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Dunedin Income Growth Investment Trust PLC

Half Yearly Report
for the 6 months ended 31 July 2010

Aberdeen

Contents

Objective

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

Highlights and Financial Calendar

Financial Highlights

	31 July 2010	31 January 2010	% change
Total assets (£'000)[A]	**338,105**	333,583	+1.4
Total shareholders' funds (£'000)	**304,618**	303,603	+0.3
Net asset value per Ordinary share[B]	**202.1p**	201.4p	+0.3
Net asset value per Ordinary share[C]	**199.5p**	198.8p	+0.4
Share price per Ordinary share (mid)	**192.0p**	177.0p	+8.5
Discount to net asset value[CD]	**1.1%**	9.0%	

[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 2010	Year ended 31 January 2010
Net asset value per Ordinary share[F]	**+3.4%**	+33.4%
Net asset value per Ordinary share[G]	**+3.4%**	+34.9%
Share price per Ordinary share	**+12.1%**	+33.8%
FTSE All-Share Index	**+4.0%**	+33.2%

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

Financial Calendar

22 September 2010	Announcement of unaudited interim results for the six months ended 31 July 2010
8 October 2010	Payment of interim dividend
31 January 2011	Financial year end
March 2011	Announcement of results for year ended 31 January 2011
23 May 2011	AGM in Edinburgh (12 noon)
May 2011	Payment of final dividend

Chairman's Statement

Review of the Period

After the strong recovery in stock markets during most of 2009, the first half of the financial year to 31 January 2011 has been a period of considerable volatility. Investor focus has swung between deep concern over the state of sovereign finances, especially in Southern Europe, and markedly improving corporate profit performances and generally positive economic data. Against this challenging backdrop, the Company broadly matched the small rise in the FTSE All-Share on a gross assets basis, but slightly lagged on a net asset basis. The discount on the Company's shares narrowed from 9.0% at 31 January 2010 to just 1.1% at 31 July 2010, contributing to a total return to shareholders of 12.1% over the period.

As the global economy has recovered, so has corporate profitability and with it the confidence and ability of companies to pay dividends. This has been the main factor that has driven revenue per share up by 3% year on year, from 5.16p to 5.33p pence per share. This increase would have been closer to 6% had BP not been forced to cancel its first quarter dividend as a result of the Macondo well disaster. As stated in the Annual Report, the Board intends to maintain its dividend for the financial year to 31 January 2011 at a level of 10.25p per share, assuming no further significant changes to circumstances, and plans to use revenue reserves to make up any shortfall in earnings. To this end the Board is declaring an unchanged interim dividend payment of 3.75p.

Economic and Market Background

The period under review was a turbulent one with stock markets struggling for direction as surging corporate profits met rising concerns over the sustainability of the underlying global economic recovery. The principal volatility was driven during April and early May by heightened worries over the state of sovereign finances in a number of European states, especially Greece. The bonds of many Southern European countries saw their spreads expand significantly over German bunds, the Euro weakened sharply against major currencies and tensions rose in the already fragile Eurozone interbank market. The IMF and ECB announced a €110bn rescue plan for the Greek economy followed a week later by a further substantial €720bn intervention providing support for Eurozone government debt issuance, bank refinancing and providing dollar denominated liquidity. This package, combined with government commitments to deficit reduction, has so far been successful in offering some stability to financial markets. During much of this time the UK, despite the uncertainty provided by the general election and subsequent formation of a coalition government, was seen as a relative safe haven with its flexible currency and better than expected GDP performance in the second quarter. The picture, though, remains very mixed and towards the end of the period signs began to emerge that the US recovery may be running out of steam as car and home subsidies expire and that Chinese growth might be beginning to slow as the government withdraws its exceptional stimulus measures.

At a company level there has generally been a strong rebound in profitability driven by rising revenues and the benefits of the extensive cost cutting and balance sheet strengthening undertaken during the crisis period. Some companies have increased their dividends, whilst others that had passed them during the depths of the recession have now returned to the dividend list. As corporate confidence has begun to recover we have also started to witness an increased appetite for M&A with the Company benefiting from approaches for a number of its holdings including Chloride and Arriva.

The disaster at BP's Macondo well has been extensively covered and the impact on Dunedin Income Growth Investment Trust ("DIGIT") has been material, resulting in a significant capital loss and the disappearance of around £750,000 of revenue (equivalent to 0.5p per share) in this financial year. This is despite the fact that steps were taken to reduce our exposure to both BP and Royal Dutch Shell, whose weightings within our benchmark index, the FTSE All-Share Index, had risen to some 8% apiece; BP alone contributed 13% of the income in this index prior to the disaster. In 2006 the Company amended its investment policy to hold in its portfolio up to 10% of shares listed outside the UK. This allowed the Manager to reduce our holdings in the two UK oil majors. The Company maintained its exposure to the oil sector by initiating investments in Total (France) and ENI (Italy). Without such action the impact on DIGIT of the Macondo disaster would have been significantly greater.

The Board has recently been discussing the merits of further increasing the non UK limit to 20% and intends to put an appropriate resolution to shareholders in the near future.

Treasury Shares

The discount to NAV at which our shares trade narrowed during the period, from 9.0% to 1.1%. We have not bought back any shares during the period, as the discount has been sufficiently narrow as not to offer tangible benefit for continuing shareholders. Shares bought back in previous years are initially held in treasury and the level of this treasury shareholding is reviewed annually.

Gearing

The Company's gearing has increased slightly over the period as a result of the Manager drawing down the outstanding £3.5m of our bank facility, offset slightly by the modest rise in net asset value. The rationale was driven by a reluctance to sell stocks at a weak moment in markets in order to pay the final dividend. Valuing debt at par, gearing stood at 11.0% at 31 July 2010, up from 9.9% at 31 January 2010 though on an equity gearing basis taking debt at par and offsetting our holdings of bonds and cash, net indebtedness stood at 4.5%, down from 6.2% at the year end. Given relatively low equity valuations 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.

Over the period the Company negotiated a new and improved bank facility with Abbey National Treasury Services plc.

Outlook

The global economy faces some significant challenges. In the United States the recovery remains fragile and unconvincing, while the sheer quantum of debt has yet to be addressed. In much of Europe, while disaster may have been averted for now, the painful and politically unpalatable reality of fiscal responsibility must now be undertaken and countries which have been living beyond their means for many years must now adjust to the new reality of economic austerity. The outlook is undoubtedly brighter in many emerging markets, but question marks still linger over the solidity of the Chinese economic engine that underpins much of their growth. Amidst the global turbulence, the UK economy has recovered more strongly than expected but now faces the impact of the new government's substantial budget reductions which are certain to put pressure on near term economic forecasts. However, it is to be hoped in the longer term these may do much to enhance both our fiscal credibility and capacity for future growth.

As investors in companies rather than economies, we believe that the Manager has assembled a portfolio of good quality companies that have substantial international breadth to their revenues. We expect that the most likely outcome is neither inflationary overshoot nor a deflationary downward spiral but that we will continue to travel down the bumpy middle road of muted growth interspersed by the occasional setback. In this environment we expect that the kind of businesses that our Company owns, namely having strong market positions, access to structural rather than cyclical growth and with robust balance sheets and cash flows, will be relatively well positioned.

The trend for dividend growth from our holdings has so far been stronger than we expected (BP aside) and the Company retains a useful level of revenue reserves. The Manager has continued to take steps to enhance the quality and breadth of the Company's income generating capacity, expanding our international holdings and increasing our use of option writing. The Board will comment on dividend policy for 2011/12 when it releases the results for the current financial year. This will depend on the outturn for income generation from our investments over the second half of this year and their prospects thereafter.

John Scott
Chairman
21 September 2010

Investment Portfolio - Equities

As at 31 July 2010

Company	FTSE All-Share Index Sector	Market value £'000	Total assets %
British American Tobacco	Tobacco	16,016	4.7
Vodafone	Mobile Telecommunications	15,916	4.7
Centrica	Gas, Water & Multi-utilities	15,727	4.7
Royal Dutch Shell	Oil & Gas Producers	15,283	4.5
AstraZeneca	Pharmaceuticals & Biotechnology	13,373	4.0
HSBC	Banks	13,211	3.9
GlaxoSmithKline	Pharmaceuticals & Biotechnology	12,777	3.8
BP	Oil & Gas Producers	11,525	3.4
National Grid	Gas, Water & Multi-utilities	10,741	3.2
Standard Chartered	Banks	10,499	3.1
Ten largest investments		**135,068**	**40.0**
Aviva	Life Insurance	9,964	2.9
BHP Billiton	Mining	9,533	2.8
Prudential	Life Insurance	9,510	2.8
Provident Financial	Financial Services	8,404	2.5
Unilever	Food Producers	7,570	2.2
Close Brothers	Financial Services	7,425	2.2
Rolls Royce	Aerospace & Defence	6,844	2.0
Land Securities	Real Estate Investment Trusts	6,805	2.0
Total	Oil & Gas Producers	6,795	2.0
AMEC	Oil Equipment & Services	6,722	2.0
Twenty largest investments		**214,640**	**63.4**
ENI	Oil & Gas Producers	6,709	2.0
Tesco	Food & Drug Retailers	6,454	1.9
Rio Tinto	Mining	6,047	1.8
Whitbread	Travel & Leisure	5,998	1.8
Cobham	Aerospace & Defence	5,320	1.6
John Wood	Oil Equipment & Services	5,133	1.5
Morrison (Wm)	Food & Drug Retailers	5,008	1.5
Pearson	Media	4,997	1.5
Associated British Foods	Food Producers	4,714	1.4
Millennium & Copthorne	Travel & Leisure	4,590	1.4
Thirty largest investments		**269,610**	**79.8**
Weir	Industrial Engineering	4,575	1.4
Roche	Pharmaceuticals & Biotechnology	4,280	1.3
United Utilities	Gas, Water & Multi-utilities	4,183	1.2
Daily Mail & General Trust	Media	4,147	1.2
Mothercare	General Retailers	3,863	1.1
Davis Service	Support Services	3,740	1.1
GKN	Automobiles & Parts	3,648	1.1
Linde	Chemicals	3,145	0.9
McBride	Household Goods & Home Construction	2,812	0.8
XP Power	Electronic & Electrical Equipment	2,652	0.8
Forty largest investments		**306,655**	**90.7**
Persimmon	Household Goods & Home Construction	2,595	0.8
GDF Suez	Gas, Water & Multi-utilities	2,586	0.8
Zurich	Non life Insurance	2,374	0.7
Chaucer	Non life Insurance	1,619	0.5
Holidaybreak	Travel & Leisure	1,313	0.4
Total equities		**317,142**	**93.9**

Investment Portfolio – Fixed Interest

As at 31 July 2010

Company	Market value £'000	Total assets %
Barclays Bank 14% 15/06/49	1,819	0.5
Xstrata Finance Canada Corp 7.375% 27/05/20	615	0.2
BSkyB Finance UK Ltd 5.75% 20/10/17	604	0.2
Motability Operations Group 6.625% 10/12/19	576	0.2
Safeway 6.00% 10/01/17	565	0.2
Telecom Italia 7.375% 15/12/17	561	0.2
Scottish Power 8.75% 20/02/17	554	0.2
Imperial Tobacco Finance 6.25% 04/12/18	548	0.2
ENI Coordination Center 5% 27/01/19	530	0.1
Land Securities 4.875% 07/11/19	523	0.1
Vodafone 8.125% 26/11/18	494	0.1
Wales & West Utilities Finance 6.75% 17/12/36	481	0.1
Telefonica Emisiones SAU 5.375% 02/02/18	465	0.1
RWE Finance 5.5% 06/07/22	320	0.1
Total fixed interest	**8,655**	**2.5**
Total equities	**317,142**	**93.9**
Total investments	**325,797**	**96.4**
Net current assets[A]	**12,308**	**3.6**
Total assets	**338,105**	**100.0**

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

Income Statement

	Six months ended 31 July 2010 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 31 July 2009 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 January 2010 (audited) Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value	–	3,934	3,934	–	23,543	23,543	–	66,718	66,718
Currency (losses)/gains	–	(65)	(65)	–	31	31	–	31	31
Income (note 2)	9,216	–	9,216	8,937	–	8,937	14,251	–	14,251
Investment management fee	(255)	(383)	(638)	(203)	(305)	(508)	(447)	(671)	(1,118)
VAT recoverable on investment management fees	–	–	–	–	–	–	172	401	573
Administrative expenses	(391)	–	(391)	(439)	–	(439)	(893)	–	(893)
Net return before finance costs and taxation	8,570	3,486	12,056	8,295	23,269	31,564	13,083	66,479	79,562
Finance costs	(475)	(713)	(1,188)	(468)	(703)	(1,171)	(955)	(1,433)	(2,388)
Return on ordinary activities before taxation	8,095	2,773	10,868	7,827	22,566	30,393	12,128	65,046	77,174
Taxation (note 3)	(57)	–	(57)	(55)	–	(55)	(83)	–	(83)
Return on ordinary activities after taxation	**8,038**	**2,773**	**10,811**	**7,772**	**22,566**	**30,338**	**12,045**	**65,046**	**77,091**
Return per Ordinary share (pence)(note 5)	**5.33**	**1.84**	**7.17**	**5.16**	**14.97**	**20.13**	**7.99**	**43.16**	**51.15**

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 2010 (unaudited) £'000	As at 31 July 2009 (unaudited) £'000	As at 31 January 2010 (audited) £'000
Non-current assets				
Investments at fair value through profit or loss		325,797	285,430	328,928
Current assets				
Loans and receivables		1,952	4,501	2,470
AAA Money Market funds		5,137	–	2,386
Cash and short term deposits		6,048	3,250	566
		13,137	7,751	5,422
Creditors: amounts falling due within one year				
Bank loan		(5,000)	(1,500)	(1,500)
Other creditors		(829)	(710)	(767)
		(5,829)	(2,210)	(2,267)
Net current assets		7,308	5,541	3,155
Total assets less current liabilities		333,105	290,971	332,083
Creditors: amounts falling due after more than one year				
Debenture stock		(28,487)	(28,474)	(28,480)
Net assets		**304,618**	**262,497**	**303,603**
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	241,217	195,964	238,444
Revenue reserve		18,833	21,965	20,591
Equity shareholders' funds		**304,618**	**262,497**	**303,603**
Adjusted net asset value per Ordinary share (pence)	8	**202.06**	**174.10**	**201.37**

Reconciliation of Movements in Shareholders' Funds

Six months ended 31 July 2010 (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 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	4	–	–	–	–	(9,796)	(9,796)
Balance at 31 July 2010		**38,419**	**4,543**	**1,606**	**241,217**	**18,833**	**304,618**

Six months ended 31 July 2009 (unaudited)

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2009		38,419	4,543	1,606	173,398	23,978	241,944
Return on ordinary activities after taxation		–	–	–	22,566	7,772	30,338
Dividends paid	4	–	–	–	–	(9,785)	(9,785)
Balance at 31 July 2009		**38,419**	**4,543**	**1,606**	**195,964**	**21,965**	**262,497**

Year ended 31 January 2010 (audited)

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2009		38,419	4,543	1,606	173,398	23,978	241,944
Return on ordinary activities after taxation		–	–	–	65,046	12,045	77,091
Dividends paid	4	–	–	–	–	(15,432)	(15,432)
Balance at 31 January 2010		**38,419**	**4,543**	**1,606**	**238,444**	**20,591**	**303,603**

Cash Flow Statement

	Notes	Six months ended 31 July 2010 (unaudited) £'000	Six months ended 31 July 2009 (unaudited) £'000	Year ended 31 January 2010 (audited) £'000
Net return on ordinary activities before finance costs and taxation		12,056	31,564	79,562
Adjustment for:				
Gains on investments		(3,934)	(23,543)	(66,718)
Currency losses/(gains)		65	(31)	(31)
(Increase)/decrease in accrued income		(1,010)	(551)	260
Decrease/(increase) in other debtors		1,528	(48)	(542)
Increase/(decrease) in other debtors		71	(74)	14
Net cash inflow from operating activities		8,776	7,317	12,545
Servicing of finance				
Interest paid		(1,190)	(1,157)	(2,366)
Taxation				
Overseas withholding tax paid		(57)	(55)	(83)
Financial investment				
Purchases of investments		(32,309)	(31,027)	(56,446)
Sales of investments		39,374	43,227	70,004
Net cash inflow from financial investment		7,065	12,200	13,558
Equity dividends paid	4	(9,796)	(9,785)	(15,432)
Net cash inflow before use of liquid resources and financing		4,798	8,520	8,222
Net cash outflow from management of liquid resources		(2,751)	–	(2,386)
Net cash inflow before financing		2,047	8,520	5,836
Financing				
Drawdown of loans		5,000	–	–
Repayment of loans		(1,500)	(10,500)	(10,500)
Net cash inflow/(outflow) from financing		3,500	(10,500)	(10,500)
Increase/(decrease) in cash		**5,547**	**(1,980)**	**(4,664)**
Reconciliation of net cash flow to movements in net funds				
Increase/(decrease) in cash as above		5,547	(1,980)	(4,664)
Net change in liquid resources		2,751	–	2,386
Exchange movements		(65)	31	31
Movement in net funds in the period		8,233	(1,949)	(2,247)
Net funds at 1 February 2010		2,952	5,199	5,199
Net funds at 31 July 2010		**11,185**	**3,250**	**2,952**

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 2010 £'000	Six months ended 31 July 2009 £'000	Year ended 31 January 2010 £'000
	Income from investments			
	UK listed – franked	7,455	7,288	11,622
	UK listed – unfranked	146	188	300
	Overseas listed	727	657	1,060
	Bond interest listed	289	222	513
	Scrip dividends	106	123	205
		8,723	8,478	13,700
	Other income			
	Interest from AAA rated money market funds	11	–	–
	Deposit interest	–	3	3
	Income on derivatives	444	320	409
	Income from stocklending	–	–	(3)
	Underwriting commission	38	136	142
		493	459	551
	Total income	**9,216**	**8,937**	**14,251**

3.	Taxation	Six months ended 31 July 2010 £'000	Six months ended 31 July 2009 £'000	Year ended 31 January 2010 £'000
	Withholding tax on income from foreign investments	57	55	83

4.	Dividends	Six months ended 31 July 2010 £'000	Six months ended 31 July 2009 £'000	Year ended 31 January 2010 £'000
	Interim dividend of 3.75p per share	–	–	5,651
	Final dividend of 6.50p (2009 – 6.50p) per share paid on 21 May 2010	9,796	9,796	9,796
	Refund of unclaimed dividends from previous periods	–	(11)	(15)
		9,796	**9,785**	**15,432**

An interim dividend of 3.75p (2009 – 3.75p) will be paid on 8 October 2010 to shareholders on the register on 1 October 2010. The ex dividend date is 29 September 2010.

5.	Return per Ordinary share	Six months ended 31 July 2010 p	Six months ended 31 July 2009 p	Year ended 31 January 2010 p
	Revenue return	5.33	5.16	7.99
	Capital return	1.84	14.97	43.16
	Total return	**7.17**	**20.13**	**51.15**

The returns per share figures are based on the following:

	Six months ended 31 July 2010 £'000	Six months ended 31 July 2009 £'000	Year ended 31 January 2010 £'000
Revenue return	8,038	7,772	12,045
Capital return	2,773	22,566	65,046
Total return	**10,811**	**30,338**	**77,091**
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 2010 £'000	Six months ended 31 July 2009 £'000	Year ended 31 January 2010 £'000
Purchases	151	89	241
Sales	50	43	73
	201	**132**	**314**

7. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 July 2010 includes gains of £34,617,000 (31 July 2009 – losses of £15,054,000; 31 January 2010 – gains of £31,182,000) 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 2010	As at 31 July 2009	As at 31 January 2010
Equity shareholders' funds	£304,618,000	£262,497,000	£303,603,000
Adjusted net assets	£304,505,000	£262,371,000	£303,483,000
Number of Ordinary shares in issue at the period end	150,706,187	150,706,187	150,706,187
Equity shareholders' funds per share	202.13p	174.18p	201.45p
Less: Unamortised Debenture Stock premium and issue expenses	(0.07p)	(0.08p)	(0.08p)
Adjusted net asset value per share	**202.06p**	**174.10p**	**201.37p**

9. Contingencies, commitments and post Balance Sheet events

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT.

The Manager is at present awaiting HMRC's confirmation of the amounts to be received for the period from 1990 to 2007. In light of this, the Manager has refunded £1,020,000 to the Company for VAT charged on investment management fees for the period 1 January 2004 to 31 October 2007 and this was included in the financial statements for the year to 31 January 2009.

The Manager has also refunded £573,000 for VAT charged on investment management fees for the period 1 January 2001 to 31 December 2003 and this amount was included in the financial statements for the year ended 31 January 2010. These repayments, which exclude interest, were allocated to revenue and capital in line with the accounting policy of the Company for the periods in which the VAT was charged.

The timing of the outstanding repayments plus interest is not yet certain and once determined, will be split in accordance with the prevailing accounting policy, including any adjustments required for the payments made to account by the Manager for the periods 2001 to 2007.

There are no material commitments or post Balance Sheet events which require disclosure.

10. Called-up share capital

During the six months ended 31 July 2010 the Company did not repurchase any Ordinary shares (31 July 2009 – nil; year ended 31 January 2010 – 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 2010 and 31 July 2009 has not been audited.

The information for the year ended 31 January 2010 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 2010 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 14.

12. This Half Yearly Report was approved by the Board on 21 September 2010.

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 2010 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 2010 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
21 September 2010

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 £10,200 can be made in the tax year 2010/2011.

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.

Trust 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 Trust'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 Us

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

Directors
John Scott, Chairman
John Carson
Rory Macnamara
Jean Matterson
Peter Wolton

Manager
Aberdeen Asset Managers Limited
7th Floor, 40 Princes Street,
Edinburgh EH2 2BY
Telephone: 0131-528 4000
Website: www.aberdeen-asset.com

Secretary & Registered Office
Aberdeen Asset Management PLC
7th Floor, 40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131-528 4000

Company Registration Number: SC00881

Registrars
Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0871 384 2441
(Calls to the above Equiniti number will be charged at 8p per minute from a BT landline. Other telephony providers' costs may vary).
Tel International: (+44 121 415 7047)

Stockbroker
J.P. Morgan Cazenove
10 Aldermanbury
London EC2V 7RF

Auditors
KPMG Audit Plc
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Website
www.dunedinincomegrowth.co.uk