Dunedin Income Growth Investment Trust PLC

Half Yearly Report
for the 6 months ended 31 July 2012

2012

Aberdeen

Contents

Objective

The objective of Dunedin Income Growth Investment Trust PLC is to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom

Highlights and Financial Calendar

Financial Highlights	31 July 2012	31 January 2012	% change
Total assets (£'000)[A]	**383,940**	374,786	+2.4
Total shareholders' funds (£'000)[B]	**350,427**	341,280	+2.7
Net asset value per Ordinary share[B]	**232.5p**	226.4p	+2.7
Net asset value per Ordinary share[C]	**228.9p**	222.9p	+2.7
Share price per Ordinary share (mid)	**223.3p**	206.0p	+8.4
(Premium)/discount to net asset value[CD]	**(0.5)%**	4.5%	

[A] Defined as total shareholders' funds before deduction of borrowings.
[B] Debt at par value.
[C] Debt at fair value.
[D] These discounts are lower than the numbers that appear in the statutory accounts because they are calculated in accordance with AIC guidelines (capital only).

Performance (total return[E])	Six months ended 31 July 2012	Year ended 31 January 2012
Net asset value per Ordinary share[F]	**+5.9%**	+2.9%
Share price per Ordinary share	**+11.8%**	0.0%
FTSE All-Share Index	**+1.9%**	–0.3%

[E] Capital return plus net dividends reinvested.
[F] Debt at fair value.

Financial Calendar

24 September 2012	Announcement of unaudited interim results for the six months ended 31 July 2011
31 August 2012 **30 November 2012** **28 February 2013** **31 May 2013**	Expected payment date of quarterly dividends
31 January 2013	Financial year end
March 2013	Announcement of results for year ended 31 January 2013
23 May 2013	AGM in Edinburgh (12 noon)

Chairman's Statement

Review of the Period

This is the first interim statement since I became the new Chairman of Dunedin Income Growth Investment Trust immediately after the latest AGM and in keeping with the tone of the past few years it has once again been a challenging period for equity investors. Since the start of the financial year growth in the developed world has all but evaporated and emerging market economies have slowed sharply. Meanwhile the crisis within the Eurozone rumbles onwards as politics continues to collide head on with market forces. Against this inauspicious backdrop the one bright spot remains company performance, although even here the headwinds are intensifying.

In these conditions the FTSE All-Share Index has, perhaps surprisingly, risen slightly over the period, up 1.9% on a total return basis. On this same basis, including dividends paid out, the Company's net asset value (NAV) rose 5.9%. The Company's shares moved to trade at a slight premium to its NAV (from the discount of 4.5% at the year end) resulting in a total return to shareholders over the period of 10.9%. On a wider basis, the MSCI World Index rose 3.4% in sterling terms over the period.

As mentioned in the latest annual report we fully expected a tough market environment to continue over the course of 2012/13. Our Manager's priorities have, as always, been to protect capital through focussing on good quality businesses, to diversify our investments effectively and to seek income growth where it can be acquired at sensible prices.

Cash returns to shareholders from companies have remained robust and we have experienced good growth in underlying dividend income over the period. Income has increased by 6.9% year on year, aided by a 5.2% rise in dividend income and a significant increase in the value of option premiums received. We have also seen the level and proportion of income generated from overseas listed holdings increase further - this accounted for nearly 25% of dividends earned in the first half. Overall revenue per share increased 7.2% to 6.84p. We expect that revenue growth for the full year will be more modest given measures to cap our exposure to certain companies, a reduction in the option writing activity compared to the second half of last year and the lack, so far, of a repeat of last year's Vodafone distribution of its dividend from Verizon Wireless.

As announced at the time of the full year results we have taken the decision to move to the payment of quarterly dividends. It is our intention to make three equal distributions of 2.5p per share in each of August, November and February and to pay a final dividend in May. Whilst we have made a promising start this year, at this stage the Board can only commit to the Company at least maintaining the aggregate distribution made in respect of the latest completed financial year.

Economic and Market Background

As I have already noted, negative economic factors gathered momentum during the half-year and while corporate performance was in aggregate respectable given the conditions, we did see substantial downgrades to earnings expectations for 2012 and an increasing number of profit warnings. While headline market multiples look modest these are somewhat distorted by the low valuations applied to the heavily weighted proportion of indices accounted for by mining and banking stocks. In fact, since the rise in the market, we believe that valuations in general are no longer cheap. The analyst community seems reluctant to look more than twelve months ahead and still expects close to double digit earnings growth in 2013; we consider that this is a somewhat optimistic view. Companies considered safe and secure which distribute a fair proportion of their profits to shareholders have become "in vogue" investments in recent times. While we are inclined to agree with such a stance, we do keep a wary eye on valuations and bear in mind that these will be a key determinate of our investors' long-term returns.

In the UK, economic growth deteriorated over the period, mainly due to very weak construction spending, with Q2 GDP contracting 0.5% year on year, creating a run of three successive quarters of negative growth. The government remains for the time being committed to its austerity plans. Some chinks of light came through in the declining rate of inflation and, surprisingly, better than expected employment data but the domestic picture remains pretty bleak with uncertainty amongst economists about the actual size of the output gap. However, it is worthwhile remembering that whilst only 16% of the value of the portfolio is listed overseas, well over 70% of the revenues of the companies within it are drawn from outside the UK - which makes the portfolio rather more sensitive to global factors.

In the Eurozone the data remain mixed with a continued divergence in economic performance between the north and south of the region. In Spain the unemployment rate hit 24.6% at the end of June, while in Germany it remained at 6.8%. The ECB continues to balance between policing reforms and budgetary restraints in the most challenged economies and at the same time managing monetary policy - although, as its President has noted, its mechanisms for doing so have been increasingly undermined by the market's perception of "redenomination" risk. Given recent movements in indicators of stress such as the VIX index, which hit a 5 year low in August, and government bond yields in Spain and Italy (which have compressed markedly), the investment community seems for the time being to have taken ECB President Mario Draghi's promise to do "whatever it takes" to save the Euro to heart. Investors though would be wise to heed the track record of the past few years and to continue to be alert to the risk of policy failure leading to dramatic events for markets.

In the United States economic data continues to be inconsistent and patchy but brighter than that seen in Europe. Unemployment has remained stubbornly high but housing data has shown signs of consistent improvement. The Presidential election in November and what will be difficult negotiations over the avoidance of the so-called "fiscal cliff" are likely to re-introduce tension into markets as we move into the final quarter of 2012.

In emerging markets, the growth engines of the global economy, expansion rates have been slowing quite dramatically, cooled by the troubles in the developed world. Chinese GDP growth has slowed to 7.6% annualised at the end of the second quarter of 2012. While this is still significantly faster than the western world, it is a far cry from the double-digit rates of just a year ago. The need to create enough urban jobs to cope with the rapid agrarian migration means that this lower level of growth poses some worrying questions for the government and, again, there is a degree of uncertainty with the forthcoming emergence of a new generation of political leaders. In Brazil, GDP growth slowed to a western style 0.8% year on year at the end of June. Likewise, India grew 5.3% in the same period, far slower than in recent times and with the economy still significantly hampered by an inflation rate close to 10%.

Gearing

The Company's gearing position was little changed from the year end. Potential gearing has reduced slightly as net assets increased reflecting the increase in value of the equity portfolio over the period. Valuing debt at par, potential gearing stood at 9.6% at 31 July 2012, down from 9.8% at 31 January 2012. On an equity gearing basis, taking debt at par and offsetting our holdings of bonds and cash, net indebtedness was 7.7% down from 8.7% at the year end. This was the result of both higher net assets and increased cash balances. Given the Company's need for income we still consider it appropriate to maintain our modest level of gearing, though it is kept under review.

Directors' Responsibility Statement

The Directors are responsible for preparing the half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements within the half-yearly financial report has been prepared in accordance with the statement "Half-Yearly Financial Reports" issued by the UK Accounting Standards Board;

- the Chairman's Statement (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last annual report that could so do).

Risk and Uncertainties

The Board has adopted a matrix of the key risks that affect its business. Like most other companies, the present economic conditions continue to represent the greatest challenge, and risk, to the Company. The principal risks associated with the Company are:

- Performance risk: A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds. The NAV performance relative to the Index and the underlying stock weightings in the portfolio against the Index weightings are monitored closely by the Board.
- Discount volatility: The Company's share price can trade at a discount to its underlying net asset value. The Company operates a share buyback programme which is reviewed on a continuing basis.
- Regulatory risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Chapter 4 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The

Chairman's Statement and Manager's Portfolio Review

Company's Directors believe that the Company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Outlook

In most countries around the world economic conditions either remain difficult or are getting tougher. That is the case for governments, consumers and companies. Sadly we have little expectation of that changing for the better any time soon. For companies where prospects are a little rosier, be that for those exposed to the faster growing parts of the developing world or for those that have more structural growth drivers, share price performance has been strong and valuations have grown increasingly demanding.

The Company has made much progress in recent times and in current conditions the focus on good quality companies is likely to remain critical, but it is also important to remain cognisant of the potential returns available and as such valuation will remain an increasingly important consideration. Rarely has the old Warren Buffett maxim that "price is what you pay and value is what you get" rung truer than it does today. Managing the fine line between comfort and complacency will be very important in the months ahead in securing an appropriate balance between compensation and risk for the Company's shareholders.

Rory Macnamara
Chairman
21 September 2012

Manager's Portfolio Review

We did not add any new companies to the portfolio during the half-year. The portfolio was concentrated further through the sale of the holdings in United Utilities and Daily Mail & General Trust. United Utilities was sold after strong absolute and relative performance stretched the valuation beyond a level we felt likely to offer us an acceptable return over the longer term. We also have fairly extensive existing holdings within similar types of business. Daily Mail was sold as we felt the risks involved in the restructuring of their traditional newspaper businesses outweighed the potential rewards of the transition to new media forms.

We reduced our position in Aviva where our concerns over operating performance and the strength of the balance sheet only grew over the half-year. Profits were taken after strong share price increases that had stretched the valuations of Rolls Royce and Wood Group. Provident Financial and Close Brothers were also trimmed as we looked to control our absolute exposures. We also completed the swap of our Royal Dutch Shell B shares for A shares to take advantage of the discount and implicitly higher yield.

We subscribed to capital raisings for what seemed sensible acquisitions by both Linde and GKN. Additions were made on weakness to Weir Group and Sage as investors fretted about Weir's exposure to US shale gas and the implications of weak southern European markets on Sage. In both cases we believe the strength of the business model and the diversity of earnings should hold the companies in good stead even in these quite difficult conditions. In the meantime we continued to build positions as opportunities arose in good quality companies such as BHP Billiton, Roche, Zurich Insurance Group and Unibail-Rodamco.

At this interim point it seems inappropriate to dwell too much on short-term performance but so far we have generally been quite fortunate in avoiding the worst of corporate profit warnings. Conditions though are far from easy for our businesses. Tesco and AstraZeneca stand out as two formerly highly rated companies struggling to reinvent themselves in the face of challenging market and industry conditions. The companies with difficulties, of which there will always be some in the portfolio, are the most demanding in terms of effort but are potentially the most rewarding. While we have no special insight into the fortunes of any of our investments we believe they have the requisite qualities to recover and currently trade at multiples that imply significant upside if they are successful.

If any hubris had been allowed to build because we held neither Barclays nor G4S and so avoided the share price falls that accompanied the LIBOR scandal and the Olympics, it was swiftly punctured by a rapid succession of corporate malfeasances in three companies we do hold. This began with GlaxoSmithKline's $3bn fine for illegal sales practices, was continued by HSBC's $1bn penalty for money laundering and ended with the dramatic share price fluctuations that afflicted Standard Chartered as it faced the potential loss of its US banking licence as a result of its involvement with Iranian money flows. The management of reputational and operational risks seems now certain to become an increasingly important focus, both for us as investors and for the senior executives of all quoted companies.

Jeremy Whitley & Ben Ritchie
Aberdeen Asset Managers Limited
21 September 2012

Investment Portfolio - Equities

As at 31 July 2012

Company	Sector	Market value £'000	Total assets %
British American Tobacco	Tobacco	21,132	5.5
GlaxoSmithKline	Pharmaceuticals & Biotechnology	20,559	5.4
Vodafone	Mobile Telecommunications	19,538	5.1
Royal Dutch Shell	Oil & Gas Producers	19,452	5.1
Centrica	Gas, Water & Multi-utilities	18,370	4.8
Unilever	Food Producers	15,258	4.0
HSBC Holdings	Banks	14,629	3.8
BHP Billiton	Mining	14,204	3.7
Tesco	Food & Drug Retailers	13,131	3.4
AstraZeneca	Pharmaceuticals & Biotechnology	12,334	3.2
Ten largest investments		**168,607**	**44.0**
BP	Oil & Gas Producers	12,067	3.1
National Grid	Gas, Water & Multi-utilities	11,555	3.0
Prudential	Life Insurance	11,430	3.0
ENI	Oil & Gas Producers	10,259	2.7
Pearson	Media	10,046	2.6
Unibail-Rodamco	Real Estate Investment Trusts	9,872	2.6
Standard Chartered	Banks	9,391	2.4
Total	Oil & Gas Producers	9,104	2.4
Roche	Pharmaceuticals & Biotechnology	8,391	2.2
Close Brothers	Financial Services	7,855	2.0
Twenty largest investments		**268,577**	**70.0**
Zurich Financial Services	Non-life Insurance	7,692	2.0
Provident Financial	Financial Services	7,266	1.9
Cobham	Aerospace & Defence	7,228	1.9
AMEC	Oil Equipment & Services	6,842	1.8
Sage	Software & Computer Services	6,601	1.7
Compass	Travel & Leisure	6,485	1.7
Rolls-Royce	Aerospace & Defence	6,285	1.6
Berendsen	Support Services	6,063	1.6
Morrison (Wm)	Food & Drug Retailers	5,879	1.5
Nestle	Food Producers	5,866	1.5
Thirty largest investments		**334,784**	**87.2**
John Wood	Oil Equipment & Services	5,679	1.5
GDF Suez	Gas, Water & Multi-utilities	5,659	1.5
Linde	Chemicals	4,759	1.2
Experian	Support Services	4,603	1.2
Aviva	Life Insurance	4,199	1.1
Whitbread	Travel & Leisure	4,080	1.1
Weir	Industrial Engineering	3,926	1.0
GKN	Automobiles & Parts	3,678	1.0
Associated British Foods	Food Producers	3,640	0.9
Croda	Chemicals	2,303	0.6
Total investments		**377,310**	**98.3**
Net current assets[A]		6,630	1.7
Total assets less current liabilities		**383,940**	**100.0**

[A]Before deduction of borrowings of £5,000,000.

Income Statement

	Six months ended 31 July 2012 (unaudited)			Six months ended 31 July 2011 (unaudited)			Year ended 31 January 2012 (audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains/(losses) on investments held at fair value	–	10,304	10,304	–	5,535	5,535	–	(4,394)	(4,394)
Currency gains/(losses)	–	79	79	–	(7)	(7)	–	(84)	(84)
Income (note 2)	11,729	–	11,729	10,977	–	10,977	19,173	–	19,173
Investment management fee	(278)	(416)	(694)	(288)	(432)	(720)	(560)	(840)	(1,400)
Administrative expenses	(407)	–	(407)	(410)	(2)	(412)	(788)	–	(788)
Net return before finance costs and taxation	11,044	9,967	21,011	10,279	5,094	15,373	17,825	(5,318)	12,507
Finance costs	(486)	(726)	(1,212)	(495)	(742)	(1,237)	(980)	(1,470)	(2,450)
Return on ordinary activities before taxation	10,558	9,241	19,799	9,784	4,352	14,136	16,845	(6,788)	10,057
Taxation (note 3)	(253)	–	(253)	(172)	–	(172)	(264)	–	(264)
Return on ordinary activities after taxation	**10,305**	**9,241**	**19,546**	**9,612**	**4,352**	**13,964**	**16,581**	**(6,788)**	**9,793**
Return per Ordinary share (pence)(note 5)	**6.84**	**6.13**	**12.97**	**6.38**	**2.89**	**9.27**	**11.00**	**(4.50)**	**6.50**

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

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

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

Balance Sheet

	Notes	As at 31 July 2012 (unaudited) £'000	As at 31 July 2011 (unaudited) £'000	As at 31 January 2012 (audited) £'000
Non-current assets				
Investments at fair value through profit or loss		377,310	378,691	370,711
Current assets				
Loans and receivables		1,561	1,834	2,887
Cash and short term deposits		6,386	6,058	3,890
		7,947	7,892	6,777
Creditors: amounts falling due within one year				
Bank loan		(5,000)	(5,000)	(5,000)
Other creditors		(1,317)	(1,988)	(2,702)
		(6,317)	(6,988)	(7,702)
Net current assets/(liabilities)		1,630	904	(925)
Total assets less current liabilities		378,940	379,595	369,786
Creditors: amounts falling due after more than one year				
Debenture stock		(28,513)	(28,500)	(28,506)
Net assets		**350,427**	**351,095**	**341,280**
Capital and reserves				
Called-up share capital		38,419	38,419	38,419
Share premium account		4,543	4,543	4,543
Capital redemption reserve		1,606	1,606	1,606
Capital reserve	7	284,370	286,269	275,129
Revenue reserve		21,489	20,258	21,583
Equity shareholders' funds		**350,427**	**351,095**	**341,280**
Adjusted net asset value per Ordinary share (pence)	8	**232.46**	**232.90**	**226.39**

Reconciliation of Movements in Shareholders' Funds

Six months ended 31 July 2012 (unaudited)

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2012		38,419	4,543	1,606	275,129	21,583	341,280
Return on ordinary activities after taxation		–	–	–	9,241	10,305	19,546
Dividends paid	4	–	–	–	–	(10,399)	(10,399)
Balance at 31 July 2012		**38,419**	**4,543**	**1,606**	**284,370**	**21,489**	**350,427**

Six months ended 31 July 2011 (unaudited)

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2011		38,419	4,543	1,606	281,917	20,442	346,927
Return on ordinary activities after taxation		–	–	–	4,352	9,612	13,964
Dividends paid	4	–	–	–	–	(9,796)	(9,796)
Balance at 31 July 2011		**38,419**	**4,543**	**1,606**	**286,269**	**20,258**	**351,095**

Year ended 31 January 2012 (audited)

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2011		38,419	4,543	1,606	281,917	20,442	346,927
Return on ordinary activities after taxation		–	–	–	(6,788)	16,581	9,793
Dividends paid	4	–	–	–	–	(15,440)	(15,440)
Balance at 31 January 2012		**38,419**	**4,543**	**1,606**	**275,129**	**21,583**	**341,280**

Cash Flow Statement

	Notes	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Net return on ordinary activities before finance costs and taxation		21,011	15,373	12,507
Adjustment for:				
(Gains)/losses on investments		(10,304)	(5,535)	4,394
Currency (gains)/losses		(79)	7	84
Increase in accrued income		(95)	(825)	(352)
(Increase)/decrease in other debtors		(163)	1,089	1,148
Increase in other creditors		162	647	188
Net cash inflow from operating activities		10,532	10,756	17,969
Servicing of finance				
Interest paid		(1,206)	(1,213)	(2,442)
Taxation				
Overseas withholding tax paid		(253)	(172)	(264)
Financial investment				
Purchases of investments		(30,720)	(30,313)	(67,638)
Sales of investments		34,463	19,371	54,357
Net cash inflow/(outflow) from financial investment		3,743	(10,942)	(13,281)
Equity dividends paid	4	(10,399)	(9,796)	(15,440)
Net cash inflow/(outflow) before use of liquid resources and financing		2,417	(11,367)	(13,458)
Net cash inflow from management of liquid resources		–	13,866	13,866
Net cash inflow before financing		2,417	2,499	408
Financing				
Drawdown of loans		–	5,000	–
Repayment of loans		–	(5,000)	–
Net cash inflow from financing		–	–	–
Increase in cash		**2,417**	**2,499**	**408**

Reconciliation of net cash flow to movements in net debt			
Increase in cash as above	2,417	2,499	408
Net change in liquid resources	–	(13,866)	(13,866)
Exchange movements	79	(7)	(84)
Non-cash movements	(7)	(7)	(13)
Movement in net debt in the period	2,489	(11,381)	(13,555)
Opening net debt	(29,616)	(16,061)	(16,061)
Closing net debt	**(27,127)**	**(27,442)**	**(29,616)**

Notes to the Accounts

1. **Accounting policies**

(a) **Basis of accounting**

The accounts have been prepared in accordance with applicable UK Accounting Standards, with pronouncements on half-yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

The half yearly financial statements have been prepared using the same accounting policies as the preceding annual accounts.

(b) **Dividends payable**

Dividends are recognised in the period in which they are paid.

(c) **Investments**

Investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE All-Share and most liquid AIM constituents. Gains or losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement.

(d) **Capital reserves**

Gains or losses on the realisation of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

(e) **Allocation of expenses**

Expenses are charged to capital when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect the investment management fee and relevant finance costs are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

(f) **Traded Options**

The Company may enter into certain derivatives (e.g. options). Option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value i.e. market value adjusted for the amortisation of transaction expenses. The premium received and fair value changes in the open position are recognised in the revenue column, losses realised on the exercise of the contracts are recorded in the capital column of the Income Statement.

In addition, the Company may enter into derivative contracts to manage market risk and gains or losses arising on such contracts are recorded in the capital column of the Income Statement.

2. Income	Six months ended 31 July 2012 £'000	Six months ended 31 July 2011 £'000	Year ended 31 January 2012 £'000
Income from investments			
UK listed – franked	7,908	7,953	13,693
UK listed – unfranked	–	134	144
Overseas listed	2,693	2,083	3,048
Bond interest listed	–	199	273
Scrip dividends	427	113	195
	11,028	10,482	17,353
Other income			
Interest from AAA rated money market funds	–	14	14
Deposit interest	1	–	2
Interest on VAT recovered	–	17	17
Income on derivatives	670	464	1,723
Income from stock lending	30	–	64
	701	495	1,820
Total income	**11,729**	**10,977**	**19,173**

3. Taxation	Six months ended 31 July 2012 £'000	Six months ended 31 July 2011 £'000	Year ended 31 January 2012 £'000
Withholding tax on income from foreign investments	**253**	**172**	**264**

4. Dividends	Six months ended 31 July 2012 £'000	Six months ended 31 July 2011 £'000	Year ended 31 January 2012 £'000
Interim dividend of 3.75p per share paid on 17 October 2011	–	–	5,651
Final dividend of 6.9p (2011 – 6.50p) per share paid on 23 May 2012	10,399	9,796	9,796
Refund of unclaimed dividends from previous periods	–	–	(7)
	10,399	**9,796**	**15,440**

An interim dividend of 2.5p was paid on 31 August 2012 to shareholders on the register on 10 August 2012. The ex dividend date was 8 August 2012. This dividend was the first paid in accordance with the quarterly cycle detailed in the 2012 annual accounts.

5. Return per Ordinary share	Six months ended 31 July 2012 p	Six months ended 31 July 2011 p	Year ended 31 January 2012 p
Revenue return	6.84	6.38	11.00
Capital return	6.13	2.89	(4.50)
Total return	**12.97**	**9.27**	**6.50**

The returns per share figures are based on the following:

	Six months ended 31 July 2012 £'000	Six months ended 31 July 2011 £'000	Year ended 31 January 2012 £'000
Revenue return	10,305	9,612	16,581
Capital return	9,241	4,352	(6,788)
Total return	**19,546**	**13,964**	**9,793**
Weighted average number of Ordinary shares in issue	**150,706,187**	**150,706,187**	**150,706,187**

6. Transaction costs

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

	Six months ended 31 July 2012 £'000	Six months ended 31 July 2011 £'000	Year ended 31 January 2012 £'000
Purchases	85	91	281
Sales	32	22	54
	117	**113**	**335**

7. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 July 2012 includes gains of £61,789,000 (31 July 2011 – gains of £69,183,000; 31 January 2012 – gains of £54,647,000) which relate to the revaluation of investments held at the reporting date.

8. Net asset value

Equity shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 4 'Capital Instruments'. The analysis of equity shareholders' funds on the face of the Balance Sheet does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the period end, adjusted to reflect the deduction of the Debenture Stock at par. A reconciliation between the two sets of figures is given below:

	As at 31 July 2012	As at 31 July 2011	As at 31 January 2012
Equity shareholders' funds	£350,427,000	£351,095,000	£341,280,000
Adjusted net assets	£350,340,000	£350,995,000	£341,186,000
Number of Ordinary shares in issue at the period end	150,706,187	150,706,187	150,706,187
Equity shareholders' funds per share	232.52p	232.97p	226.45p
Less: Unamortised Debenture Stock premium and issue expenses	(0.06p)	(0.07p)	(0.06p)
Adjusted net asset value per share	**232.46p**	**232.90p**	**226.39p**

9. Stock lending	Six months ended 31 July 2012 £'000	Six months ended 31 July 2011 £'000	Year ended 31 January 2012 £'000
Aggregate value of securities on loan at the period end	**8,142**	7,196	17,543
Maximum aggregate value of securities on loan during the period	**24,786**	7,196	19,220
Fee income from stock lending during the period	**30**	–	64

All stocks lent under these arrangements are fully secured against collateral. The value of the collateral held at 31 July 2012 was £8,734,000 (31 July 2011 – £7,569,000; 31 January 2012 – £19,625,000).

At 31 July 2012 the collateral comprised of government stocks and equities.

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed date.

Stock lending revenue is received for making the investments available to the borrower. In all cases the securities lent continue to be recognised on the balance sheet.

10. Called-up share capital

During the six months ended 31 July 2012 the Company did not repurchase any Ordinary shares (31 July 2011 – nil; year ended 31 January 2012 – nil).

11. Half Yearly Report

The financial information contained in this Half Yearly Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 31 July 2012 and 31 July 2011 has not been audited.

The information for the year ended 31 January 2012 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

The auditor has reviewed the financial information for the six months ended 31 July 2012 pursuant to the International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The report of the auditor is on page 14.

12. This Half-Yearly Report was approved by the Board on 21 September 2012.

Independent Review Report to Dunedin Income Growth Investment Trust PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2012 which comprises the Income Statement, Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the Statement Half-Yearly Financial Reports as issued by the UK Accounting Standards Board.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2012 is not prepared, in all material respects, in accordance with the Statement Half-Yearly Financial Reports as issued by the UK Accounting Standards Board and the DTR of the UK FSA.

Phil Merchant
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Edinburgh
21 September 2012

How to Invest in Dunedin Income Growth Investment Trust PLC

Direct

Investors can buy and sell shares in Dunedin Income Growth Investment Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan, Investment Trust ISA or ISA transfer.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Dunedin Income Growth Investment Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen's Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Dunedin Income Growth Investment Trust PLC can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £11,280 can be made in the tax year 2012/2013.

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

ISA Transfer

Investors can choose to transfer previous tax year investments to Aberdeen which can be invested in Dunedin Income Growth Investment Trust PLC while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

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

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

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

Company Information

If investors would like details of Dunedin Income Growth Investment Trust PLC or information on the Children's Plan, Share Plan, or ISA please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex, CM99 2DB or e-mail at inv.trusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk.

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:
Telephone: 0500 00 40 00
Email: aam@lit-request.com

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times, and other national newspapers.

How to Invest in Dunedin Income Growth Investment Trust PLC continued

For internet users, detailed data on Dunedin Income Growth Investment Trust PLC, including price, performance information and a monthly fact sheet is available from the Company's website (www.dunedinincomegrowth.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

Contact Details

For information on Dunedin Income Growth Investment Trust PLC and for any administrative queries relating to the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40
Email: inv.trusts@aberdeen-asset.com

For administrative queries relating to an existing shareholding in the Pension Plan, please contact:

Capita SIP Services
141 Castle Street
Salisbury
Wiltshire SP1 3TB
Telephone: 0800 13 70 79

Alternatively, if you have an administrative query which relates to a certificated holding, please contact the Registrar, as follows:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Telephone: 0871 384 2441
Fax: 0871 342 2100
Shareview Enquiry Line: 0871 384 2233
Textel/hard of hearing: 0871 384 2255
(Calls to the above Equiniti number will be charged at 8p per minute from a BT Landline, other providers' costs may vary. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday).
Tel International: (+44 121 415 7047)

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority.

Corporate Information

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John Carson
Catherine Claydon
Elisabeth Scott
Peter Wolton

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