overall asset allocation of the Company. The UK equity weighting increased marginally to 61.4% of total assets and we added to our position in convertible bonds. This was funded by some sales of other diversified assets.

Market Review

After a strong performance during the previous twelve months, markets faced strong headwinds during the first half of the new financial year. Geopolitical concerns, emanating from the Middle East and North Africa, weighed on sentiment, Economic data releases were generally less promising. The eurozone sovereign debt crisis escalated and widened. Nevertheless, the health of corporate sector remained strong, with most companies continuing to deliver robust earnings growth ahead of market expectations. The Company's benchmark, the FTSE-350 Index, rose by just 1.2% over the six months.

Performance Review

The Company achieved a total return of +4.4%, ahead of the benchmark. The performance attribution table on page 5 shows that UK equities made the biggest contribution to outperformance. The UK portfolio outperformed the benchmark by +2.9% with the returns driven predominantly by the growth side of the portfolio. Industrial stocks performed particularly well, including Senior, Weir Group, IMI and RPC, the leading plastic packaging manufacturer. After this strong run, we have been trimming our exposure to some of the more cyclical industrial stocks and reinvested the proceeds into more value/yield oriented stocks, such as the cheaply valued life insurer, Resolution. We also introduced a position in the electricity company, Scottish & Southern Energy, which has an attractive dividend yield and is a relatively defensive stock for these more volatile equity market conditions.

The JPMorgan Multi-Asset Income Fund and the JPMorgan Strategic Bond Fund increased in value modestly during the period and maintained their income yields in excess of 5%. Our positions in Convertible Bonds were more difficult as we experienced some credit spread widening which curtailed returns, though they were still positive.

Performance attribution for the six months to 31st July 2011

	6 months	
	%	%
Contributions to total returns		
Benchmark total return		+1.2
Stock selection		
Equities	+2.8	
Fixed interest funds/bonds	+0.1	
GMAG funds/holdings	+0.3	
Gearing/cash effect	-0.3	
Investment Manager contribution		+2.9
Portfolio total return		+4.1
Effect of swap	+0.7	
Management fees/ other expenses	-0.4	
Effect of share repurchases	-	
Other effects		+0.3
Unit net asset value return		+4.4
Unit share price total return		+4.1

Source: Xamin/JPMAM, Morningstar and S&P.
All figures are on a total return basis.

Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark index.

All figures are on a total return basis.

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

Market Outlook

Recent extreme market conditions has seen a peak-to-trough fall in the FTSE 350 Index of 17.5% in just four weeks. In our view, the key drivers of this volatility are not new, but a continuation of the global deleveraging that has persisted since 2008. Developed world deleveraging is in its early stages: total debt-to-GDP ratios have hardly improved over the last three years - the location of the debt has been moved from the private to the public sector.

We believe that markets will continue to face structural headwinds whilst periodically enjoying cyclical tailwinds. The current uncertainty derives from a perception that these structural headwinds will prevail sooner than we thought previously. Our confidence levels have fallen. The question remains whether the weakness in August was simply a correction, or whether it was the start of the downturn that we expected from next year.

In this environment, we continue to manage the Company's assets with a diversified strategy, holding approximately 60% in UK equities, 20% in the Multi Asset Income Fund, just under 10% in Convertible Bonds with the balance split between the Strategic Bond fund and the Brevan Howard Macro Fund. This diversification has helped reduce the volatility of the Company's investments. While we shall ultimately look to increase the exposure to equities, we believe that the timing is not yet appropriate.

Neill Nuttall
Sarah Emly
John Baker

Investment Managers

21st September 2011

Portfolio Analysis

Asset Breakdown	At 31st July 2011		At 31st January 2011	
		%		%
UK Equities	61.4		60.5	
Diversified Assets	22.5		25.0	
Convertible Bonds	8.9		7.3	
Fixed Interest Bonds	7.2		7.2	
Total	100.0		100.0	

UK Equity Analysis

Sector Breakdown	At 31st July 2011		At 31st January 2011	
	Portfolio ¹ %	FTSE 350 Index ² %	Portfolio ³ %	FTSE 350 Index ² %
Financials	21.2	20.7	22.7	22.5
Oil & Gas	14.9	17.9	14.0	18.0
Basic Materials	14.3	13.3	14.6	13.4
Industrials	13.7	7.1	13.2	7.0
Telecommunications	8.6	6.3	7.4	6.4
Health Care	8.3	7.6	7.7	6.8
Consumer Goods	7.2	12.3	8.1	10.9
Consumer Services	6.6	9.3	8.5	9.7
Utilities	5.2	3.8	3.8	3.7
Technology	–	1.7	–	1.6
Total	100.0	100.0	100.0	100.0

¹Based on total UK Equities of £47.5m.

²Source: FTSE.

³Based on total UK Equities of £46.6m.

List of Investments

at 31st July 2011

Company	Sector	Valuation £'000	%
JPMorgan Multi-Asset Income Fund	Diversified Assets	15,408	19.9
JPMorgan Strategic Bonds	Fixed Interest Bonds	5,531	7.1
Royal Dutch Shell	Oil & Gas	4,427	5.7
Vodafone	Telecommunications	2,783	3.6
HSBC	Financials	2,657	3.4
GlaxoSmithKline	Health Care	2,021	2.6
Rio Tinto	Basic Materials	1,964	2.5
BH Macro	Diversified Assets	1,835	2.4
BP	Oil & Gas	1,828	2.4
BHP Billiton	Basic Materials	1,574	2.0
AstraZeneca	Health Care	1,496	1.9
British American Tobacco	Consumer Goods	1,314	1.7
Ares Capital 5.75% Convertible 2016	Convertible Bonds	1,229	1.6
Xstrata	Basic Materials	1,197	1.5
SVG Capital 8.25% Convertible 2016	Convertible Bonds	1,194	1.5
TUI Travel 4.90% Convertible 2017	Convertible Bonds	1,129	1.5
International Power 4.75% Convertible 2015	Convertible Bonds	1,074	1.4
Imperial Tobacco	Consumer Goods	1,045	1.3
Standard Chartered	Financials	957	1.2
Salamander Energy 5% Convertible 2015	Convertible Bonds	956	1.2
Cemex S.A.B. 4.875% Convertible 2015	Convertible Bonds	864	1.1
Drax	Utilities	718	0.9
Barclays	Financials	710	0.9
BT	Telecommunications	696	0.9
Melrose	Industrials	671	0.9
Prudential	Financials	661	0.9
Aberdeen Asset Management	Financials	649	0.8
Kcom	Telecommunications	623	0.8
Senior	Industrials	611	0.8
RPC	Industrials	597	0.8
Tate & Lyle	Consumer Goods	594	0.8
Elementis	Basic Materials	586	0.8
Legal & General	Financials	583	0.8
Kazakhmys	Basic Materials	580	0.7
BG	Oil & Gas	563	0.7
RSA Insurance	Financials	556	0.7
Stagecoach	Consumer Services	540	0.7
Weir	Industrials	535	0.7
Compass	Consumer Services	525	0.7
Rolls-Royce	Industrials	523	0.7

List of Investments continued

Company	Sector	Valuation £'000	%
Diploma	Industrials	523	0.7
Victrex	Basic Materials	514	0.7
Carillion	Industrials	514	0.7
Smith (DS)	Industrials	512	0.7
Aviva	Financials	510	0.7
British Land	Financials	506	0.7
Filtrona	Industrials	497	0.6
Centrica	Utilities	489	0.6
Scottish & Southern Energy	Utilities	487	0.6
Electra Private Equity 5% Convertible 2017	Convertible Bonds	468	0.6
Lancashire	Financials	463	0.6
IMI	Industrials	458	0.6
Informa	Consumer Services	454	0.6
Ashmore	Financials	435	0.6
Resolution	Financials	432	0.6
Restaurant	Consumer Services	428	0.6
GKN	Consumer Goods	427	0.6
John Menzies	Industrials	425	0.5
Severn Trent	Utilities	412	0.5
Pearson	Consumer Services	412	0.5
Go-Ahead	Consumer Services	405	0.5
Shire	Health Care	405	0.5
Balfour Beatty	Industrials	390	0.5
Catlin	Financials	378	0.5
Morrison (Wm.) Supermarkets	Consumer Services	377	0.5
Johnson Matthey	Basic Materials	374	0.5
National Grid	Utilities	367	0.5
Investec	Financials	308	0.4
Close Brothers	Financials	286	0.4
Cairn Energy	Oil & Gas	284	0.4
Interserve	Industrials	246	0.3
JPMorgan European Investment Trust	Diversified Assets	179	0.2
Total fixed asset investments		77,369	100.0
Derivative financial instruments			
<i>Written options</i>			
Centric 360 Call Options Sep 2011	Derivative Financial Instruments	–	–
Xstrata 1500 Call Options Aug 2011	Derivative Financial Instruments	–	–
Severn 1300 Put Options Sep 2011	Derivative Financial Instruments	(1)	–
Unilever 1600 Put Options Dec 2011	Derivative Financial Instruments	(5)	–
Total investments		77,363	100.0

Income Statement

for the six months ended 31st July 2011

	(Unaudited) Six months ended 31st July 2011			(Unaudited) Six months ended 31st July 2010			(Audited) Year ended 31st January 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	926	926	–	202	202	–	7,179	7,179
Net foreign currency losses	–	(3)	(3)	–	(15)	(15)	–	(15)	(15)
Income from investments	1,878	–	1,878	1,578	–	1,578	3,140	–	3,140
Other income	27	–	27	104	–	104	153	–	153
Gross return	1,905	923	2,828	1,682	187	1,869	3,293	7,164	10,457
Management fee	(59)	(137)	(196)	(50)	(117)	(167)	(100)	(234)	(334)
Other administrative expenses	(133)	–	(133)	(157)	–	(157)	(286)	–	(286)
Net return on ordinary activities before finance costs and taxation	1,713	786	2,499	1,475	70	1,545	2,907	6,930	9,837
Finance costs	(206)	(480)	(686)	(203)	(473)	(676)	(406)	(948)	(1,354)
Change in fair value of swap contract	149	349	498	81	189	270	246	575	821
Dividends on Income shares (note 3)	(1,229)	–	(1,229)	(1,251)	–	(1,251)	(2,495)	–	(2,495)
Net return/(loss) on ordinary activities before taxation	427	655	1,082	102	(214)	(112)	252	6,557	6,809
Taxation	(7)	–	(7)	(1)	–	(1)	(3)	–	(3)
Net return/(loss) on ordinary activities after taxation	420	655	1,075	101	(214)	(113)	249	6,557	6,806
Return/(loss) per Income share (note 4)	2.67p	1.06p	3.73p	2.16p	(0.34)p	1.82p	4.40p	10.53p	14.93p

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

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. The Total column represents all the information that is required to be disclosed in a Statement of Total Recognised Gains and Losses ('STRGL'). For this reason a STRGL has not been presented.

Reconciliation of Movements in Shareholders' Funds

For the six months end 31st July 2011 (unaudited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital redemption reserve £'000	Increase in assets required to meet the final capital entitlement of the Income shares £'000	Capital reserves £'000	Total £'000
At 31st January 2011	646	456	28,536	17	11,010	(40,665)	–
Repurchase of Income shares for cancellation	–	–	–	–	–	–	–
Adjustment to shortfall reserve following cancellation of Income shares	–	–	–	–	(16)	16	–
Transfer from shortfall reserve	–	–	–	–	(655)	–	(655)
Net capital return on ordinary activities	–	–	–	–	–	655	655
At 31st July 2011	646	456	28,536	17	10,339	(39,994)	–

Six months ended 31st July 2010 (unaudited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital redemption reserve £'000	Increase in assets required to meet the final capital entitlement of the Income shares £'000	Capital reserves £'000	Total £'000
At 31st January 2010	646	456	28,544	9	17,840	(47,495)	–
Prior year adjustment	–	–	9	(9)	–	–	–
Transfer to shortfall reserve	–	–	–	–	214	–	214
Net capital loss on ordinary activities	–	–	–	–	–	(214)	(214)
At 31st July 2010	646	456	28,553	–	18,054	(47,709)	–

Year ended 31st January 2011 (audited)	Called up share capital £'000	Share premium £'000	Other reserve £'000	Capital redemption reserve £'000	Increase in assets required to meet the final capital entitlement of the Income shares £'000	Capital reserves £'000	Total £'000
At 31st January 2010	646	456	28,544	9	17,840	(47,495)	–
Repurchase of Income shares for cancellation	–	–	(8)	8	–	–	–
Adjustment to shortfall reserve following cancellation of Income shares	–	–	–	–	(273)	273	–
Transfer from shortfall reserve	–	–	–	–	(6,557)	–	(6,557)
Net capital return on ordinary activities	–	–	–	–	–	6,557	6,557
At 31st January 2011	646	456	28,536	17	11,010	(40,665)	–

Balance Sheet

at 31st July 2011

	(Unaudited) 31st July 2011 £'000	(Unaudited) 31st July 2010 £'000	(Audited) 31st January 2011 £'000
Fixed assets			
Investments held at fair value through profit or loss	77,369	68,031	77,112
Current assets			
Debtors	784	1,466	552
Cash and short term deposits	1,376	3,426	889
	2,160	4,892	1,441
Creditors: amounts falling due within one year	(23,981)	(23,990)	(23,537)
Derivative financial instruments held at fair value through profit or loss - written options	(6)	(7)	(15)
Derivative financial instrument held at fair value through profit or loss - interest rate swap contract	(491)	–	(989)
Net current liabilities	(22,318)	(19,105)	(23,100)
Total assets less current liabilities	55,051	48,926	54,012
Creditors: amounts falling due after more than one year			
Derivative financial instrument held at fair value through profit or loss - interest rate swap contract	–	(1,540)	–
Net assets attributable to the Income shareholders	(55,051)	(47,386)	(54,012)
Net assets	Nil	Nil	Nil
Capital and reserves			
Called up share capital	646	646	646
Share premium	456	456	456
Other reserve	28,536	28,553	28,536
Capital redemption reserve	17	–	17
Shortfall in assets available to meet the final capital entitlement of the Income shares	(39,994)	18,054	11,010
Capital reserves	10,339	(47,709)	(40,665)
Equity shareholders' funds	Nil	Nil	Nil
Net asset value per share (note 5)			
Income share	89.2p	76.2p	87.4p
Capital share	–	–	–

Cash Flow Statement

for the six months ended 31st July 2011

	(Unaudited) Six months ended 31st July 2011 £'000	(Unaudited) Six months ended 31st July 2010 £'000	(Audited) Year ended 31st January 2011 £'000
Net cash inflow from operating activities (note 6)	1,571	1,163	2,396
Net cash outflow from returns on investments and servicing of finance	(1,895)	(1,924)	(3,852)
Net cash inflow from tax recovered	1	–	–
Net cash inflow/(outflow) from capital expenditure and financial investment	849	(3,466)	(5,014)
Net cash inflow/(outflow) before financing	526	(4,227)	(6,470)
Financing			
Repurchase of Income shares for cancellation	(36)	(277)	(571)
Net cash outflow from financing	(36)	(277)	(571)
Increase/(decrease) in cash for the period	490	(4,504)	(7,041)
Reconciliation of net cash flow to movement in net debt			
Net cash movement	490	(4,504)	(7,041)
Exchange movements	(3)	(15)	(15)
Movement in net debt in the period	487	(4,519)	(7,056)
Net debt at the beginning of the period	(22,111)	(15,055)	(15,055)
Net debt at the end of the period	(21,624)	(19,574)	(22,111)
Represented by:			
Cash and short term deposits	1,376	3,426	889
Debt falling due within one year	(23,000)	(23,000)	(23,000)
Net debt at the end of the period	(21,624)	(19,574)	(22,111)

Notes to the Accounts

for the six months ended 31st July 2011

1. Financial statements

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

The figures and financial information for the year ended 31st January 2011 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009.

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

The accounting policies applied to these half year accounts are consistent with those applied in the accounts for the year ended 31st January 2011.

3. Dividends on Income shares

	(Unaudited) Six months ended 31st July 2011 £'000	(Unaudited) Six months ended 31st July 2010 £'000	(Audited) Year ended 31st January 2011 £'000
Unclaimed dividends refunded to the Company	(6)	–	–
Fourth quarterly dividend of 1.00p (2010: 1.00p) paid in March	618	626	626
First quarterly dividend of 1.00p (2010: 1.00p) paid in June	617	625	625
Second quarterly dividend of 1.00p paid in September	n/a	n/a	622
Third quarterly dividend of 1.00p paid in December	n/a	n/a	622
Total dividends paid in the period	1,229	1,251	2,495

A second quarterly dividend of 1.00p (2010: 1.00p) per Income share, amounting to £617,000 (2010: £622,000) has been declared payable in respect of the six months ended 31st July 2011. It will be paid on 29th September 2011 to shareholders on the register at the close of business on the 9th September 2011.

Notes to the Accounts continued

4. Return/(loss) per Income share

	(Unaudited) Six months ended 31st July 2011 £'000	(Unaudited) Six months ended 31st July 2010 £'000	(Audited) Year ended 31st January 2011 £'000
Return/(loss) per Income share is based on the following:			
Net revenue return on ordinary activities after taxation	420	101	249
Add back dividends on Income shares	1,229	1,251	2,495
Revenue return attributable to Income shareholders	1,649	1,352	2,744
Capital return/(loss) attributable to Income shareholders	655	(214)	6,557
Total return attributable to Income shareholders	2,304	1,138	9,301
Weighted average Income shares in issue	61,756,136	62,455,880	62,279,124
Revenue return per Income share	2.67p	2.16p	4.40p
Capital return/(loss) per Income share	1.06p	(0.34)p	10.53p
Total return per Income share	3.73p	1.82p	14.93p

5. Net asset value per share

The Company's assets are currently below the level required to repay the final capital entitlement of the Income shareholders of £63,847,000 (103.4p per share). Therefore the net asset value per Income share is based on the total assets available, divided by the 61,747,803 (31st July 2010: 62,197,803 and 31st January 2011: 61,797,803) Income shares in issue at the period end.

The net asset value per Capital share is zero (31st July 2010 and 31st January 2011: zero), as currently there are insufficient assets available to repay the final capital entitlement of the Income shares.

6. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 31st July 2011 £'000	(Unaudited) Six months ended 31st July 2010 £'000	(Audited) Year ended 31st January 2011 £'000
Total return on ordinary activities before finance costs and taxation	2,499	1,545	9,837
Less capital return before finance costs and taxation	(786)	(70)	(6,930)
Scrip dividends received as income	(8)	(7)	(12)
Decrease/(increase) in net debtors and accrued income	97	(184)	(204)
Effective interest rate adjustment	(22)	(2)	(30)
Management fee charged to capital	(137)	(117)	(234)
Tax on unfranked investment income	(72)	(2)	(31)
Net cash inflow from operating activities	1,571	1,163	2,396

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment and strategy; market; accounting, legal and regulatory; corporate governance and shareholder relations; operational; and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31st January 2011.

Related Parties' Transactions

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

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the half year financial report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and gives a true and fair view of the assets, liabilities, financial position and net return of the Company as required by the UK Listing Authority Disclosure and Transparency Rules ('DTR') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

For and on behalf of the Board

Karl Sternberg
Chairman

21st September 2011

Capital Structure of the Company

Introduction

The Company has two classes of shares, Income and Capital. Under the Company's Articles of Association, on a return of assets on a winding up of the Company, the Income shares are entitled to all the assets of the Company up to a predetermined capital entitlement of 103.4p per Income share, plus any balance of revenue available for dividend payments.

At 31st July 2011, the assets of the Company amounted to £55,051,000 including the balance of revenue amounting to £1,543,000. This is £10,339,000 below the amount needed to meet the final entitlement of the Income shares, as shown in the Reconciliation of Movements in Shareholders' Funds on page 10.

Under accounting standards, the Income share class is classified in the accounts as a liability due to the rights attached to that share class, detailed above. The Capital share class, which is the more subordinate class of shares, is classified as equity. This means that the Balance Sheet of the Company will show zero net assets unless the assets increase to a level in excess of the final entitlement of the Income shares.

Income shares

Characteristics and Entitlements

The Income shares offer a dividend yield and first call on capital up to a predetermined capital entitlement on winding up.

Income shares will have a maximum capital entitlement of 103.4p per share on any winding-up of the Company. They are also entitled to any undistributed revenue available for dividend payments.

Income shares are entitled to such dividends as the Directors may determine to distribute in respect of each financial period. Such dividends will take the form of quarterly dividends to be declared in February, May, August and November, and paid in March, June, September and December respectively.

Revenue available for dividend payments

At 31st July 2011, undistributed revenue amounted to £1,543,000 (before payment of the second quarterly dividend) and have been allocated in the accounts to the Income shares.

Voting Rights

Each holder of Income shares present in person at a general meeting will have one vote on a show of hands and, on a poll, each holder present in person or by proxy will have one vote for each Income share held.

Capital shares

Characteristics and Entitlements

Generally by virtue of their effective gearing and their lack of yield, Capital shares have limited protection against adverse market movements and are therefore classed as high risk securities. Conversely, they are potentially attractive securities to investors seeking a geared exposure to the capital performance of investment markets.

Capital shares are entitled to be paid an amount, on any winding up of the Company, representing all the surplus net assets after repaying the bank loans and any other obligations and meeting the final entitlement of the Income shares. The Capital shares have no entitlement to revenue available for dividends.

Voting Rights

Each holder of Capital shares present in person at a general meeting will have one vote on a show of hands and, on a poll, each holder present in person or by proxy will have one vote for each Capital share held.

Units

Characteristics and Entitlements

A Unit share comprises one Capital share and one Income share. On application to the Company's Registrar, these Shares may be separated into Income shares and Capital shares.

Unit shareholders have the same entitlements and voting rights as if they held separately the Income shares and Capital shares comprised in their Units.

Glossary of Terms and Definitions

Unit net asset value ('NAV') total return

Return to the investor based on the change in the Unit NAV and assuming all dividends quoted ex-dividend in respect of a Unit during the period were reinvested, without transaction costs, into Units at the NAV per Unit at the time the Units were quoted ex-dividend. Note that a Unit comprises one Income share and one Capital share.

Benchmark return

Total return on the benchmark, on a mid-market value to mid-market value basis, assuming that all dividends received were reinvested, without transaction costs, in the shares of the underlying companies at the time the share 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 benchmark.

Capital share net asset value total return

Return to the investor based on the change in the NAV per Capital share.

Capital share price total return

Return to the investor based on the change in the Capital share mid-market price.

Income share net asset value total return

Return to the investor based on the change in the NAV per Income share and assuming all dividends quoted ex-dividend during the year were reinvested, without transaction costs, in the Income shares at the NAV per Income share at the time the shares were quoted ex-dividend.

Income share price total return

Return to the investor based on the change in the Income share mid-market price and assuming all dividends quoted ex-dividend during the year were reinvested, without transaction costs, in the Income shares at the time the shares were quoted ex-dividend.

Share price discount/premium to net asset value ('NAV') per share

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

Performance attribution

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

Performance attribution definitions:

Stock selection

Measures the effect of investing in securities to a greater or lesser extent than their weighting in the benchmark, or of investing in securities which are not included in the benchmark.

Gearing/cash effect

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

Effect of swap

The change in the fair value of the swap contract during the period changes the value of total assets and thereby impacts the Company's performance.

Management fees/other expenses

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

Effect of share repurchases

Measures the effect on relative performance of repurchasing the Company's own shares for cancellation at a price which is less than the net asset value per share.

Notes

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Information about the Company

Financial Calendar

Financial year end	31st January
Final results announced	April
Half year end	31st July
Half year results announced	September
Interim Management Statements announced	May and December
Dividend on Income shares paid	Payable quarterly in March, June, September and December
Annual General Meeting	May

History

The Company was incorporated on 20th October 2006 and began investing on the 20th December 2006.

Directors

Karl Sternberg (Chairman)
Nicholas Craig Harvey
Ian Scott-Gall
Jane E Tozer
David Watts

Company Numbers

Company registration number: 5973571
London Stock Exchange Sedol numbers:
Capital B1G3N00, Income B1G3N11, Units B1G3N22.
ISIN numbers:
Capital GB00B1G3N007, Income GB00B1G3N114,
Units GB00B1G3N221.
Bloomberg codes:
Capital JIGC LN, Income JIGI LN, Units JIGU LN.
Reuters Codes:
Capital JGICx.L, Income JGICix.L, Units JGIC_u.L.

Market Information

The Company's net asset value ('NAV') is published daily, via the London Stock Exchange. The market price is shown daily in the Financial Times, the Times, the Daily Telegraph, The Scotsman, the Independent and on the J.P. Morgan internet site at www.jpmincomeandgrowth.co.uk where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmincomeandgrowth.co.uk

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf. They may also be purchased and held through the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP. These products are all available on the online wealth manager service, J.P. Morgan WealthManager+ available at www.jpmorganwealthmanagerplus.co.uk

Manager and Secretary

JPMorgan Asset Management (UK) Limited



The Association of
Investment Companies

A member of the AIC

Company's Registered Office

Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ
Telephone: 020 7742 6000

For company secretarial and administrative matters please contact Divya Amin.

Custodian

JPMorgan Chase Bank, N.A.
125 London Wall
London EC2Y 5AJ

Registrars

Equiniti Limited
Reference 3081
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2342

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrar quoting reference 3081.

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

Independent Auditor

Ernst & Young LLP
Chartered Accountants and Statutory Auditor
1 More London Place
London SE1 2AF

Brokers

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Savings Product Administrators

For queries on the J.P. Morgan Investment Account, J.P. Morgan ISA and J.P. Morgan SIPP, see contact details on the back cover of this report.

JPMorgan Helpline
Freephone 0800 20 40 20 or +44 (0)20 7742 9995

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