

Aberdeen Japan Investment Trust PLC

An investment trust that invests in Japanese equities, with the ability to hedge substantially its yen exposure.

Half Yearly Report
for the six months ended 30 September 2016



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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 2016	As at 31 March 2016	% change
Total assets ^A (£'000)	102,268	90,246	13.3
Total equity shareholders' funds (£'000)	89,344	79,723	12.1
Net asset value per share	573.5p	511.3p	12.2
Share price (mid-market)	505.0p	447.5p	12.8
Share price discount to net asset value	11.9%	12.5%	
Dividend paid per share ^B	4.20p	2.60p	

^A Excludes foreign currency bank loans of £12,924,000 (31 March 2016 – £10,523,000)

^B Dividend for the year ended 31 March 2016 was 4.20p (2015 – 2.60p) per share.

	Six months ended 30 September 2016	Year ended 30 September 2016	8 October 2013 to 30 September 2016 ^D
Total return^C			
Share price	+13.9%	+15.5%	+51.4%
Net asset value per share	+13.0%	+26.7%	+56.8%
Index	+21.8%	+32.2%	+45.3%

^C Total return represents capital return plus dividends reinvested.

^D Since the change to Japan-only mandate.

Financial Calendar

23 November 2016	Announcement of unaudited Half-Yearly Financial Report
December 2016	Half-Yearly Report posted to shareholders
May 2017	Announcement of results for the year ending 31 March 2017
June 2017	Annual Report posted to shareholders
11 July 2017	Annual General Meeting

Chairman's Statement

Overview

The Company's share price total return was almost 14% during the period helped by both a slight tightening of the discount and the slide in sterling following the Brexit referendum result, including the effect of the hedge which, as expected, reduced the sterling related gain. The market in Japan was more settled than in the preceding 12 months and some signs of better growth have started to emerge.

The underlying portfolio outperformed the benchmark by 0.6% over the six month period continuing the delivery of good returns, averaging about 17.9% p.a., which is 4.5 % p.a. above the benchmark since the start of the current mandate almost 3 years ago. The Manager's success in investing in companies with niche strengths, good governance and long term commitment to delivering returns to shareholders has produced this strong underlying portfolio performance despite economic headwinds in Japan in terms of a stubbornly strong yen, disappointingly slow progress in Abenomics, and weak global growth for much of the period.

In contrast to this positive portfolio performance, the sterling hedge produced a substantial loss of 9.3% during the period as a result of the 16% sterling devaluation vs the yen following the EU referendum in the UK in June. This unexpectedly sharp depreciation of sterling has turned the cumulative result of the hedge from virtually neutral at the end of the previous period to a reduction of about 2.7% p.a., although since the end of the period the yen has weakened. The Board, in consultation with the Manager, keeps the appropriate level of the sterling hedge under review in the light of the underlying yen exposure in the portfolio.

A detailed analysis of the portfolio's performance during the period and of a resilient outlook, despite the continuing challenges in Japan's economy, is set out in the Manager's Review.

Dividend

A final dividend of 4.2p per ordinary share in respect of the year ended 31 March 2016 (2015 – 2.6p) was paid to shareholders on 8 July 2016. This was the level needed to maintain investment company status.

Gearing

The Board monitors the level of gearing and considers a gearing level of around 10% to be appropriate, although, with stock market fluctuations, this may range between 5% - 15%. Gearing as at 30 September 2016 was 12.8%.

Outlook

The Company's portfolio is focused on good quality companies with fundamentals superior to their benchmark peers based on the Manager's strategy of investing in well

governed companies providing an exposure not only to the domestic economy, but also to the fastest growing economies and sectors globally. The growing acceptance of corporate governance principles provides your Manager with increasing access to the management of the corporations that make up your Company's portfolio and an unparalleled view of corporate developments on the ground which supports the underlying long term outperformance. Ongoing engagement efforts include discussions with Aeon Financial Service and Kansai Paint about their potentially dilutive capital raising, and with retail group Seven & i on the more effective use of capital. A recent success story was Shin-Etsu Chemical's scrapping of its poison-pill plan after your Manager's consistent engagement over several years. It is clear that some Japanese companies are becoming more considerate of minority shareholders, which will be to the benefit of all investors, including your Company.

Looking ahead, the slow pace of fundamental change in domestic Japan and other global headwinds are likely to limit growth in domestic corporate earnings. Abenomics has to date underperformed against investors' expectations while the central bank's recent tweaks to correct the impact of negative interest rates have yet to produce significant results. Nevertheless, your Manager's approach of seeking out the best companies through its strict screening process has amply proved its value and your Board remains confident that the underlying investments in your Company's portfolio retain their solid fundamentals and their long-term prospects remain positive.

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

The principal risks have not changed since the publication of the 2016 Annual Report and Accounts. Further details of the remaining risks are provided on pages 9 to 10 of that Report which is available on the Company's website www.aberdeenjapan.co.uk.

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.

Neil Gaskell
Chairman

22 November 2016

Investment Manager's Review

Overview

The Japanese stockmarket posted flattish returns in local currency terms during the six months to the end of September. For the initial months of the period under review, global markets softened on falling commodity prices and Britain's shock vote to exit the European Union. Compounding the issues in Japan was investors' disappointment with the Bank of Japan's (BoJ) stimulus package. The resulting market turmoil and heightened risk aversion led to a flight to safe havens, including gold and the yen, which appreciated against all major currencies. Global sentiment soon recovered, on the back of a Wall Street rally and increased optimism surrounding prime minister Shinzo Abe's upper house election victory, which brought hopes for more economic and structural reforms. Investors were cheered when the central bank doubled its annual purchase of exchange-traded funds and adjusted its quantitative easing strategy, targeting long-term rates instead of the quantity of money being injected in a bid to steepen the yield curve. The policy shift is expected to ease the pressure on the banking sector's profits, which had been squeezed by the BoJ's earlier decision in the year to impose negative short-term rates.

Japan's economic indicators remained mixed. Sentiment among large manufacturers improved in the third quarter, as leading indicators showed the sector returning to expansion. Industrial output expanded by more than expected. Tourism continued to show solid growth in the first half of 2016, with arrivals reaching a high of 11.5 million visitors. Conversely, exports tumbled in August, whereas imports also fell sharply. Although household incomes edged higher, average household spending deteriorated in tandem with a worse-than-expected jobless rate. Unsurprisingly retail sales contracted, with large retailers suffering the brunt of the decline.

In politics, Prime Minister Shinzo Abe's Liberal Democratic Party and its coalition won the July upper house election by a landslide, partly a result of the lack of a viable opposition. Speaking after the results, Abe underscored the need to accelerate Abenomics to meet the public's expectations. The administration's subsequent fiscal measures however have been relatively muted, despite Abe's promise to lift the economy from its malaise. With the LDP and its coalition partner now controlling a two-thirds majority in the upper and lower houses of parliament, the administration also has the mandate to call for a national referendum on changing Japan's pacifist constitution, which may heighten political tension with its neighbours.

Portfolio review

The Trust's net asset value (NAV) total return per share rose by 13.0% in sterling terms over the period, compared to the

benchmark index's total return of 21.8%. The equities holdings for the Trust returned 24.3% on a gross basis (before expenses), whilst the sterling hedge cost the Trust 9.3% as the Yen strengthened against the Company's sterling base currency. While the hedge worked against the Trust in the period under review, it has been beneficial in mitigating the yen's weakness in prior years. Meanwhile, the equities holdings' outperformance was largely driven by positive stock selection. In a challenging period for the Japanese equity market, share prices of corporates with solid balance sheets, established management teams and resilient profit generation have broadly outperformed the market.

Among the notable contributors to the outperformance were the Trust's holdings in basic materials. Shin-Etsu Chemical, a specialty chemicals manufacturer, was buoyed on expectations of price increases in the PVC and silicon wafer businesses. This was reflected in its decent quarterly results, which were underpinned by improving margins. Meanwhile, Kansai Paint and Nippon Paint both lifted returns, as they posted robust earnings, driven by lower input costs and brisk demand for products from emerging markets.

Holdings in the industrials sector also lifted performance, as sensor manufacturer Keyence reported better-than-expected full-year results, with good sales across all regions on the back of strong demand for factory automation. Elsewhere, diversified industrials parts maker Nabtesco gained on rising orders at its construction equipment and robotics businesses. In the health care sector, Chugai Pharmaceutical continued to show progress with its development pipeline.

Among the holdings that detracted from performance were shares of Aeon Financial Service which fell on the issue of ¥34 billion in new shares and ¥30 billion in convertible bonds, cash which was used to repay existing debt and improve its capital ratios. The raising of funds, which will dilute the stake of existing shareholders by 13%, is also in anticipation of the company's IT investments in the near term, and may impact its ability to replenish its capital requirements. While the company's track record has been positive and we remain confident on the company's future prospects, we are monitoring these investments in the nearer-term. We did not subscribe to the issue.

Meanwhile, Japan Tobacco's share price lagged the benchmark's rise on concerns of a loss in market share to competitor Philip Morris, which launched new electronic cigarette products. Japan Tobacco had introduced a similar product, but initial limited supply could not keep up with strong demand for the product. The company intends to ramp up its manufacturing and marketing efforts in the near term.

Also impacting performance was domestic resort developer Resorttrust, as resort membership sales this year waned in comparison to last year's better sales that were fuelled by the launch of an urban resort in Kobe. Higher depreciation at its newly-opened health check-up facility also weighed on profits. However, Resorttrust's growth outlook remains favourable, with a healthy development pipeline for resorts in Japan, coupled with steady demand for such facilities.

In portfolio activity, we introduced systems integrator SCSK, which has a significant presence in the financials, manufacturing and distribution sectors. Its mid to long-term growth potential appears promising, as it shifts towards a larger proportion of fee-generating projects, and given its vigilance in keeping its projects profitable. The business is also backed by a robust balance sheet and stable cash flow generation. Elsewhere, we participated in Kansai Paint's share buyback, and took partial profits after a period of outperformance. We used the proceeds to add to several of the Trust's holdings, including retail conglomerate Seven & i Holdings.

Outlook

Looking ahead, the global economy continues to be subdued amid weak inflation, with policymakers struggling to make headway in boosting economic growth. International trade indicators have continued to show signs of weakness, and uncertainties abound, including the prospect of a rate hike by the US Federal Reserve in December and the expected start of Brexit negotiations in March 2017.

At home, business sentiment is showing signs of recovery, but the overall macroeconomic environment remains challenging. While the strength of the yen has not been as dire as predicted on corporate profits, consumption remains weak due to low wage growth. The government's exhortation for corporates to raise wages offers a path out of deflation, but the reluctance in the business community presents an obstacle. With monetary policy increasingly lacking efficacy, a recently approved fiscal package should support some improvement in household spending and government infrastructure spending. However, the outlook for business investment remains bleak.

With this backdrop, we remain cautious. Corporate earnings are expected to stay muted, although stronger companies should continue to post consistent results. Corporate balance sheets in Japan remain resilient, and a gradual recognition of the importance of good governance amongst Japan's corporates should lead to improvements in capital efficiency. In this environment, we believe our investments in well-run businesses, coupled with our active engagement with their management teams, will prove to be beneficial for the longer-term performance of the Trust.

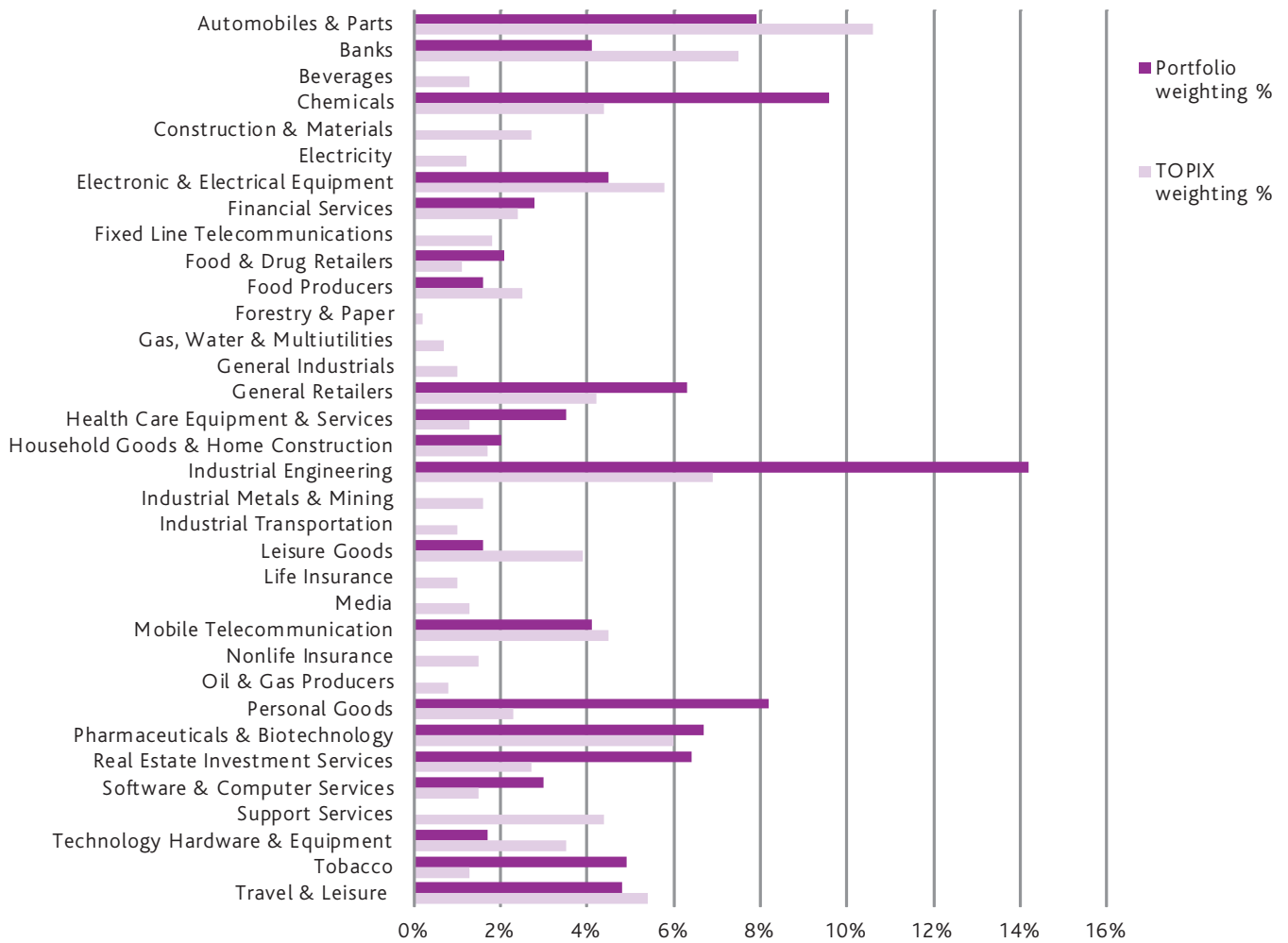
Aberdeen Investment Management Kabushiki Kaisha
Investment Manager

22 November 2016

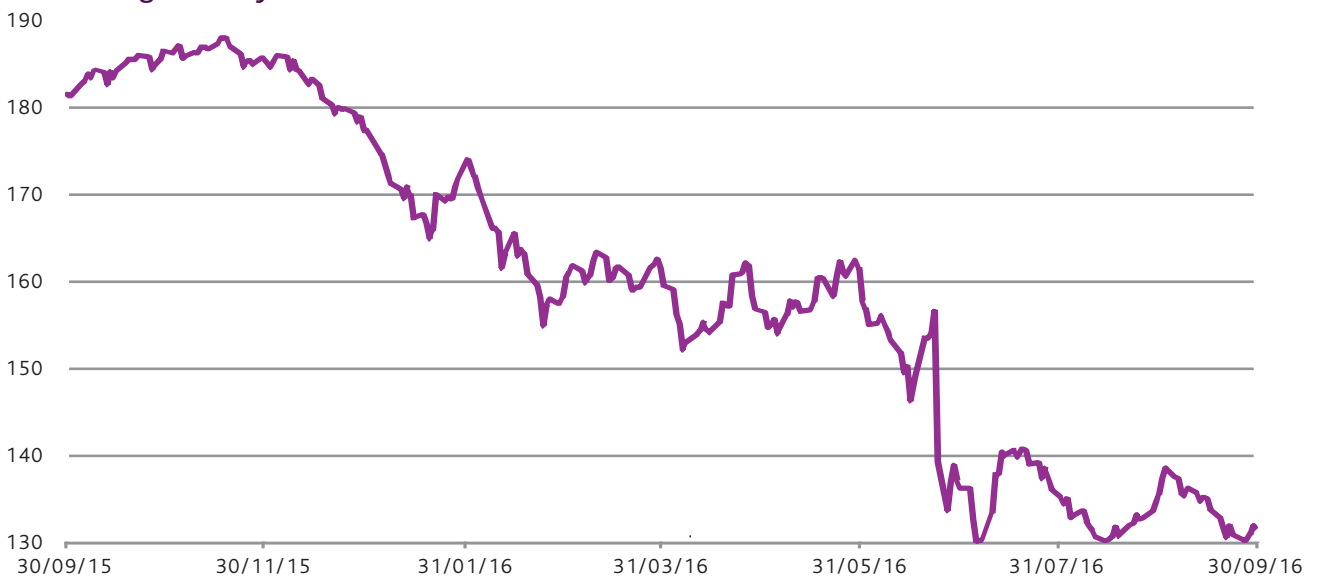
Sector Analysis

As at 30 September 2016

Sector Breakdown



Yen/Sterling Currency Movement



Investment Portfolio

As at 30 September 2016

Company	Sector	Valuation £'000	Total assets %
Shin-Etsu Chemical Company	Chemicals	5,500	5.4
Japan Tobacco Inc	Tobacco	4,946	4.8
Seven & i Holdings Company	General Retailers	4,881	4.8
Keyence Corporation	Electronic & Electrical Equipment	4,635	4.5
KDDI Corporation	Mobile Telecommunications	4,119	4.0
Nabtesco Corporation	Industrial Engineering	4,086	4.0
Amada Holdings Company	Industrial Engineering	3,869	3.8
Fanuc Corporation	Industrial Engineering	3,666	3.6
Chugai Pharmaceutical Company	Pharmaceuticals & Biotechnology	3,588	3.5
Toyota Motor Corporation	Automobiles & Parts	3,558	3.5
Top ten investments		42,848	41.9
East Japan Railway Company	Travel & Leisure	3,230	3.2
Astellas Pharma Inc	Pharmaceuticals & Biotechnology	3,057	3.0
Daito Trust Construction Company	Real Estate Investment & Services	2,901	2.8
Suruga Bank	Banks	2,784	2.7
Daikin Industries	Industrial Engineering	2,523	2.5
Pigeon Corporation	Personal Goods	2,475	2.4
Honda Motor Company	Automobiles & Parts	2,393	2.3
Sysmex Corp	Health Care Equipment & Services	2,375	2.3
Unicharm Corporation	Personal Goods	2,319	2.3
Kansai Paint Company	Chemicals	2,242	2.2
Top twenty investments		69,147	67.6
San-A Company	Food & Drug Retailers	2,146	2.1
Mandom Corporation	Personal Goods	2,071	2.0
Makita Corporation	Household Goods & Home Construction	2,014	2.0
Yahoo Japan Corporation	Software & Computer Services	2,006	2.0
Nippon Paint Holdings	Chemicals	1,930	1.9
Daibiru Corporation	Real Estate Investment & Services	1,884	1.8
Canon Inc	Technology Hardware & Equipment	1,687	1.7
Mitsubishi Estate Company	Real Estate Investment & Services	1,648	1.6
Aeon Financial Service Company	Financial Services	1,639	1.6
Resorttrust Inc	Travel & Leisure	1,568	1.5
Top thirty investments		87,740	85.8
Calbee Inc	Food Producers	1,566	1.5
Shimano Inc	Leisure Goods	1,564	1.4
USS Company	General Retailers	1,405	1.4
Denso Corporation	Automobiles & Parts	1,403	1.4
Concordia Financial Group	Banks	1,302	1.3
Japan Exchange Group Inc	Financial Services	1,300	1.3
Asics Corporation	Personal Goods	1,259	1.2
Asahi Intecc Company	Health Care Equipment & Services	1,085	1.1
SCSK Corporation	Software & Computer Services	990	1.0
Aisin Seiki Company	Automobiles & Parts	519	0.5
Total investments		100,133	97.9
Net current assets^A		2,135	2.1
Total assets		102,268	100.0

^A Excludes bank loans of £3,041,000

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

Condensed Statement of Comprehensive Income (unaudited)

	Six months ended 30 September 2016			Six months ended 30 September 2015		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on investments	–	20,031	20,031	–	(14,827)	(14,827)
Income (note 2)	968	–	968	798	–	798
Investment management fee (note 11)	(148)	(222)	(370)	(138)	(208)	(346)
Administrative expenses	(170)	(3)	(173)	(172)	(8)	(180)
Exchange (losses)/gains	–	(9,959)	(9,959)	–	512	512
Net return before finance costs and taxation	650	9,847	10,497	488	(14,531)	(14,043)
Finance costs	(24)	(36)	(60)	(13)	(20)	(33)
Net return on ordinary activities before taxation	626	9,811	10,437	475	(14,551)	(14,076)
Taxation on ordinary activities (note 4)	(97)	–	(97)	(80)	–	(80)
Net return on ordinary activities after taxation	529	9,811	10,340	395	(14,551)	(14,156)
Return per Ordinary share (pence) (note 6)	3.39	62.96	66.35	2.62	(96.54)	(93.92)

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 2016 £'000	As at 31 March 2016 £'000
Fixed assets			
Investments at fair value through profit or loss		100,133	88,988
Current assets			
Debtors		836	625
Cash at bank and in hand		1,462	897
		2,298	1,522
Creditors: amounts falling due within one year			
Foreign currency bank loans	7	(3,041)	(2,476)
Other creditors		(163)	(264)
		(3,204)	(2,740)
Net current liabilities		(906)	(1,218)
Total assets less current liabilities		99,227	87,770
Creditors: amounts falling due after more than one year			
Foreign currency bank loans	7	(9,883)	(8,047)
Net assets		89,344	79,723
Share capital and reserves			
Called-up share capital		1,582	1,582
Capital redemption reserve		2,273	2,273
Share premium		6,656	6,656
Capital reserve	8	76,909	67,162
Revenue reserve		1,924	2,050
Equity shareholders' funds		89,344	79,723
Net asset value per Ordinary share (pence)	9	573.49	511.29

Condensed Statement of Changes in Equity (unaudited)

Six months ended 30 September 2016

	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2016	1,582	2,273	6,656	67,162	2,050	79,723
Purchase of Ordinary shares to be held in treasury	–	–	–	(64)	–	(64)
Return on ordinary activities after taxation	–	–	–	9,811	529	10,340
Dividend paid (note 5)	–	–	–	–	(655)	(655)
Balance at 30 September 2016	1,582	2,273	6,656	76,909	1,924	89,344

Six months ended 30 September 2015

	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2015	1,459	2,273	–	74,663	1,554	79,949
Issue of Ordinary shares	123	–	6,657	–	–	6,780
Return on ordinary activities after taxation	–	–	–	(14,551)	395	(14,156)
Dividend paid (note 5)	–	–	–	–	(379)	(379)
Balance at 30 September 2015	1,582	2,273	6,657	60,112	1,570	72,194

Condensed Statement of Cash Flows (unaudited)

	Six months ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
Return on ordinary activities before finance costs and taxation	10,497	(14,043)
Adjustment for:		
(Gains)/losses on investments	(20,031)	14,827
Realised losses/(gains) on foreign exchange transactions	7,850	(888)
(Decrease)/increase in other creditors	(9)	3
Expenses taken to capital reserve	3	8
Movement in outstanding forward contracts	(292)	361
Overseas withholding tax	(97)	(70)
Increase in accrued income	(24)	(61)
Increase/(decrease) in other debtors	5	(6)
Net cash (outflow)/inflow from operating activities	(2,098)	131
Investing activities		
Purchase of investments	(3,091)	(16,714)
Sales of investments	11,974	6,886
Net cash inflow/(outflow) from investing activities	8,883	(9,828)
Financing activities		
Bank and loan interest paid	(51)	(33)
Equity dividends paid	(655)	(379)
Proceeds from issue of Ordinary shares	–	6,780
Purchase of own shares to treasury	(64)	–
Movement in bank loans outstanding	–	2,054
Net cash (outflow)/inflow from financing	(770)	8,422
Increase/(decrease) in cash	6,015	(1,275)
Analysis of changes in cash during the year		
Opening balance	897	490
Effect of exchange rate fluctuations on cash held	(5,450)	903
Increase/(decrease) in cash as above	6,015	(1,275)
Closing balance	1,462	118

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 interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements. The Company has early adopted Amendments to FRS 102 'Fair Value Hierarchy Disclosures', issued by the Financial Reporting Council in March 2016.

	Six months ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
2. Income		
Income from investments		
Overseas dividends	968	798
Total income	968	798

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/(losses) on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
Purchases	2	9
Sales	4	7
	6	16

4. Taxation

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

	Six months ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
5. Dividends		
2015 final dividend – 2.60p	–	379
2016 final dividend – 4.20p	655	–
	655	379

	Six months ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000
6. Return per Ordinary share		
Based on the following figures:		
Revenue return	529	395
Capital return	9,811	(14,551)
Total return	10,340	(14,156)
Weighted average number of Ordinary shares in issue	15,584,722	15,072,064

	As at 30 September 2016 £'000	As at 31 March 2016 £'000
7. Foreign currency bank loan		
Falling due within one year	3,041	2,476
Falling due after more than one year	9,883	8,047
	12,924	10,523
Short term Japanese Yen loan		
Amount £'000	3,041	–
JPY'000	400,000	–
Interest rate (%)	0.7500	–
Long term Japanese Yen loan		
Amount £'000	9,883	8,047
JPY'000	1,300,000	1,300,000
Interest rate (%)	0.8975	0.8975

The short term loan is drawn down from the JPY400,000,000 one year facility with ING Bank entered into in August 2016.

The long term loan is drawn down from the JPY1,300,000,000 three year facility with ING Bank entered into in January 2015.

8. Capital reserve

The capital reserve figure reflected in the Consolidated Statement of Financial Position includes investment holdings gains of £33,110,000 (31 March 2016, £17,112,000).

	As at 30 September 2016	As at 31 March 2016
9. Net asset value per Ordinary share		
Attributable net assets (£'000)	89,344	79,723
Number of Ordinary shares in issue	15,579,072	15,592,572
Net asset value per Ordinary share (p)	573.49	511.29

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 Company has early adopted Amendments to FRS102 – Fair value hierarchy disclosures issued by the Financial Reporting Council in March 2016. This has not resulted in any reclassifications in levelling and the prior year comparative has been disclosed under the new hierarchy. The fair value hierarchy has 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 (ie 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:

As at 30 September 2016	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	100,133	–	–	100,133
Foreign exchange forward contracts	b)	–	194	–	194
Net fair value		100,133	194	–	100,327

As at 31 March 2016	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	88,988	–	–	88,988
Total		88,988	–	–	88,988

Financial liabilities at fair value through profit or loss					
Foreign exchange forward contracts	b)	–	(98)	–	(98)
Net fair value		88,988	(98)	–	88,890

a) Quoted equities and preference shares

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.

b) Foreign exchange forward contracts

The fair value of the Company's investment in foreign exchange forward contracts has been determined in relation to models using observable market inputs and hence are categorised in Level 2.

11. Transactions with the Manager

The Company has agreements with Aberdeen Fund Managers Limited (“AFML” or 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 0.95% per annum of the value of the Company’s net assets up to £50 million decreasing to 0.75% of the value of the Company’s net assets over and above £50 million. The investment management fee is chargeable 40% to revenue and 60% to capital. During the period £370,000 (30 September 2015 – £346,000) of investment management fees were earned by the Manager, with a balance of £64,000 (30 September 2015 – £53,000) being payable to AFML at the period end.

The promotional activities fee is based on a current annual amount of £62,000 (30 September 2015 – £47,000 per annum), payable quarterly in arrears. During the period £29,000 (30 September 2015 – £24,000) of fees were earned, with a balance of £16,000 (30 September 2015 – £12,000) being payable to AFML 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

A further 19,225 Ordinary shares have been bought back for purchase into treasury by the Company subsequent to the reporting period end for a total consideration of £101,000. Following the buyback of shares there were 15,559,847 Ordinary shares in issue.

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 2016 and 30 September 2015 has not been reviewed or audited by the Company’s independent auditor.

The information for the year ended 31 March 2016 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the independent auditor on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

15. This Half-Yearly Report was approved by the Board on 22 November 2016.

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 2016 comprises the Chairman's Statement, Investment Manager's Review, the Directors' Responsibility Statement and the condensed set of Financial Statements.

Neil Gaskell
Chairman

22 November 2016

Investor Information

Direct

Investors can buy and sell shares in Aberdeen Japan Investment Trust PLC 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's Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA.

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 (NMPs) 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 NMPs because they are shares in an investment trust.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("Aberdeen") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Aberdeen Japan Investment Trust PLC. 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%) where applicable 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 in writing at any time.

Aberdeen Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which shares in Aberdeen Japan Investment Trust PLC 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%) where applicable 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 in writing at any time.

Aberdeen Investment Trust ISA

Aberdeen offers a stocks and shares ISA which allows an investment of up to £15,240 in the tax year 2016/17.

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%) where applicable 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.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in Aberdeen's 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.

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.

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.

Investor Information continued

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.

Trust Information

If investors would like details of Aberdeen Japan Investment Trust PLC or information on Aberdeen's Children's Plan, Share Plan, ISA or ISA transfers please contact:

Aberdeen Investment Trust
PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0808 00 00 40
E-mail: inv.trusts@aberdeen-asset.com

Details are also available on www.invtrusts.co.uk

Terms and Conditions for Aberdeen managed savings products can also be found under the Literature section of the website www.invtrusts.co.uk.

Literature Request Service

For literature and application forms for Aberdeen's investment trust products, please contact:

Telephone: 0808 00 40 00
Email: aam@lit-request.com

Registrar

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

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300
(Calls cost 12p per minute plus network extras. Lines are open 8.30 am - 5.30 pm, Monday - Friday)

Tel International: +44 208 639 3399
E-mail: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times.

For internet users, detailed data on Aberdeen Japan Investment Trust PLC, including price, performance information and a monthly fact sheet is available from the Trust's website (www.aberdeenjapan.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0808 00 00 40 for trust information.

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.

Online dealing providers

Investor information

There are a number of other ways in which you can buy and hold shares in this investment trust.

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. 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
Hargreave Hale
Hargreaves Lansdown
Idealing
Interactive Investor
Selftrade
The Share Centre
Stocktrade
TD Direct

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 visit the Wealth Management Association at www.thewma.co.uk

Financial advisers

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

Regulation of stockbrokers

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

Telephone: 0800 111 6768

Website: www.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 Asset Management 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 and any third party making such offers/claims has no link with Aberdeen. Aberdeen Asset Management 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.

Corporate Information

Directors

Neil Gaskell, Chairman
Karen Brade
Kevin Pakenham
Sir David Warren

Manager, Secretary and Registered Office

Alternative Investment Fund Manager *

Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH
(Registered in England and Wales with Company Registration
Number: 00740118)
(* appointed as required by EU Directive 2011/61/EU).

Website: www.aberdeen-asset.com

Investment Manager

Aberdeen Asset Managers Asia 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

Website

www.aberdeenjapan.co.uk

Depositary

BNP Paribas Securities Services, London Branch

Independent Auditor

KPMG LLP

Lawyers

Maclay Murray Spens
One London Wall
London EC2Y 5AB

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

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300
(Calls cost 12p per minute plus network extras. Lines are
open 8.30 am - 5.30 pm, Monday - Friday)

Tel International: +44 208 639 3399
E-mail: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

