Schroder
Japan Growth Fund plc

Annual Report and Accounts to 31 July 2009

Schroders

Investment Objective

The Company's principal investment objective is to achieve capital growth from an actively managed portfolio principally comprising securities listed on the Japanese stock markets, with the aim of achieving growth in excess of the TSE First Section Total Return Index over the longer term.

Directors

Jonathan Taylor (Chairman)*†
Aged 65, was appointed as a Director of the Company on 29 July 1999 and as Chairman on 20 April 2004. He is Chairman and Managing Director of Dragon Partners Limited. He is a Director of Greater China Fund Inc. and member of the international advisory board, Datawind Inc. He was previously a Director of Baring Asset Management Limited (1976–1997). He is a Barrister at law.

Jan Kingzett†
Aged 53, was appointed as a Director of the Company on 3 October 2001. He is an employee of Schroders. He is also a non-executive Director of Schroder AsiaPacific Fund plc and Thos. Agnew and Sons (Holdings) Limited.

Peter Lyon*†
Aged 68, was appointed as a Director of the Company on 31 May 1994. In March 2008 he retired from Clay Finlay Inc., a US based institutional fund management group where he was a director from 1998 until his retirement.

John Scott*†
Aged 57, was appointed as a Director of the Company on 20 April 2004. He is a non-executive director of Scottish Mortgage Investment Trust PLC, Martin Currie Pacific Trust plc and JPMorgan Claverhouse Investment Trust plc, as well as being Chairman of Dunedin Income Growth Investment Trust PLC. His other directorships include Xaar plc, Endace Ltd. and Miller Insurance Services Ltd. He previously worked in the Far East for Jardine Matheson & Co., Ltd. (1974–1980), and in London for Lazard Brothers & Co., Limited (1981–2001), during which time he spent three years in Tokyo with responsibility for Lazard Brothers' investment banking activities in Japan.

Yoshindo Takahashi*†
Aged 69, was appointed as a Director of the Company on 19 December 2005. He is currently Director of the Office of Pharmaceutical Industry Research, a research arm of Japan Pharmaceutical Manufacturers Association. He is also a member of the Management Committee of Executive Partners Inc, a consulting firm for small and emerging companies and a statutory auditor (Independent) of Netprice Corp, an internet shopping company based in Japan. He was previously Executive Director and Dean of Nomura School of Advanced Management (1996–2000) and Executive Vice President of Nomura Research Institute Ltd. (1994–1996). He served as President and then Chairman of Nomura Research Institute Europe Ltd. and Nomura Research America Inc. between 1980 and 1991.

* Member of the Audit and Management Engagement Committees

† Member of the Nomination Committee

Mr Lyon is Chairman of the Nomination and Management Engagement Committees

Mr Scott is Chairman of the Audit Committee

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Financial Highlights

	31 July 2009	31 July 2008	% Change
Total assets* (£'000)	**126,333**	133,547	(5.4)
Borrowings (£'000)	**(19,009)**	(23,353)	(18.6)
Shareholders' funds (£'000)	**107,324**	110,194	(2.6)
Shares in issue ('000)	**125,008**	125,008	
Net Asset Value per share	**85.85p**	88.15p	(2.6)
Share price	**71.25p**	77.50p	(8.1)
Share price discount	**17.01%**	12.08%	
TSE First Section Total Return Index (in sterling terms)**	**7.35**	7.28	1.0
Yen rate to Sterling	**157.82**	214.11	(26.3)
Total expense ratio (TER)***	**1.12%**	1.04%	
Market capitalisation (£'000)	**89,068**	96,881	(8.1)

* Calculated in accordance with AIC guidance and comprises shareholders' funds plus gearing used for investment purposes.

** Source: Thompson Financial Datastream

*** Calculated in accordance with AIC guidance and expressed as a percentage of average monthly net assets. Expenses exclude finance costs and are net of tax relief (if tax relief is ignored the TER would be 1.55% (2008: 1.47%)).

Comparison of Portfolio Sector Distribution with the TSE First Section Index as at 31 July 2009

	Valuation £'000	% of Portfolio	% of Index
Transportation Equipment	12,010	10.11	10.10
Chemicals	11,689	9.84	5.90
Banks	11,589	9.75	10.10
Wholesale Trade	10,137	8.53	4.60
Electrical Appliances	9,903	8.33	13.90
Real Estate	7,554	6.36	2.50
Retail Trade	7,550	6.35	3.60
Machinery	7,426	6.25	4.40
Pharmaceutical	5,540	4.66	4.10
Land Transportation	5,528	4.65	3.90
Insurance	5,235	4.40	2.40
Information & Communication	5,058	4.26	5.70
Services	3,792	3.19	1.60
Rubber Products	2,748	2.31	0.60
Glass & Ceramics Products	2,708	2.28	1.20
Precision Instruments	2,172	1.83	1.50
Construction	1,877	1.58	2.10
Non-Ferrous Metals	1,780	1.50	1.30
Securities & Commodity	1,681	1.41	1.80
Other Financing Business	1,073	0.90	0.80
Other Products	1,025	0.86	2.30
Iron & Steel	772	0.65	2.80
Electric Power & Gas	–	–	5.10
Foods	–	–	3.10
Textiles & Apparels	–	–	0.90
Oil & Coal Products	–	–	0.80
Metal Products	–	–	0.70
Air Transportation	–	–	0.50
Marine Transportation	–	–	0.50
Pulp & Paper	–	–	0.40
Mining	–	–	0.40
Warehousing & Harbour Transport	–	–	0.30
Fishery, Agriculture & Forestry	–	–	0.10
Total	**118,847**	**100.00**	**100.00**

Ten-Year Record to 31 July

	Total assets* £'000	Shareholders' funds £'000	Undiluted asset value	Price of ordinary shares	Share price discount %
2009	126,333	107,324	85.85p	71.25p	(17.01)
2008	133,547	110,194	88.15p	77.50p	(12.08)
2007	156,292	135,626	108.49p	99.25p	(8.52)
2006	172,587	142,164	113.72p	110.50p	(2.83)
2005	142,245	119,443	95.55p	91.75p	(3.98)
2004	130,995	111,259	89.00p	79.50p	(10.67)
2003	109,842	89,199	71.36p	65.75p	(7.86)
2002	114,112	92,731	74.18p	69.25p	(6.65)
2001	135,540	113,065	90.45p	81.00p	(10.45)
2000	161,703	137,329	109.86p	89.00p	(17.76)

* Calculated in accordance with AIC guidance and comprises shareholders' funds plus gearing used for investment purposes.

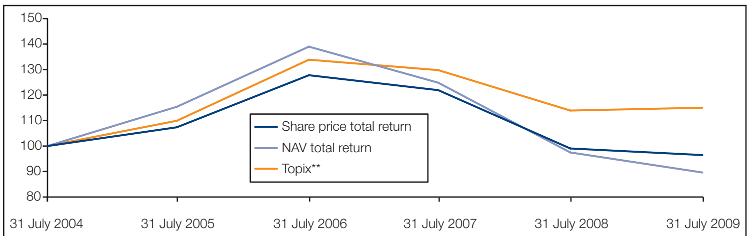
	Cost of running trust* £'000	Actual gearing ratio**	Potential gearing ratio***
2009	1,563	1.10	1.18
2008	1,816	1.14	1.21
2007	1,955	1.13	1.15
2006	2,102	1.17	1.21
2005	1,655	1.16	1.19
2004	1,627	1.14	1.18
2003	1,334	1.22	1.23
2002	1,492	1.18	1.23
2001	1,727	1.17	1.20
2000	1,844	1.12	1.18

* Operating expenses, excluding share dealing and finance costs.
** Total assets less cash and fixed interest assets, divided by shareholders' funds.
*** Total assets divided by shareholders' funds.

Five-Year Share Price and NAV Performance*

	NAV	Share Price	Benchmark Index
2009	96.46	89.62	115.03
2008	99.04	97.48	113.92
2007	121.92	124.84	129.78
2006	127.78	138.99	133.87
2005	107.36	115.41	109.92
2004	100.00	100.00	100.00

* Rebased to 100 at 31 July 2004.



**Rebased to the TSE First Section Total Return Index (TOPIX) Level at 100 (in Sterling Terms) at July 2004

Chairman's Statement

Performance

Against a backdrop of volatile stock markets worldwide, the year to 31 July 2009 remained disappointing for investors in Japanese equities. Measured in local currency terms, the Japanese market fell by 25.6% during the year. However, this decline was mitigated for sterling investors by a significant strengthening of the Yen and, in sterling terms, the TSE First Section Index produced a positive total return of 1% over the year.

Against this background, the Company's net asset value per share decreased by 2.6% over the same period (from 88.15p per share to 85.85p per share). The reasons for the under-performance against the benchmark index are outlined in the Investment Manager's Review. To put the Company's performance into context the Association of Investment Companies ("AIC") Japan Sector produced a negative average total return of 3.3% and the AIC Japanese Smaller Companies produced a negative average total return of 4.6% during the year to 31 July 2009.

Sentiment towards Japanese equities remained poor during the year under review and the Company's share price decreased by 8.1% as the discount widened from 12.1% to 17.0%.

Continuation Vote

In accordance with the provisions of the Company's Articles of Association, a resolution for the continuation of the Company as an investment trust for a further five-year period is included in the Notice of the Annual General Meeting, to be held on Thursday 5 November 2009.

The Board has reviewed the Company's current position in the light of performance over recent years: we have examined the prospects for the Japanese economy and equity markets, the benefits of the structure of investment trusts as collective investment vehicles and the depth of management and resource provided by Schroders as Investment Manager.

Although it is sometimes hard to remain positive on the prospects for the Japanese stock market when viewed in absolute terms in view of its performance over the last few years, we believe that Japan continues to offer unique investment prospects in a global context. We take comfort from the market's substantial recovery since March, a recovery that has continued after the Company's financial year-end.

The depth of experience and resource of the Investment Manager will continue to help the Company to meet its investment objectives. The Manager's investment policy is well known to shareholders, analysts and market commentators, and we hope they are aware of the Company's record of outperformance within its peer group over the last five years. We believe that this continues to assist the rating of the share price compared to the peer group.

In consequence, your Board unanimously recommends that shareholders vote in favour of the continuation of the Company as an investment trust for a further five-year period, and Directors will be voting their own shareholdings accordingly.

Director

As part of our commitment to the refreshment of the composition of the Board over time, the Directors have undertaken a search for an additional Board member during the year. Following a successful conclusion of that search, we are pleased to propose the election of Mr Richard Greer as a non-executive Director of the Company at the forthcoming Annual General Meeting. We recommend that shareholders vote in favour of the resolution which is set out in the Notice of Meeting on page 39.

Mr Greer, aged 54, has worked in Japan for fifteen years, for Jardine Matheson and Company Limited and subsequently, as branch manager, for Baring Securities (Japan) Limited, until 1993. He has extensive experience of company research, and headed the group established by the Japanese Ministry of Finance representing the EU investment banks and brokerages. On returning to London, he was global head of research at Barings, Caspian Limited and Commerzbank AG, before becoming a partner at WMG Limited, a wealth management group, and head of marketing at Toscafund Limited.

Chairman's Statement

Gearing

During the year under review the Company reduced its total borrowing facility from Yen 5 billion to Yen 3 billion. The amount drawn under the facility at the end of the year was Yen 3 billion (2008: Yen 5 billion). The net effective gearing (which takes account of both the borrowings and any cash being held by the Manager) was reduced during the year under review. At the beginning of the year, the net effective gearing was 13.9%, and this had decreased to 10.4% at 31 July 2009. All of the borrowings were obtained via a revolving credit facility in order to provide flexibility.

The Directors do not envisage net effective gearing exceeding 25% of shareholders' funds and the gearing continues to be operated within the limits agreed by the Board.

Purchase of Shares for Cancellation

The Board will be seeking to renew the share buyback authority to purchase up to 14.99% of the Company's issued share capital for cancellation, granted to the Company at the Company's Annual General Meeting in November 2008. During the year ended 31 July 2009, the Directors did not use the authority given to them and no purchases for cancellation were undertaken. However, the share buyback facility is one of a number of tools that may be used to enhance shareholder value and to reduce the discount volatility and it is therefore proposed that the authority be renewed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at 3.30 p.m. on Thursday 5 November 2009 and shareholders are invited to attend. The meeting will follow our usual format, which includes a presentation on the prospects for the Japanese economy and investment strategy.

Outlook

The last year has been challenging for investors in Japan. That Japan was neither the direct cause of the global financial crunch, nor particularly exposed to the underlying problem of Western subprime loans, was little consolation in terms of stock market volatility. The saving grace for overseas investors has been the strength of the Yen.

The Manager's Review describes the recovery in the market since March, which has returned the Company's net asset value to the levels of a year ago. As importantly, government stimulus measures in Japan and in most of its key export markets have allowed companies and consumers to start regaining the confidence lost so quickly in the traumas towards the end of 2008. Domestically, Japan also has a new political environment, following the August election victory of the Democratic Party of Japan that ended the LDP's near-five decade rule.

Both factors do no more than offer new and, hopefully, improved prospects but the last two decades have shown Japan's ability to squander similar opportunities. Nonetheless, your Board sees strong grounds for optimism this time. First, in contrast to most of the last 25 years the Japanese market is now valued below most Western markets. Secondly, we take comfort from the Manager's convictions about the commercial strength of the companies in the portfolio, not least following recent cost-cutting. Thirdly, we see Japanese companies such as Toyota which are emerging from the credit crunch in a significantly enhanced competitive position. Meanwhile, the Japanese market as a whole is at the same level as in the mid-1980s. Short term volatility seems inevitable, but we believe the market, and the Company's net asset value, has the potential to recover to levels well above this.

Jonathan Taylor

Chairman

2 October 2009

Investment Manager's Review

Market Background

The Japanese stock market fell by 25.6% during the year ended 31 July 2009. The low point in March equated to levels last seen 25 years ago, following which a 37% bounce ensued. The Yen/Sterling exchange rate was a virtual mirror image of the stock market's performance, appreciating sharply during the second half of 2008, retreating during 2009 but rising for the period overall. As a result the Topix index actually rose by 1.0% in sterling terms over the 12 months.

Japan was not at the epicentre of the global financial turmoil but the economy was very much in the firing line from the fallout of the global recession. In addition Japanese banks, whilst having had limited sub prime exposure, do have substantial equity holdings, the collapse in the value of which led to significant erosion in their capital base. As a result sectors linked into the global cycle, and financials, were amongst the worst performing areas. By contrast defensive sectors and commodity importers held up relatively well. Looking at the 12 month period in its entirety, however, disguises the swings in performance which initially favoured defensives over cyclicals and then reversed from around the turn of the year.

The Company's NAV fell by 2.6% in sterling terms. This represented underperformance of the benchmark. Sector and stock selection was positive overall with holdings in auto-related stocks and under-exposure to banks offsetting the overweight in cyclical areas like trading companies. Underperformance was the result of being geared during the market collapse in the months following Lehman's Brothers demise. We maintained some leverage within the portfolio and relative performance recovered somewhat during the second half of the year reflecting this and positive stock selection.

Outlook

The recovery in the Japanese stock market, whilst impressive, has lagged that of most markets and further catch up is likely, especially as valuations still appear attractive. The global recovery fuelled by inventory rebuilding, government stimulus and Chinese growth should continue to represent a favourable backdrop, whilst company profits are receiving a boost from cost reductions and some relief from currency appreciation. Further out the key is sustainability of global growth beyond the current inventory normalisation and policy stimulus.

The Democratic Party of Japan's resounding victory in the recent general election brought an end to the LDP's dominance of power for almost the entire post-war era. This creates the potential for change but the degree to which campaign pledges will be enacted remains uncertain at this stage.

Investment Policy

The portfolio has kept a moderate cyclical bias to reflect the profits recovery we anticipate over the next 2 years. A number of such share prices have risen strongly, however, and look less undervalued. Additions to cyclicals therefore are being made where share prices have lagged and where valuations still look attractive.

At the same time companies with steadily growing profit streams have tended to be ignored in favour of those more closely linked to the upturn in the global cycle. This is throwing up some attractive long term opportunities, including companies within the small cap universe. Financials have generally lagged the market and, with capital raising at the largest institutions now past its peak, the portfolio has moved to a moderately overweight position.

Given our relatively positive view of short term prospects we are maintaining net gearing at just over 10%. Nevertheless as there has already been a bounce off the market low this is slightly lower than end January's 13.6%.

Schroder Investment Management Limited

2 October 2009

Investment Portfolio

As at 31 July 2009

Company	Industrial Classification	Activity	Market Value of Holding £'000	% of Shareholders' Funds
Toyota Motor	Transportation Equipment	Automobile manufacturer	7,382	6.88
Mitsui	Wholesale Trade	General trading company	5,129	4.78
Takeda Pharmaceutical	Pharmaceutical	Pharmaceutical products	3,975	3.70
Tachihi Enterprise	Real Estate	Real estate investment	3,642	3.39
Ricoh	Electrical Appliances	Copiers & printers manufacturer	3,384	3.15
Sankyo	Machinery	Pachinko machine manufacturer	3,288	3.06
East Japan Railway	Land Transportation	Railway company	3,000	2.80
SK Kaken	Chemicals	Paint manufacturer for construction	2,974	2.77
Sumitomo Mitsui Financial	Banks	Banking & other financial services	2,964	2.76
Sompo Japan Insurance	Insurance	Non-life and life insurance	2,945	2.75
Nidec	Electrical Appliances	Small & mid size motor manufacturer	2,821	2.63
Jupiter Telecommunications	Services	Cable network operator	2,796	2.61
Asahi Glass	Glass & Ceramics Products	Glass & related products	2,708	2.52
Bridgestone	Rubber Products	Automobile tyre manufacturer	2,708	2.52
KDDI	Information & Communication	Telecommunication services	2,704	2.52
Mitsubishi UFJ Financial Group	Banks	Banking & other financial services	2,510	2.34
Sankei Building	Real Estate	Real estate investment	2,475	2.31
Nippon Telegraph & Telephone	Information & Communication	Telecommunication services	2,354	2.19
Seven & I Holdings	Retail Trade	Retail store operator	2,335	2.18
T&D Holdings	Insurance	Life insurance products & services	2,290	2.13
Twenty Largest Investments			**64,384**	**59.99**
Hi Lex	Transportation Equipment	Automobile cables manufacturer	2,284	2.13
Hoya	Precision Instruments	Optical lens manufacture	2,172	2.02
Ushio	Electrical Appliances	Industrial & commercial light sources manufacturer	2,149	2.00
Sakata Inx	Chemicals	Printing ink manufacturer	2,091	1.95
Mitsubishi	Wholesale Trade	General trading company	2,036	1.90
Fuji Photo Film	Chemicals	Imaging and information solutions	1,958	1.82
Fukuoka Financial Group	Banks	Banking & other financial services	1,917	1.79
Musashi Seimitsu Industry	Transportation Equipment	Automobile parts manufacturer	1,899	1.77
Central Japan Railway	Land Transportation	Railway company	1,809	1.69
Nomura Holdings	Securities & Commodity	Stockbroker	1,681	1.57
Shimamura	Retail Trade	Clothing store	1,649	1.54
T & K Toka	Chemicals	Printing ink manufacturer	1,537	1.43
Inabata	Wholesale Trade	Trading company	1,516	1.41
JSR	Chemicals	Synthetic rubber manufacturer	1,513	1.41
Suruga Bank	Banks	Banking & other financial services	1,434	1.34
Union Tool	Machinery	Cutting tool manufacturer	1,331	1.24
Haseko	Construction	House builder	1,312	1.22
Chiba Bank	Banks	Banking service	1,167	1.09
AT Group	Retail Trade	Car distribution	1,154	1.08
Credit Saison	Other Financing Business	Credit card issuer	1,073	1.00
Ozeki	Retail Trade	Supermarket chain operator	1,042	0.97
Dowa Holdings	Non-Ferrous Metals	Non-ferrous metal processing	958	0.89
Mirai Industry	Machinery	Construction & building maintenance	949	0.88
Nafco	Retail Trade	Operates home & furniture chain stores	924	0.86
Mizuho Financial Group	Banks	Banking & other financial services	892	0.83
Airport Facilities	Real Estate	Airport facilities rental	886	0.83
Sumitomo Heavy Industries	Machinery	Manufacturer of industrial machinery	869	0.81

Investment Portfolio

Company	Industrial Classification	Activity	Market Value of Holding £'000	% of Shareholders' Funds
Sumitomo Electric Industries	Non-Ferrous Metals	Copper wire manufacturer	822	0.77
JFE Holdings	Iron & Steel	Steel and engineering	772	0.72
Toyota Tsusho	Wholesale Trade	General trading company	755	0.70
Mabuchi Motor	Electrical Appliances	Micro-motors manufacturer	722	0.67
Nippon Konpo Unyu Soko	Land Transportation	Specialist transportation services	719	0.67
Seven Bank	Banks	Banking service	705	0.66
Sumitomo	Wholesale Trade	General trading company	701	0.65
Kaneka	Chemicals	Chemical products manufacturer	688	0.64
Chubu Nippon Broadcasting	Services	Commercial broadcaster	660	0.61
Nippon Thompson	Machinery	Manufacturer of needle roller bearings	650	0.61
Asics	Other Products	Manufacture of sporting products	624	0.58
Astellas Pharma	Pharmaceutical	Pharmaceutical products	572	0.53
Sanki Engineering	Construction	Installation service	565	0.53
Mitsui Fudosan	Real Estate	Leasing & sale of real estate	551	0.51
Kissei Pharmaceuticals	Pharmaceutical	Pharmaceutical products	505	0.47
Nippon Chemiphar	Pharmaceutical	Pharmaceutical products	488	0.45
Shin-Etsu Chemical	Chemicals	Manufacture & development of chemicals	485	0.45
Rohm	Electrical Appliances	LSIs manufacturer	446	0.42
ABC-Mart	Retail Trade	Markets shoes on a wholesale basis	446	0.42
Sekisui Chemical	Chemicals	Manufacture of chemicals & resin processing	443	0.41
Okamura	Other Products	Office furniture manufacturer	401	0.37
Toshiba	Electrical Appliances	Commercial electrical equipment	381	0.35
JTEKT	Machinery	Manufacturer of ball & roller bearings	339	0.32
Aeon Delight	Services	Building facility maintenance	336	0.31
Yamaha Motor	Transportation Equipment	Motorcycle manufacturer	224	0.21
Calsonic Kansei	Transportation Equipment	Automobile parts manufacturer	221	0.21
Nitta	Rubber Products	Manufacturer of belts & rubber products	40	0.04
Total investments			**118,847**	**110.74**
Net current liabilities			**(11,523)**	**(10.74)**
Total equity shareholders' funds			**107,324**	**100.00**

At 31 July 2008 the twenty largest investments represented 64.48% of shareholders' funds.

At 31 July 2009, certain securities were on loan under a stock lending arrangement (see note 11 to the Accounts).

Report of the Directors

Business Review

Company's Business

The Company carries on business as an investment trust and is an investment company within the meaning of section 833 of the Companies Act 2006. In order to continue to obtain exemption from capital gains tax, the Company has conducted itself with a view to being an approved investment trust for the purposes of Section 842 of the United Kingdom Income and Corporation Taxes Act 1988 (as amended). The last accounting period for which the Company has been treated as approved by Her Majesty's Revenue and Customs (HMRC) is the year ended 31 July 2008 and the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval. The Company is not a close company for taxation purposes.

Investment Objective

The principal investment objective of the Company is to achieve capital growth from an actively managed portfolio principally comprising securities listed on the Japanese stock markets, with the aim of achieving growth in excess of the TSE First Section Total Return Index over the long term.

Investment Policy

The Manager utilises an active stock driven investment approach, drawing on Schroders' extensive research resources in Japan. The portfolio will principally be invested in a broad range of companies quoted on the Tokyo Stock Exchange, the regional stock markets of Fukuoka, Hiroshima, Kyoto, Nagoya, Niigata, Osaka and Sapporo and the Japanese over the counter (OTC) market. Investments may also be made in companies listed elsewhere but controlled from Japan or with a material exposure to the Japanese economy. There are no constraints on size of company or sector allocation. This flexibility will allow the Manager to take advantage of changes in market sentiment and in the domestic economic cycle as it develops.

The portfolio will mainly be invested in equities but may also be invested in warrants, convertibles and other derivative instruments where appropriate. The Company may invest up to 5% of its assets in securities which are not listed on any stock exchange, but would not normally make such investment except where the Manager expects that the securities will shortly become listed on a Japanese stock market.

In order to maximise potential returns gearing may be employed by the Company from time to time. The Directors do not envisage a net effective gearing levels in excess of 25% of shareholders' funds. Where appropriate the Directors may authorise the hedging of the Company's currency exposure to the Yen.

Spread of Investment Risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that the portfolio retains an appropriate balance to meet the Company's investment objective. The Board has imposed a number of restrictions on investment by the Manager. The key restrictions imposed on the Manager include a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company; b) no more than 10% of the value of the Company's gross assets may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed companies; c) no more than 15% of the Company's total net assets may be invested in open-ended funds and; d) no more than 25% of the Company's total net assets may be invested in the aggregate of unlisted investments and holdings representing 20% or more of the equity capital of any company. The Investment Portfolio on pages 7 and 8 demonstrates that, as at 31 July 2009, the Manager held 74 investments spread over several sectors. The largest investment, Toyota Motor, represented 6.88% of shareholders' funds at 31 July 2009. At the year end, the Company did not hold any unlisted investments, and did not hold open-ended funds. The Board therefore believes that the objective of spreading risk has been achieved in this way.

Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Chairman's Statement and Investment Manager's Review.

Report of the Directors

Measuring Success – Key Performance Indicators

The Board has adopted key performance indicators ("KPIs") which assist it in measuring the development and success of the Company's business. The KPIs focus on the following areas: the measurement of the success of the Company's investment objective, the management of the discount and the level of expenses incurred in the running of the Company.

Investment Performance

The Board considers that monitoring the relative success of the Company's investment performance, measured against its established benchmark, is one of its most important roles. Performance against peer group companies is also reviewed.

Quarterly reports, including commentary on its view of markets, the impact of stock selection decisions and other attribution analyses, portfolio activity and strategy and outlook for the portfolio are provided by the Manager and form the basis of discussions at every board meeting. On a regular basis, the Board also reviews the investment processes of the Manager and considers reports from its broker on the perception of shareholders and the market on the Manager's performance, and the Company's strategy.

For the year ended 31 July 2009, the Company's net asset value produced a negative total return of 1.3% compared to a positive total return of 1.0% for the benchmark. Charts showing the Company's five-year performance and sector distribution measured against the benchmark as at 31 July 2009 can be found on pages 2 and 3 of this Report.

Discount Management

The shares of the Company often trade at a discount to net asset value and the management of this discount is a key factor for the Board. The Board has therefore adopted a second KPI, which measures the success of the Board's strategy to limit volatility in the discount.

As the discount is a function of the balance between the supply and demand for the Company's shares and dependent on sentiment towards the Japanese stock market, a principal objective for the Board is to ensure that, through Schroders' marketing team and the Company's stockbrokers, potential shareholders and their advisers continue to be kept informed of the Company's progress and the ways they can invest in it. Share buy-backs are a more direct way of managing the discount. The discount of the Company's share price to its underlying net asset value and the discounts of peer group companies are monitored and the Board considers the use of its share buy-back authority on a regular basis.

During the year under review the share price traded at a discount ranging from 5.4% to 25.2%.

Control of Total Expenses

The Board has adopted a third KPI which assists the Board in keeping the total expense ratio ("TER") of the Company under review.

An analysis of the Company's costs, including management fees, directors' fees and general expenses, is submitted to each Board meeting. The Management Engagement Committee, comprised entirely of independent directors, considers the terms of the management agreement with the Manager, including fees, on an annual basis. Services (including costs) provided by most other providers including bankers, auditors, insurance providers and printers are also reviewed annually.

The TER for the Company for the year to 31 July 2009 (calculated in accordance with AIC guidance as total annualised net operating expenses after tax divided by average net assets during the year) was 1.12% (2008: 1.04%).

Principal Risks and Uncertainties

The Board has adopted a matrix of key risks which affect its business and a robust framework of internal control which is designed to monitor those risks to enable the Directors to mitigate them as far as possible. A full analysis of the Directors' system of internal control and its monitoring system is set out in the Corporate Governance Statement. The principal risks are considered to be as follows:

Report of the Directors

Financial Risk

The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in Japanese equity markets would have an adverse impact on the value of the Company's underlying investments. The Board considers the portfolio's risk profile at each Board meeting and discusses with the Manager appropriate strategies to mitigate any negative impact of substantial changes in markets.

The Company invests predominantly in underlying assets which are denominated in Yen and therefore has an exposure to changes in the exchange rate between Sterling and Yen which has the potential to have a significant effect on returns. While the Directors consider the Company's hedging policy on a regular basis, the Company did not engage in currency hedging to reduce the risk of currency fluctuations and the volatility of returns which might result from such currency exposure during the year ended 31 July 2009.

The Company utilises a credit facility, currently in the amount of Yen 3 billion, which increases the funds available for investment through borrowing ("gearing"). Therefore, in falling markets, any reduction in the net asset value and, by implication, the share price is amplified by the gearing. The Directors keep the Company's gearing under constant review and impose strict restrictions on borrowings to mitigate this risk. The Company's gearing continues to operate within pre-agreed limits so that actual gearing does not represent more than 25% of shareholders' funds.

A full analysis of the financial risks facing the Company is set out in note 24 on pages 34 to 38.

Strategic Risk

Over time, investment vehicles and asset classes can become out of favour with investors or trusts may fail to meet their investment objectives. This may be reflected in a wide discount of the share price to underlying asset value. Directors periodically review whether the Company's investment remit remains appropriate and they continually monitor the success of the Company in meeting its stated objectives. Further details may be found under the sections on "Investment Performance" and "Discount Management" KPIs above.

Accounting, Legal and Regulatory Risk

In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 842 of the Income and Corporation Taxes Act 1988 (as amended). Should the Company not comply with these requirements, it might lose investment trust status and capital gains within the Company's portfolio could, as a result, be subject to Capital Gains Tax.

Breaches of the UK Listing Rules, the Companies Acts or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes and damage the Company's reputation. Breaches of controls by service providers, including the Manager, could also lead to reputational damage or loss.

The Board's system of internal control seeks to mitigate the potential impact of these risks and it also relies on its Manager and other advisers to assist it in ensuring continued compliance.

Report of the Directors

The Directors submit their Report and the Audited Accounts of the Company for the year ended 31 July 2009.

Revenue and Earnings

The net revenue return before finance costs and taxation for the year was £1,302,000 (2008: £875,000). As the Company has accumulated net revenue losses, no dividend will be proposed for the year ended 31 July 2009 (2008: nil).

Directors and their Interests

The Directors of the Company and their biographical details can be found on the inside front cover. All Directors held office throughout the year under review.

In accordance with the Company's Articles of Association, Mr Scott will retire by rotation and, being eligible, offers himself for re-election. In addition, Mr Lyon and Mr Taylor retire in accordance with the Company's policy on tenure as outlined in the Corporate Governance Statement. Mr Kingzett is also required to stand for re-election each year in accordance with the UK Listing Rules, as he is an employee of Schroder Investment Management Limited, which receives fees from the Company in accordance with the Management Agreement referred to below. He is not considered by the Board to be independent.

No Director has any material interest in any other contract which is significant to the Company's business.

The Board, having reviewed its performance during the year, considers that each of Mr Scott, Mr Taylor, Mr Lyon and Mr Kingzett continue to demonstrate commitment to their roles and provide valuable contributions to the deliberations of the Board. It therefore recommends that shareholders vote in favour of their re-election.

In addition, the election of Mr Richard Greer as an additional non-executive Director will be proposed at the Annual General Meeting. Mr Greer's biograhical details can be found in the Chairman's Statement on page 4. The Board supports the election of Mr Greer whom it considers has the necessary skills and experience to make a valuable contribution to the deliberations of the Board. It therefore recommends that shareholders vote in favour of his election.

The Directors' interests in the Company's share capital at the beginning and end of the financial year ended 31 July 2009, all of which were beneficial, were as follows:

Director	Ordinary shares of 10p each 31 July 2009	Ordinary shares of 10p each 1 August 2008
Jonathan Taylor	**5,000**	5,000
Jan Kingzett	**15,000**	15,000
Peter Lyon	**3,000**	3,000
John Scott	**8,170**	8,170
Yoshindo Takahashi	**Nil**	Nil

There have been no changes in the above holdings between the end of the financial year and 2 October 2009.

As at the date of this Report, the Company had 125,008,200 ordinary shares of 10p each in issue. No shares were held in treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 125,008,200.

The Company has no employees; its investments are managed by Schroders, which also acts as Company Secretary and provides accounting and administration services to the Company. The principal terms of the Investment Management Agreement are set out below.

Substantial Share Interests

As at the date of this report, the Company has received notifications in accordance with the FSA's Disclosure and Transparency Rule 5.1.2 R of the following direct or indirect interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of Ordinary shares	% of total voting rights
1607 Capital Partners, LLC	12,802,852	10.24
Derbyshire County Council	7,575,000	6.06
Legal and General Group plc	4,953,394	3.96

Investment Manager

Following their annual review, the Directors consider the continuing appointment of the Investment Manager on the terms of the existing investment management agreement to be in the best interests of the Company.

Report of the Directors

The Directors believe that the Investment Manager has a strong management team which adopts a transparent investment strategy to assist the Company in meeting its investment objective. The Manager is supported by significant depth of knowledge and experience in Japan, with regional resources and local analysts. The Manager has demonstrated that it operates with stringent controls across all aspects of its business. Investment management is further backed up with good quality administration.

Schroders provides investment management, accounting and secretarial services to the Company.

The investment management agreement is terminable by either party on not less than one year's notice. At the date of this report no such notice by either party had been given. The Investment Manager is entitled to a management fee at an annual rate of 1.00% payable quarterly in arrears and calculated by reference to the value of the Company's assets under management (net of current liabilities other than short term borrowings) at the end of the relevant quarter up to £150,000,000 and at an annual rate of 0.95% on assets above that amount.

During the year ended 31 July 2009 Schroders was entitled to receive a fee of £90,000 for secretarial services provided to the Company.

The Investment Manager is authorised and regulated by the Financial Services Authority.

Policy for the Payment of Creditors

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. There were no outstanding trade creditors, other than purchases for future settlement, at 31 July 2009 (2008: nil).

Environmental Policy

As an investment trust, the Company has no direct social or environmental responsibilities; its policy is focussed on ensuring that its portfolio is properly managed and invested. The Company has however adopted an environmental policy, details of which are set out in the Corporate Governance Statement.

Statement of Directors' Responsibilities and Going Concern

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law they have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently:
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts respectively;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legilsation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed within the Directors and Managers section, confirm that, to the best of their knowledge:

- the accounts, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Report of the Directors

Independent Auditors

The Company's Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to remain in office and resolutions to reappoint them as Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee has adopted a policy on the engagement of the Auditors to supply non-audit services to the Company. The Auditors did not supply any non-audit services during the year under review.

Provision of Information to the Auditors

The Directors at the date of approval of this report confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Annual General Meeting ("AGM")

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The AGM will be held on Thursday, 5 November 2009 at 3.30 p.m. The formal notice of the AGM is set out on page 39.

Special Business to be proposed at the AGM

Resolutions relating to the following items of special business will be proposed at the AGM:

Resolution 10 – Continuation vote (ordinary resolution)

In accordance with the Company's Articles of Association, the Directors are required to put forward a proposal for the continuation of the Company to shareholders at five yearly intervals. The Board considers that the long term investment objectives of the Company remain appropriate and that the current Investment Manager is well placed to deliver superior returns over the longer term. An ordinary resolution will therefore be proposed at the AGM to agree that that the Company should continue as an investment trust for a further five year period.

Resolution 11 – Authority to allot shares (ordinary resolution) and Resolution 12 – Power to disapply pre-emption rights (special resolution)

At the AGM on 6 November 2008, the Directors were granted authority to allot a limited number of new ordinary shares for cash. No shares have been allotted under this authority, which will expire at the forthcoming AGM. At the AGM held in November 2008, power was also given to the Directors to allot a limited number of new shares other than pro rata to existing shareholders. This authority will also expire at the forthcoming AGM and resolutions to renew both authorities will therefore be proposed at the forthcoming AGM, details of which are set out in full in the Notice of Meeting.

An ordinary resolution will be proposed to authorise the Directors to allot shares for cash up to a maximum aggregate nominal amount of £625,041 (being 5% of the issued share capital as at 2 October 2009. A special resolution will also be proposed to give the Directors power to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £625,041 (being 5% of the Company's issued share capital as at 2 October 2009).

The Directors intend to issue shares pursuant to these authorities if investor demand for them is strong. However, the Directors will issue shares only when they believe it to be advantageous to the Company's existing shareholders to do so. The issue of new shares will only be made at a premium to net asset value.

If renewed, both authorities will expire at the conclusion of the AGM in 2010 unless renewed or revoked earlier.

Resolution 13 – Authority to make market purchases of the Company's own shares (special resolution)

At the AGM on 6 November 2008, the Company was granted authority to make market purchases of up to 18,738,729 ordinary shares for cancellation. No shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 18,738,729 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue at the

Report of the Directors

date of the AGM. The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its Shareholders, taking into account relevant factors and circumsances at the time. Any shares so purchased would be cancelled. The authority to be given at the 2009 AGM will lapse at the conclusion of the AGM in 2010, unless renewed or revoked earlier.

The maximum purchase price that may be paid for an ordinary share will not be more than the greater of 5% above the average of the middle market values of the shares, as taken from the London Stock Exchange Daily Official List, for the five business days preceding the date of purchase and the higher of the price of the last independent trade in the shares and the highest then current independent bid for the shares on the London Stock Exchange. The minimum price will be 10p, being the nominal value per ordinary share.

Recommendation

The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

By Order of the Board
Schroder Investment Management Limited
Company Secretary

2 October 2009

Remuneration Report

The determination of the Directors' fees is a matter dealt with by the Management Engagement Committee and the Board.

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £125,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors carry out in respect of Board and Committee responsibilities, and the time committed to the Company's affairs. The Directors' fees are reviewed annually by the Board. During the year ended 31 July 2009, Directors received fees of £14,000 and the Chairman received fees of £21,000 to reflect his more onerous role.

Additional fees are also paid for membership of each of the Audit, Management Engagement and Nomination Committees. The Committee fees are payable to members of each Committee for their contributions to the deliberations of such Committees. Members of the Audit Committee each receive an additional fee of £2,000 per annum and members of the Management Engagement and Nomination Committees each receive an additional £1,000 per annum. The current fee levels were adopted with effect from 1 August 2007.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors. No element of the Directors' remuneration is performance related.

The Board believes that the principles in Code Provision B of the Combined Code relating to remuneration do not apply to the Company, except as outlined above, as the Company has no executive Directors.

No Director has a service contract with the Company. However, Directors have a letter of appointment with the Company under which they are entitled to one month's notice in the event of termination. The terms of appointment are available for inspection at the Company's Registered Office address during normal business hours and at the Annual General Meeting ("AGM").

All Directors are appointed for an initial term covering the period from the date of their appointment until the first AGM thereafter, at which they are required to stand for election in accordance with the Articles of Association. Thereafter Directors retire by rotation at least every three years and as required by the Company's policy on tenure. The Chairman meets with each Director before such Director is proposed for re-election and, subject to the evaluation of performance carried out each year, the Board agrees whether it is appropriate for such Directors to seek an additional term.

When recommending whether an individual Director should seek re-election, the Board will take into account the provisions of the Combined Code, including the appropriateness of refreshing the Board and its Committees.

Performance Graph

A graph showing the Company's net asset value and share price total return compared with its benchmark, the TSE First Section Total Return Index, over the last 5 years is shown on page 3.

Remuneration

Director	**For the year ended 31 July 2009 fees for services to the Company £**	For the year ended 31 July 2008 fees for services to the Company £
Jonathan Taylor	**25,000**	25,000
Jan Kingzett	**15,000**	15,000
Peter Lyon	**18,000**	18,000
John Scott	**18,000**	18,000
Yoshindo Takahashi	**18,000**	18,000
	94,000	94,000

The information in the above table has been audited (see the Independent Auditors' Report on pages 22 and 23).

By order of the Board
Schroder Investment Management Limited
Company Secretary

2 October 2009

Corporate Governance

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment trust in order to comply with the principles of the Combined Code. The Financial Reporting Council published a revised version of the Combined Code in 2008, which applies to accounting periods beginning on or after 29 June 2008. The disclosures in this Statement therefore relate to the requirements of the 2008 Combined Code (the “Code”). The Code is published by the FSA and is available to download from www.fsa.gov.uk.

Compliance Statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors’ Responsibilities and Going Concern set out on page 13, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board considers that the Company has, throughout the year under review, complied with the best practice provisions in Section 1 of the Code, save in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company’s position as an investment trust. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive Directors, the appointment of a Senior Independent Director is not considered necessary. However, the Chairman of the Audit Committee leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Application of Code Principles

Role of the Chairman

The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and setting its agenda.

Role of the Board

The Board determines and monitors the Company’s investment objectives and policy, and considers the future strategic direction of the Company. Matters specifically reserved for decision by the Board have been adopted. The Board is responsible for presenting a balanced and understandable assessment of the Company’s position and, where appropriate, prospects in annual and half-yearly reports and other forms of public reporting. It monitors and reviews the shareholder base of the Company, marketing and shareholder communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative, who is responsible to the Board, *inter alia*, for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

Composition and Independence

The Board currently consists of five non-executive Directors. The biographies of each of these Directors, including their age and length of service, are set out on the inside front cover of this Report. The Board considers each of Mr Taylor, Mr Lyon, Mr Scott and Mr Takahashi to be independent. Mr Kingzett is not deemed independent by virtue of his relationship with the Investment Manager.

The Board has no executive Directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of the Company’s investment portfolio, the arrangement of custodial services and the provision of accounting and company secretarial services.

Subject to the election of Mr Greer, the Board is satisfied that it is of sufficient size with an appropriate balance of skills and experience, and that no individual or group of individuals is, or has been, in a position to dominate decision making.

Board Committees

The Board has delegated certain responsibilities and functions to Committees. Terms of Reference for each of these Committees are available on the Company’s website at www.schroderjapangrowthfund.com. Details of

Corporate Governance

membership of the Committees at 31 July 2009 may be found on the inside front cover of this report and information regarding attendance at Committee meetings during the year under review may be found on page 19.

Audit Committee

The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The Board considers each member of the Committee to be independent. The Board also considers that members of the Committee have competence in accounting.

To discharge its duties, the Committee met on two occasions during the year ended 31 July 2009 and considered the annual financial statements and half-yearly financial statements, the external Auditors' year-end reports and management letters, the effectiveness of the audit process, the independence and objectivity of the external Auditor and internal controls operating within the management company and custodian.

Management Engagement Committee

The role of the Committee is to review the terms of the management contract with the Investment Manager. In addition, the Committee reviews Directors' fees and makes recommendations to the Board in this regard. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year ended 31 July 2009 and considered the performance and suitability of the Investment Manager, the terms and conditions of the management contract and the fees paid to Directors.

Nomination Committee

The role of the Committee is to consider and make recommendations to the Board on its composition and balance of skills and experience, and on individual appointments, to lead the process and make recommendations to the Board. The Board considers each member of the Committee, with the exception of Mr Kingzett, to be independent.

To discharge its duties, the Committee met on one occasion during the year ended 31 July 2009 and considered candidates for the appointment of a new Director.

Before the appointment of a new Director, the Nomination Committee will prepare a description of the role and capabilities required for a particular appointment, having evaluated the balance of skills, knowledge and experience of the Board. When considering whether to replace a Director, the Company's policy on tenure is also taken into account. In light of this evaluation, the Nomination Committee will consider a range of candidates sourced either from recommendation from within the Company or use of external consultants.

The Nomination Committee will assess potential candidates on merit against a range of criteria including experience, knowledge, professional skills and personal qualities as well as independence, if this is required for the role. Candidates' ability to commit sufficient time to the business of the Company is also key, particularly in respect of the appointment of the Chairman. The Chairman of the Nomination Committee is primarily responsible for interviewing suitable candidates and a recommendation will be made to the Board for final approval.

Tenure

The Directors have adopted a policy on tenure that is considered appropriate for an investment trust. The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a Directors' independence of character or judgement. Therefore, the independence of Directors will continue to be assessed on a case by case basis. In order to give shareholders the opportunity to endorse this policy, and in accordance with the provisions of the Combined Code, any Director who has served for more than nine years will thereafter be subject to annual re-election by shareholders.

Induction and Training

The Board has adopted a full, formal and tailored induction programme for new Directors, which is administered by the Company Secretary. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice. Advisers to the Company also prepare reports for the Board from time to time. In addition, Directors attend relevant seminars and

Corporate Governance

events to allow them to continually refresh their skills and knowledge and keep up with changes within the investment trust industry.

Board Evaluation

The Board has adopted a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The evaluation takes place in two stages, firstly, the evaluation of individual Directors is led by the Chairman, and the evaluation of the Chairman's performance is led by the Chairman of the Audit Committee. Secondly, the Board evaluates its own performance and that of its Committees. The Directors meet at least once a year without the Chairman present and the Chairman of the Audit Committee chairs this meeting.

Evaluation is conducted utilising a questionnaire combined with one to one meetings if appropriate. The Board has developed criteria for use at the evaluation, which focuses on the individual contribution to the Board and its Committees made by each Director and the responsibilities, composition and agenda of the Committees and of the Board itself.

A review of Board composition and balance, including succession planning for appointments to the Board, is included as part of the annual performance evaluation.

Meetings and Attendance

The Board meets at least four times each year and, in addition, meets specifically to discuss strategy once each year. Additional meetings are also arranged as required and regular contact between Directors, the Investment Manager and the Company Secretary is maintained throughout the year. Representatives of the Investment Manager and Company Secretary attend each meeting and other advisers also attend when requested to do so by the Board. Attendance at the four scheduled Board meetings and at Committee meetings held during the year under review is as follows:

Director	Board	Audit Committee	Nomination Committee	Management Engagement Committee
Jonathan Taylor	4/4	2/2	1/1	1/1
Jan Kingzett	4/4	N/A	1/1	N/A
Peter Lyon	4/4	2/2	1/1	1/1
John Scott	4/4	2/2	1/1	1/1
Yoshindo Takahashi	4/4	2/2	1/1	1/1

Information Flows

The Chairman ensures that all Directors receive in a timely manner relevant management, regulatory and financial information and are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Investment Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

Directors' and Officers' Liability Insurance

During the year, the Company has maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy.

Directors' Indemnities

The Company provides a Deed of Indemnity to each Director to the extent permitted by United Kingdom law whereby the Company is able to indemnify such Director against any liability incurred in proceedings in which the Director is successful, and for costs in defending a claim brought against the Director for breach of duty where the Director acted honestly and reasonably.

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Conflicts of Interest

In light of changes to the law resulting from the implementation of the Companies Act 2006, the Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and the Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Major Shareholders

Details of the Company's major shareholders are set out in the Report of the Directors on page 12.

Relations with Shareholders

The Board believes that the maintenance of good relations with both institutional and retail shareholders is important for the long-term prospects of the Company. It has, since its launch, sought engagement with investors. The Chairman, and other Directors where appropriate, discusses governance and strategy with major shareholders and the Chairman ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its corporate broker and the Investment Manager.

The Board believes that the Annual General Meeting provides an appropriate forum for investors to communicate with the Board, and encourages participation. The Annual Report is, when possible, sent to shareholders at least 20 business days before the Annual General Meeting. The Annual General Meeting is typically attended by the Directors and proceedings include a presentation by the Investment Manager. There is an opportunity for individual shareholders to question the Chairmen of the Board, Audit and Management Engagement Committees at the Annual General Meeting. Details of proxy votes received in respect of each resolution are made available to shareholders at the meeting and on the Company's website as soon as reasonably practicable after the meeting.

The Board believes that the Company's policy of reporting to shareholders as soon as possible after the Company's year-end and holding the earliest possible Annual General Meeting is valuable. The Notice of Meeting on page 39 sets out the business of the meeting.

Environmental Policy

The Company's primary investment objective is to achieve optimal financial returns for shareholders, within established risk parameters and regulatory constraints. Providing that this objective is not compromised in the process the Board does however, believe that it is also possible to develop a framework that, in the interests of our shareholders, allows a broader range of considerations, including environmental and social issues, to be taken into account when selecting and retaining investments. The investment process therefore contains a review of research into the environmental, social and ethical stance of companies. Where potential financial or reputational risks are identified, their materiality is assessed and given due consideration when selecting or retaining investments.

Exercise of Voting Powers

The Company has delegated responsibility for voting to Schroders who votes in accordance with its corporate governance policy. A copy of this policy is available on the Company's website at www.schroderjapangrowthfund.com.

Internal Controls

The Code requires the Board at least to annually conduct a review of the adequacy of the Company's systems of internal control and report to shareholders that it has done so. The Board has undertaken a full review of all the aspects of the Turnbull Guidance, as revised in October 2005 (the "Turnbull Guidance"), under which the Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has approved a detailed Risk Map identifying significant strategic, investment-related, operational and service provider-related risks and has adopted an enhanced monitoring system to ensure that risk management and all aspects of internal control are considered on a regular basis, and fully reviewed at least annually.

Corporate Governance

The Board believes that the key risks identified and the implementation of an on-going system to identify, evaluate and manage these risks are based upon and relevant to the Company's business as an investment trust. Risk assessment, which has been in place throughout the financial year and up to the date of this report, includes consideration of the scope and quality of the systems of internal control, including any whistleblowing policies where appropriate, adopted by the Investment Manager and other major service providers, and ensures regular communication of the results of monitoring by third parties to the Board, the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. No significant control failings or weaknesses were identified during the course of the year and up to the date of this report, from the Board's on-going risk assessment.

Although the Board believes that it has a robust framework of internal control in place this can provide only reasonable and not absolute assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

The Company does not have an internal audit function as it employs no staff and delegates to third parties most of its operations. The Board will continue to monitor its system of internal control and will continue to take steps to embed the system of internal control and risk management into the operations of the Company. In doing so, the Audit Committee will review at least annually whether a function equivalent to an internal audit is needed.

Independent Auditors' Report[1]

To the shareholders of Schroder Japan Growth Fund plc

We have audited the accounts of Schroder Japan Growth Fund plc for the year ended 31 July 2009 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the accounts.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Corporate Governance Statement with respect to Rule 7.2.5 and 7.2.6 of the Disclosure and Transparency Rule issued by the Financial Services Authority is consistent with the accounts; and
- the information given in the Report of the Directors for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Independent Auditors' Report

- the accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 13, in relation to going concern; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the 2008 Combined Code specified for our review.

Jeremy Jensen (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, London

2 October 2009

Notes:

(1)The maintenance and integrity of the Schroder Japan Growth Fund plc website (schroderjapangrowthfund.com) is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

Income Statement

		For the year ended 31 July 2009			For the year ended 31 July 2008		
		Revenue	**Capital**	**Total**	Revenue	Capital	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Gains/(losses) on investments held at fair value	**2**	**–**	**3,290**	**3,290**	–	(23,211)	(23,211)
Other currency gains/(losses)	**3**	**–**	**(6,875)**	**(6,875)**	–	(2,604)	(2,604)
Income	**4**	**2,865**	**–**	**2,865**	2,691	–	2,691
Investment management fee	**5**	**(1,121)**	**–**	**(1,121)**	(1,392)	–	(1,392)
Administrative expenses	**6**	**(442)**	**–**	**(442)**	(424)	–	(424)
Net return/(loss) before finance costs and taxation		**1,302**	**(3,585)**	**(2,283)**	875	(25,815)	(24,940)
Interest payable and similar charges	**7**	**(392)**	**–**	**(392)**	(315)	–	(315)
Net return/(loss) on ordinary activities before taxation		**910**	**(3,585)**	**(2,675)**	560	(25,815)	(25,255)
Taxation on ordinary activities	**8**	**(195)**	**–**	**(195)**	(177)	–	(177)
Net return/(loss) attributable to equity shareholders		**715**	**(3,585)**	**(2,870)**	383	(25,815)	(25,432)
Net return/(loss) per ordinary share	**9**	**0.57p**	**(2.87)p**	**(2.30)p**	0.31p	(20.65)p	(20.34)p

The Total column of this statement is the profit and loss account of the Company. The Revenue and Capital columns are both provided in accordance with guidance issued by The Association of Investment Companies. The Company has no recognised gains or losses other than those disclosed in the Income Statement and the Reconciliation of Movements in Shareholders' Funds. Accordingly no Statement of Total Recognised Gains and Losses is presented.

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

The notes on pages 28 to 38 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £'000	Share premium account £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 July 2007	12,501	7	97,205	3	33,847	(7,937)	135,626
Net return/(loss) on ordinary activities	–	–	–	–	(25,815)	383	(25,432)
At 31 July 2008	12,501	7	97,205	3	8,032	(7,554)	110,194
At 31 July 2008	12,501	7	97,205	3	8,032	(7,554)	110,194
Net return/(loss) on ordinary activities	–	–	–	–	(3,585)	715	(2,870)
At 31 July 2009	**12,501**	**7**	**97,205**	**3**	**4,447**	**(6,839)**	**107,324**

The notes on pages 28 to 38 form an integral part of these accounts.

Balance Sheet

	Note	At 31 July 2009 £'000	At 31 July 2008 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	**118,847**	125,850
		118,847	125,850
Current assets			
Debtors	12	**245**	560
Cash at bank and short-term deposits	22	**8,507**	7,780
		8,752	8,340
Current liabilities			
Creditors – amounts falling due within one year	13	**(20,275)**	(23,996)
Net current liabilities		**(11,523)**	(15,656)
Net assets		**107,324**	110,194
Capital and reserves			
Called-up share capital	14	**12,501**	12,501
Share premium account	15	**7**	7
Share purchase reserve	16	**97,205**	97,205
Warrant exercise reserve	17	**3**	3
Capital reserve	18	**4,447**	8,032
Revenue reserve	19	**(6,839)**	(7,554)
Equity shareholders' funds		**107,324**	110,194
Net asset value per ordinary share	20	**85.85p**	88.15p

The accounts were approved by the Board of Directors on 2 October 2009 and signed on behalf of the Board by:

Jonathan Taylor
Director

The notes on pages 28 to 38 form an integral part of these accounts.

Cash Flow Statement

	Note	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Operating activities			
Dividends received from investments		**2,850**	2,470
Interest received on deposits		**45**	78
Stock lending fee income		**49**	81
Investment management fee paid		**(1,141)**	(1,464)
Administrative expenses paid		**(438)**	(355)
Net cash inflow from operating activities	**21**	**1,365**	810
Servicing of finance			
Bank overdraft interest paid		**(1)**	–
Bank loan interest paid		**(383)**	(301)
Net cash outflow from servicing of finance		**(384)**	(301)
Taxation			
Overseas tax paid		**(199)**	(173)
Total tax paid		**(199)**	(173)
Investment activities			
Acquisition of investments		**(25,947)**	(33,126)
Disposal of investments		**37,111**	37,472
Net cash inflow from investment activities		**11,164**	4,346
Net cash inflow before financing		**11,946**	4,682
Financing			
Bank loans repaid		**(12,698)**	–
Net cash outflow from financing		**(12,698)**	–
Net cash (outflow)/inflow		**(752)**	4,682

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2009 £'000	2008 £'000
Net cash (outflow)/inflow		**(752)**	4,682
Movement in borrowings		**12,698**	–
Movement in net debt resulting from cash flows		**11,946**	4,682
Net debt at 1 August		**(15,573)**	(17,651)
Realised exchange (losses)/gains on currency balances		**(18)**	83
Unrealised exchange loss on the loan facility		**(6,857)**	(2,687)
Net debt at 31 July	**22**	**(10,502)**	(15,573)

The notes on pages 28 to 38 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

The principal accounting policies have been applied consistently throughout the year ended 31 July 2009, are unchanged from 2008 and are set out below.

a Basis of Preparation

The accounts have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of investments and in accordance with the Companies Act 2006, applicable UK Accounting Standards and with the Statement of Recommended Practice ('SORP') for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in January 2009 by The Association of Investment Companies (AIC) (adopted early), which has not resulted in the restatement of prior year figures.

b Presentation of Income Statement

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend.

c Income

Dividends receivable from equity shares are taken to revenue on an ex-dividend basis, except where in the opinion of the Directors, the dividend is capital in nature in which case it is taken to capital. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as revenue. Any excess in the value of the shares received over the amount of cash dividend foregone is recognised in the capital reserve.

Interest receivable from bank deposits, stock lending income (net of agents' fees and commissions) and other income is recognised on an accruals basis.

d Expenses and interest payable

All expenses, including the investment management fee and interest payable are accounted for on an accruals basis.

Expenses are charged through revenue except those expenses incidental to the acquisition or disposal of investments which are charged to capital. This allocation is in accordance with the Board's expected long-term split of returns in the form of capital and revenue profits respectively.

e Investments

All investments are classified as held at fair value through profit or loss. They are initially recognised on the trade date and measured, then and subsequently, at fair value. Fair value is assumed to be the bid value of investments at the close of business on the relevant date. The convention of the Tokyo Stock Exchange, upon which the investments held by the Company are listed, is to quote a single price for the security being the last traded price. No separate bid or offer prices are given. Accordingly, listed investments are valued at last traded price.

Changes in fair value are included in the Income Statement as a capital item and are not distributable by way of a dividend.

f Foreign exchange

The Company is a UK listed company with a predominantly UK shareholder base. The results and financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. Transactions denominated in foreign currencies are calculated in sterling at the rate of exchange ruling at the date of such transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, and the resulting gains or losses are taken to capital.

g Taxation

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Due to the Company's status as an investment trust company, and the intention to continue to meet the conditions required by section 842 of the Income and Corporation Taxes Act 1988 to obtain approval in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation of investments, or current tax on any capital gains on the disposal of investments.

h Capital Reserve

The following are accounted for in this reserve:

– gains/(losses) on the realisation of investments

– investment holding gains/(losses) held at the year end;

– realised exchange differences of a capital nature;

– unrealised exchange differences of a capital nature; and

– other capital charges and credits charged to this account in accordance with the above policies.

Notes to the Accounts

2. Gains/(losses) on investments held at fair value

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Net loss on disposal of investments held at fair value through profit or loss	**(11,256)**	(5,872)
Unrealised investment holding gains/(losses) during the year	**14,546**	(17,339)
	3,290	(23,211)

3. Other currency gains/(losses)

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Realised exchange (losses)/gains on currency balances	**(18)**	83
Unrealised exchange loss on the loan facility	**(6,857)**	(2,687)
	(6,875)	(2,604)

4. Income

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Income from investments held at fair value through profit or loss:		
Overseas dividends	**2,785**	2,523
	2,785	2,523
Stock lending fee income (see note 11)	**44**	87
Interest on deposits	**36**	81
	2,865	2,691

5. Investment management fee

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Management fee	**1,121**	1,392

6. Administrative expenses

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
General expenses	**241**	222
Directors' fees	**94**	94
Secretarial fee	**90**	90
Auditors' remuneration:		
Fees payable for the audit of the Company's annual accounts	**17**	18
	442	424

Notes to the Accounts

7. Interest payable

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Bank overdraft interest payable	**1**	–
Bank loan interest payable	**391**	315
	392	315

8. Taxation

(a) Analysis of charge in the year:

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Irrecoverable overseas tax	195	177
Total current taxation (see note 8(b))	195	177

(b) Factors affecting tax charge for the year

No provision has been made for taxation on any realised gains on investments as the Company has conducted itself so as to achieve investment trust status under section 842 of the Income and Corporation Taxes Act 1988 (as amended). Approved investment trust companies are exempt from tax on capital gains within the Company.

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 28% (2008: 30% and 28%).

The differences are explained below:

	For the year ended 31 July 2009			For the year ended 31 July 2008		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before tax	**910**	**(3,585)**	**(2,675)**	560	(25,815)	(25,255)
Net return/(loss) on ordinary activities multiplied by standard rate of:						
corporation tax in the UK of 30% (2008: 30%)	**–**	**–**	**–**	112	(5,163)	(5,051)
corporation tax in the UK of 28%* (2008: 28%)	**255**	**(1,004)**	**(749)**	52	(2,409)	(2,357)
Effects of:						
Capital returns on investments	**–**	**1,004**	**1,004**	–	7,572	7,572
Income not subject to tax	**(2)**	**–**	**(2)**	–	–	–
Irrecoverable overseas tax	**195**	**–**	**195**	177	–	177
Tax relief on overseas tax suffered	**(56)**	**–**	**(56)**	–	–	–
Income taxable in different years	**(20)**	**–**	**(20)**	(16)	–	(16)
*Expenses not deductible for tax purposes	**–**	**–**	**–**	1	–	1
Utilisation of excess expenses from prior periods	**(177)**	**–**	**(177)**	(149)	–	(149)
Current tax charge for the year (see note 8(a))	**195**	**–**	**195**	177	–	177

*Under the Finance Act 2008, the rate of corporation tax was lowered to 28% from 1 April 2008.

(c) Provision for deferred tax

No provision for deferred tax has been made in the current or prior year.

(d) Factors that may affect future tax charges

The Company has not recognised a deferred tax asset of £1,654,000 (2008: £1,830,000) in respect of unutilised management expenses and £694,000 (2008: £703,000) in respect of eligible unrelieved foreign tax. It is unlikely that these amounts will be utilised in future accounting periods unless the investment policy of the Company or the tax treatment is changed.

Notes to the Accounts

9. Return/(loss) per ordinary share

	For the year ended 31 July 2009	For the year ended 31 July 2008
Revenue (£'000)	**715**	383
Capital (£'000)	**(3,585)**	(25,815)
Total (£'000)	**(2,870)**	(25,432)
Weighted average number of shares	**125,008,200**	125,008,200
Revenue	**0.57p**	0.31p
Capital	**(2.87)p**	(20.65)p
Total	**(2.30)p**	(20.34)p

10. Investments held at fair value through profit or loss

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Movements of investments held as fixed assets:		
Book cost brought forward	**141,633**	151,458
Acquisitions at cost	**26,577**	31,268
Proceeds of disposals	**(36,870)**	(35,221)
Net losses realised on disposals	**(11,256)**	(5,872)
Closing book cost	**120,084**	141,633
Unrealised investment holding losses	**(1,237)**	(15,783)
Closing valuation of investments	**118,847**	125,850

All investments are listed on a recognised stock exchange.

The following transaction costs, including stamp duty and broker commissions were incurred during the year:

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
On acquisitions	**23**	36
On disposals	**40**	41
	63	77

11. Stock lending

	At 31 July 2009 £'000	At 31 July 2008 £'000
Aggregate value of securities on loan at year end	**1,998**	9,195
Maximum aggregate value of securities on loan during the year	**13,280**	16,364
Net fee income from stock lending during the year (see note 4)	**44**	87

The Company had securities on loan at the year end to the value of £1,998,000 (2008: £9,195,000)

During the year, the Company carried out stock lending activities, and was entitled to income earned from these activities. Bank and agent fees amounting to £11,000 (2008: £22,000), were deducted by JP Morgan Chase Bank.

At 31 July 2009, the Company held £2,143,000 (2008: £33,295,000) as collateral, the value of which exceeded the value of the securities on loan by 7% (2008: 262%).

Notes to the Accounts

12. Debtors

	At 31 July 2009 £'000	At 31 July 2008 £'000
Amounts receivable within one year:		
Sales for future settlement	**148**	389
Accrued income	**68**	142
Prepaid expenses	**23**	17
Other debtors	**6**	12
	245	560

13. Creditors

	At 31 July 2009 £'000	At 31 July 2008 £'000
Amounts falling due within one year:		
Bank loan	**19,009**	23,353
Purchases for future settlement	**811**	181
Accrued expenses	**455**	462
	20,275	23,996

The Company has a loan facility of Yen 3 billion (2008:Yen 5 billion) with ING Bank N.V. which was fully drawn down at the end of the year (2008: Yen 5 billion). This facility has a revolving 364 day term, is chargeable at a floating rate linked to the Yen LIBOR and is unsecured.

14. Called up share capital

	At 31 July 2009 £'000	At 31 July 2008 £'000
Authorised: 187,500,000 ordinary shares of 10p each	**18,750**	18,750
Allotted, Called up and Fully paid: 125,008,200 ordinary shares of 10p each	**12,501**	12,501

15. Share premium account

	At 31 July 2009 £'000	At 31 July 2008 £'000
Balance brought forward and carried forward	**7**	7

16. Share purchase reserve

	At 31 July 2009 £'000	At 31 July 2008 £'000
Balance brought forward and carried forward	**97,205**	97,205

Notes to the Accounts

17. Warrant exercise reserve

	At 31 July 2009 £'000	At 31 July 2008 £'000
Balance brought forward and carried forward	**3**	3

18. Capital reserve

	At 31 July 2009 Gains and (losses) £'000	At 31 July 2008 Holding gains and (losses) £'000	**At 31 July 2009 Total £'000**
Balance brought forward	**19,167**	(11,135)	**8,032**
Losses on disposal of investments	**(11,256)**	–	**(11,256)**
Net change in investment holding gains	**–**	14,546	**14,546**
Realised exchange losses on currency balances	**(18)**	–	**(18)**
Unrealised exchange losses on the loan facility	**–**	(6,857)	**(6,857)**
	7,893	(3,446)	**4,447**

19. Revenue reserve

	At 31 July 2009 £'000	At 31 July 2008 £'000
Balance brought forward	**(7,554)**	(7,937)
Net revenue return for the year	**715**	383
Balance carried forward	**(6,839)**	(7,554)

20. Net asset value per ordinary share

	At 31 July 2009	At 31 July 2008
Net asset value per ordinary share	**85.85p**	88.15p

The net asset value per ordinary share is based on net assets attributable to ordinary shareholders of £107,324,000 (2008: £110,194,000) and 125,008,200 (2008: 125,008,200) ordinary shares in issue at the year end.

21. Reconciliation of return before finance costs and taxation to net cash inflow from operating activities

	For the year ended 31 July 2009 £'000	For the year ended 31 July 2008 £'000
Net losses before finance costs and taxation	**(2,283)**	(24,940)
(Gains)/losses on investments held at fair value	**(3,290)**	23,211
Other currency losses	**6,875**	2,604
Decrease/(increase) in accrued income (gross)	**78**	(62)
Decrease in prepayments and other debtors	**–**	57
Decrease in accrued expenses (excl. interest)	**(15)**	(60)
Net cash inflow from operating activities	**1,365**	810

Notes to the Accounts

22. Analysis of changes in net debt

	At 31 July 2008 £'000	Cash flow £'000	Movement in borrowings £'000	Exchange gain/(loss) £'000	**At 31 July 2009 £'000**
Cash at bank & short-term deposits	7,780	(752)	–	1,479	**8,507**
Net cash at 31 July	7,780	(752)	–	1,479	**8,507**
Bank loan	(23,353)	–	12,698	(8,354)	**(19,009)**
Net debt at 31 July	(15,573)	(752)	12,698	(6,875)	**(10,502)**

23. Related party transactions

The Company has appointed Schroders to provide investment management, accounting, secretarial and administration services. Details of the management and secretarial fee arrangements for these services are given in the Report of the Directors on page 12. The total management fee payable under this agreement to Schroders in respect of the year ended 31 July 2009 was £1,121,000 (2008: £1,392,000), of which £295,000 (2008: £315,000) was outstanding at the year end. The total secretarial fee (excluding VAT) payable to Schroders in respect of the year ended 31 July 2009 was £90,000 (2008: £90,000), of which £49,000 (2008: £34,000) was outstanding at the year end.

Banking facilities were provided during the year by Schroder & Co Limited. At 31 July 2009, the balance held at Schroder & Co Limited was £181,000 (2008: £177,000) and the interest receivable at the year end was £nil (2008: £1,000).

In addition to the above services, Schroders also provided investment trust dealing services. The total cost to the Company of this service, payable to Equiniti Limited, for the year ended 31 July 2009 was £nil (2008: £6,000), of which £nil (2008: £9,000) was outstanding at the year end.

24. Financial Instruments

Risk Management Policies and Procedures

The Company's investment objective is to achieve capital growth from an actively managed portfolio principally comprising securities listed on the Japanese stock markets, with the aim of achieving growth in excess of the TSE First Section Total Return Index over the longer term. In addition, the Company holds cash and short-term deposits and provides for items such as debtors and creditors that arise directly from its operations. The financial instruments held by the Company are generally liquid. The Company's assets and liabilities are all stated at fair value.

The holding of securities, investing activities and associated financing undertaken pursuant to this objective involves certain inherent risks. Events may occur that would result in either a reduction in the Company's net assets or a reduction of potential revenue profits available for dividend. As an investment trust, the Company invests in securities for the long term. Accordingly it is, and has been throughout the year under review, the Company's policy that no short-term trading in investments or other financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk. The Board reviews and agrees a policy for managing this risk, as summarised below. These policies have remained substantially unchanged throughout the current and preceding year.

1. Market Risk

The fair value of future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – price risk, currency risk and interest rate risk. The Company's investment manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

a. Price Risk

The Company is an investment company and as such its performance is dependent on the valuation of its investments. Consequently price risk is the most significant risk that the Company is exposed to. A detailed breakdown of the investment portfolio is given on pages 7 and 8. Investments are valued in accordance with the Company's accounting policies as stated in note 1. Uncertainty arises as a result of future changes in the market prices of the Company's equity investments and the effect changes in exchange rates may have on the sterling value of these investments.

Management of the risk

In order to manage this risk the Directors meet regularly with the Manager to compare the performance of the portfolio against market indices and comparable investment trusts. The Company does not generally hedge against the effect of changes in the underlying prices of the investments as it is believed that the costs associated with such a process would result in an unacceptable reduction in the prospects for capital growth.

The Company had no derivative instruments at the year end, but, in the event that it had, the value of derivative instruments held at the balance sheet date would be determined by reference to their market value at that date.

Notes to the Accounts

Price risks exposure

The Company's exposure to other changes in market prices at 31 July on its quoted equity investments was as follows:

	31 July 2009 £'000	31 July 2008 £'000
Fixed asset investments at fair value through profit or loss	**118,847**	125,850

Concentration of exposure to price risk

Although there is a concentration of exposure to Japan, it should be noted that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the equity to an increase or decrease of 10% in the fair values of the Company's equities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equities at each balance sheet date, with all other variables held constant.

	31 July 2009		31 July 2008	
	Increase in fair value £'000	**Decrease in fair value £'000**	Increase in fair value £'000	Decrease in fair value £'000
Effect on revenue return	**(119)**	**119**	(126)	126
Effect on capital return	**11,885**	**(11,885)**	12,585	(12,585)
Effect on total return and on net assets	**11,766**	**(11,766)**	12,459	(12,459)
Percentage change in net asset value	**11.0%**	**(11.0%)**	11.3%	(11.3%)

b. Currency Risk

The Company is exposed to foreign currency risk through its investment in securities listed on overseas stock markets. Both the amount and the currency split of the financial instruments are expected to fluctuate as cash flow payments and receipts are made on a regular basis in currencies other than Sterling.

Management of the risk

The Investment Manager monitors the Company's exposure to foreign currencies daily, and reports to the Board on a regular basis. It is the policy of the Company to consider entering into forward foreign exchange contracts, in addition to foreign currency loans, to hedge against foreign currency movements affecting the value of the investment portfolio. At 31 July 2009 and at 31 July 2008 the Company had no forward foreign exchange contracts in place.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31 July 2009 are shown below.

Where the Company's equity investments (which are not monetary items) are priced in foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	31 July 2009 Yen £'000	31 July 2008 Yen £'000
Debtors (due from brokers, dividends receivable and accrued income)	**216**	515
Cash at bank and short-term deposits	**8,321**	5,667
Creditors (due to brokers and accruals)	**(811)**	(181)
Borrowings under the credit facility	**(19,009)**	(23,353)
Foreign currency exposure on net monetary items	**(11,283)**	(17,352)
Investments at fair value through profit or loss that are equities	**118,847**	125,850
Total net foreign currency exposure	**107,564**	108,498

At the year end, approximately 100% (2008: 98%) of the Company's net assets were denominated in currencies other than sterling. This level of exposure is broadly representative of the levels throughout the period.

Notes to the Accounts

Foreign currency sensitivity

During the financial year Sterling depreciated by 26.3% against the Yen (2008: depreciated by 11.5%). It is not possible to forecast how much rates might move in the next year, but based on the movements in the last two years, it appears reasonably possible that rates could change by up to 20%.

The following table illustrates the sensitivity of the profit after taxation for the year and the equity in regard to the Company's financial assets and financial liabilities and the exchange rates for Sterling/Yen, assuming a 20% change in rate.

If Sterling had weakened against the Japanese Yen, with all other variables held constant, this would have the following effect:

	31 July 2009 £'000	31 July 2008 £'000
Effect on revenue return	**14**	17
Effect on capital return	**21,499**	14.778
Effect on total return and on net assets	**21,513**	14.795

If Sterling had strengthened against the Yen, with all other variables held constant, this would have the following effect:

	31 July 2009 £'000	31 July 2008 £'000
Effect on revenue return	**(14)**	(14)
Effect on capital return	**(21,499)**	(11,611)
Effect on total return and on net assets	**(21,513)**	(11,625)

In the opinion of the directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

c. Interest Rate Risk

The Company will be affected by interest rate changes as it holds interest-bearing financial assets and liabilities. Interest rate changes will also have an impact in the valuation of equities, although this forms part of price risk, which is considered separately above.

The Company has a loan facility of Yen 3 billion (2008: Yen 5 billion) with ING Bank N.V. This facility has a revolving 364 day term. The interest is chargeable at a floating rate linked to Yen LIBOR and is unsecured.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing under the loan facility. The level of gearing is reviewed by the Board on a regular basis.

The Company, generally, does not hold significant cash balances, with short-term borrowings being used when required.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

The exposure, at 31 July, of financial assets and liabilities to interest rate risk is shown by reference to:

– floating interest rates (i.e. giving cash flow interest rate risk) – when the rate is due to be re-set;

– fixed interest rates (i.e. giving fair value interest rate risk) – when the financial instrument is due for repayment.

	At 31 July 2009			At 31 July 2008		
	Within one year £'000	**More than one year £'000**	**Total £'000**	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash at bank and short-term deposits	**8,507**	**–**	**8,507**	7,780	–	7,780
Creditors: amounts falling due within one year						
– Bank loan	**(19,009)**	**–**	**(19,009)**	(23,353)	–	(23,353)
Total exposure to interest rates	**(10,502)**	**–**	**(10,502)**	(15,573)	–	(15,573)

The above year end amounts are not necessarily representative of the exposure to interest rates during the year because the level of exposure may change as borrowings are drawn down and repaid.

Notes to the Accounts

The maximum and minimum total interest rate exposures during the year are shown below:

	31 July 2009 £'000	31 July 2008 £'000
Maximum interest rate exposure	(17,244)	(23,046)
Minimum interest rate exposure	(9,890)	(15,573)

The exposures disclosed above are all within one year and at floating rates. There has been no exposure to long-term or fixed interest rates during the year.

Interest rate sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and equity to an increase or decrease of 100 (2008: 50) basis points in interest rates in regard to the Company's monetary financial assets and 100 (2008: 50) basis points in regard to the Company's monetary liabilities, which are subject to interest rate risk.

This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at each balance sheet date, with all other variables held constant.

	At 31 July 2009		At 31 July 2008	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Effect on revenue return	(105)	105	(78)	78
Effect on capital return	–	–	–	–
Effect on total return and on net assets	(105)	105	(78)	78

In the opinion of the directors, the above sensitivity analyses may not be representative of the year as a whole, since the level of exposure may change as borrowings are drawn down and repaid throughout the year.

2. Liquidity Risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

A summary of the Company's financial liabilities is provided in note 5 below.

3. Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

This risk is not considered significant. The Company manages credit risk by entering into deals only with brokers pre-approved by a credit committee of Schroder Investment Management Limited. These arrangements were in place throughout the current year and the prior year.

Credit risk exposure

The exposure to credit risk at the year end comprised:

	At 31 July 2009 £'000	At 31 July 2008 £'000
Balances due from brokers	148	389
Accrued income	68	142
Cash at bank	8,507	7,780
	8,723	8,311

During the year all deposits placed were with banks that had ratings of A or higher.

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered to be low.

Notes to the Accounts

4. Fair Values of Financial Assets and Financial Liabilities

The Company's financial instruments are stated at their fair values at the year end. The fair value of shares and securities is based on last traded market prices. Borrowings under the loan facility are short term in nature and hence do not have a value materially different from their capital repayment amount.

5. Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Company's financial assets and financial liabilities as recognised at the balance sheet date of the reporting periods under review are categorised as follows:

Financial Assets

	At 31 July 2009 £'000	At 31 July 2008 £'000
Financial assets at fair value through profit or loss:		
Fixed asset investments – designated as such on initial recognition	**118,847**	125,850
Loans and receivables:		
Current assets:		
Debtors (due from brokers, dividends receivable and accrued income)	**245**	560
Cash at bank and short-term deposits	**8,507**	7,780
	8,752	8,340

Financial Liabilities

	At 31 July 2009 £'000	At 31 July 2008 £'000
Measured at amortised cost		
Creditors: amounts falling due within one year		
Borrowings under the credit facility	**19,009**	23,353
Due to brokers	**811**	181
Accruals	**455**	462
	20,275	23,996

6. Capital Management Policies and Procedures

The Company's capital is represented by its net assets, which are managed to achieve the Company's investment objective, set out on the inside front cover.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

(i) the planned level of gearing through the Company's loan facility;

(ii) the need to buy back or issue equity shares;

(iii) the determination of dividend payments; and

(iv) the loan covenant does not exceed 35% of adjusted net asset value.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to externally imposed capital requirements through the Companies Act, with respect to its status as a public company.

In addition, with respect to the obligation and ability to pay dividends, the Company must comply with the provisions of section 842 Income and Corporation Taxes Act 1988 (as amended) and the Companies Acts respectively.

These provisions are unchanged since the previous year and the Company has complied with them.

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder Japan Growth Fund plc will be held at 3.30 p.m. on Thursday, 5 November 2009 at 31 Gresham Street, London EC2V 7QA to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 11 will be proposed as Ordinary Resolutions and resolutions 12 and 13 will be proposed as Special Resolutions.

1. To receive the Report of the Directors and the audited accounts for the year ended 31 July 2009.
2. To approve the Remuneration Report for the year ended 31 July 2009.
3. To elect Mr Richard Greer as a Director of the Company.
4. To re-elect Mr John Scott as a Director of the Company.
5. To re-elect Mr Jonathan Taylor as a Director of the Company.
6. To re-elect Mr Peter Lyon as a Director of the Company.
7. To re-elect Mr Jan Kingzett as a Director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company.
9. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors of the Company.
10. To consider, and if thought fit, to pass the following resolution as an ordinary resolution:
    "That, in accordance with the Articles of Association, the Company should continue as an investment trust for a further five year period."
11. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
    "That the Directors be and are hereby generally and unconditionally authorised, in substitution for all subsisting authorities in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £625,041 (representing 5% of the share capital in issue on 2 October 2009); and provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company but so that this authority shall enable the Company to make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry."
12. To consider and, if thought fit, to pass the following resolution as a special resolution:
    "That, subject to the passing of resolution 11 set out above, the Directors be and they are hereby empowered, pursuant to section 571 of the Act to allot equity securities (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said resolution 11 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £625,041 (representing 5% of the aggregate nominal amount of the share capital in issue on 2 October 2009); and provided that this power shall expire on the date of the next Annual General Meeting of the Company, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
13. To consider and, if thought fit, to pass the following resolution as a special resolution:
    "That the Company be and is hereby generally and unconditionally authorised in accordance with section 693 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares of 10p each in the capital of the Company ("Shares"), at whatever discount the prevailing market price represents to the prevailing net asset value per share provided that:
    (a) the maximum number of shares hereby authorised to be purchased shall be 18,738,729, representing 14.99% of the issued share capital as at 2 October 2009;
    (b) the minimum price which may be paid for a share is 10p;
    (c) the maximum price which may be paid for a share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a share of the class being purchased taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and (ii) the higher of the price of the last independent trade in the shares of that class and the highest then current independent bid for the shares of that class on the London Stock Exchange;
    (d) purchases may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the net asset value;
    (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed or revoked prior to such time; and
    (f) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract."

By Order of the Board
Schroder Investment Management Limited
Company Secretary

Registered Office:
31 Gresham Street
London EC2V 7QA

Registered Number: 2930057
2 October 2009

Explanatory Notes

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0871 384 2450, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZR, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at http://www.shareview.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on "Company Meetings". The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 3.30 p.m. on Tuesday, 3 November 2009. If you have any difficulties with online voting, you should contact the shareholder helpline on 0871 384 2450.

   If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of procedures on corporate representatives.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.00 p.m on 3 November 2009, or 6.00 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 3 November 2009 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com/CREST. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (IDRA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for election and re-election are set out on the inside front cover or in the Chairman's Statement of the Company's Annual Report and Accounts for the year ended 31 July 2009.

7. As at 2 October 2009, 125,008,200 ordinary shares of 10 pence were in issue (no shares were held in treasury). Accordingly, the total number of voting rights of the Company as at 2 October 2009 is 125,008,200.

8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available to download from the website, www.schroderjapangrowthfund.com.

Company Summary and Shareholder Information

The Company

Schroder Japan Growth Fund plc is an independent investment trust, whose shares are listed on the London Stock Exchange. As at 2 October 2009, the Company had 125,008,200 ordinary shares of 10p each in issue. The Company's assets are managed and it is administered by Schroders. The Company has, since its launch in 1994, measured its performance against the TSE First Section Total Return Index. The Company measures its performance on a total return basis.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to Shareholders at the forthcoming Annual General Meeting and thereafter at five yearly intervals.

Website and Price Information

The Company has launched a dedicated website, which may be found at www.schroderjapangrowthfund.com. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's share price (subject to a delay of 15 minutes) and copies of the Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled “How to Invest” which provides details of the Schroder ISA.

The Company releases its Net Asset Value on both a cum and ex income basis to the market daily.

Share price information may also be found in the Financial Times and on Schroders' website at www.schroders.co.uk/its.

Registrar Services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The helpline telephone number of Equiniti Registrars is 0871 384 2450. Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary.

Equiniti maintain a web-based enquiry service for shareholders. Currently the “Shareview” site (address below) contains information available on public registers.

Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Visit www.shareview.co.uk for more details.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on this association can be found on its website, www.theaic.co.uk.

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www.schroderjapangrowthfund.com

Schroders