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Dunedin Income Growth Investment Trust PLC

Half Yearly Report
for the 6 months ended 31 July 2011

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 2011	31 January 2011	% change
Total assets (£'000)[A]	**384,595**	380,420	+1.1
Total shareholders' funds (£'000)	**351,095**	346,927	+1.2
Net asset value per Ordinary share[B]	**232.9p**	230.1p	+1.2
Net asset value per Ordinary share[C]	**229.8p**	226.8p	+1.3
Share price per Ordinary share (mid)	**222.5p**	216.0p	+3.0
Discount to net asset value[CD]	**0.4%**	2.0%	

[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 2011	Year ended 31 January 2011
Net asset value per Ordinary share[F]	**+4.1%**	+19.6%
Share price per Ordinary share	**+6.0%**	+28.4%
FTSE All-Share Index	**+1.2%**	+18.1%

[E] Capital return plus net dividends reinvested.

[F] Debt at fair value.

Financial Calendar

21 September 2011	Announcement of unaudited interim results for the six months ended 31 July 2011
17 October 2011	Payment of interim dividend
31 January 2012	Financial year end
March 2012	Announcement of results for year ended 31 January 2012
23 May 2012	AGM in Dundee (12 noon)
May 2012	Payment of final dividend

Chairman's Statement

Review of the Period

The first half of our current financial year has been a challenging and turbulent one exacerbated by a series of violent events including the tragic Japanese tsunami and the uprisings of the "Arab Spring". As I commented in the latest Annual Report we suspected that this would be a year in which it would be harder for investors to make money and so it has proved to be, with the FTSE All-Share rising only slightly during the period to the end of July, up 1.2% on a total return basis. On this same (total return basis), which includes dividends paid out, the Company's NAV rose 4.1%. The discount on the Company's shares narrowed further from 2.0% at the beginning of the period, to 0.4% at the end of the period, resulting in a total return to shareholders over the period of 6.0%. At various points the shares have traded at a premium to NAV.

This report deals with the period to the end of July but shareholders will no doubt be aware that in the first week of August (and thus falling outwith our half year results) there was a major sell-off in all stock markets, to which your Company was not immune, with the share price falling at one point to 187.5p compared to the end July share price of 222.5p and the share price at the date of this report of 206p. Cash returns to shareholders from companies tend to lag operational performance and we have seen an encouraging trend over the period by way of increased dividends. This partly reflects companies starting to repatriate proceeds from the sharp rebound in profitability following the 2008 credit crisis. The Company's recurring revenue has increased by 18.9%, year on year, also supplemented by a modest increase in our option writing programme. We have also seen the income generated from overseas listed holdings more than double, largely as a result of shareholders agreeing to the widening of the Company's investment remit.

Notwithstanding the satisfactory growth in our income, the Board has chosen to maintain the interim dividend at 3.75p. With a significant amount of the expected income already booked for the current financial year we expect that underlying earnings will at least support the 10.25p dividend per share that was paid last year. In making its decision on the final dividend for this year, the Board will focus on the longer term outlook and what we consider to be a prudent and sustainable level of income generation that can be achieved from the Company's portfolio. Reflecting the demands from our shareholders for a more regular flow of income, we are examining the possibility of changing the cycle of dividend payments from the current semi-annual basis to more evenly spread quarterly distributions and we hope to introduce this for the forthcoming financial year following the payment of this year's final dividend on the existing basis.

Economic and Market Background

In economic terms in developed markets, the six months under review saw generally weak growth, continued high unemployment and elevated levels of inflation. As the half year progressed economic growth figures became progressively weaker, held back by a combination of turmoil in the Eurozone, disruption to global production caused by the Japanese tsunami and continued restrictions on availability of bank finance for trading companies.

Concern over the creditworthiness of European sovereigns grew. While the problems facing the likes of Ireland, Greece and Portugal - all relatively small economies - are well known, doubts started to emerge over the standing of some of the largest European economies, such as Italy and Spain. Recently, investors have begun to question the creditworthiness of the likes of Belgium and even France.

Policymakers struggled to get ahead of the problems in both the Eurozone and the United States. EU-wide bank stress tests conducted by the European Banking Authority were dismissed as largely irrelevant, given the modest write-downs applied. In July, the second Greek bailout, to the tune of €109 billion accompanied by private sector write-downs, failed to stem concerns as investors fretted that the European Financial Stability Fund was simply not big enough to cope with the potential problems. In the United States we witnessed an extended battle on Capitol Hill as the Democrats and Republicans dramatically failed to build a consensus behind deficit reduction measures and agreed to raise the federal debt ceiling only at the last feasible moment. Nonetheless, this agreement failed to prevent the United States losing its long held AAA status under Standard and Poor's.

Emerging markets continued to deliver relatively robust growth figures but are now struggling to manage the consequences of ultra loose monetary policy in the West, namely significant inflationary pressures and currency volatility. China also faces having to backtrack on some of its own substantial stimulus measures. Commodity prices soared in the earlier part of the period, with Brent Crude approaching the record prices of 2008, driven in part by the disruption in North Africa, but also by expectations of higher demand in emerging markets. Towards the end of the half year, though, these prices (with the exception of gold) began to fall as growth concerns emerged.

In the UK, growth remained weak, with second quarter GDP expanding just 0.2%, and inflation hovering stubbornly at almost double the Bank of England's target level. The coalition government has maintained its chosen path of prioritising spending cuts to reduce the budget deficit. As a result, growth is likely to be weak for some time but sterling and government borrowing capacity should be more robust than for many other western countries.

The principal area of positive news since the initial post-recession bounce in economic data has come from corporate performance. Profits have rebounded sharply, driven by aggressive cost cutting and some top line recovery. However, as we move through 2011, earnings growth momentum has begun to stall, with margins close to peak levels, weakening demand from governments and consumers, and rising inflationary cost pressures. Expectations from investors have also increased over the year and any disappointments in corporate performance have been treated harshly.

Gearing

The Company's potential gearing has decreased slightly over the period as a result of the increase in net assets. Valuing debt at par, potential gearing stood at 9.6% at 31 July 2011, down from 9.7% at 31 January 2011. On an equity gearing basis, taking debt at par and offsetting our holdings of bonds and cash, net indebtedness stood at 6.9%, up from 2.7% at the year end. This was due to both our disposal of some of the lower yielding bonds and the decision to use undrawn bank facilities, rather than cash, to back our option writing activities. Given undemanding equity valuations, the low cost of debt and the Company's need for income we still consider it appropriate to maintain our modest level of gearing, though it is kept under close review. At the period end we negotiated a new and improved 2-year bank facility from the Royal Bank of Scotland for £20 million which replaces our previous facility of the same size provided by Abbey National.

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 Sections 1158 to 1159 of the Corporation Tax Act 2010, 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 other leading international exchanges 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 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

It seems likely that investors face a very difficult environment, characterised by weak economic growth in the Western world and periods of extreme volatility. In the corporate world we have already started to see performance come under more pressure from input cost increases, currency fluctuations and weak demand from Western consumers. But, while there is much to concern us and potential problems abound, we do take heart from our investee companies, which are generally performing strongly at an operating level and whose valuations are modest and dividend yields attractive.

Much progress has been made over the past 18 months, not least in re-building our income account and we believe that, if we are entering yet another period of sustained market turbulence, then we do so in significantly better shape than we did in 2007/08. Volatile market conditions can provide opportunities to invest in very good companies at low valuations and to diversify income, thereby further improving the quality of the portfolio. Our Manager remains alert to such situations and has the liquidity available to allow further investment.

We continue to believe in the current market that our Manager's investment process, focusing on owning good quality companies with strong business models and robust balance sheets that can make progress and pay sustainable and growing dividends, remains the best way of both investing for the long term and generating a secure and growing dividend for our shareholders. Based on the current level of dividend and the share price at the time of writing, our shares offer a yield of 5%. It is noteworthy that the historic discount on the Company's shares has now narrowed to the point where they frequently trade at a premium, in part a reflection of the demand from investors for quality sources of income, but also a recognition of the solid progress which has been made by the Manager.

John Scott
Chairman
20 September 2011

Investment Portfolio - Equities

As at 31 July 2011

Company	Sector	Market value £'000	Total assets %
British American Tobacco	Tobacco	21,295	5.5
Royal Dutch Shell	Oil & Gas Producers	20,379	5.3
Vodafone	Mobile Telecommunications	18,404	4.8
GlaxoSmithKline	Pharmaceuticals & Biotechnology	18,032	4.7
Centrica	Gas, Water & Multi-utilities	16,624	4.3
BP	Oil & Gas Producers	13,088	3.4
National Grid	Gas, Water & Multi-utilities	12,586	3.3
AstraZeneca	Pharmaceuticals & Biotechnology	12,278	3.2
HSBC Holdings	Banks	11,664	3.0
Unilever	Food Producers	11,532	3.0
Ten largest investments		**155,882**	**40.5**
Aviva	Life Insurance	10,688	2.8
Provident Financial	Financial Services	10,613	2.7
ENI	Oil & Gas Producers	10,299	2.7
Standard Chartered	Banks	9,991	2.6
Close Brothers	Financial Services	9,925	2.6
BHP Billiton	Mining	9,899	2.6
Prudential	Life Insurance	9,757	2.5
Total	Oil & Gas Producers	9,194	2.4
Pearson	Media	9,040	2.3
Tesco	Food & Drug Retailers	8,927	2.3
Twenty largest investments		**254,215**	**66.0**
Rolls-Royce	Aerospace & Defence	7,700	2.0
Zurich Financial Services	Non Life Insurance	7,088	1.8
GDF Suez	Gas, Water & Multi-utilities	6,742	1.8
Land Securities	Real Estate Investment Trusts	6,643	1.7
Unibail-Rodamco	Real Estate Investment Trusts	5,984	1.6
GKN	Automobiles & Parts	5,957	1.5
Roche	Pharmaceuticals & Biotechnology	5,669	1.5
Berendsen	Support Services	5,627	1.5
AMEC	Oil Equipment & Services	5,597	1.5
Whitbread	Travel & Leisure	5,508	1.4
Thirty largest investments		**316,730**	**82.3**
Morrison (Wm)	Food & Drug Retailers	5,498	1.4
John Wood	Oil Equipment & Services	5,410	1.4
United Utilities	Gas, Water & Multi-utilities	5,267	1.4
Weir	Industrial Engineering	4,753	1.2
Linde	Chemicals	4,589	1.2
Nestlé	Food Producers	4,587	1.2
Cobham	Aerospace & Defence	4,563	1.2
Daily Mail & General Trust	Media	4,224	1.1
Associated British Foods	Food Producers	4,198	1.1
Mothercare	General Retailers	4,071	1.1
Forty largest investments		**363,890**	**94.6**
Rio Tinto	Mining	3,956	1.0
Compass	Travel & Leisure	3,780	1.0
Experian	Support Services	1,918	0.5
Sage	Software & Computer Services	1,825	0.5
Total equities		**375,369**	**97.6**

Investment Portfolio – Fixed Interest

As at 31 July 2011

Company	Market value £'000	Total assets %
Barclays Bank 14% Perp 31/12/49	1,705	0.4
Imperial Tobacco Finance 6.25% 04/12/18	569	0.2
Telecom Italia 7.375% 15/12/17	546	0.2
Wales & West Utilities Finance 6.75% 17/12/36	502	0.1
Total fixed interest	**3,322**	**0.9**
Total equities	**375,369**	**97.6**
Total investments	**378,691**	**98.5**
Net current assets[A]	**5,904**	**1.5**
Total assets	**384,595**	**100.0**

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

Income Statement

	Six months ended 31 July 2011 (unaudited)			Six months ended 31 July 2010 (unaudited)			Year ended 31 January 2011 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value	–	5,535	5,535	–	3,934	3,934	–	45,224	45,224
Currency losses	–	(7)	(7)	–	(65)	(65)	–	(125)	(125)
Income (note 2)	10,977	–	10,977	9,216	–	9,216	16,904	–	16,904
Investment management fee	(288)	(432)	(720)	(255)	(383)	(638)	(522)	(783)	(1,305)
VAT recoverable on investment management fees (note 3)	–	–	–	–	–	–	715	582	1,297
Administrative expenses	(410)	(2)	(412)	(391)	–	(391)	(740)	(2)	(742)
Net return before finance costs and taxation	10,279	5,094	15,373	8,570	3,486	12,056	16,357	44,896	61,253
Finance costs	(495)	(742)	(1,237)	(475)	(713)	(1,188)	(948)	(1,423)	(2,371)
Return on ordinary activities before taxation	9,784	4,352	14,136	8,095	2,773	10,868	15,409	43,473	58,882
Taxation (note 4)	(172)	–	(172)	(57)	–	(57)	(118)	–	(118)
Return on ordinary activities after taxation	**9,612**	**4,352**	**13,964**	**8,038**	**2,773**	**10,811**	**15,291**	**43,473**	**58,764**
Return per Ordinary share (pence)(note 6)	**6.38**	**2.89**	**9.27**	**5.33**	**1.84**	**7.17**	**10.15**	**28.85**	**39.00**

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 2011 (unaudited) £'000	As at 31 July 2010 (unaudited) £'000	As at 31 January 2011 (audited) £'000
Non-current assets				
Investments at fair value through profit or loss		378,691	325,797	361,864
Current assets				
Loans and receivables		1,834	1,952	2,098
AAA Money Market funds		–	5,137	13,866
Cash and short term deposits		6,058	6,048	3,566
		7,892	13,137	19,530
Creditors: amounts falling due within one year				
Bank loan		(5,000)	(5,000)	(5,000)
Other creditors		(1,988)	(829)	(974)
		(6,988)	(5,829)	(5,974)
Net current assets		904	7,308	13,556
Total assets less current liabilities		379,595	333,105	375,420
Creditors: amounts falling due after more than one year				
Debenture stock		(28,500)	(28,487)	(28,493)
Net assets		**351,095**	**304,618**	**346,927**
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	8	286,269	241,217	281,917
Revenue reserve		20,258	18,833	20,442
Equity shareholders' funds		**351,095**	**304,618**	**346,927**
Adjusted net asset value per Ordinary share (pence)	9	**232.90**	**202.06**	**230.13**

Reconciliation of Movements in Shareholders' Funds

Six months ended 31 July 2011 (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 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	5	–	–	–	–	(9,796)	(9,796)
Balance at 31 July 2011		**38,419**	**4,543**	**1,606**	**286,269**	**20,258**	**351,095**

Six months ended 31 July 2010 (unaudited)

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2010		38,419	4,543	1,606	238,444	20,591	303,603
Return on ordinary activities after taxation		–	–	–	2,773	8,038	10,811
Dividends paid	5	–	–	–	–	(9,796)	(9,796)
Balance at 31 July 2010		**38,419**	**4,543**	**1,606**	**241,217**	**18,833**	**304,618**

Year ended 31 January 2011 (audited)

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2010		38,419	4,543	1,606	238,444	20,591	303,603
Return on ordinary activities after taxation		–	–	–	43,473	15,291	58,764
Dividends paid	5	–	–	–	–	(15,440)	(15,440)
Balance at 31 January 2011		**38,419**	**4,543**	**1,606**	**281,917**	**20,442**	**346,927**

Cash Flow Statement

	Notes	Six months ended 31 July 2011 (unaudited) £'000	Six months ended 31 July 2010 (unaudited) £'000	Year ended 31 January 2011 (audited) £'000
Net return on ordinary activities before finance costs and taxation		15,373	12,056	61,253
Adjustment for:				
Gains on investments		(5,535)	(3,934)	(45,224)
Currency losses		7	65	125
(Increase)/decrease in accrued income		(825)	(1,010)	14
Decrease in other debtors		1,089	1,528	358
Increase in other creditors		647	71	211
Net cash inflow from operating activities		10,756	8,776	16,737
Servicing of finance				
Interest paid		(1,213)	(1,190)	(2,362)
Taxation				
Overseas withholding tax paid		(172)	(57)	(118)
Financial investment				
Purchases of investments		(30,313)	(32,309)	(57,300)
Sales of investments		19,371	39,374	69,588
Net cash (outflow)/inflow from financial investment		(10,942)	7,065	12,288
Equity dividends paid	5	(9,796)	(9,796)	(15,440)
Net cash (outflow)/inflow before use of liquid resources and financing		(11,367)	4,798	11,105
Net cash inflow/(outflow) from management of liquid resources		13,866	(2,751)	(11,480)
Net cash inflow/(outflow) before financing		2,499	2,047	(375)
Financing				
Drawdown of loans		5,000	5,000	5,000
Repayment of loans		(5,000)	(1,500)	(1,500)
Net cash inflow from financing		–	3,500	3,500
Increase in cash		**2,499**	**5,547**	**3,125**

Reconciliation of net cash flow to movements in net funds			
Increase in cash as above	2,499	5,547	3,125
Net change in liquid resources	(13,866)	2,751	11,480
Exchange movements	(7)	(65)	(125)
Movement in net funds in the period	(11,374)	8,233	14,480
Net funds at 1 February 2011	17,432	2,952	2,952
Net funds at 31 July 2011	**6,058**	**11,185**	**17,432**

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' issued in January 2009. 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 2011 £'000	Six months ended 31 July 2010 £'000	Year ended 31 January 2011 £'000
Income from investments			
UK listed – franked	7,953	7,455	11,964
UK listed – unfranked	134	146	302
Overseas listed	2,083	727	1,414
Bond interest listed	199	289	502
Scrip dividends	113	106	182
	10,482	8,723	14,364
Other income			
Interest from AAA rated money market funds	14	11	40
Interest on VAT recovered	17	–	1,121
Income on derivatives	464	444	1,277
Underwriting commission	–	38	102
	495	493	2,540
Total income	**10,977**	**9,216**	**16,904**

3. VAT on investment management fees

On 5 November 2007, the European Court of Justice ruled that management fees on investment trusts should be exempt from VAT. HMRC announced its intention not to appeal against this ruling to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company have now been processed by HMRC.

The VAT charged on the investment management fees has been refunded in stages. An amount of £1,020,000 relating to the period 1 January 2004 to 31 October 2007 was recognised in the financial statements for the year ended 31 January 2009 and an amount of £573,000 relating to the period 1 January 2001 to 31 December 2003 was recognised in the financial statements for the year ended 31 January 2010. Further amounts of £1,095,000 representing all VAT charged on investment management fees for the period 1 January 1990 to 4 December 1996 and £202,000 for the period 1 January 2001 to 31 December 2003 were received and reflected in the financial statements for the year ended 31 January 2011. The refunds have been allocated to revenue and capital in line with the accounting policy of the Company for the periods in which the VAT was charged.

In addition, an amount of £1,121,000 in respect of interest on the above settled claims was included in the financial statements for the year ended 31 January 2011. A further £17,000 of interest has been received in the current period. Both amounts were credited wholly to revenue.

4. Taxation	Six months ended 31 July 2011 £'000	Six months ended 31 July 2010 £'000	Year ended 31 January 2011 £'000
Withholding tax on income from foreign investments	**172**	**57**	**118**

5. Dividends	Six months ended 31 July 2011 £'000	Six months ended 31 July 2010 £'000	Year ended 31 January 2011 £'000
Interim dividend of 3.75p per share paid on 8 October 2010	–	–	5,651
Final dividend of 6.50p (2010 – 6.50p) per share paid on 25 May 2011	9,796	9,796	9,796
Refund of unclaimed dividends from previous periods	–	–	(7)
	9,796	**9,796**	**15,440**

An interim dividend of 3.75p (2010 – 3.75p) will be paid on 17 October 2011 to shareholders on the register on 30 September 2011. The ex dividend date is 28 September 2011.

6. Return per Ordinary share	Six months ended 31 July 2011 p	Six months ended 31 July 2010 p	Year ended 31 January 2011 p
Revenue return	6.38	5.33	10.15
Capital return	2.89	1.84	28.85
Total return	**9.27**	**7.17**	**39.00**

The returns per share figures are based on the following:

	Six months ended 31 July 2011 £'000	Six months ended 31 July 2010 £'000	Year ended 31 January 2011 £'000
Revenue return	9,612	8,038	15,291
Capital return	4,352	2,773	43,473
Total return	**13,964**	**10,811**	**58,764**
Weighted average number of Ordinary shares in issue	**150,706,187**	**150,706,187**	**150,706,187**

7. 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 2011 £'000	Six months ended 31 July 2010 £'000	Year ended 31 January 2011 £'000
Purchases	91	151	248
Sales	22	50	68
	113	**201**	**316**

Notes to the Accounts continued

8. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 July 2011 includes gains of £69,183,000 (31 July 2010 – gains of £34,617,000; 31 January 2011 – gains of £66,528,000) which relate to the revaluation of investments held at the reporting date.

9. 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 2011	As at 31 July 2010	As at 31 January 2011
Equity shareholders' funds	£351,095,000	£304,618,000	£346,927,000
Adjusted net assets	£350,995,000	£304,505,000	£346,820,000
Number of Ordinary shares in issue at the period end	150,706,187	150,706,187	150,706,187
Equity shareholders' funds per share	232.97p	202.13p	230.20p
Less: Unamortised Debenture Stock premium and issue expenses	(0.07p)	(0.07p)	(0.07p)
Adjusted net asset value per share	**232.90p**	**202.06p**	**230.13p**

10. Stock lending	Six months ended 31 July 2011 £'000	Six months ended 31 July 2010 £'000	Year ended 31 January 2011 £'000
Aggregate value of securities on loan at the period end	7,196	–	–
Maximum aggregate value of securities on loan during the period	7,196	–	–
Fee income(gross) from stock lending during the period	–	–	–

All stocks lent under these arrangements are fully secured against collateral. The value of the collateral held at 31 July 2011 was £7,569,000 (31 July 2010 – nil; 31 January 2011 – nil).

11. Called-up share capital

During the six months ended 31 July 2011 the Company did not repurchase any Ordinary shares (31 July 2010 – nil; year ended 31 January 2011 – nil).

12. Subsequent events

Since the period end, equity markets have fallen, with share prices in the UK and Europe being particularly affected. On a total return basis the NAV (with debt at fair value) has fallen by 9.49% and the FTSE All-Share Index has fallen by 9.15% in the period 31 July 2011 to 19 September 2011.

13. 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 2011 and 31 July 2010 has not been audited.

The information for the year ended 31 January 2011 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

The auditors have reviewed the financial information for the six months ended 31 July 2011 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 auditors is on page 16.

14. This Half-Yearly Report was approved by the Board on 20 September 2011.

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 2011 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 2011 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.

Gareth Horner
For and on behalf of KPMG Audit Plc
Chartered Accountants
Edinburgh
20 September 2011

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 £10,680 can be made in the tax year 2011/2012.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can 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 six monthly and deducted from income. 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, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP 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.

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.

How to Invest in Dunedin Income Growth Investment Trust PLC continued

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
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP
Telephone: 0500 00 00 40

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 2020
Textel/hard of hearing: 0871 384 2255
(Calls to the above Equiniti numbers will be charged at 8p per minute from a BT Landline. Other telephony providers' costs may vary)
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
Rory Macnamara
Peter Wolton

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Aberdeen