

Aberdeen Japan Investment Trust PLC

Japan specialists investing in exceptional companies



Contents

Overview

Highlights and Financial Calendar	1
Interim Board Report - Chairman's Statement	2
Interim Board Report – Other Matters	4
Interim Board Report - Investment Manager's Review	5

Portfolio

Sector Analysis	7
Investment Portfolio	8

Financial Statements

Condensed Statement of Comprehensive Income (unaudited)	10
Condensed Statement of Financial Position (unaudited)	11
Condensed Statement of Changes in Equity (unaudited)	12
Condensed Statement of Cash Flows (unaudited)	13
Notes to the Financial Statements	14

Corporate Information

Alternative Performance Measures	18
Investor Information	20

General

Corporate Information	23
-----------------------	----

Investment objective

The Company's objective is to achieve long-term capital growth principally through investment in listed Japanese companies which are believed by the Investment Manager to have above average prospects for growth.

Highlights and Financial Calendar

	As at 30 September 2019	As at 31 March 2019	Change %
Total assets (£'000) ^A	109,997	99,810	10.2
Total equity shareholders' funds (£'000)	97,233	88,025	10.5
Net asset value per Ordinary share	681.4p	607.9p	12.1
Share price (mid-market)	605.0p	525.0p	15.2
Discount to net asset value per Ordinary share ^B	11.2%	13.6%	
Net gearing ^B	12.9%	11.6%	
Ongoing charges ^B	1.03%	1.10%	

^A Excludes foreign currency bank loans of £12,764,000 (31 March 2019 – £11,785,000).

^B Considered to be an Alternative Performance Measure. Further details can be found on pages 18 and 19.

	Six months to 30 September 2019	Six months ended 30 September 2018	% change
Revenue return per Ordinary share	3.77p	2.73p	+38.1
Interim dividend	6.00p	–	–

Performance (total return)^A

	Six months ended 30 Sept 2019	Year ended 30 Sept 2019	Three years ended 30 Sept 2019	Five years ended 30 Sept 2019
Share price ^B	+16.4%	+1.4%	+23.3%	+64.4%
Net asset value per Ordinary share ^B	+13.1%	–1.0%	+21.9%	+62.5%
Index ^C	+9.3%	–0.3%	+26.8%	+78.2%

^A Total return represents capital return plus dividends reinvested.

^B Considered to be an Alternative Performance Measure. Further details can be found on page 18.

^C Index represents the TOPIX.

Financial Calendar

21 November 2019	Announcement of half yearly results and interim dividend
December 2019	Payment of interim dividend
December 2019	Half yearly report posted to shareholders
May 2020	Announcement of annual results and final dividend for the year ending 31 March 2020
June 2020	Annual report posted to shareholders
July 2020	Annual General Meeting
July 2020	Payment of final dividend

Interim Board Report - Chairman's Statement

Overview

Japanese equities rose in the six months under review, despite the market being subject to the vagaries of the ongoing trade tussle between the US and China. The dispute has had a material impact on the global economy. Decelerating economic growth, in turn, has weighed on corporate earnings, with Japanese companies reporting muted to disappointing results over successive quarters. In the June quarter for example, net profits slipped significantly, with the automotive sector bearing the brunt of the decline and the strengthening yen leading to earnings forecasts being trimmed.

Worries over the health of the global economy have resulted in a flight to safe-haven assets such as the yen. While the Japanese currency has strengthened against sterling, some of this can also be attributable to Brexit-related fears.

In domestic politics, Prime Minister Shinzo Abe's ruling coalition, as expected, won Japan's upper house elections (on a low turn-out), but without the two-thirds majority that would have enabled him to pursue his controversial objective of constitutional reform. The general preference among voters is for the Government to concentrate on economic rather than constitutional policy. Abe's own popularity rating during the period under review has remained reasonably robust despite administrative scandals, and he became the longest-serving post-war Japanese Prime Minister in August (and the longest-serving of all time in November). He has been helped by the continuing fractures within the Opposition, and the absence of any obvious successor.

ESG

On the engagement front, efforts by investors, your Manager included, appear to be bearing fruit, releasing trapped value from Japanese companies. For the year to May, Japanese companies as a whole doubled the number of share buybacks from a year ago, while the total amount exceeded that of the whole of 2018. Admittedly, this may have been partly fuelled by overcapitalised balance sheets and anaemic share prices.

Separately, your Manager has also been encouraging the management of the underlying holdings in your Company's portfolio to become more open in their disclosure of their ESG efforts. Traditionally, Japanese companies tend to be modest and disdain self-promotion. However, being more transparent is also likely to result in investors rewarding these companies with better share valuations.

Performance

Against this backdrop, your Company's share price and net asset value (NAV) have outperformed the benchmark. The Company's NAV rose by 13.1%, outperforming the Company's Topix benchmark, which rose 9.3% on a sterling total return basis. The Ordinary Share price total return was 16.4% as the discount to NAV per Ordinary share narrowed from 13.6% to 11.2% at 30 September 2019. As at 20 November 2019, the discount was 12.5%.

Since the change in the mandate (8 October 2013), your Company's net asset value has provided a total return of 91.1% compared to a return from the Topix benchmark of 84.4%.

The Company owns a concentrated portfolio of Japanese equities, aiming to generate long term capital growth. Broadly, your Company's holdings in the materials and healthcare sectors have performed well, while those that did not fare as well faced distinct issues. While keeping the portfolio's main characteristics intact, the proportion of small-cap companies has increased. It is worth noting that these smaller companies tend to be more immune from externalities, such as pressure from the worsening trade friction, the rising yen and ultimately the impact of both of these on end demand. Details of the Company's performance over the six month period to 30 September 2019 are explained in the Investment Manager's Review on page 5.

Dividend

A final dividend of 5.4p per ordinary share in respect of the year ended 31 March 2019 (2018 – 5.2p) was paid to shareholders on 12 July 2019. This was the level required to maintain investment company status, consistent with the Company's dividend policy.

A new enhanced dividend policy was endorsed by shareholders at the AGM in July this year. In line with this policy the Board has declared for the first time an interim dividend of 6.0p for the year ended 31 March 2020 (2019 – nil) which will be paid to shareholders on 20 December 2019. The record date is 29 November 2019. Dividend distributions will now be made on a semi-annual basis.

The Board recognises the importance of income to our shareholders and believes that a regular, sustainable dividend will help the Company to broaden the shareholder base and help to maintain the discount at reasonable levels.

The enhanced dividend to be paid to shareholders will consist of the Company's earnings for the year, plus 3.0p from revenue reserves, plus an amount from capital reserves. As a guide, by using the Company's financial

results for the year to 31 March 2019, a minimum distribution of 15.0p for the year ending 31 March 2020 is anticipated.

Gearing

The Company continued to make use of its capacity to gear through the Yen 1.3 billion fixed term and Yen 1.0 billion floating rate facilities with ING Bank. The Board considers a gearing level of around 10% to be appropriate, although, with stock market fluctuations, this may range between 5% -15%. Net gearing as at 30 September 2019 was 12.9% (31 March 2019: 11.6%).

The Board continues to believe that the sensible use of modest financial gearing should enhance returns to shareholders and further gearing options will be considered prior to the maturity of the loan facility on 23 January 2020.

Discounts and Share Buybacks

The Board monitors the discount level of the Company's shares in relation to the NAV. There is a mechanism in place to buy back shares at appropriate levels when to do so will add value for ongoing investors. During the six month period, 210,000 shares were bought back into treasury at a cost of £1.2 million. Since the period end a further 140,800 shares have been repurchased.

Outlook

The Japanese stock market will continue to face the same litany of risks that it has done over the past half year. At the forefront is the protracted trade negotiations between the world's two largest economies and the unpredictability of the messages on these and other issues emerging from the US President. Also affecting share prices are the geopolitical uncertainties that compel investors to flood into the yen as a safe haven each time volatility spikes. Japan/China relations have however improved (although Japan/Korea relations have deteriorated) and prospects for a resolution of US/Japan trade tensions (and perhaps also those between US and China), and the possibility that the forthcoming UK general election may bring some clarity on the way forward on Brexit, may help to calm market uncertainty. The slowdown in China in 2019, however, has had a consequential impact on the Japanese manufacturing and service sectors.

Against this backdrop, your Manager feels that many Japanese companies, particularly those held by your Company, are now well-positioned. At the company level, many are still expanding, investing for the future. Their efforts are augmented by the strength of the yen, which is encouraging some to invest abroad. Your Manager (and other asset management companies) are also watching

closely and liaising with Japanese officials on proposed changes to Japanese law to reduce the threshold at which foreign investors are required, for reasons of national security, to file pre-acquisition notifications.

The fundamentals of the underlying stocks within your Company's portfolio remain robust. Many of these are market leaders in their own fields and will continue to do well regardless of the external pressures they may face. Even though stock prices have risen, valuations remain attractive, given the prospects for these companies. The Board has confidence that your Manager will continue to be a good steward of the Company's assets and the optimistic stance adopted should stand the Company in good stead as we seek further solid growth.

Karen Brade
Chairman
21 November 2019

Interim Board Report – Other Matters

Principal Risks and Uncertainties

The Company's risks are regularly monitored at Board meetings and the Board believes that the Company is resilient to most short term operational risks which are effectively mitigated by the internal controls of the Manager and Depositary. Analysis and mitigation of other longer term and more strategic risks are managed by the Board.

The principal risks and uncertainties facing the Company have been identified as follows:

- Investment strategy risk
- Investment risk
- Reputation
- Regulatory compliance risk
- Performance risk
- Share price and discount risk

Further details of these risks are provided on pages 10 to 11 of the 2019 Annual Report and Accounts which is available on the Company's website www.aberdeenjapan.co.uk.

In addition to these risks, the outcome and potential impact of the UK Government's negotiations with the European Union on Brexit is still unclear at the date of this report. This remains an economic risk for the Company, principally in relation to the potential impact of Brexit on currency volatility and the Manager's operations. Aberdeen Standard Investments has a significant Brexit program in place aimed at ensuring that they can continue to satisfy their clients' investment needs post Brexit.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the publication of the 2019 Annual Report and Accounts.

Related Party Transactions

Any related party transactions during the period are disclosed in the Notes to the Financial Statements. There have been no related party transactions that have had a material effect on the financial position of the Company during the period.

Going Concern

The Company's assets consist of equity shares in companies listed on the Tokyo Stock Exchange and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing, foreign exchange contract positions with regards to hedging and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The Board believe that the Company has adequate resources to

continue its operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the accounts.

Directors' Responsibility Statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- the Half Yearly Financial Report includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the Half Yearly Financial Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half Yearly Financial Report for the six months ended 30 September 2019 comprises the Interim Board Report, which consists of the Chairman's Statement, Investment Manager's Review and Other Matters (including the Directors' Responsibility Statement), and the condensed set of Financial Statements.

Karen Brade
Chairman
21 November 2019

Interim Board Report - Investment Manager's Review

Overview

Japanese equities rose in sterling terms for the half year to September 2019. Geopolitical events swayed the market during the period, with US-China trade talks dominating headlines, alongside large-scale protests in Hong Kong and heightened tension in the Middle East. Reflecting these concerns, the yield on the 10-year Japanese Government Bond fell to its lowest level in three years, and the yen, often viewed as a safe haven asset, appreciated against major currencies. Domestic economic indicators were broadly negative – consumer confidence fell ahead of the consumption tax hike in October, and on concerns of a domestic economic slowdown brought on by trade conflict. While the government's measures to mitigate the impact of the higher tax rates could cushion a dip in the economy, uncertainty is likely to persist as long as trade tensions remain.

Portfolio review

The portfolio's total return on net asset value was 13.1%, surpassing the benchmark's 9.3% gain. During the period under review, the Trust's share price rose by 16.4%. The performance was helped by our pick of businesses with wide competitive moats and good management, especially in a challenging environment. In particular, our selection of basic materials stocks contributed to performance, as did our choice of healthcare stocks.

The Trust's holdings in the materials sector, Nippon Paint, Kansai Paint, and Shin-Etsu Chemical, performed admirably during the period. Alongside the retreat in oil prices, which provided some relief on raw material costs, the two paint stocks were driven by several company-specific factors. These include Nippon Paint's acquisition of Australia's leading decorative paint company Dulux Group, as well as resilient performance at its operations in China. Auto paints leader Kansai Paint benefited from a firmer commitment on financial targets and aggressive fiscal stimulus measures in India, which contributes to more than a third of its operating profits. Shin-Etsu Chemical benefited from firm demand at its core silicon wafers business, as well as resilient earnings from its PVC and silicones divisions. The company is increasing capital expenditure in areas where it sees medium-term growth opportunities, particularly in its specialty silicones business.

In the healthcare sector, the portfolio's performance was helped by leading pharmaceutical company Chugai Pharmaceutical, as sales of its hemophilia treatment Hemlibra greatly surpassed expectations. We expect Hemlibra to become a blockbuster drug, given its ability to command premium pricing, having earned the accolade of a breakthrough therapy in the US. Chugai has an excellent track record of commercialising its research. Its

relationship with major shareholder Roche offers mutual product pipeline access and an extensive overseas distribution network, allowing it to focus on drug discovery.

Detractors among the Trust's holdings include consumer financing firm Aeon Financial Service, and exchange operator Japan Exchange Group. Aeon Financial leverages on the brand strength and store network of its parent. However, its investments for integrating a digital payment system into Aeon's retail network, coupled with promotional activities to win users, have dampened earnings. Meanwhile, the share price of Japan Exchange Group retreated as trading volumes have fallen. On a more upbeat note, its merger with Tokyo Commodity Exchange will diversify its business and eventually boost trading volumes.

Shares of musical instrument maker Yamaha Corp also fell, as sales in China and Europe were affected by weakening discretionary consumer demand. Revenues in Europe further suffered from the yen's appreciation. Nonetheless, Yamaha remains attractive, with a dominant global market share in musical instruments and audio equipment, as well as a competitive edge in sound-synthesis technology. It is also the industry leader in responsible sourcing of materials for its musical instruments, and the integration of its sustainability practices with marketing has proven to be highly effective.

Our corporate engagement during the first half of the year focused on accountability to shareholders and improving disclosure in ESG matters, which many Japanese firms tend to be modest about. Corporate governance continued to inch forward this year, with some companies making changes ahead of shareholder meetings, most notably with either the abolishment of poison pills or raising of pay-out ratios. A new record of 54 proposals was raised by institutional investors during annual shareholder meetings this June. As was the case last year, there were several high-profile failures to pass resolutions that would have been positive for governance. This was most likely the result of cross-shareholdings. We actively vote in all shareholder resolutions, and at times, reject agenda which we do not concur with. This is especially the case when there has been poor execution, or a low level of shareholder returns without a satisfactory rationale. We also take the view that external directors and auditors should be truly independent to ensure the protection of minority shareholders' interests. Kansai Paint, for instance, has appointed two new independent directors to better represent minority shareholders, as well as abolished its poison pill strategy. Separately, Z Holdings (formerly Yahoo Japan) banned ivory products from its e-commerce platform after we voiced our concerns.

Interim Board Report - Investment Manager's Review

continued

In portfolio strategy, we have raised the proportion of smaller companies, as highlighted in the previous annual report. This is in light of our ability to uncover better quality companies in this segment of the market, amid a broad improvement in governance. With valuations more reasonable after the sell-down of many Japanese stocks in the past 18 months, we took the opportunity to initiate several smaller firms, such as professional hair care company Milbon Co, Heiwa Real Estate and TKP Corp.

Milbon is a leading hair care products manufacturer in Japan, with distribution primarily at beauty salons nationwide. The company has a good product range and is rapidly expanding abroad, particularly in China and Korea. Heiwa Real Estate is a Tokyo-based real estate developer that we believe will see earnings uplift from rent hikes and redevelopment. The company also takes a proactive stance towards shareholder returns. TKP Corp has a foothold in operating conference rooms and banquets through sub-leasing under-utilised real estate, and its recent acquisition of IWG's Regus franchise in Japan and Taiwan will expand its footprint into shared workspaces.

Among larger firms, we introduced Recruit Holdings, a leading manpower recruitment agency. Its investment in human-resources technology overseas, particularly through job-search engine Indeed.com, allowed it to meet the untapped hiring needs of small and medium firms worldwide. We believe this platform, as well as the potential to expand into job placements and staffing, will be key sources of future growth. It already has one of the world's largest temporary-staffing businesses.

Another new holding is Musashi Seimitsu, a maker of automobile and motorcycle parts, with a growth potential that is supported by automotive electrification and growing motorbike demand across Asia. Against this, we exited automobile maker Honda Motor, auto-parts supplier Denso, and construction and mining machinery maker Komatsu.

Outlook

While the macroeconomic outlook remains highly uncertain, with indicators suggesting broad weakness in the global economy, there is optimism that geopolitical concerns are abating; the US-China trade dispute appears to be nearing an initial agreement; and central banks stand ready to support a decelerating global economy.

Nevertheless, the sentiment for Japanese equities remains muted in the near term. Stocks boosted by the recent consumption tax hike may correct in the coming quarter; while order book forecasts of industrial firms point to a bottom. But the market appears to be looking past these issues and has remained relatively resilient thus far.

More importantly, your portfolio companies are not sitting still: Shiseido is expanding capacity for premium skincare products; Nippon Paint is making a significant foray into Australia; while Shin-Etsu Chemical's new ethylene cracker will lower costs and reduce business risks. These individual actions come alongside a period of higher awareness of shareholder return: Japanese firms are returning record amounts of capital on pristine balance sheets through share buybacks or higher dividends.

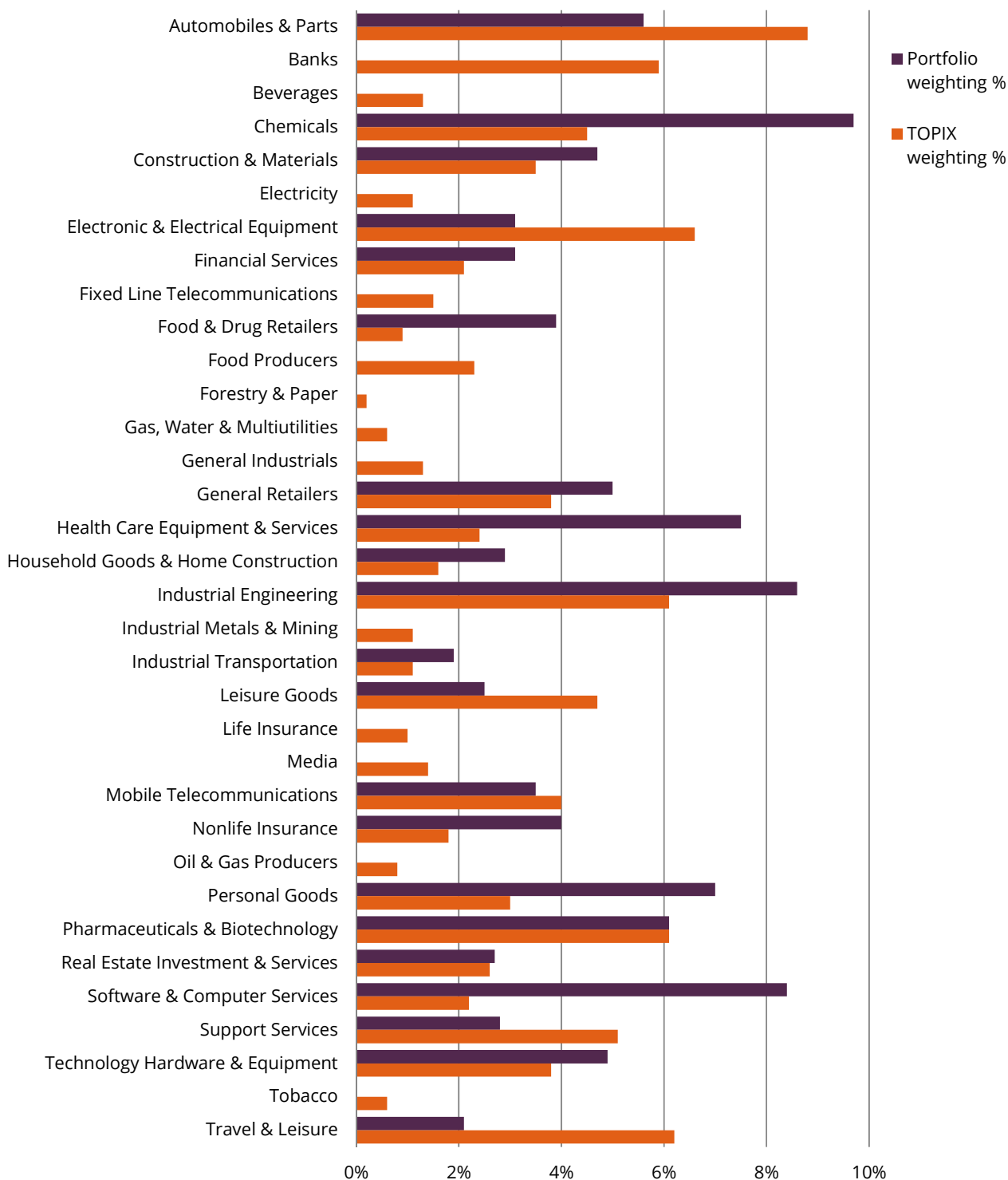
We believe these developments will drive the long-term value of the Trust, even as this period of macro-driven volatility clouds the stock market's short-term prospects. The challenge, as ever, is to uncover stocks with sound management, wide competitive moats, solid balance sheets, and the resilience to navigate these difficult times.

Aberdeen Standard Investments (Japan) Limited
Investment Manager

21 November 2019

Sector Analysis

As at 30 September 2019



Investment Portfolio

As at 30 September 2019

Company	Sector	Valuation £'000	Total assets %
Tokio Marine Holdings Inc	Nonlife Insurance	4,421	4.0
Shin-Etsu Chemical Company	Chemicals	4,413	4.0
Chugai Pharmaceutical Company	Pharmaceuticals & Biotechnology	4,085	3.7
KDDI Corporation	Mobile Telecommunications	3,767	3.5
Nippon Paint Holdings Company	Chemicals	3,601	3.3
Daikin Industries	Construction & Materials	3,501	3.2
Keyence Corporation	Electronic & Electrical Equipment	3,358	3.1
Asahi Intecc Company	Health Care Equipment & Services	3,334	3.0
Elecom Company	Technology Hardware & Equipment	3,316	3.0
Toyota Motor Corporation	Automobiles & Parts	3,186	2.9
Top ten investments		36,982	33.7
Pigeon Corporation	Personal Goods	3,074	2.8
Japan Exchange Group Inc.	Financial Services	2,796	2.6
Shiseido Company	Personal Goods	2,777	2.5
Yamaha Corporation	Leisure Goods	2,759	2.5
Nabtesco Corporation	Industrial Engineering	2,679	2.4
Amada Holdings Company	Industrial Engineering	2,635	2.4
Shionogi & Company	Pharmaceuticals & Biotechnology	2,629	2.4
Kansai Paint Company	Chemicals	2,579	2.3
Welcia Holdings Company	Food & Drug Retailers	2,491	2.3
Otsuka Corporation	Software & Computer Services	2,431	2.2
Top twenty investments		63,832	58.1
Misumi Group Inc.	Industrial Engineering	2,415	2.2
Stanley Electric Company	Automobiles & Parts	2,077	1.9
Sakai Moving Service Company	Industrial Transportation	2,072	1.9
Z Holdings Corporation (formerly Yahoo Japan)	Software & Computer Services	1,927	1.8
Nitori Holdings	General Retailers	1,899	1.7
USS Company	General Retailers	1,857	1.7
Seven & I Holdings Company	General Retailers	1,763	1.6
Makita Corporation	Household Goods & Home Construction	1,705	1.6
Net One Systems Company	Software & Computer Services	1,684	1.5
Sho-Bond Holdings Company	Construction & Materials	1,675	1.5
Top thirty investments		82,906	75.5
Heiwa Real Estate	Real Estate Investment & Services	1,651	1.5
SCSK Corporation	Software & Computer Services	1,576	1.4
TKP Corporation	Support Services	1,557	1.4
As One Corporation	Health Care Equipment & Services	1,510	1.4
Pilot Corporation	Household Goods & Home Construction	1,489	1.4
Fuji Soft	Software & Computer Services	1,471	1.3
Resorttrust Inc.	Travel & Leisure	1,152	1.0
AIN Holdings Inc.	Food & Drug Retailers	1,132	1.0
Recruit Holdings Corporation	Support Services	1,131	1.0
Aeon Fantasy Company	Travel & Leisure	1,124	1.0
Top forty investments		96,699	87.9

Company	Sector	Valuation £'000	Total assets %
Daibiru Corporation	Real Estate Investment & Services	1,119	1.0
Sysmex Corporation	Health Care Equipment & Services	1,112	1.0
BML	Health Care Equipment & Services	1,111	1.0
Mani Inc.	Health Care Equipment & Services	1,107	1.0
Daiwa Industrial	Industrial Engineering	1,105	1.0
Milbon Corporation	Personal Goods	1,094	1.0
Sanken Electric Company	Technology Hardware & Equipment	1,025	0.9
Renesas Electronics Corporation	Technology Hardware & Equipment	1,005	0.9
Musashi Seimitsu Industry Corporation	Automobiles & Parts	904	0.8
Mandom Corporation	Personal Goods	723	0.7
Top fifty investments		107,004	97.2
San-A Company	Food & Drug Retailers	606	0.6
Aeon Financial Service Company	Financial Services	548	0.5
Fanuc Corporation	Industrial Engineering	518	0.5
Sansan	Support Services	368	0.3
Tokyu Fudosan Holdings	Real Estate Investment & Services	198	0.2
Fukui Computer Holdings	Software & Computer Services	102	0.1
Total investments		109,344	99.4
Net current assets ^A		653	0.6
Total assets		109,997	100.0

^A Excludes bank loans of £12,764,000

Unless otherwise stated, Japanese stock is held and all investments are equity holdings.

Condensed Statement of Comprehensive Income (unaudited)

	Six months ended 30 September 2019			Six months ended 30 September 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	11,776	11,776	–	2,928	2,928
Income (note 2)	976	–	976	826	–	826
Investment management fee (note 11)	(128)	(193)	(321)	(151)	(227)	(378)
Administrative expenses	(185)	(8)	(193)	(171)	(7)	(178)
Exchange losses	–	(884)	(884)	–	(614)	(614)
Net return before finance costs and taxation	663	10,691	11,354	504	2,080	2,584
Finance costs	(23)	(34)	(57)	(21)	(32)	(53)
Net return before taxation	640	10,657	11,297	483	2,048	2,531
Taxation (note 4)	(97)	–	(97)	(83)	–	(83)
Net return after taxation	543	10,657	11,200	400	2,048	2,448
Return per Ordinary share (pence) (note 6)	3.77	73.93	77.70	2.73	13.96	16.69

The total column of this statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses have been reflected in the Condensed Statement of Comprehensive Income.

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

The accompanying notes are an integral part of the financial statements.

Condensed Statement of Financial Position (unaudited)

	Note	As at 30 September 2019 £'000	As at 31 March 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss		109,344	97,709
Current assets			
Debtors		659	1,359
Cash at bank and in hand		437	1,516
		1,096	2,875
Creditors: amounts falling due within one year			
Foreign currency bank loans	7	(12,764)	(11,785)
Other creditors		(443)	(774)
		(13,207)	(12,559)
Net current liabilities		(12,111)	(9,684)
Net assets		97,233	88,025
Share capital and reserves			
Called-up share capital		1,582	1,582
Share premium		6,656	6,656
Capital redemption reserve		2,273	2,273
Capital reserve	8	84,122	74,675
Revenue reserve		2,600	2,839
Equity shareholders' funds		97,233	88,025
Net asset value per Ordinary share (pence)	9	681.36	607.89

The accompanying notes are an integral part of the financial statements.

Condensed Statement of Changes in Equity (unaudited)

Six months ended 30 September 2019

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2019	1,582	6,656	2,273	74,675	2,839	88,025
Purchase of Ordinary shares to be held in treasury	-	-	-	(1,210)	-	(1,210)
Return after taxation	-	-	-	10,657	543	11,200
Dividend paid (note 5)	-	-	-	-	(782)	(782)
Balance at 30 September 2019	1,582	6,656	2,273	84,122	2,600	97,233

Six months ended 30 September 2018

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2018	1,582	6,656	2,273	87,357	2,604	100,472
Purchase of Ordinary shares to be held in treasury	-	-	-	(501)	-	(501)
Return after taxation	-	-	-	2,048	400	2,448
Dividend paid (note 5)	-	-	-	-	(763)	(763)
Balance at 30 September 2018	1,582	6,656	2,273	88,904	2,241	101,656

The accompanying notes are an integral part of the financial statements.

Condensed Statement of Cash Flows (unaudited)

	Six months ended 30 September 2019 £'000	Six months ended 30 September 2018 £'000
Operating activities		
Net return before taxation	11,297	2,531
Adjustments for:		
Gains on investments	(11,776)	(2,928)
Increase in other creditors	81	50
Finance costs	57	53
Expenses taken to capital reserve	7	7
Foreign exchange losses	884	83
Overseas withholding tax	(97)	(83)
Decrease in accrued dividend income	34	213
(Increase) / decrease in other debtors	(2)	2
Net cash inflow / (outflow) from operating activities	485	(72)
Investing activities		
Purchases of investments	(25,355)	(16,895)
Sales of investments	25,752	18,695
Expenses allocated to capital	(8)	(7)
Net cash inflow from investing activities	389	1,793
Financing activities		
Bank and loan interest paid	(55)	(53)
Equity dividend paid	(782)	(763)
Purchase of own shares to treasury	(1,210)	(501)
Net cash outflow from financing activities	(2,047)	(1,317)
(Decrease) / increase in cash	(1,173)	404
Analysis of changes in cash during the period		
Opening balance	1,516	881
Effect of exchange rate fluctuations on cash held	94	(8)
(Decrease) increase in cash as above	(1,173)	404
Closing balance	437	1,277

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting policies – Basis of accounting

The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Half-Yearly financial statements have been prepared using the same accounting policies applied as the preceding annual financial statements, which were prepared in accordance with Financial Reporting Standard 102.

	Six months ended 30 September 2019 £'000	Six months ended 30 September 2018 £'000
2. Income		
Income from investments		
Overseas dividends	976	826
Total income	976	826

3. Transaction costs

During the period expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. Expenses incurred in acquiring investments have been expensed through capital and are included within administration expenses in the Condensed Statement of Comprehensive Income, whilst expenses incurred in disposing of investments have been expensed through capital and are included within gains on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 30 September 2019 £'000	Six months ended 30 September 2018 £'000
Purchases	8	7
Sales	7	6
	15	13

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

4. Taxation

The taxation charge for the period represents withholding tax suffered on overseas dividend income.

	Six months ended 30 September 2019 £'000	Six months ended 30 September 2018 £'000
5. Dividends		
2018 final dividend – 5.20p	–	763
2019 final dividend – 5.40p	782	–
	782	763

An interim dividend of 6.00p for the year to 31 March 2020 (2019 – nil) will be paid on 20 December 2019 to shareholders on the register on 29 November 2019. The ex-dividend date was 28 November 2019.

	Six months ended 30 September 2019 £'000	Six months ended 30 September 2018 £'000
6. Return per Ordinary share		
Based on the following figures:		
Revenue return	543	400
Capital return	10,657	2,048
Total return	11,200	2,448
Weighted average number of Ordinary shares in issue	14,414,748	14,671,115
Total net return per share (p)	77.70	16.69

		As at 30 September 2019 £'000	As at 31 March 2019 £'000
7. Foreign currency bank loan			
Falling due within one year		12,764	11,785
Short term Japanese Yen loan	Amount £'000	3,003	2,773
	JPY'000	400,000	400,000
	Interest rate (%)	0.7000	0.7000
Long term Japanese Yen loan	Amount £'000	9,761	9,012
	JPY'000	1,300,000	1,300,000
	Interest rate (%)	0.7865	0.7865

The short term loan is drawn down from the JPY1,000,000,000 one year rolling credit facility with ING Bank entered into in January 2019 and expires in January 2020.

The long term loan is drawn from the JPY1,300,000,000 two year facility with ING Bank entered into in January 2018 and expires in January 2020.

8. Capital reserve

The capital reserve figure reflected in the Condensed Statement of Financial Position includes investment holdings gains of £24,578,000 (31 March 2019 – £17,349,000).

	As at 30 September 2019	As at 31 March 2019
9. Net asset value per Ordinary share		
Attributable net assets (£'000)	97,233	88,025
Number of Ordinary shares in issue	14,270,457	14,480,439
Net asset value per Ordinary share (p)	681.36	607.89

Notes to the Financial Statements continued

10. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

		Level 1	Level 2	Level 3	Total
As at 30 September 2019	Note	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	109,344	–	–	109,344
Net fair value		109,344	–	–	109,344

		Level 1	Level 2	Level 3	Total
As at 31 March 2019	Note	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	97,709	–	–	97,709
Net fair value		97,709	–	–	97,709

a) Quoted equities

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Level 1 are actively traded on recognised stock exchanges.

11. Transactions with the Manager

The Company has agreements with the Standard Life Aberdeen Group (the "Manager") for the provision of investment management, secretarial, accounting and administration and promotional activity services.

The management fee is payable monthly in arrears at a rate of 0.75% per annum on the lesser of the Company's net asset value or market capitalisation. The investment management fee is chargeable 40% to revenue and 60% to capital. During the period £321,000 (30 September 2018 – £378,000) of investment management fees were earned by the Manager, with a balance of £106,000 (30 September 2018 – £125,000) being payable to the Manager at the period end.

The promotional activities fee is based on a current annual amount of £51,000 (30 September 2018 – £72,000 per annum), payable quarterly in arrears. During the period £25,500 (30 September 2018 – £36,000) of fees were earned, with a balance of £12,750 (30 September 2018 – £18,000) being payable to the Manager at the period end.

12. Segmental information

The Company is engaged in a single segment of business, which is to invest in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

13. Subsequent events

Following the period end, the Company purchased a further 140,800 Ordinary shares at a cost of £844,000. As at the date of this report there were 14,129,657 Ordinary shares in issue and 1,691,915 Ordinary shares held in treasury.

14. The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2019 and 30 September 2018 has not been audited.

The information for the year ended 31 March 2019 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Section 498 of the Companies Act 2006.

15. This Half-Yearly Report was approved by the Board on 21 November 2019.

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total return

Total return is considered to be an alternative performance measure. NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the six months ended 30 September 2019 and the year ended 31 March 2019 and total return for the periods.

Value as at:	Dividend rate	NAV	Share price
31 March 2019	N/A	607.89p	525.00p
13 June 2019	5.40p	623.10p	552.50p
30 September 2019	N/A	681.36p	605.00p
Total return for the six months ended 30 September 2019		+13.1%	+16.4%

Value as at:	Dividend rate	NAV	Share price
31 March 2018	N/A	682.31p	582.50p
14 June 2018	5.20p	703.94p	620.00p
31 March 2019	N/A	607.89p	525.00p
Total return for the year ended 31 March 2019		-10.2%	-9.1%

Discount to net asset value per Ordinary share

The discount is the amount by which the share price of 605.00p (31 March 2019 – 525.00p) is lower than the net asset value per share of 681.36p (31 March 2019 – 607.89p), expressed as a percentage of the net asset value.

Net gearing

Net gearing measures the total borrowings of £12,764,000 (31 March 2019 – £11,785,000) less cash and cash equivalents of £239,000 (31 March 2019 – £1,574,000) divided by shareholders' funds of £97,233,000 (31 March 2019 – £88,025,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due from and to brokers at the period end as well as cash at bank and in hand.

Ongoing charges

Ongoing charges is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values throughout the year. The ratio for 30 September 2019 is based on forecast ongoing charges for the year ending 31 March 2020.

	30 September 2019	31 March 2019
Investment management fees (£'000)	644	706
Administrative expenses (£'000)	335	342
Less: transaction costs on investment purchases (£'000)	–	(11)
Ongoing charges (£'000)	979	1,037
Average net assets (£'000)	94,732	94,269
Ongoing charges ratio	1.03%	1.10%

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which amongst other things, includes the cost of borrowings and transaction costs.

Investor Information

Direct

Investors can buy and sell shares in Aberdeen Japan Investment Trust PLC (the "Company") directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for retail clients, shares may be bought directly through Aberdeen Standard Investment Trust Share Plan, Individual Savings Account ("ISA") or Investment Plan for Children.

Aberdeen Standard Investment Trust Share Plan

Aberdeen Standard Investments operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment made be made of up to £20,000 in the tax year 2019/20.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in Aberdeen Japan Investment Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment trust of £250.

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to eligibility criteria as stated within terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in Aberdeen Standard Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2019/20 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times and information on the Company may be found on its dedicated website, www.aberdeenjapan.co.uk. This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

If investors would like details on the Company or literature and application forms on Aberdeen Standard investment trust products please contact:

Aberdeen Standard Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0808 500 00 40
E-mail: inv.trusts@aberdeenstandard.com
Website: invtrusts.co.uk

Terms and conditions for the Aberdeen Standard investment trust products can be found under the Literature section of this website.

Registrar (for direct shareholdings)

If you have an administrative query which relates to a direct shareholding, please contact the Company's Registrar, as follows:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300
(UK calls cost 10p per minute plus network extras. Lines are open 9.00 am - 5.30 pm, Monday – Friday excluding public holidays)

Tel International: +44 (0) 371 664 0300
E-mail: enquiries@linkgroup.co.uk
Website: www.linkassetsservices.com

Pre-investment Disclosure Document (PIDD)

The Alternative Investment Fund Managers Directive ("AIFMD") requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Aberdeen Japan Investment Trust PLC ("the Company"), to make available to investors certain information prior to such investors' investment in the Company. The AIFMD is intended to offer increased protection to investors in investment products that do not fall under the existing European Union regime for regulation of investment products known as the UCITS regime.

The Company's PIDD is available for viewing on the Company's website.

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Manager's website at: invtrusts.co.uk/en/fund-centre#literature.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of Japanese companies by investment in a relatively risk averse investment trust and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the shares issued by Aberdeen Japan Investment Trust PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions which apply to NMPIs because they are shares in an investment trust.

Online Dealing providers and platforms

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company, such as self-invested personal pension (SIPP). Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest; Alliance Trust Savings; Barclays Stockbrokers; Charles Stanley Direct; Halifax Share Dealing; Fidelity Personal Investing; Hargreave Hale; Hargreaves Lansdown; Idealing; Interactive Investor; Selftrade; The Share Centre; Stocktrade.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker

Investor Information continued

visit The Personal Investment Management & Financial Advice Association at: pimfa.co.uk.

Financial Advisers

To find an adviser who recommends on investment trusts, visit: unbiased.co.uk

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768 or at fca.org.uk/firms/systems-reporting/register/search

Email: register@fca.org.uk

Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen has been contacted by investors informing that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Standard Investments or for third party firms. Aberdeen has also been notified of emails claiming that certain investment companies under its management have issued claims in the courts against individuals. These may be scams which attempt to gain investors' personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from them is required to release the supposed payment for their shares.

These callers/senders do not work for Aberdeen Standard Investments and any third party making such offers/claims has no link with Aberdeen Standard Investments. Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details on the 'Contact Us' page.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams:
<http://www.fca.org.uk/consumers/scams>

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Corporate Information

Directors

Karen Brade, Chairman
Claire Boyle
Kevin Pakenham
Sir David Warren

Manager, Secretary and Registered Office

Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Authorised and regulated by the Financial Conduct Authority

Website: www.aberdeen-asset.com

Investment Manager

Aberdeen Standard Investments (Japan) Limited

Secretary and Registered Office

Aberdeen Asset Management PLC
Bow Bells House
1 Bread Street
London EC4M 9HH

Company Registration Number

03582911

Foreign Account Tax Compliance Act ("FATCA") Registration Number (GIIN)

IRS Registration Number (GIIN): QHB2WK.99999.SL.826

Legal Entity Identifier ("LEI")

5493007LN438OBLNLM64

Website

www.aberdeenjapan.co.uk

Depository

BNP Paribas Securities Services, London Branch

Independent Auditor

KPMG LLP

Lawyers

Dentons UKMEA LLP
One Fleet Place
London EC4M 7WS

Bankers

ING N. V. London Branch

Stockbrokers

JPMorgan Securities Limited
25 London Wall
London EC2Y 5AJ

Points of Contact

Manager

Customer Services Department: 0808 00 00 40
(open Monday - Friday, 9am - 5pm)
Email: inv.trusts@aberdeen-asset.com

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300

(Calls cost 10p per minute plus network extras. Lines are open 9.00 am - 5.30 pm, Monday - Friday)

Tel International: +44 (0) 371 664 0300

E-mail: enquiries@linkgroup.co.uk

Website: www.linkassetservices.com



MIX
Paper from
responsible sources
FSC® C005739

