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Dunedin Income Growth Investment Trust PLC

Annual Report and Accounts
31 January 2010

Aberdeen

Contents

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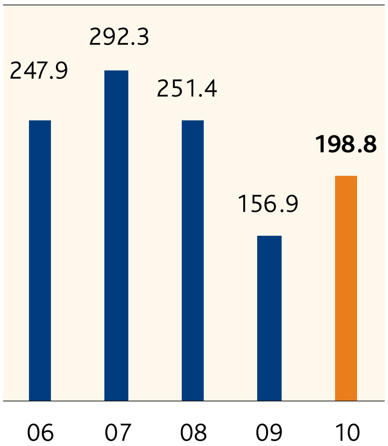
Financial Highlights

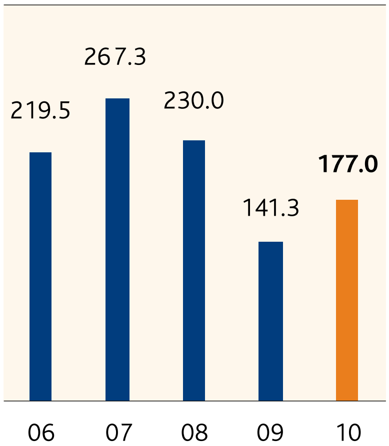
	2010	2009
Net asset value total return[A]	**+34.9%**	–34.7%
Share price total return	**+33.8%**	–35.5%
Dividend per share[B]	**10.25p**	10.25p

[A] With debt at market value
[B] Relating to the financial year

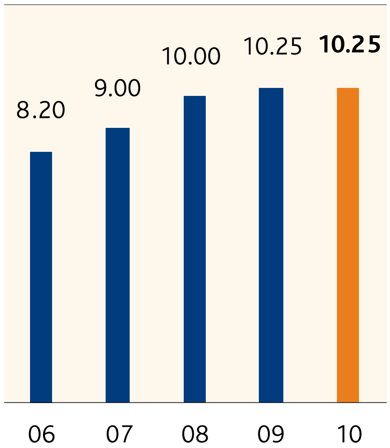
Net Asset Value per share with debt at market value
At 31 January 2010 – pence



Mid-market price per share
At 31 January 2010 - pence



Dividends per share
Year ending 31 January 2010 – pence



Financial Calendar

24 March 2010	Announcement of results for year ended 31 January 2010
19 May 2010	Annual General Meeting
21 May 2010	Payment of final dividend
20 September 2010	Expected announcement of interim results for six months ending 31 July 2010
8 October 2010	Payment of interim dividend

Results

Financial Highlights

	31 January 2010	31 January 2009	% change
Total assets (see page 54 for definition)	£333,583,000	£282,411,000	+18.1
Equity shareholders' funds[A]	£299,603,000	£236,446,000	+26.7
Equity shareholders' funds with debt valued at par	£303,603,000	£241,944,000	+25.5
Share price (mid)	177.00p	141.25p	+25.3
Net asset value per share[A]	198.80p	156.89p	+26.7
Net asset value per share with debt valued at par	201.37p	160.45p	+25.5
FTSE All-Share Index	2660.49	2078.92	+28.0
Discount[B] (difference between share price and net asset value)			
Discount where borrowings are deducted at market value	9.0%	5.2%	
Gearing (see page 54 for definition)			
Actual gearing ratio[A]	9.8%	15.3%	
Actual gearing ratio with debt valued at par	8.3%	12.8%	
Potential gearing ratio[A]	11.3%	19.4%	
Potential gearing ratio with debt valued at par	9.9%	16.8%	
Dividends and earnings			
Total return per share	51.15p	(84.12p)	
Revenue return per share	7.99p	11.72p	
Total dividend per share for the year	10.25p	10.25p	
Dividend cover	0.78	1.14	
Revenue reserves per share	13.66p	15.91p	
Operating costs			
Total expense ratio	0.78%	0.70%	

[A] Calculated by valuing the Company's debt at its market value.

[B] These discounts are lower than the numbers that derive from figures in the statutory accounts because they are calculated in accordance with AIC guidelines (capital only).

Performance

	1 year % return	3 year % return	5 year % return
Capital return			
Net asset value	+26.7%	–32.0%	–8.4%
FTSE All-Share Index	+28.0%	–17.2%	+9.0%
Share price	+25.3%	–33.8%	–6.6%
Total return (Capital return plus net dividends reinvested)			
Net asset value	+34.9%	–21.8%	+12.8%
FTSE All-Share Index	+33.2%	–7.2%	+30.2%
Share price	+33.8%	–23.2%	+16.8%

Source: Aberdeen / Factset

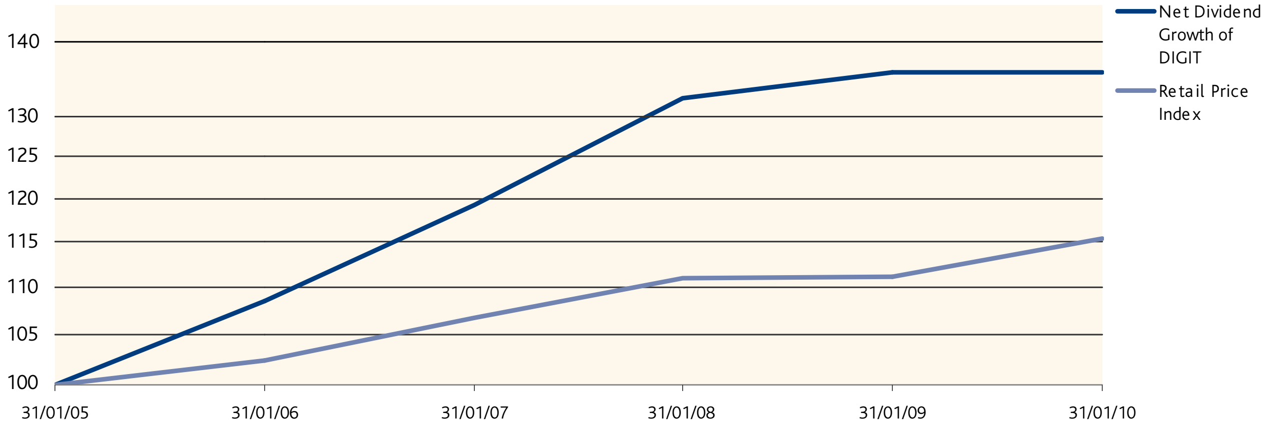
Dividends

Dividend	Rate	xd date	Record date	Payment date
Proposed final dividend 2010	6.50p	21 April 2010	23 April 2010	21 May 2010
Interim dividend 2010	3.75p	30 September 2009	2 October 2009	9 October 2009
Total dividend 2010	**10.25p**			

Dividend	Rate	xd date	Record date	Payment date
Final dividend 2009	6.50p	22 April 2009	24 April 2009	22 May 2009
Interim dividend 2009	3.75p	24 September 2008	26 September 2008	7 October 2008
Total dividend 2009	**10.25p**			

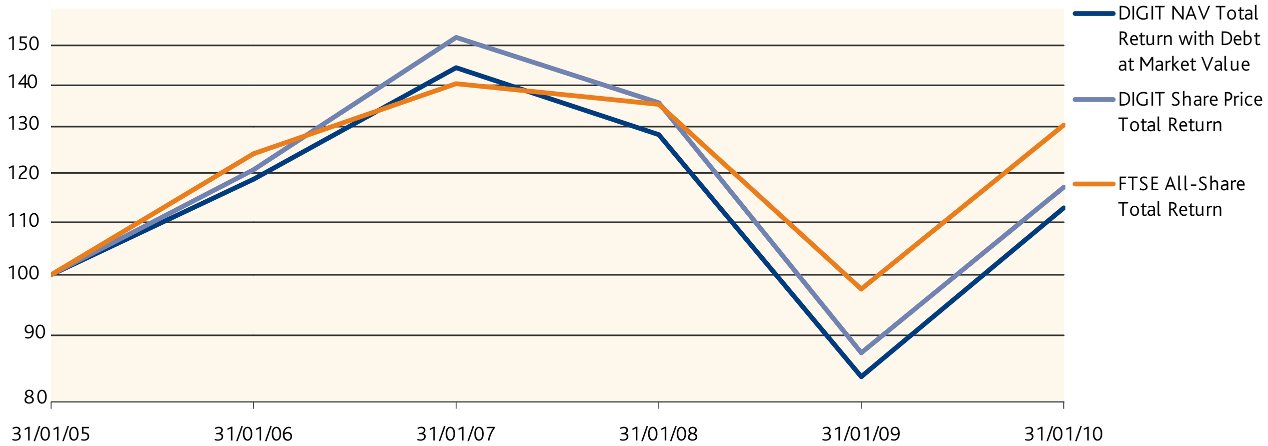
Performance

Comparison of Net Dividend Growth of Dunedin Income Growth Investment Trust (DIGIT) to RPI (figures rebased to 100) on a Logarithmic Scale - Five years ended 31 January 2010



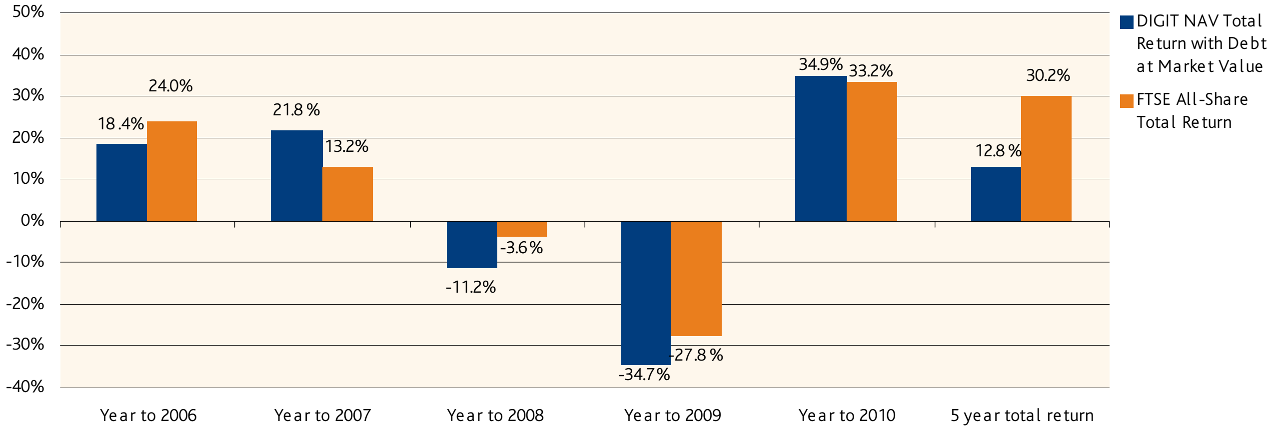
Source: Aberdeen & Factset

Comparison of NAV and Share Price Total Return Performance of DIGIT to FTSE All-Share Index (figures rebased to 100) on a Logarithmic Scale - Five years ended 31 January 2010



Source: Aberdeen & Factset

Comparison of NAV Total Return Performance of DIGIT to FTSE All-Share Index Total Return for 5 years



Source: Aberdeen & Factset

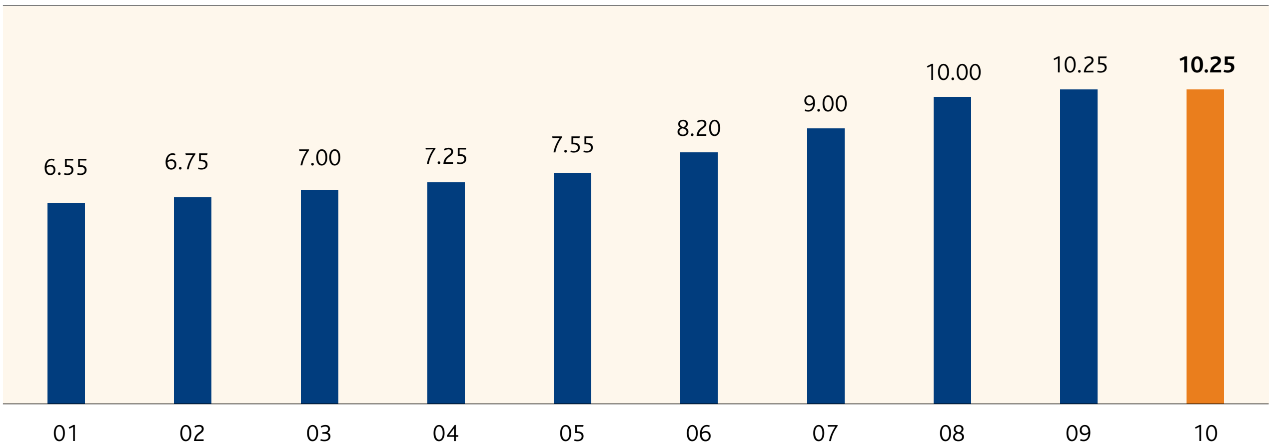
Ten Year Financial Record

Year ended 31 January	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total revenue (£'000)	14,769	14,455	14,485	14,751	15,526	17,314	17,988	18,717	19,998	14,251
Per share										
Net revenue return (p)[A]	7.18	6.87	7.08	7.27	7.77	9.20	10.04	10.58	11.72	7.99
Net dividends paid/proposed (p)	6.55	6.75	7.00	7.25	7.55	8.20	9.00	10.00	10.25	10.25
Net asset value (p)	271.16	231.51	155.21	204.96	233.17	253.24	296.10	254.74	160.45	201.37
Total return (p)	34.31	(32.90)	(69.32)	52.00	35.15	27.63	50.75	(32.16)	(84.12)	51.15
Shareholders' funds (£'000)	434,369	370,884	248,708	328,255	368,840	398,267	456,067	386,680	241,944	303,603

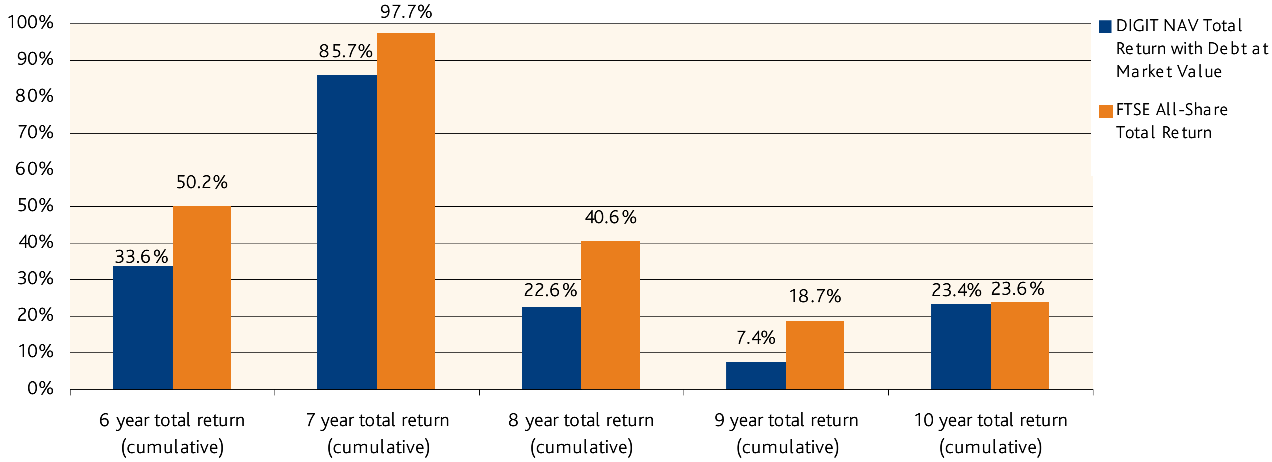
The figures for 2004 and 2005 for net asset value and shareholders' funds have been restated to reflect the changes in accounting policies (FRS 26 – Financial Instruments: Recognition and Measurement; FRS 21- Events after the Balance Sheet Date). The figures for dividends have not been restated and still reflect the dividends for the years in which they were earned.

[A]The net revenue return for 2010 includes 0.11p (2009 – 0.2p) attributable to a refund of VAT in respect of the period 1 January 2001 to 31 December 2003 (2009 – 1 January 2004 to 31 October 2007).

Dividends per share - pence



Comparison of NAV Total Return Performance of DIGIT to FTSE All-Share Index Total Return for 6 to 10 years



Chairman's Statement

John Scott
Chairman

Having experienced several years of disappointing performance in this Company, it is pleasing to report that, aided by stronger markets, there has been a substantial improvement for this financial year, both in absolute and relative terms. The Company's Net Asset Value per share (measured with debt priced at market value) increased from 160.45p to 201.37p. This represented an increase of 34.9% in total return terms, slightly outperforming the Company's benchmark, the FTSE All-Share Index, which increased by 33.2% in total return terms.

The year under review must be considered one of the most remarkable periods in stock market history. On 20 January 2009 the world watched President Obama's inauguration with a sense of hope and great expectation, looking for leadership after the financial turmoil of late 2008 sparked by the dramatic collapse of Lehman Brothers. But by the middle of March 2009 the Dow Jones index had plunged to levels not seen since 1997 and other markets, in particular the London Stock Exchange, followed suit. To have suggested then that, over the next nine months, the FTSE All-Share Index would rally from its nadir by nearly 50% would have been a bold prediction indeed, but that was exactly what has happened.

The stock markets' response was initially driven by early signs that both the banking system and the global economy were beginning to respond to the vast range of stimuli that had been deployed by central banks and governments to address a collapse in private consumption. As ever, credit markets were the first to show signs of improvement as the market for fixed interest securities slowly began to reopen, spreads fell and inter-bank lending markets tentatively regained confidence. Once risk appetite began to return, investors viewed high yields as no longer indicative of risk but of opportunity and the very low cost of money (for those who had access to it) as a driver of profits. As hard economic data began to emerge to support evidence of recovery, this served to reinforce an upward cycle in risk appetite, aided by increasingly confident statements of recovery and predictions of more prosperous times ahead from the corporate world.

As I reported to you last year, your Board has addressed the matter of the Manager's weak relative performance over the preceding two years and asked the Manager to conduct a fundamental review of both its investment philosophy and the practical implementation of its investment process. We are pleased with the outcome of this review. It has addressed a number of our concerns and promises to remedy others. We believe that the fruits of this exercise are already being seen in the recently improved performance relative to both the benchmark index and our peer group.

Lead Manager

In November we announced that, after many years of involvement with the management of Dunedin Income Growth Investment Trust ("DIGIT"), Stewart Methven would be stepping down as lead manager in order to take up a senior position within Aberdeen Asset Managers' ("Aberdeen") Global Equities team. I would like to take this opportunity to thank Stewart for his hard work, calmness and good humour in tumultuous market conditions. I am also delighted to welcome Jeremy Whitley as our new lead manager. He brings a wealth of experience to his current role as the Head of UK and European Equities at Aberdeen, having run the Asian-focused Edinburgh Dragon Trust for many years as well as holding senior roles in Aberdeen's highly successful Asian and Global Equities teams. Jeremy's impact on the management of the Company has already been felt and we face the future with confidence.

Dividend

This has been a most challenging time for income-orientated investors, with a large number of companies opting - or being forced - to reduce their dividend payments as the severity of the downturn has made cash conservation a priority. No clearer example of this can be seen than within the UK banking sector which, two years ago, contributed nearly 30% of the income available to investors in the FTSE All-Share Index; today that figure is less than 10%. Notwithstanding the background of widespread dividend cuts and the consequent reduction in our own income the Board is recommending a final dividend per share of 6.5p (2008/9 – 6.5p) resulting in an unchanged total dividend of 10.25p per share in respect of the year 2009/10 – this can only be achieved by the use of part of the Company's reserves in addition to its earnings of around 8.0p per share. It is proposed that the final dividend will be paid on 21 May 2010 to shareholders on the register on 23 April 2010.

After paying this year's dividend the Company will retain distributable reserves of around 7.16p per share. On the basis of its current expectations and forecasts, it remains the Board's aim, in the absence of further significant market turmoil, to maintain the level of dividend payment for the financial year 2010/11, drawing upon the reserves as necessary. The level of dividends beyond 2010/11 will depend on your Company's income, since, whilst the Board remains committed to the use of reserves to support payments if practicable, these reserves are finite.

Gearing

The Company has long believed that sensible use of modest financial gearing, whilst amplifying market movements in the shorter term, will enhance returns of both capital and income to shareholders over the long run. To this end we employ two sources of financial leverage, a long term fixed rate debenture (repayable in 2019) with a nominal value of £28.6 million; and a variable rate bank loan. Over the course of this financial year we have steadily reduced the draw down under the latter facility from £12 million at 31 January 2009 to its current level of £1.5 million. This, combined with the impact of rising equity markets, has reduced our overall gearing. With debt valued at par gearing has decreased from close to 13% at the end of the last financial year to around 8% and, on a pure equity basis, when account is taken of our small bond portfolio and cash holdings, it now stands closer to 5%.

Discount

In the past year, and in common with the experience of most investment trusts, there was a widening in the discount to Net Asset Value at which your Company's shares trade; this increased from 5.2% at the beginning of the year to 9.0% at the close. We did not undertake any share re-purchases during the year, but we are once again seeking shareholders' permission to do so and are prepared to use this measure in the light of both DIGIT's absolute level of discount and relative to those of our peer group.

The Board

The Directors have recently discussed the composition of the Board and have made a minor change. Jean Matterson, who has been on the Board of DIGIT for 13 years, and who (subject to annual re-election) will remain a Director, has relinquished her role as Senior Independent Director (SID), being replaced by John Carson. She remains Chairman of the Nomination Committee.

VAT on Management Fees

As shareholders will be aware from my previous statements, the Manager has continued to pursue the repayment by HM Revenue & Customs ("HMRC") of the VAT incurred on management fees. Given that these negotiations have taken much longer than originally expected and that no repayment has been received from HMRC, Aberdeen has agreed to make a repayment to the Company in respect of the VAT for the period 1 January 2001 to 30 September 2007. This year's results therefore recognise £573,000 representing the VAT charged on our management fees between 2001 and 2003, which is then split in accordance with the Company's accounting policy at the time of paying the VAT, with £401,000 being credited to capital and £172,000 being credited to revenue. A sum of £1,020,000 in relation to the VAT paid on fees in the years 2004 – 2007 was recognised in last year's accounts. The Manager continues to pursue with HMRC, the repayment of the VAT incurred on management fees during the period 1990 to 1996 and we should be able to recognise further sums in due course. We expect this amount to be in excess of £700,000, which will again be split between revenue and capital in accordance with the then prevailing accounting policy.

We continue to investigate the recovery of VAT paid during the so-called "dead period" between 1996 and 2001, but it is still too early to give an indication of either the chances of success or the quantum that might be recovered.

Alternative Investment Fund Manager (AIFM) Directive

Shareholders may be aware that the European Commission published the draft AIFM Directive in April 2009. Its purpose is to introduce a new authorisation and supervisory regime for all "alternative investment" fund managers within the European Union and has been called, by some, "the hedge fund directive." Remarkably, this is deemed to include the investment trust sector and, as drafted, the Directive would impose an additional (and in our view entirely superfluous) regulatory burden on this sector, with potentially adverse consequences and certainly higher costs. The Association of Investment Companies, the Manager and your Board have been making strenuous representations to ensure that any such regulation is proportionate and appropriate, particularly with regard to investment companies, pointing out, *inter alia*, that your Company – which has been serving its investors for nearly 140 years - should not be bracketed with hedge funds and other alternative investments and works quite satisfactorily without the imposition of yet another layer of supervision and control. The Directive has generated substantial commentary and discussion, and recent drafts suggest that at least some of our concerns may be addressed; but alternative investments and their managers are an emotive subject in the arena of European politics and it is too early to be able to predict with any confidence the outcome of the current deliberations.

Outlook

Despite the significant rally in markets during 2009 from what were extremely distressed levels, we still face an extended period of uncertainty. Whilst we believe that the worst of the banking crisis has passed, the authorities now need to manage the cost of socialising those losses and the unwinding of the many special measures taken to support the wider global economy.

As we have already seen in Iceland and the Baltic States, those countries with substantial budget and current account deficits and with already high levels of national debt relative to GDP will not be able to sustain such a position going forward. In many cases, liabilities have moved from specific banks to individual countries and investor concerns have shifted likewise. Governments and central banks now face the daunting challenge of unwinding a myriad of special actions, from car scrappage schemes to near zero interest rates to special liquidity provisions for banks and quantitative easing, without derailing the nascent signs of recovery.
A best case outlook for the UK economy in the medium term comprises modest growth as government spending is reduced and private consumption restrained through higher taxation. Whilst the outlook for the UK economy is a challenging one, it should be remembered that the recent fall in the value of sterling has improved the competitive position of British companies and, as the largest economy in Europe outwith the Euro currency, our Government has at its disposal a wider range of economic levers than those available to the likes of Ireland and Greece, whose interest and exchange rates are set elsewhere.

Your Company seeks to invest in good quality, principally UK listed companies, many of which have a significant international dimension. These companies possess strong balance sheets, robust business models and good potential for dividend and earnings growth over the medium term as they gain from competitive advantage at home or faster economic growth abroad. Hence we feel relatively well placed for the challenges ahead.

Annual General Meeting

The Company's Annual General Meeting takes place in Dundee, on 19 May 2010, and I look forward to seeing as many of you there as possible. The Board is also proposing to hold an investor presentation on 29 June in London. If you are interested in attending these events, please complete the enclosed prepaid reply card, or contact the Company Secretary at the registered office or by email at company.secretary@invtrusts.co.uk.

John Scott
Chairman
24 March 2010

Corporate Summary

The Directors are responsible for determining the investment policy and the investment objective of the Company, subject to appropriate shareholder approval.

Investment Objective

To achieve growth of income and capital from a portfolio invested predominantly in companies listed or quoted in the United Kingdom.

Investment Policy

The Company pursues a policy of investing in high quality companies with strong income potential, while at the same time providing an above-average portfolio yield. It maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. Whilst the Company is invested predominantly in the United Kingdom it has the freedom to invest selectively overseas.

It is the policy of the Company to invest no more than 15% of its gross assets in other listed investment companies.

The Company complies with section 842 of the Income and Corporation Taxes Act 1988 and does not invest more than 15% of its gross assets in any one company.

Investment Process

Day-to-day management of the Company's assets has been delegated to Aberdeen Asset Managers Limited. The Manager believes that, over the long-term, share prices reflect the underlying business fundamentals of companies and hence investments are made based on research undertaken on individual companies. This is known as a "bottom up" investment process. This process involves a disciplined evaluation of potential investments through meeting investee companies. New investments are not made without the Manager having first met the management of the investee company, undertaken further analysis and written detailed notes to outline the underlying investment merits. A company's value is estimated in two stages, quality then price. Quality is defined by reference to management, business focus, balance sheet and corporate governance. Price is assessed relative to key financial ratios and business prospects.

The Manager's portfolios are generally run conservatively, with an emphasis on traditional buy-and-hold, top-slicing/topping up being preferred to outright trading and this approach results in low turnover within portfolios.

Portfolios are managed by the Manager on a team basis, with individual investment managers carrying out their own research and analysis. All ideas are shared via formal committees and common databases, with desk heads and the Chief Investment Officer ensuring consistency. Further information on the investment process can be found on page 19.

Investment Risk

Investment risk within the portfolio is managed in three ways:

- Adherence to the Investment Process (described above) in order to minimise investments in poor quality companies and/or overpaying.
- Diversification of investment - seeking to invest in a wide variety of companies with strong balance sheets and the earnings power to pay increasing dividends. In addition investments are made in a diversified portfolio of sectors in order to reduce the risk of a single large exposure. The Manager believes that diversification should be looked at in absolute terms rather than relative to a benchmark. At the year end the Company's portfolio consisted of 66 holdings. A description of the Company's holdings and sector analysis are shown on pages 13 to 17.
- The Board has laid down guidelines on maximum holdings and exposures in the portfolio at the time of acquisition. These can only be over-ridden with Board approval. They include the following:

a) Not more than 10% of gross assets to be invested in any single stock;
b) Top five holdings should not account for more than 40% of gross assets;
c) Holdings other than equities and cash (or cash equivalents) should not exceed 10% of gross assets.

Reference to other risks associated with the Company are included within the Business Review in the Directors' Report and detailed in note 19 to the Financial Statements.

Gearing

The Board is responsible for determining the gearing strategy for the Company. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent considered appropriate. Day-to-day gearing decisions are made by the Manager within the remit set by the Board. Borrowings, other than the debenture stock (details of which are included in the Capital Structure opposite), are short term and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy. The Board monitors gearing with debt measured both at par and market value and has agreed various gearing restrictions which have been incorporated in guidelines for the Manager or in the Articles of Association of the Company.

These gearing restrictions are set out below:

a) Gearing should not exceed 30% (with debt at market value).

b) Per the Articles of Association, total amounts borrowed shall not at any time exceed the aggregate amount of the issued and paid up share capital and reserves (as per the last published balance sheet of the Company).

Benchmark

The Company's performance is compared with the FTSE All-Share Index. This is measured on a net asset value total return basis over the long-term.

Manager

Aberdeen Asset Managers Limited ("Aberdeen") or the ("Manager") – Lead Manager, Jeremy Whitley.

Equity Shareholders' Funds

£299.6 million at 31 January 2010 with debt at market value.
£303.6 million at 31 January 2010 with debt valued at par.

Market Capitalisation

£266.7 million at 31 January 2010.

Capital Structure

150,706,187 Ordinary shares of 25p each at 31 January 2010 (153,677,935 including treasury shares). Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. The Company has long-term borrowings of £28.6 million 7 ⅞% Debenture Stock 2019 and a £5 million 1 year bank facility (£1.5 million drawn down as at 31 January 2010).

Management Arrangements

The investment management fee for the year ended 31 January 2010 was calculated, on a monthly basis, at 0.45% on the first £225 million, 0.35% on the next £200 million and 0.25% on amounts over £425 million per annum of the net assets of the Company calculated with debt at par and excluding commonly managed funds ("net assets"). The fee for the year ended 31 January 2010 amounted to 0.44% of average monthly net assets. The Investment Management Agreement is currently terminable on not less than six months' notice. Details of the fee can be found in note 3 to the financial statements. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Board on an annual basis. The Board's conclusions regarding the continued appointment of the Manager are dealt with in detail on page 28, under Corporate Governance.

The Company also pays the Manager for the provision of marketing services. In the year under review the Company paid £329,000 (2009 - £339,000) to the Manager to support its efforts in this regard.

Share Dealing/ISA Status

Shares in Dunedin Income Growth Investment Trust PLC can be bought in the open market through a stockbroker. Shares can also be bought through the Investment Trust Share Plan and the Investment Trust ISA and are fully qualifying for inclusion within tax-efficient ISA wrappers (see page 52).

AIC Membership

The Company is a member of the Association of Investment Companies ("AIC").

Website – www.dunedinincomegrowth.co.uk

The website offers investors comprehensive information on the Company, including easy ways to invest.

Features of the Company's website are:
- Latest prices (NAV and share price and discount information) each day
- Daily performance figures and charts from Morningstar
- Monthly fact sheet from the Manager reporting on the portfolio and the Company's performance
- Online copies of the annual and interim reports
- How to invest in the Manager's ISA or Share Plan products online
- A free email subscription facility for market and Manager updates.

Manager's Review

The year ending 31 January 2010 was as tumultuous a year for investors as the 12 months that preceded it. The precipitous declines of the first few months of the year turned into one of the biggest market rallies since records began. For the investor this sharp turn in sentiment posed just as challenging an environment as the previous two years had with their significant market falls.

Markets have now stabilised at levels that were last reached just before Lehman Brothers went into bankruptcy. The significant rally has provided investors with opportunities both to make great profits, from the purchase of stock priced at distressed levels, and to look extremely foolish, by exiting investments at levels that would shortly be shown to be very low. We have made our fair share of decisions that would fall into both camps over 2009/10 but what we think is most important is the logic and reasoning behind those decisions and the implications for both future returns and the Company's ability to generate income, in order to support its dividend paying capacity.

Our investment process is based on taking a long term approach, doing our own research, investing in what we consider to be good quality businesses, trying to buy them as cheaply as we can and building sensibly diversified portfolios. While quality is a subjective concept, and few fund managers will write about investing in poor quality businesses, it is something that we take very seriously and monitor very closely. For us good quality is about companies with strong business models, good long term prospects for growth, robust balance sheets, honest and capable management teams and operations that we can understand and value. We also want to invest in businesses that can combine these qualities with the ability to pay out, and sustain, either significant absolute levels of dividend or high levels of dividend growth.

Performance

On an absolute basis, performance during the year was strong. In total return terms the Company's NAV rose by 34.9%, outperforming the 33.2% rise in the FTSE All-Share. The impact of the Company's gearing structure was favourable as on a gross asset basis, the Company underperformed the benchmark marginally over the year, by 1.8%, delivering a return of 31.5%. The performance of the equity component was better, underperforming by just 0.2% as performance was held back by the holding in bonds (designed to sterilise the impact of the debenture), the Company's holdings in cash and its put protection. Performance improved as the year went on and the second half was much stronger than the first as some of the changes we made to the portfolio began to bear fruit. In the second half of the year the Company outperformed its benchmark by 2% on a gross asset basis, having underperformed by 3.5% in the first half of the year.

Most pleasingly, the engine room of performance for the Company came from a number of our investments doing well for all the right reasons; as they demonstrated the resilience of their business models and future growth prospects they were rewarded with strong rises in their share prices. These include companies such as Mothercare, Whitbread, Prudential, Weir Group and Rolls Royce, which all contributed large amounts of value to the portfolio and which we believe are well positioned to deliver much more in future years.

The Company also benefited from merger & acquisition activity over the year, which in aggregate was more modest than in the past but nonetheless helpful to performance as acquirers looked to gain from the same attractive business prospects that we had also identified. The main example of this was Centrica's acquisition of Venture Production, the North Sea oil & gas business, which yielded the Company a substantial profit on its original investment. We also benefited from takeover approaches from private equity for BPP, the professional education company, and for Care UK, the nursing home operator.

The Company also benefited from what we consider to be the sensible approach that we adopt to portfolio construction. We build the portfolio with reference to the Company's income and growth requirements rather than with reference solely to a company's size, which is how the benchmark is constructed. This resulted in us having more modest holdings in some of the larger FTSE companies that lagged the strong index rise, such as GlaxoSmithKline, Royal Dutch Shell and Vodafone. We like all these businesses but we do not believe that their prospects merit the same weightings in the portfolio as they carry in the benchmark.

The most significant contributor to our underperformance, on a gross assets basis, was our very large underweight position in mining stocks. This cost the Company 4% of relative performance over the year. There are three key factors why we are underweight the sector. First, the quality of many of the companies in the sector does not meet our strict requirements as they either produce a single commodity which makes them vulnerable to changes in price that they cannot control, we may have some concerns over aspects of their corporate governance or they have uncomfortably high levels of debt. Secondly, many of these companies have very low dividend yields. It would be difficult, given the current need for income, for us to have a large position in a sector that distributes so little. Finally, we also consider that, at the current time, many of these companies have extremely full valuations that are likely to limit future returns to investors. Given these concerns and the Company's mandate for income as well as growth we are happy to maintain this position.

At a stock level Centrica, National Grid Transco and British American Tobacco (BAT) all contributed to our relative underperformance over the year as they lagged the strong performance of the wider market. However, for all three, it was a year of good operational progress, Centrica completed several key acquisitions to strengthen their upstream positioning, National Grid continued to integrate their US acquisition Keyspan and made important developments in their regulatory frameworks, while BAT continued its steady organic volume growth and cost cutting programmes. All three remain core long term holdings for us. Indeed, we have added more on relative weakness during 2009/10 and we believe that they will be important contributors to both future relative performance and dividend payments for your Company.

Portfolio Activity

The principal changes to the portfolio have been focused on achieving two aims: to enhance the overall quality of the portfolio (both at the company level and in terms of the overall diversification and balance of the Company) while maintaining and, if possible, improving its income generating capability.

Having subscribed to the Barclays issuance of convertible notes in November 2008, and having seen the shares stage a dramatic recovery from their lows of March 2009, we began to exit our position over the course of April and May. This was driven principally by concerns over whether we really understood what was going on behind the scenes, given the company's vast balance sheet and heavy reliance on investment banking revenues, as well as by the ordinary shares' lack of meaningful dividend.

We also exited our modest holding in Legal & General partly on capital concerns, partly on worries over their ability to maintain their dividend payments and partly because we felt that it was not adding a great deal to the balanced exposures of the portfolio, given that we also held insurers Aviva and Prudential.

In the mining sector we sold out of our holding in Anglo American and reinvested the proceeds into building a new position in BHP Billiton. Anglos had abolished their dividend and sought to repair their balance sheet after the dramatic decline in metals prices in the second half of 2008. Moreover, we felt that, not only did BHP retain healthy dividend paying capacity, its very strong balance sheet and well diversified asset base, with extremely strong positions in iron ore and copper and a fast growing oil & gas business, left it positioned as the best quality mining company in the world.

The real estate sector was another area where we made changes, consolidating our holding in British Land into our existing position in Land Securities. Again the aim here was to concentrate our holdings into a company that we feel is best placed to grow both capital and dividends, over the medium to long term, given its strong balance sheet, well covered dividend and a property portfolio with a heavier weighting to London and the South East, which we believe will be the best performing part of the UK real estate market.

Elsewhere we sold out of Wolseley after a very frustrating period. Operational performance had deteriorated substantially, as building activity contracted far beyond our expectations, and the balance sheet began to come under severe pressure. Our urges to the company to consider an equity capital raising were ignored and so, reluctantly, we decided to exit, believing that this was the only way for the business to avoid falling into the hands of the banks. Frustratingly, less than two months later, the company announced a major rights issue and the shares recovered quite substantially.

Tomkins was another business which we had owned for some time and which had found life very tough going with its principal exposures to global automotive production and US construction. Again both markets proved to be much worse than we had expected. However, the company possessed a strong balance sheet and a very capable management team, who executed a number of sensible disposals and some extensive restructuring. As the share price recovered, during the later part of the year and mindful that the company had cut its dividend payout, we gradually exited.

Last year's annual report highlighted the problems that had befallen BT Group as a result of the failings in their global services division and the issues facing their pension scheme. As management executed their turnaround strategy in global services, and with the recovery in markets calming fears over the pension deficit, we took advantage of a recovery in the share price to exit our holding.

With the money raised during the year from disposals we sought to add to existing holdings where we felt the quality of business model was high, the balance sheet strong and the prospects for dividend distribution robust. As a result we increased our holdings in Centrica, National Grid, Rolls Royce, Provident Financial, Tesco and BAT. All of these companies have business models that we consider to be relatively immune to the vagaries of the economic cycle, are prudently financed, have strong management teams and credible strategies for above average long term profit growth that we believe will be translated into superior dividend generation for shareholders.

However, the year was not solely about exits and consolidating positions. We initiated a holding in John Wood

Group, the oil & gas services business. It is a company that we have followed for a long time, which has a strong balance sheet, good management and is well placed to benefit from both increased activity in the industry, as a result of what are likely to be structurally higher oil and gas prices in the long run, and from exploration and production being conducted in increasingly challenging parts of the world. While it is not a high yielding stock today we consider that it has good prospects for dividend growth over the longer term. We also invested in Pearson, attracted by its very strong position in education publishing, which we feel has great potential for growth over the long run as global education standards rise. The business possesses a strong balance sheet, is cash generative, has broad international exposure and pays a high level of dividend that we also consider has good prospects for growth.

A number of changes were made to the small cap holdings in the portfolio. We initiated a holding in Chloride, one of the world's leading companies in the provision of secure power technology, and Care UK, the leading UK nursing home operator. On the sell side, we exited fit out contractor T.Clarke and news distribution to aviation services provider John Menzies. The rationale for these moves was to diversify the portfolio's exposure away from pure economic cyclical exposure through investing in businesses with strong structural growth prospects.

We increased our exposure to European-listed companies modestly by starting a position in Roche, the Swiss pharmaceutical company, which is, arguably, the highest quality of all the large global businesses in this industry. Unlike many of its peer group, Roche is not burdened by upcoming patent expiries and benefits from a strong pipeline of new products and a portfolio that competes in areas that are much tougher for generic manufacturers to enter. While Roche does not currently offer a dividend yield comparable to some of its UK peers it does offer the prospect of material and sustainable growth over the long run.

Throughout the year we undertook a number of transactions in the traded options markets to take advantage of the premiums available. This was a relatively successful strategy which brought some welcome income into the Company's revenue account. In addition we also took out two put options on the FTSE 100 index in order to protect the geared portion of the Company from any sharp and prolonged decline in value. Although on the face of it this may not have appeared a successful strategy, given that, on their expiry, the market was above their exercise price on both counts, it should be viewed more as an insurance policy, in case such an event were to occur. We will continue to use this strategy to protect the portfolio whenever we deem such insurance to be trading at a sufficiently cheap value.

Outlook

We expect the road ahead to be a bumpy one. Economic growth in western countries is likely to be lower in future years than it has been in the past. Governments and central banks will have to handle, very carefully, the need to constrain indebtedness, unwind the many special measures taken while, at the same time, not dashing the nascent signs of recovery or letting inflation take hold. In such conditions predictions are certain to be folly and instead we need to concentrate on the parts of the portfolio that we can control, reviewing our holdings closely, making sure they retain their good quality traits and making sure we have the right balance of exposures within the portfolio. In terms of income generation the portfolio has stabilised after a difficult few years. We will continue to seek to balance income payments today with future growth both in terms of income and in terms of the capital value of our investments. We remain cautiously optimistic looking ahead to next year and beyond.

Jeremy Whitley
Aberdeen Asset Managers Limited
24 March 2010

Investment Portfolio – Ten Largest Equity Investments

As at 31 January 2010

Company	FTSE All-Share Index Sector	Valuation 2010 £'000	Total assets %	Valuation 2009 £'000
HSBC Holdings HSBC provides a variety of international banking and financial services, including retail and corporate banking, custody, capital markets, insurance and private banking.	Banks	15,889	4.8	8,763
BP BP is an oil and petrochemicals company. It explores for and produces oil and natural gas, refines, markets and supplies petroleum products and manufactures chemicals.	Oil & Gas Producers	15,788	4.7	13,436
Royal Dutch Shell Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations world-wide.	Oil & Gas Producers	15,224	4.6	15,618
British American Tobacco British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.	Tobacco	15,115	4.5	13,300
Vodafone Vodafone is a global mobile telecommunications company providing a range of services, including voice and data communications.	Mobile Telecommunications	14,397	4.3	12,050
Centrica Centrica provides gas, electricity and energy related products and services to business and residential customers. It also provides heating and gas appliance installation and maintenance services.	Gas, Water & Multi-utilities	13,967	4.2	12,260
AstraZeneca AstraZeneca researches, develops, produces and markets pharmaceutical products. The company's operations are focused on six therapeutic areas: cardiovascular, oncology, respiratory, neuroscience, inflammation and infection.	Pharmaceuticals & Biotechnology	12,813	3.8	12,848
National Grid National Grid is engaged in the ownership and operation of regulated electricity and gas infrastructure networks in the UK and US. Activities are broken down into transmission and distribution.	Gas, Water & Multi-utilities	10,790	3.2	9,448
GlaxoSmithKline GlaxoSmithKline is a pharmaceutical group that develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products.	Pharmaceuticals & Biotechnology	10,401	3.1	13,963
Prudential Prudential is a life assurance company selling savings and protection products in its principal areas of operations in Asia, the United States and the UK.	Life Insurance	9,913	3.0	3,092
Top ten investments		**134,297**	**40.2**	

Investment Portfolio – Other Investments

As at 31 January 2010

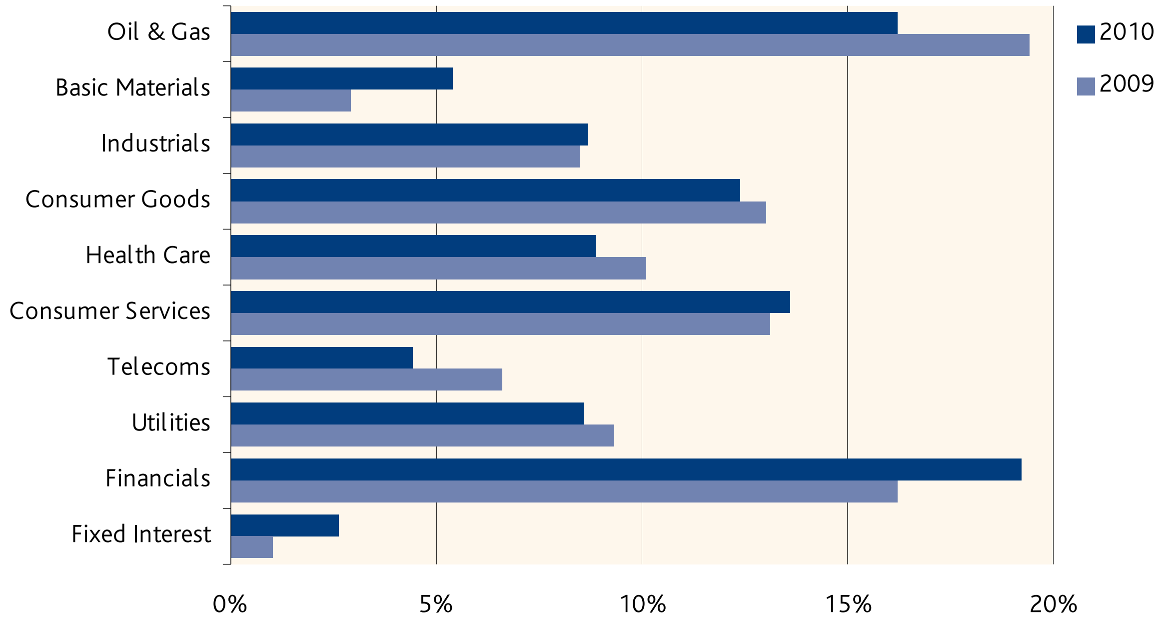
Company	FTSE All-Share Index Sector	Valuation 2010 £'000	Total assets %	Valuation 2009 £'000
BHP Billiton	Mining	9,115	2.7	–
Standard Chartered	Banks	9,098	2.7	5,489
Unilever	Food Producers	7,984	2.4	6,701
Aviva	Life Insurance	7,323	2.2	5,023
Weir	Industrial Engineering	6,798	2.0	2,625
Rolls Royce	Aerospace & Defence	6,501	2.0	4,774
Land Securities	Real Estate Investment Trusts	6,251	1.9	2,124
Cobham	Aerospace & Defence	6,201	1.9	5,825
Provident Financial	Financial Services	6,091	1.8	4,118
Arriva	Travel & Leisure	6,027	1.8	5,241
Top twenty investments		205,686	61.6	
Whitbread	Travel & Leisure	6,002	1.8	3,495
ENI	Oil & Gas Producers	5,926	1.8	5,972
AMEC	Oil Equipment & Services	5,837	1.7	5,221
Total	Oil & Gas Producers	5,799	1.7	5,536
Rio Tinto	Mining	5,672	1.7	1,958
Associated British Foods	Food Producers	5,563	1.7	4,177
Morrison (Wm)	Food & Drug Retailers	5,464	1.6	6,046
Tesco	Food & Drug Retailers	5,255	1.6	2,507
GKN	Automobiles & Parts	5,219	1.6	1,903
Millennium & Copthorne	Travel & Leisure	5,126	1.5	3,876
Top thirty investments		261,549	78.3	
John Wood	Oil Equipment & Services	4,893	1.6	–
Daily Mail & General Trust	Media	4,854	1.5	3,892
Mothercare	General Retailers	4,755	1.4	2,914
Pearson	Media	4,502	1.3	–
Roche	Pharmaceuticals & Biotechnology	4,119	1.2	–
Close Brothers	Financial Services	4,016	1.2	3,077
McBride	Household Goods & Home Construction	3,783	1.1	2,579
United Utilities	Gas, Water & Multi-utilities	3,561	1.1	3,591
Resolution	Life Insurance	3,495	1.0	–
Persimmon	Household Goods & Home Construction	3,182	1.0	2,453
Top forty investments		302,709	90.7	
Davis Service	Support Services	2,936	0.9	2,061
Linde	Chemicals	2,893	0.9	1,711
British Polythene	General Industrials	2,014	0.6	1,096
Care UK	Health Care Equipment & Services	1,996	0.6	794
Barclays Bank 14% Perp 31/12/49	Banks	1,782	0.5	–
XP Power	Electronic & Electrical Equipment	1,771	0.5	539
Bloomsbury Publishing	Media	1,379	0.4	1,463
Holidaybreak	Travel & Leisure	1,338	0.4	438
Chaucer Holdings	Non Life Insurance	1,221	0.4	597
Low & Bonar	Construction & Materials	1,212	0.4	546
Top fifty investments		**321,251**	**96.3**	
Other investments		7,677	2.3	
Total investments		**328,928**	**98.6**	
Net current assets[A]		**4,655**	**1.4**	
Total assets less current liabilities[A]		**333,583**	**100.0**	

[A] Excluding bank loan of £1,500,000.

Sector Breakdown

As at 31 January 2010

Sector Breakdown

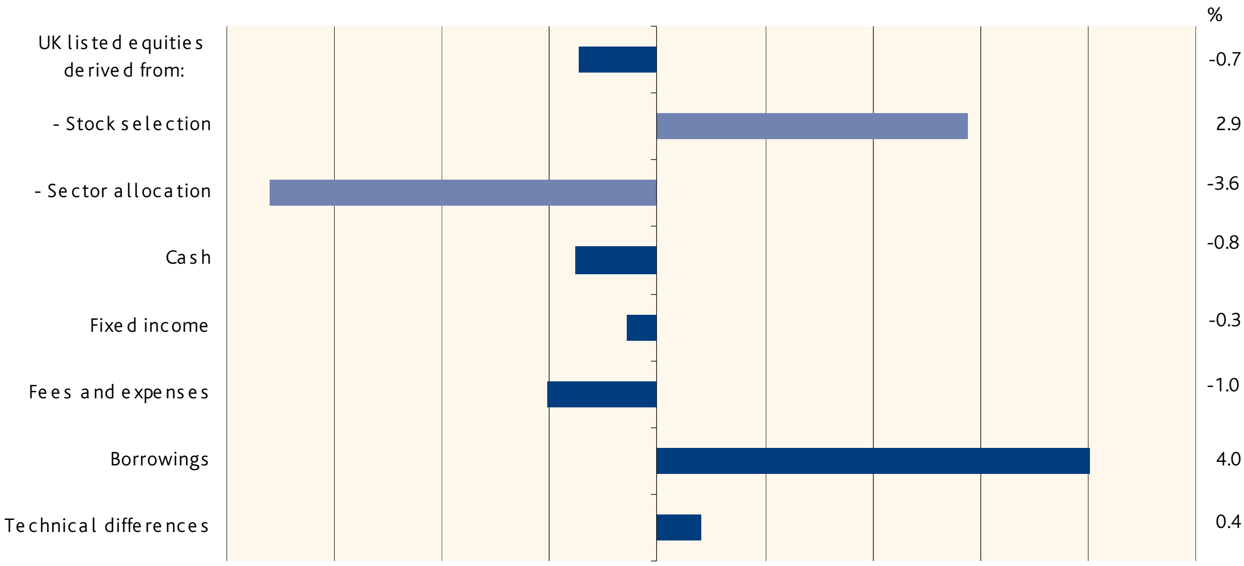


Analysis of Total Return Performance

	%
Gross assets total return	**31.5**
Total NAV return per share[A]	34.9
Total return on FTSE All-Share Index	33.2
Relative performance	**1.6**

[A] Debt at market value

Analysis of Performance Relative to the FTSE All-Share Index



Sector Analysis

As at 31 January 2010

		FTSE All-Share Index weighting 2010 (%)	Portfolio weighting 2010 (%)	Portfolio weighting 2009 (%)
Oil & Gas	Oil & Gas Producers	17.69	12.81	16.83
	Oil Equipment & Services	0.50	3.22	1.85
	Alternative Energy	0.01	–	–
		18.20	**16.03**	**18.68**
Basic Materials	Chemicals	0.34	0.87	0.61
	Forestry & Paper	0.08	–	–
	Industrial Metals	0.07	–	–
	Mining	10.78	4.43	2.23
		11.27	**5.30**	**2.84**
Industrials	Construction & Materials	0.23	0.36	0.27
	Aerospace & Defence	1.87	3.81	3.75
	General Industrials	0.65	0.60	1.54
	Electronic & Electrical Equipment	0.26	0.83	0.19
	Industrial Engineering	0.57	2.04	0.93
	Industrial Transportation	0.15	–	–
	Support Services	3.27	0.88	1.48
		7.00	**8.52**	**8.16**
Consumer Goods	Automobiles & Parts	0.11	1.56	0.67
	Beverages	3.07	–	–
	Food Producers	2.79	4.06	3.86
	Household Goods & Home Construction	1.97	2.08	1.78
	Leisure Goods	0.02	–	–
	Personal Goods	0.31	–	–
	Tobacco	3.97	4.53	6.20
		12.24	**12.23**	**12.51**
Health Care	Health Care Equipment & Services	0.43	0.60	0.28
	Pharmaceuticals & Biotechnology	7.43	8.19	9.49
		7.86	**8.79**	**9.77**
Consumer Services	Food & Drug Retailers	3.09	3.22	3.03
	General Retailers	1.69	1.43	1.03
	Media	2.49	3.21	1.90
	Travel & Leisure	2.64	5.55	6.68
		9.91	**13.41**	**12.64**
Telecommunications	Fixed Line Telecommunications	1.02	–	2.13
	Mobile Telecommunications	4.73	4.32	4.27
		5.75	**4.32**	**6.40**
Utilities	Electricity	1.10	–	–
	Gas, Water & Multi-utilities	2.45	8.49	8.96
		3.55	**8.49**	**8.96**

		FTSE All-Share Index weighting 2010 (%)	Portfolio weighting 2010 (%)	Portfolio weighting 2009 (%)
Financials	Banks	12.93	7.49	5.86
	Non-life Insurance	0.92	0.37	0.21
	Life Insurance	2.72	6.22	5.46
	Real Estate Investment & Services	0.29	–	–
	Real Estate Investment Trusts	1.31	1.87	1.56
	Financial Services	1.73	3.05	2.55
	Equity Investment Instruments	2.75	–	–
		22.65	**19.00**	**15.64**
Technology	Software & Computer Services	1.20	–	–
	Technology Hardware & Equipment	0.37	–	–
		1.57	**–**	**–**
Total equities		**100.00**	**96.09**	**95.60**
Fixed interest			2.51	0.97
Net current assets before borrowings			1.40	3.43
Total assets less current liabilities			**100.00**	**100.00**

Information about the Manager

Dunedin Income Growth Investment Trust PLC

The Manager is a subsidiary of Aberdeen Asset Management PLC, whose group companies as at 31 January 2010 has approximately £155.1 billion of assets under management. It manages assets on behalf of a wide range of clients including 30 investment trusts and other closed-ended funds, which have combined total assets of over £6.9 billion.

The Manager has its headquarters in Aberdeen and invests globally, operating from 31 offices in 26 countries. Its investment teams are generally based in the markets or regions in which they invest; in the UK its main investment centres are in London and Edinburgh.

The Manager currently manages £58.7 billion of equities globally, including £3.2 billion of UK equities and £1.2 billion of European (ex UK) equities.

Jeremy Whitley
Head of UK and European Equities

Jeremy was appointed head of UK and European equities in July 2009. Previous roles at Aberdeen include senior investment manager on the global equities desk as well as on the Asian equities desk based in Singapore. He graduated with an MA in English and Art History from the University of St Andrews and an MBA from the University of Edinburgh.

The Investment Process

Aberdeen's Philosophy and Style

We (Aberdeen) believe that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals, that in our opinion drive share prices over the long-term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are careful not to pay too high a price when making the investment. Subsequent to that investment we keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stockmarkets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

We seek to minimise risk by our in-depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

Aberdeen's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

Regional Teams

Your Board of Directors

The Directors, all of whom are non-executive, and independent of the Manager, supervise the management of Dunedin Income Growth Investment Trust PLC and represent the interests of shareholders.

John Scott

Status: Independent Non-Executive Chairman
Age: 57
Length of service: nine years, appointed a Director on 13 March 2001
Experience: a former executive director of Lazard Brothers & Co., Limited and currently a director of a range of quoted and private companies
Last re-elected to the Board: 3 May 2007
Committee membership: Audit Committee and Nomination Committee
Remuneration: £26,000
All other public company directorships: Chairman of Scottish Mortgage Investment Trust PLC, Deputy Chairman of Endace Ltd and a director of Alternative Asset Opportunities PCC Limited, Martin Currie Pacific Trust plc, J P Morgan Claverhouse Investment Trust plc, Schroder Japan Growth Fund PLC and Xaar plc
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 23,256 Ordinary shares
Meetings attended during the year:
Board Meetings: 5
Audit Committee Meetings: 3
Nomination Committee Meetings: 1

John Carson

Status: Senior Independent Non-Executive Director
Age: 58
Length of service: two years, appointed a Director on 25 June 2007
Experience: Former Head of Institutional Clients at Baillie Gifford & Co.
Last elected to the Board: 19 May 2008
Committee membership: Audit Committee and Nomination Committee
Remuneration: £18,000
All other public company directorships: None
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 40,000 Ordinary shares
Meetings attended during the year:
Board Meetings: 5
Audit Committee Meetings: 3
Nomination Committee Meetings: 1

Rory Macnamara

Status: Independent Non-Executive Director
Age: 55
Length of service: four years, appointed a Director on 7 September 2005
Experience: formerly vice-chairman of Morgan Grenfell & Co Limited and a managing director of Lehman Brothers. Currently a consultant to or director of a number of listed and private companies
Last re-elected to the Board: 19 May 2008
Committee membership: Chairman of Audit Committee and member of Nomination Committee
Remuneration: £18,000 (£20,000 effective 1 February 2010)
All other public company directorships: Chairman of Izodia PLC, Essenden plc and Carpathian PLC and a director of Augean PLC and Private Equity Investor PLC
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 4,000 Ordinary shares
Meetings attended during the year:
Board Meetings: 5
Audit Committee Meetings: 3
Nomination Committee Meetings: 1

Jean Matterson

Status: Independent Non-Executive Director
Age: 53
Length of service: thirteen years, appointed a Director on 11 March 1997
Experience: a partner at Rossie House Investment Management and former director of Stewart Ivory & Co, specialising in UK equities
Last re-elected to the Board: 20 May 2009
Committee membership: Chairman of Nomination Committee and member of Audit Committee
Remuneration: £18,000
All other public company directorships: Pacific Horizon Investment Trust PLC
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 25,000 Ordinary shares
Meetings attended during the year:
Board Meetings: 5
Audit Committee Meetings: 3
Nomination Committee Meetings: 1

Peter Wolton

Status: Independent Non-Executive Director
Age: 53
Length of service: three years, appointed a Director on 4 May 2006
Experience: a former chief executive of Baring Asset Management Limited and member of the Group Management Committee of Schroder Investment Management Limited. Currently CEO of the New Model School Company Limited.
Last re-elected to the Board: 20 May 2009
Committee membership: Audit Committee and Nomination Committee
Remuneration: £18,000
All other public company directorships: TR Property Investment Trust plc
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 4,000 Ordinary shares
Meetings attended during the year:
Board Meetings: 5
Audit Committee Meetings: 3
Nomination Committee Meetings: 1

Directors' Report

Business Review

The Board has prepared this Business Review in accordance with the requirements of Section 417 of the Companies Act 2006. A review of the Company's activities is given in the Corporate Summary on page 8, the Chairman's Statement on page 5 and the Manager's Review on page 10. This includes a review of the business of the Company and its principal activities, likely future developments of the business and recommended dividend. The Board has adopted a matrix of the key risks that affect its business. Like most other companies, the present economic conditions represent the greatest challenge, and risk, to the Company. Beyond this, the major risks associated with the Company are detailed in note 19 to the Financial Statements. Other risks include:

- 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 Section 842 of the Income and Corporation Taxes Act 1988, 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.

Monitoring Performance – Key Performance Indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. Below are the main key performance indicators (KPIs) which have been identified by the Board for determining the progress of the Company:

	Year ended 31 January 2010
Net asset value	198.80p (valuing debt at market value)
FTSE All-Share Index	2660.49
Discount	9.0% (valuing debt at market value)
Share price	177.0p
Total expense ratio	0.78%

In addition the Directors also consider net asset value total return, share price total return, dividend levels and revenue return per Ordinary share when reviewing KPIs. These are all shown on page 2 of the annual report.

Each Director confirms that, so far as he or she (herein after referred to as "he") is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Additionally there are no important events since the year end.

The current Directors, as shown in the table opposite, who held office throughout the year under review, were the only Directors who served during the year.

The Company makes no political donations or expenditures or donations for charitable purposes and, in common with most investment trusts, has no employees.

Dividends

The Directors recommend that a final dividend of 6.5p (2009 – 6.5p) per share be paid on 21 May 2010 to shareholders on the register at the close of business on 23 April 2010, making a total of 10.25p (2009 – 10.25p) per share for the year ended 31 January 2010. The ex-dividend date is 21 April 2010. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Status

The Company is registered as a public limited company. The Company's registration number is SC 00881.

The Company carries on business as an investment trust for the purpose of the Income and Corporation Taxes Act 1988 and has been approved as such by HM Revenue & Customs for the period ended 31 January 2009 although approval for that year would be subject to review were there to be any enquiry under the Corporate Tax Self Assessment regime. The Company has subsequently conducted its affairs so as to enable it to continue to seek such approval. The Company is an investment company, within the terms of Section 833 of the Companies Act 2006.

Directors

Details of the current Directors of the Company are shown on pages 20 to 21.

In accordance with the Articles of Association, John Scott retires from the Board by rotation and will be proposed for re-election at the Annual General Meeting. Under the terms of the Combined Code, Directors may serve longer than 9 years subject to annual re-election. Accordingly, Jean Matterson will retire at the Annual General Meeting (and annually thereafter) and, being eligible, will offer herself for re-election. The Board has reviewed the skills and experience of Ms Matterson and Mr Scott and has no hesitation in recommending to shareholders their re-election at the Annual General Meeting.

The Directors' holdings in the Company's shares are shown in the table below.

	Ordinary shares held at 31 January	
	2009	**2010**
John Carson	40,000	40,000
Rory Macnamara	4,000	4,000
Jean Matterson	25,000	25,000
John Scott	23,073	23,256
Peter Wolton	4,000	4,000

The above interests were unchanged as at the date of this report.

No contract or arrangement existed during the year in which any of the Directors was materially interested. Directors do not have service contracts with the Company.

Directors' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liabilities in relation to their acts on behalf of the Company. Each Director of the Company shall be entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him in the execution of his duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Payments Policy

The Company's payments policy is to ensure settlement of suppliers' invoices in accordance with the stated terms. In certain circumstances, settlement terms are agreed prior to business taking place and it is the Company's policy to abide by those terms.

Corporate Governance

The Statement of Corporate Governance which forms part of the Directors' Report is shown on pages 26 to 29.

Going Concern

The Company's assets consist substantially 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 Company will open renewal negotiations with its bankers in due course but at this stage has not sought any commitment that the floating rate facility will be renewed. If acceptable terms are available from the existing bankers or any alternative the Company would expect to continue to have a facility; if, however, these are not forthcoming any outstanding amount will be repaid through proceeds of equity sales. 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.

Auditors

Resolutions are to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company and to authorise the Directors to fix their remuneration. The Directors have reviewed the level of non audit services provided by the auditors during the year together with the auditors' procedures in connection with the provision of such services and remain satisfied that KPMG Audit Plc's objectivity and independence is being safeguarded.

Annual General Meeting

At the Annual General Meeting to be held on 19 May 2010, resolutions will be proposed concerning the following business:

(i) Allotment of Shares

Resolution 8 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 50,230,372 Ordinary shares (up to a maximum nominal amount of £12,557,593 being 33.33% of the current issued Ordinary share capital, excluding treasury shares, and within institutional guidelines) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the Annual General Meeting to be held in 2011 or, if earlier, 31 July 2011 (unless previously revoked, varied or extended by the Company in general meeting).

As at 24 March 2010, the Company held 2,971,748 treasury shares which represented 2.0% of the issued share capital (excluding treasury shares).

The Directors consider that the authority proposed to be granted by resolution 8 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

(ii) Limited Disapplication of Pre-emption Provisions

Resolution 9 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares and to sell Ordinary shares held in treasury (see below) (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions), and (iii) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount of £1,883,827, representing approximately 5% of the issued Ordinary share capital of the Company at the date of this Directors' Report, without first being required to offer such shares to existing shareholders *pro rata* to their existing shareholding.

This power will last until the conclusion of the Annual General Meeting of the Company to be held in 2011 or, if earlier, 31 July 2011 (unless previously revoked, varied or extended by the Company in general meeting).

Under the Treasury Shares Regulations the Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. The Treasury Shares Regulations require such sales to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 9 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash and treasury shares would only be sold for cash at a price not less than the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

(iii) Market Purchase of the Company's own Ordinary Shares

Resolution 10 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:–

a) sell such shares for cash (or its equivalent under the Treasury Shares Regulations); or
b) ultimately, cancel the shares.

The Directors may use the Treasury Shares Regulations in either of the ways noted above and intend to take advantage of this flexibility as they deem appropriate. For example, treasury shares may be resold quickly and cost effectively. Treasury shares also enhance the Directors' ability to manage the Company's capital base.

No dividends will be paid on treasury shares and no voting rights attach to them.

The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (approximately 22.6 million Ordinary shares). The minimum price which may be paid for an Ordinary share shall be 25p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares shall be the higher of a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will be exercised only if exercise would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it were in the best interests of shareholders as a whole.

This authority will last until the conclusion of the Annual General Meeting of the Company to be held in 2011 or, if earlier, 31 July 2011 (unless previously revoked, varied or renewed by the Company in general meeting).

(iv) Amendment to Articles of Association

The law in relation to companies has been undergoing a number of changes following the introduction of new companies legislation in the United Kingdom under the Companies Act 2006 ("2006 Act") and the implementation of the Companies (Shareholders Rights) Regulations 2009 ("Regulations") which were introduced in August last year. The changes brought about by the 2006 Act have been implemented in stages, and the remaining parts were implemented on 1 October 2009. The Company has been updating its Articles in stages to accommodate the revisions required as a consequence of the latest parts of the 2006 Act which have been implemented. Whilst the majority of the changes introduced on 1 October 2009 will apply automatically to the Company, it is best practice to update the Company's Articles to reflect the law when the opportunity arises. Accordingly, resolution 11 is a special resolution relating to the adoption of new Articles of Association ("New Articles") in order to ensure full compliance with the provisions of the 2006 Act.

The principal changes proposed to be made to the existing Articles of Association to incorporate these changes ("Existing Articles") at the Company's Annual General Meeting are detailed in the appendix at the back of this annual report.

A copy of the New Articles will be available for inspection at the registered office of the Company and at the Manager's London office, Bow Bells House, 1 Bread Street, London EC4M 9HH during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the notice of the Annual General Meeting until the conclusion of the Annual General Meeting and at the venue of the Annual General Meeting from 11.45 a.m. until the conclusion of the meeting.

The Board considers the above resolutions to be in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board unanimously recommends that shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings, amounting to 96,256 Ordinary shares.

Additional Information

Where not provided elsewhere in the Directors' Report, the following provides the additional information required to be disclosed by Part 15 of the Companies Act 2006:

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law).

The Company is not aware of any agreements between shareholders that may result in a restriction on the transfer of securities and/or voting rights.

The rules governing the appointment of Directors are set out in the Statement of Corporate Governance on pages 26 to 28. The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover.

Other than the Investment Management Agreement with the Manager, further details of which are set out on page 9, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

By order of the Board
Aberdeen Asset Management PLC
Secretary
Edinburgh
24 March 2010

Statement of Corporate Governance

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applies the principles identified in the Combined Code on Corporate Governance (the "Code"). The Code is available on the Financial Reporting Council's website: www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the Code. The Company is a member of the Association of Investment Companies, which has published its own Code of Corporate Governance (the "AIC Code") to recognise the special circumstances of investment trusts. The Board is of the opinion that the Company has complied with the recommendations of the AIC Code. The AIC Code is available on the AIC's website: www.theaic.co.uk

Directors

The Board, which met five times during the year, has overall responsibility for the Company's affairs. All Directors were present at all meetings.

The Board has formally adopted a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated direct to the senior staff of the Manager. Such matters include strategy, Company structure, risk, reviewing the Manager, borrowings, treasury, dividend, and corporate governance policy. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board delegates, through an Investment Management Agreement and through specific instructions, the day-to-day management of the Company to Aberdeen Asset Managers Limited (the "Manager"). The Company has no employees.

The Board consists of five non-executive Directors, including the Chairman. As is common for an investment trust, there are no executive Directors. All the Directors are considered to be independent. In the case of Jean Matterson and John Scott, who have been Directors since 1997 and 2001 respectively, the Nomination Committee (excluding Ms Matterson and Mr Scott) takes the view that their independence has not been compromised by their length of service, and that experience can add significantly to the Board's strength.

Information on the Directors appears on pages 20 to 21 of this annual report. Each Director has the requisite business and financial experience to enable the Board to provide effective strategic leadership and proper governance of the Company. The Senior Independent Director until the year end was Jean Matterson. Since the year end John Carson was appointed the Senior Independent Director.

There is a formal process for the consideration and authorisation by the Board of Directors' reported actual and potential conflicts of interest, a full analysis of the Directors' appointments and interests having been considered at each Board meeting. In accordance with the Company's Articles of Association and relevant legislation, each Director abstains from approval of his own position. The Board will continue to monitor and review potential conflicts of interests on a regular basis.

External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. The Board receives and considers reports from the Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

Accountability and Audit

The Board confirms that as at 31 January 2010 there is a process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the year ended 31 January 2010 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Board and accords with the internal control guidance for directors on the Combined Code.

The Board has overall responsibility for ensuring that there is a system of internal controls in place and a process for reviewing its effectiveness. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Manager is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly. The system extends to operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Board receives regular reports covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Manager, the Manager's internal audit and compliance function and the auditors.

The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's systems and internal audit procedures.

The auditors are responsible for reviewing the accounting systems and controls surrounding the accounting systems to the extent necessary for them to form their opinion on the truth and fairness of the financial statements.

The key components designed to provide effective internal control are outlined below:
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- at its March 2010 meeting, the Board carried out an annual assessment of internal controls for the year ended 31 January 2010 by considering documentation from the Manager, including the internal audit and compliance functions and taking account of events since 31 January 2010.

Board Committees

The Directors have appointed a number of Committees as set out below. Copies of their terms of reference, which clearly define the responsibilities and duties of each Committee, are available upon request from the Company and are on the Company's website.

Audit Committee

An Audit Committee is established consisting of the whole Board with Rory Macnamara acting as Audit Committee Chairman. The Committee meets at least twice a year and reviews audit matters within clearly defined written terms of reference.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience.

In summary, the Audit Committee's main audit review functions are:
- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging, where necessary, the actions and judgements of the Manager;
- to meet, if required, with the auditors to review their proposed audit programme of work and the findings of the auditors. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditors to supply non audit services (services provided for the non audit fee of £5,000 for the year related to the interim review);
- to review an annual statement from the Manager detailing the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the auditors and to approve the remuneration and terms of engagement of the auditors; and
- to monitor and review annually the auditors' independence, objectivity, effectiveness, resources and qualification.

Shareholders have the opportunity at each Annual General Meeting to vote on the appointment of the auditors for the forthcoming year.

Nomination Committee

The Nomination Committee consists of the whole Board and is chaired by Jean Matterson. Terms of reference are in place, which include reviewing the Board, appointments, appraisal, succession planning and training.

The Nomination Committee has undertaken the annual appraisal of the Chairman of the Board as well as performance evaluation and review of the Board as a whole. A list of skills and expertise required by the Board has been agreed by the Board and will be kept under review. The Nomination Committee has also reviewed the Chairman's and Directors' other commitments, and the Committee is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

Appointments of new Directors are considered by the Nomination Committee taking into account the need to maintain a balanced Board. The Nomination Committee will consider the use of an external search consultant depending on circumstances at the appropriate time. New Directors appointed to the Board will be given a formal induction meeting with the Manager and will be provided with all relevant information regarding their duties as Directors. All Directors are encouraged to receive training relevant to their roles as Directors.

A Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. All Directors are required to submit themselves for re-election at least once every three years. Directors with more than nine years' service will be required to submit themselves for annual re-election. The Board supports the re-election of Jean Matterson and John Scott who are due to retire at this year's Annual General Meeting. Jean Matterson has particular knowledge of investment on behalf of private clients and John Scott has a broad business background with particular knowledge and expertise in financial matters.

There is a procedure for Directors to take independent professional advice, if necessary, at the Company's expense.

Management Engagement Committee

The Board as a whole fulfils the function of the Management Engagement Committee and keeps the resources of the Manager under review. In addition, it conducts an annual review of the terms and conditions of the Investment Management Agreement and of all aspects of the Manager's performance under this agreement.

In the opinion of the Board, Aberdeen Asset Management Group has the secretarial, marketing and administrative skills required for the effective operation and administration of the Company. As described in the Chairman's Statement last year, the Board spent time with the Manager conducting a review, with the aim of understanding better its investment philosophy and its approach to risk. The Board expressed its concern to the Manager regarding the performance of the Company's assets. Following that review, the Board remains satisfied that the Manager's investment screening processes are thorough and robust, that it employs a substantial team of skilled and experienced fund managers and we recognise the Manager's conviction that its investment approach will deliver real long-term growth of both income and capital. The Board therefore believes that the continuing appointment of the Manager, on the terms agreed, is in the best interests of shareholders.

Remuneration Committee

There is no requirement for the above as the Company has no executive employees. Remuneration details are provided in the Directors' Remuneration Report on page 31.

Communication with Shareholders

The Directors place a great deal of importance on communication with shareholders. The annual report and accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Company's website and the Manager's information service, and the Company responds to letters from shareholders on a wide range of issues. The Manager has regular meetings with shareholders and reports to the Board. The Board is available to meet with shareholders as appropriate.

The notice of Annual General Meeting included within the annual report and accounts is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and a presentation from the Manager covers the investment performance and strategy during the financial year and the outlook for the year ahead. The Board hopes that as many shareholders as possible will be able to attend the meeting.

Substantial Share Interests

At 24 March 2010 the following were registered or had notified the Company as being interested in 3% or more of the Company's ordinary share capital:

Holder	No of Ordinary shares	%
Aberdeen Investment Trust Savings Plans*	33,536,327	22.3
Legal & General Investment Management Ltd	5,988,503	3.97
D C Thomson & Co Ltd	5,900,000	3.91

*Non-beneficial interest

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The Manager's policy is to vote on all shares held by the Company.

Corporate Governance and Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective is to deliver superior long-term returns for our shareholders which we believe will be produced on a sustainable basis by investments in companies which adhere to best practice in the area of Corporate Governance. Accordingly, the Manager will seek to favour companies which pursue best practice in the above area.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report & accounts and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Dunedin Income Growth Investment Trust PLC

Rory Macnamara
Audit Committee Chairman
24 March 2010

Directors’ Remuneration Report

The Directors have prepared this report, in accordance with the requirements of Section 421 of Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company’s auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors’ opinion is included in their report on page 32.

Remuneration Committee

The Company has five non-executive Directors. The Nomination Committee fulfils the function of a Remuneration Committee.

Policy on Directors’ Fees

The Nomination Committee’s policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair in the light of the workload of the Board.

The fees for the non-executive Directors are determined within the limits set out in the Company’s Articles of Association. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The Nomination Committee has appointed the Manager to provide comparative and other information when the Directors consider the level of Directors’ fees. At the most recent review, it was agreed that the fees payable to the Chairman and each Director should remain at £24,000 and £16,000, respectively, except the Audit Committee Chairman should receive, effective 1 February 2010, an additional £2,000 to compensate the additional work and responsibility associated with this position. All members of the Audit Committee are paid an additional £2,000 per annum, bringing the total annual fees to £26,000 for the Chairman and £18,000 for each Director, and effective 1 February 2010, £20,000 for the Audit Committee Chairman.

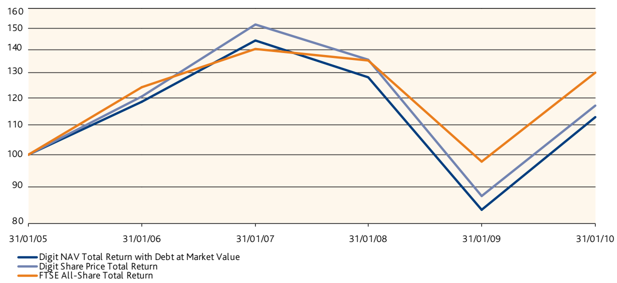
Directors’ Service Contracts

It is the Board’s policy that none of the Directors has a service contract. The terms of their appointment provide that each Director shall retire and be subject to re-election at the first Annual General Meeting after his appointment, and at least every three years after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Directors’ and officers’ liability insurance is held by the Company in respect of the Directors. This insurance is not a benefit in kind, nor does it form part of the Directors’ remuneration.

Company Performance

The Directors look at a number of Key Performance Indicators in assessing the performance of your Company. The graph below (which also appears on page 3 and is repeated here for statutory reporting purposes) compares the total return (assuming all dividends are reinvested) to ordinary shareholders with the total shareholder return on a notional investment in the FTSE All-Share Index on a logarithmic scale. This Index was chosen for comparison purposes, as it is the benchmark we currently use and is a widely used indicator for the UK equity market.



Directors’ Emoluments for the Year (audited)

The Directors who served in the year received emoluments in the form of fees, as detailed below:

	Year ended 31 January 2009 £	Year ended 31 January 2010 £
John Carson	18,000	18,000
Rory Macnamara	18,000	18,000
Jean Matterson	18,000	18,000
John Scott	26,000	26,000
Peter Wolton	18,000	18,000
	98,000	**98,000**

Approval

The Directors’ Remuneration Report was approved by the Board of Directors on 24 March 2010 and signed on its behalf by:

Jean Matterson
Director
24 March 2010

Independent Auditors' Report to the Members of Dunedin Income Growth Investment Trust PLC

We have audited the financial statements of Dunedin Income Growth Investment Trust PLC for the period ended 31 January 2010 set out on pages 33 to 50. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 26 to 29 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 23, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Gareth Horner (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditors
Chartered Accountants
Edinburgh
24 March 2010

Income Statement

	Notes	Year ended 31 January 2010 Revenue £'000	Capital £'000	Total £'000	Year ended 31 January 2009 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	9	–	66,718	66,718	–	(142,934)	(142,934)
Currency gains		–	31	31	–	26	26
Income	2	14,251	–	14,251	19,998	–	19,998
Investment management fee	3	(447)	(671)	(1,118)	(542)	(812)	(1,354)
VAT recoverable on investment management fees		172	401	573	306	714	1,020
Administrative expenses	4	(893)	–	(893)	(804)	–	(804)
Net return before finance costs and taxation		13,083	66,479	79,562	18,958	(143,006)	(124,048)
Finance costs	5	(955)	(1,433)	(2,388)	(1,181)	(1,771)	(2,952)
Return on ordinary activities before taxation		12,128	65,046	77,174	17,777	(144,777)	(127,000)
Taxation	6	(83)	–	(83)	(77)	–	(77)
Return on ordinary activities after taxation		**12,045**	**65,046**	**77,091**	**17,700**	**(144,777)**	**(127,077)**
Return per Ordinary share (pence):	8	**7.99**	**43.16**	**51.15**	**11.72**	**(95.84)**	**(84.12)**

The column of this statement headed "Total" 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 are recognised in the Income Statement.

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

The accompanying notes are an integral part of the financial statements.

Balance Sheet

	Notes	As at 31 January 2010 £'000	As at 31 January 2009 £'000
Non-current assets			
Investments at fair value through profit or loss	9	328,928	272,729
Current assets			
Loans and receivables	10	2,470	5,227
Cash and short term deposits	17	566	5,199
AAA Money Market funds	17	2,386	–
		5,422	10,426
Creditors: amounts falling due within one year			
Bank loan	11	(1,500)	(12,000)
Other creditors	11	(767)	(744)
		(2,267)	(12,744)
Net current assets/(liabilities)		3,155	(2,318)
Total assets less current liabilities		332,083	270,411
Creditors: amounts falling due after more than one year	12	(28,480)	(28,467)
Net assets		**303,603**	**241,944**
Capital and reserves			
Called-up share capital	13	38,419	38,419
Share premium account		4,543	4,543
Capital redemption reserve		1,606	1,606
Capital reserve	14	238,444	173,398
Revenue reserve		20,591	23,978
Equity shareholders' funds		**303,603**	**241,944**
Adjusted net asset value per Ordinary share (pence):	18	**201.37**	**160.45**

The financial statements were approved and authorised for issue by the Board of Directors on 24 March 2010 and were signed on its behalf by:

John Scott
Director

The accompanying notes are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 January 2010

	Notes	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	7	–	–	–	–	(15,432)	(15,432)
Balance at 31 January 2010		**38,419**	**4,543**	**1,606**	**238,444**	**20,591**	**303,603**

For the year ended 31 January 2009

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2008		38,919	4,543	1,106	320,332	21,780	386,680
Return on ordinary activities after taxation		–	–	–	(144,777)	17,700	(127,077)
Dividends paid	7	–	–	–	–	(15,502)	(15,502)
Purchase of own shares	13	–	–	–	(2,157)	–	(2,157)
Cancellation of treasury shares	13	(500)	–	500	–	–	–
Balance at 31 January 2009		**38,419**	**4,543**	**1,606**	**173,398**	**23,978**	**241,944**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

	Notes	Year ended 31 January 2010 £'000	Year ended 31 January 2010 £'000	Year ended 31 January 2009 £'000	Year ended 31 January 2009 £'000
Net cash inflow from operating activities	15		12,545		17,821
Servicing of finance					
Interest paid			(2,366)		(3,022)
Taxation					
Overseas withholding tax paid			(83)		(77)
Financial investment					
Purchases of investments		(56,446)		(47,253)	
Sales of investments		70,004		58,359	
Net cash inflow from financial investment			13,558		11,106
Equity dividends paid	7		(15,432)		(15,502)
Net cash inflow before use of liquid resources and financing			8,222		10,326
Net cash outflow from management of liquid resources			(2,386)		–
Net cash inflow before financing			5,836		10,326
Financing					
Repayment of loans		(10,500)		(6,000)	
Purchase of own shares		–		(2,157)	
Net cash outflow from financing			(10,500)		(8,157)
(Decrease)/increase in cash			**(4,664)**		**2,169**
Reconciliation of net cash flow to movements in net funds					
(Decrease)/increase in cash as above			(4,664)		2,169
Net change in liquid resources			2,386		–
Exchange movements			31		26
Movement in net funds in the period			(2,247)		2,195
Opening net funds			5,199		3,004
Closing net funds			**2,952**		**5,199**

The accompanying notes are an integral part of the financial statements.

1. Accounting policies

(a) Basis of preparation and going concern

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments and in accordance with the applicable UK Accounting Standards 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 Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 23.

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 Company adopted the extended disclosure requirements within FRS 29 for accounting periods beginning on or after 1 January 2009. The extended disclosure requirements introduced a fair value hierarchy and this is disclosed in note 20.

(b) Revenue, expenses and interest payable

Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on AAA rated money market funds and short term deposits and expenses are accounted for on an accruals basis. Income from underwriting commission is recognised as earned. Interest payable is calculated on an effective yield basis.

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 (see note 3).

(c) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a 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 the 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) Dividends payable

Interim and final dividends are recognised in the period in which they are paid.

(e) Capital reserves

Gains or losses on disposal 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.

The Ordinary share capital on the Balance Sheet relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, should a transfer be made to the capital redemption reserve.

(f) Taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the

Balance Sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Balance Sheet date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets being recognised only if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying temporary differences can be deducted. Temporary differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

Owing to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Foreign currency

The Company receives a proportion of its investment income in foreign currency. These amounts are translated at the rate ruling on the date of receipt. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Balance Sheet date.

(h) 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	**2010 £'000**	**2009 £'000**
Income from investments		
UK listed – franked	11,622	17,818
UK listed – unfranked	1,018	614
Overseas listed – unfranked	1,060	795
Scrip dividends	–	76
	13,700	19,303
Other income		
Interest from AAA rated money market funds	–	24
Deposit interest	3	158
Income on derivatives	409	336
Income from stock lending	(3)	59
Underwriting commission	142	118
	551	695
Total income	**14,251**	**19,998**

During the year, the Company received premiums totalling £436,000 (2009 – £425,000) in exchange for entering into derivative transactions. This also includes a mark to market on derivative contracts. All derivatives utilised were based on individual FTSE 100 stocks. At the year end there were 5 open positions, valued at £77,000 (2009 – £89,000).

3. Investment management fee	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Investment management fee	**447**	**671**	**1,118**	**542**	**812**	**1,354**

The management fee paid to Aberdeen Asset Managers Limited (the "Manager") for the year ended 31 January 2010 is calculated, on a monthly basis, at 0.45% on the first £225 million, 0.35% on the next £200 million and 0.25% on amounts over £425 million per annum of the net assets of the Company, with debt at par and excluding commonly managed funds. The management fee is chargeable 40% to revenue and 60% to capital. There were no commonly managed funds held in the portfolio during the year to 31 January 2010 (2009 – none).

4. Administrative expenses	2010 £'000	2009 £'000
Directors' fees	98	98
Auditors' remuneration (excluding irrecoverable VAT):		
– fees payable to the Company's auditor for the audit of the annual accounts	16	15
– fees payable to the Company's auditor and its associates for other services:		
– interim review	5	4
Investor Relations/Marketing Initiative	329	339
Registrar's fees	91	73
Printing and postage	46	41
Irrecoverable VAT	80	88
Other expenses	228	146
	893	**804**

A payment of £329,000 (2009 – £339,000) was made to the Manager in respect of marketing and promotion of the Company.

5. Finance costs	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Bank loan interest	49	74	123	275	412	687
Debenture Stock – repayable after 5 years	901	1,351	2,252	901	1,351	2,252
Amortised Debenture Stock premium and issue expenses	5	8	13	5	8	13
	955	**1,433**	**2,388**	**1,181**	**1,771**	**2,952**

6. Taxation	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
(a) **Analysis of charge for the year**						
Corporation tax at 28% (2009 – 28.33%)	261	–	261	–	–	–
Double taxation relief	(261)	–	(261)	–	–	–
Overseas tax suffered	114	–	114	104	–	104
Overseas tax reclaimable	(31)	–	(31)	(27)	–	(27)
Current tax charge for the year	**83**	–	**83**	**77**	–	**77**

(b) **Factors affecting the tax charge for the year**

The tax assessed for the year is lower than the rate of corporation tax rate of 28% (2009 – effective rate of 28.33%). The effective rate for 2009 was calculated using a rate of 30% until 31 March 2008 and 28% from 1 April 2008. The differences are explained below:

	2010 Revenue £'000	2010 Capital £'000	2010 Total £'000	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000
Return on ordinary activities before taxation	12,128	65,046	77,174	17,777	(144,777)	(127,000)
Corporation tax at 28% (2009 – 28.33%)	3,396	18,213	21,609	5,037	(41,015)	(35,978)
Effects of:						
Non-taxable UK dividends	(3,254)	–	(3,254)	(5,047)	–	(5,047)
Non-taxable stock dividends	(57)	–	(57)	(103)	–	(103)
Capital (gains)/losses on investments not taxable	–	(18,681)	(18,681)	–	40,493	40,493
Income taxable in different years	3	–	3	2	–	2
Overseas taxes	(179)	–	(179)	77	–	77
Non-taxable overseas dividends	(116)	–	(116)	–	–	–
Expenses not deductible for tax purposes	–	–	–	4	–	4
Non utilised management expenses	290	468	758	107	522	629
Current tax charge	**83**	**–**	**83**	**77**	**–**	**77**

(c) **Factors that may affect future tax charges**

The Company has not recognised a deferred tax asset of £104,288,000 (2009 – £102,263,000) arising as a result of surplus management expenses and loan relationship losses. These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

7. Dividends	**2010 £'000**	**2009 £'000**
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 January 2009 – 6.50p (2008 – 6.50p) paid 22 May 2009	9,796	9,849
Interim dividend for the year ended 31 January 2010 – 3.75p (2009 – 3.75p) paid 9 October 2009	5,651	5,653
Return of unclaimed dividends	(15)	–
Dividends paid in the period	**15,432**	**15,502**

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis upon which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £12,045,000 (2009 – £17,700,000).

	2010 £'000	2009 £'000
Interim dividend for the year ended 31 January 2010 – 3.75p (2009 – 3.75p)	5,651	5,653
Proposed final dividend of 6.50p (2009 – 6.50p) for the year ended 31 January 2010	9,796	9,796
	15,447	**15,449**

There have been no shares bought back since the year end and the proposed final dividend for 2010 is based on the latest share capital of 150,706,187 Ordinary shares.

	2010		2009	
8. Return per Ordinary share	£'000	p	£'000	p
Revenue return	12,045	7.99	17,700	11.72
Capital return	65,046	43.16	(144,777)	(95.84)
Total return	**77,091**	**51.15**	**(127,077)**	**(84.12)**
Weighted average number of Ordinary shares in issue		**150,706,187**		**151,058,809**

9. Investments: listed at fair value through profit or loss	Listed 2010 £'000	Listed 2009 £'000
Opening fair value	272,729	425,578
Opening investment holding losses/(gains)	64,237	(26,971)
Opening book cost	336,966	398,607
Purchases at cost	56,446	47,174
Sales – proceeds	(66,965)	(57,089)
– realised losses	(28,004)	(51,557)
Loss on traded option contracts	(697)	(169)
Closing book cost	297,746	336,966
Closing investment holdings gains/(losses)	31,182	(64,237)
Closing fair value	**328,928**	**272,729**

Gains/(losses) on investments	2010 £'000	2009 £'000
Realised losses on sales	(28,004)	(51,557)
Loss on traded option contracts	(697)	(169)
Change in investment holdings gains/(losses)	95,419	(91,208)
	66,718	**(142,934)**

Transaction costs

During the year 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/(losses) on investments in the Income Statement. The total costs were as follows:

	2010 £'000	2009 £'000
Purchases	241	215
Sales	73	76
	314	**291**

Stock lending details	2010 £'000	2009 £'000
Maximum aggregate value of securities on loan during the year	–	**92,268**
Fee income (gross) from stock lending during the year	–	**59**

Stock lending arrangements were suspended during the year ended 31 January 2009.

10. Debtors: amounts falling due within one year	2010 £'000	2009 £'000
Amounts due from stockbrokers	–	3,039
Net dividends and interest receivable	760	1,020
Tax recoverable	91	54
VAT recoverable	1,593	1,020
Other loans and receivables	26	94
	2,470	**5,227**

11. Creditors: amounts falling due within one year

(a) Bank loan

The Company has an agreement (which expires 31 July 2010) with Royal Bank of Scotland plc to provide a loan facility for up to £5,000,000 (2009 – £30,000,000). At 31 January 2010 £1,500,000 (2009 – £12,000,000) was drawn down. On 18 March 2010 the loan was rolled over at a rate of 2.499%. The covenant that gross borrowings should not exceed 30% of adjusted assets has been met throughout the year and up to the date this report was signed.

(b) Other creditors	2010 £'000	2009 £'000
Debenture Stock and bank loan interest	578	569
Traded option contracts	77	89
Sundry creditors	112	86
	767	**744**

12. Creditors: amounts falling due after more than one year	2010 £'000	2009 £'000
7⅞% Debenture Stock 2019 (issued in 1997)	28,600	28,600
Unamortised Debenture Stock premium and issue expenses	(120)	(133)
Amortised cost of Debenture Stock	**28,480**	**28,467**

The 7⅞% Debenture Stock is due to be redeemed at par on 30 April 2019 and interest is payable in half-yearly instalments in April and October. The Debenture Stock is secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Debenture Stock Trust Deed that total borrowings should not be greater than adjusted capital and reserves throughout the year and up to the date this report was signed.

The market value of the Debenture Stock as at 31 January 2010 was £32,480,000 (2009 – £33,965,000), the value being calculated per the disclosure in note 19. The effect on the net asset value of deducting the Debenture Stock at market value rather than at par is disclosed in note 18.

13. Called-up share capital	2010 £'000	2009 £'000
Allotted, called up and fully paid:		
150,706,187 (2009 – 150,706,187) Ordinary shares of 25p each – equity	37,676	37,676
Treasury shares:		
2,971,748 (2009 – 2,971,748) Ordinary shares of 25p each – equity	743	743
	38,419	**38,419**

During the year there were no Ordinary shares repurchased (2009 – 1,026,007 at a cost of £2,157,000 including expenses), and no treasury shares cancelled (2009 – 2,000,000).

14. Capital reserve	2010 £'000	2009 £'000
At 31 January 2009	173,398	320,332
Net losses on sales of investments during the year	(28,004)	(51,557)
Movement in investment holdings gains during the year	95,419	(91,208)
Loss on traded option contracts	(697)	(169)
Purchase of own shares	–	(2,157)
Currency gains	31	26
Finance costs of borrowings (note 5)	(1,433)	(1,771)
Investment management fee	(671)	(812)
VAT recoverable on management fees	401	714
At 31 January 2010	**238,444**	**173,398**

Included in the total above are investment holdings gains at the year end of £31,182,000 (2009 – losses £64,237,000).

15. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2010 £'000	2009 £'000
Net return on ordinary activities before finance costs and taxation	79,562	(124,048)
Adjustment for:		
(Gains)/losses on investments	(66,718)	142,934
Currency gains	(31)	(26)
Decrease in accrued income	260	7
Increase in other debtors	(542)	(1,100)
Increase in other creditors	14	54
	12,545	**17,821**

16. Analysis of changes in financing during the year	Equity share capital (including premium) 2010 £'000	Debenture stock 2010 £'000	Equity share capital (including premium) 2009 £'000	Debenture stock 2009 £'000
Opening balance at 31 January 2009	42,962	28,467	43,462	28,454
Movement in unamortised Debenture Stock discount and issue expenses	–	13	–	13
Cancellation of treasury shares	–	–	(500)	–
Closing balance at 31 January 2010	**42,962**	**28,480**	**42,962**	**28,467**

The Ordinary share capital on the Balance Sheet relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, should a transfer be made to the capital redemption reserve.

17. Analysis of changes in net debt	At 31 January 2009 £'000	Cash flow £'000	Amortisation of issue expenses and premium £'000	At 31 January 2010 £'000
Cash and short term deposits	5,199	(4,633)	–	566
AAA Money Market funds	–	2,386	–	2,386
Debt due within one year	(12,000)	10,500	–	(1,500)
Debt due after more that one year	(28,467)	–	(13)	(28,480)
Net debt	**(35,268)**	**8,253**	**(13)**	**(27,028)**

18. Net asset value per share

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 year end, adjusted to reflect the deduction of the Debenture Stock at par. A reconciliation between the two sets of figures is as follows:

	2010	2009
Equity shareholders' funds	£303,603,000	£241,944,000
Adjusted net assets	£303,483,000	£241,811,000
Number of equity shares in issue at year end[A]	150,706,187	150,706,187
Equity shareholders' funds per share	201.45p	160.54p
Less: Unamortised Debenture Stock premium and issue expenses	(0.08p)	(0.09p)
Adjusted net asset value per share	**201.37p**	**160.45p**

[A] excluding shares held in treasury

The net asset value per share at 31 January 2010, adjusted to include the Debenture Stock at market value rather than at par is 198.80p (2009 – 156.89p).

The movements during the year of the assets attributable to the Ordinary shares were as follows:

	2010 £'000	2009 £'000
Opening adjusted net assets	241,811	386,534
Capital return for the year	65,046	(144,777)
Revenue on ordinary activities after taxation	12,045	17,700
Dividends appropriated in the year	(15,432)	(15,502)
Movement in unamortised Debenture Stock premium and issue expenses	13	13
Purchase of own shares	–	(2,157)
Closing adjusted net assets	**303,483**	**241,811**

19. Financial instruments

The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts and futures and options for the purpose of managing currency and market risks arising from the Company's activities.

During the year, the Company entered into certain derivative contracts. Positions closed during the year realised a loss of £697,000 (2009 – £169,000). As disclosed in note 2, the premium received and fair value changes in respect of options written in the year was £436,000 (2009 – £425,000). The largest position in derivative contracts held during the year at any given time was £110,000 (2009 – £103,000). The Company had 5 open positions in derivative contracts at 31 January 2010 valued at £77,000 (2009 – £89,000). Also at 31 January 2010 the Company held a FTSE 100 Put option valued at £62,000 (2009 – £nil) which will expire in March 2010.

Risk management

The Manager has a dedicated investment management process, which ensures that the investment policy explained on page 8 is followed. Stock selection procedures are in place based on active portfolio management and identification of stocks. The portfolio is reviewed on a periodic basis by a Senior Investment Manager and also by the Manager's Investment Committee.

The Manager has an independent Investment Risk department for reviewing the investment risk parameters of the Company's portfolio on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Additionally, the Manager's Compliance department continually monitors the Company's investment and borrowing powers and reports to the Manager's Risk Management Committee.

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

– the fair value of the investments in fixed interest rate securities;

– the level of income receivable on cash deposits; and

– interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Balance Sheet date was as follows:

At 31 January 2010	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	15.13	6.98	8,389	2,952
Total assets	–	–	**8,389**	**2,952**
Liabilities				
Bank loans	0.08	2.47	(1,500)	–
Debenture Stock	9.25	7.87	(28,480)	–
Total liabilities	–	–	**(29,980)**	–

At 31 January 2009	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	17.30	5.13	2,725	5,199
Total assets	–	–	**2,725**	**5,199**
Liabilities				
Bank loans	0.02	1.86	(12,000)	–
Debenture Stock	10.25	7.87	(28,467)	–
Total liabilities	–	–	**(40,467)**	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Company's borrowings are shown in notes 11 and 12 to the financial statements.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The Company's equity portfolio and short-term debtors and creditors (excluding bank loans) have been excluded from the above tables. All financial liabilities are measured at amortised cost.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the Balance Sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Company's profit before tax for the year ended 31 January 2010 would increase by £30,000 (2009 – increase by £52,000) and had interest rates been 100 basis points lower the converse would apply. This is attributable to the Company's exposure to interest rates on its floating rate cash balances. The Company holds no financial instruments that will have an equity reserve impact.

In the opinion of the Directors, the sensitivity analysis is not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives.

Foreign currency risk

A small proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently the Balance Sheet can be affected by movements in exchange rates and it is the Company's policy not to hedge this risk.

The revenue account is subject to currency fluctuations arising on dividends paid in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 January 2010			31 January 2009		
	Investments £'000	Net monetary assets £'000	Total currency exposure £'000	Investments £'000	Net monetary assets £'000	Total currency exposure £'000
Euro	18,737	–	18,737	13,219	28	13,247
Sterling	310,191	(25,325)	284,866	259,510	(30,813)	228,697
Total	**328,928**	**(25,325)**	**303,603**	**272,729**	**(30,785)**	**241,944**

The asset allocation between specific markets can vary from time to time based on the Manager's opinion of the attractiveness of the individual stocks in these markets.

Foreign currency sensitivity

There is no sensitivity analysis included as the Board believes the amount exposed to foreign currency denominated monetary assets to be immaterial. Where the Company's equity investments (which are non-monetary items) are priced in a foreign currency, they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. Both the allocation of assets and the stock selection process, as detailed on page 19, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges in the UK and Europe.

Other price risk sensitivity

If market prices (excluding the FTSE 100 Put option which has a market value of £62,000) at the Balance Sheet date had been 10% higher while all other variables remained constant, the return attributable to ordinary shareholders for the year ended 31 January 2010 would have increased by £32,889,000 (2009 – increase of £27,273,000) and equity reserves would have increased by the same amount. Had market prices been 10% lower the converse would apply.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise Debenture Stock and a revolving facility. The Debenture Stock provides secure long-term funding while short term flexibility is achieved through the borrowing facility. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of less than 30% at all times. Details of borrowings at 31 January 2010 are shown in notes 11 and 12.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and listed securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities, details of which can be found in note 11. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the interest rate risk section of this note.

Liquidity risk exposure

At 31 January 2010 and 31 January 2009 the amortised cost of the Company's Debenture Stock was £28,480,000 and £28,467,000 respectively. This is due to be redeemed at par on 30 April 2019. At 31 January 2010 and 31 January 2009 the Company's bank loans, amounted to £1,500,000 and £12,000,000, respectively. The facility is committed until 31 July 2010.

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The Company considers credit risk not to be significant as it is actively managed as follows:

– investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the custodian carries out a stock reconciliation to third party administrators' records on a monthly basis to ensure discrepancies are picked up on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;

– the risk of counterparty exposure due to stock lending is mitigated by the review of collateral positions provided daily by the various counterparties involved;

– cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

None of the Company's financial assets is secured by collateral or other credit enhancements.

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 January was as follows:

	2010		2009	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Fixed interest securities	8,389	8,389	2,725	2,725
Debtors and prepayments	2,470	2,470	5,227	5,227
Cash and short term deposits	2,952	2,952	5,199	5,199
	13,811	**13,811**	**13,151**	**13,151**

None of the Company's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £33,980,000 as at 31 January 2010 (2009 – £45,965,000) compared to an accounts value in the financial statements of £30,100,000 (2009 – £40,600,000) (note 11). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Balance Sheet at fair value.

20. Fair value hierarchy

The Company adopted the amendments to FRS 29 'Financial Instruments: Disclosures' effective from 1 January 2009. These amendments require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy at 31 January 2010 as follows:

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	320,477	–	–	320,477
Quoted bonds	b)	8,389	–	–	8,389
Derivatives	c)	62	–	–	62
Total		328,928	–	–	328,928
Financial liabilities at fair value through profit or loss					
Derivatives	c)	(77)	–	–	(77)
		328,851	**–**	**–**	**328,851**

a) Quoted equities

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) Quoted bonds

The fair value of the Company's investments in corporate quoted bonds has been determined by reference to their quoted bid prices at the reporting date.

c) Derivatives

The fair value of the Company's investments in derivatives has been determined using observable market inputs on an exchange traded basis and therefore have been classed as Level 1.

21. Contingent asset

On 5 November 2007, the European Court of Justice ruled that management fees on investment trusts should be exempt from VAT. HMRC has 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 will be processed by HMRC in due course.

The Company has accepted the Manager's offer to refund £1,020,000 and £573,000 to the Company, representing all VAT charged on investment management fees for the period 1 January 2004 to 31 October 2007 and an estimate for the period 1 January 2001 to 31 December 2003, respectively. The former amount was included in the financial statements for the year ended 31 January 2009 and the latter amount has now been included in the financial statements for the year ended 31 January 2010. Both amounts have been allocated to revenue and capital respectively, in accordance with the accounting policy of the Company for the periods in which the VAT was charged. The amount for earlier periods and the timescale for receipt are at present uncertain and the Company has therefore taken no account in these financial statements of any such repayment.

The Manager is at present awaiting HMRC's confirmation of the amounts to be received for the period from 1990 to 1996. The timing of this payment is not certain, although we would expect the total amount, covering this earlier period, to be in excess of £700,000 which will, once again, be split in accordance with the prevailing accounting policy.

The Company has not been charged VAT on its investment management fees from 1 November 2007.

22. Capital management policies and procedures

The Company's capital management objectives are:

– to ensure that the Company will be able to continue as a going concern; and

– to maximise the return to its equity shareholders through an appropriate balance of equity capital and debt.

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Board monitors and reviews the broad structure of the Company's capital. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company is not subject to any externally imposed capital requirements.

Marketing Strategy

Dunedin Income Growth Investment Trust PLC contributes to the marketing programme run by Aberdeen Asset Managers Limited ("Aberdeen") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by Aberdeen. This contribution is reviewed annually.

The purpose of the Programme is to communicate effectively with existing shareholders and attract new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares. Aberdeen's experience has also shown that well-targeted marketing of the Company's investment merits through packaged products, whether singly, or in conjunction with other trusts run by Aberdeen, can be a cost-effective way of gaining new investors.

These aims can be met in several ways:

Investor Relations Programme

Aberdeen runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Group Schemes

The Aberdeen Group administers several savings schemes including the Share Plan, ISA and the Children's Plan. These schemes allow investment at lower costs and have proved popular with private investors.

Direct Response Advertising

Aberdeen advertise the packaged product availability of the Company in the specialist financial press.

Direct Mail

Periodic mail shots of information packs inviting named addressees to respond is a low-cost method of building awareness and investor databases. Target groups include existing holders of other Aberdeen investment trusts as well as known buyers of investment trusts.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by Aberdeen, is distributed free of charge.

Public Relations

Aberdeen undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

Aberdeen runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately. The Marketing Programme is under the direction of Aberdeen's Group Head of Marketing, who has considerable experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

The Company has its own dedicated website at: **www.dunedinincomegrowth.co.uk.** This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

The Company is committed to the close monitoring of the Marketing Programme. The Group Head of Marketing reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, the Manager or performance, please telephone Aberdeen's Investor Services Department on 0500 00 00 40. Alternatively, internet users may e-mail us at **inv.trusts@aberdeen-asset.com** or write to us at Aberdeen Investment Trusts , Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP.

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 and Investment Trust ISA.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers ("Aberdeen") 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 Aberdeen 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

Aberdeen 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 Aberdeen 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 in Dunedin Income Growth Investment Trust PLC 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, 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 management 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 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 Us

For information on 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 2233
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 in the United Kingdom.

Glossary of Terms and Definitions

Actual Gearing
Total Assets (as below) less all cash and fixed interest assets (excluding convertibles) divided by shareholders' funds.

Asset Cover
The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

Discount
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Net Asset Value
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Potential Gearing
Total Assets including all debt being used for investment purposes divided by shareholders' funds.

Premium
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio
The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stockmarket's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets
Total Assets less current liabilities (before deducting prior charges as defined above).

Total Expense Ratio
Ratio of expenses as percentage of average shareholders' funds calculated as per the industry standard Lipper Fitzrovia method.

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes ex dividend. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Dunedin Income Growth Investment Trust PLC (the "Company") will be held at Discovery Point, Dundee, DD1 4XA on Wednesday, 19 May 2010 at 12 noon, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 8 inclusive will be proposed as ordinary resolutions and resolutions 9 to 11 will be proposed as special resolutions:

Ordinary Business

1. To receive the reports of the Directors and auditors and the accounts for the year ended 31 January 2010.
2. To approve the Directors' Remuneration Report for the year ended 31 January 2010.
3. To approve a final dividend of 6.50p on the Ordinary shares.
4. To re-elect Jean Matterson as a Director of the Company.
5. To re-elect John Scott as a Director of the Company.
6. To re-appoint KPMG Audit Plc as auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
7. To authorise the Directors to fix the remuneration of the auditors for the year to 31 January 2011.
8. That, in substitution for any existing authority given in accordance with Section 80 of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "relevant securities") up to an aggregate nominal amount of £12,557,593 provided that such authorisation expires (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company in 2011 or on 31 July 2011 (whichever is earlier) save that the Company may, at any time prior to the expiry of such authority, make offers or agreements which would or might require such relevant securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.
9. That, subject to the passing of resolution number 8 set out above and in substitution for any existing power under Section 95 of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Companies Act 2006 ("the Act"), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution number 8 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
   (i) (otherwise than pursuant to sub-paragraph (ii) below) up to an aggregate nominal value of £1,883,827; and
   (ii) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of ordinary shares held by them on a record date fixed by the directors (subject to such exclusions, limitations, restrictions or other arrangements as the Directors consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever);

   and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2011, or on 31 July 2011 (whichever is earlier), save that the Company may, at any time prior to the expiry of such authority, make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.
10. That, in substitution for any existing authority under Section 166 of the Companies Act 1985 but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, for the purposes of Section 701 of the Companies Act 2006 (the "Act"), to make one or more market purchases (within the meaning of Section 693(4) of the Act) of fully paid ordinary shares of 25p each in the capital of the Company ("Ordinary shares") on such terms as the Directors of the Company think fit provided that:

Notice of Annual General Meeting continued

(i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
(ii) the minimum price which may be paid for an Ordinary share shall be 25p (exclusive of expenses);
(iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
  (a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and
  (b) the higher of the price of the last independent trade in Ordinary shares and the highest current independent bid for Ordinary shares on the London Stock Exchange; and
(iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 or on 31 July 2011 (whichever is the earlier) save that the Company may at any time prior to such expiry, enter into a contract or arrangement to purchase Ordinary shares under this authority which will or might be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares pursuant to any such contract or arrangement.

Special Business

11. That the draft Articles of Association of the Company produced at the meeting, and initialled by the Chairman of the meeting for the purposes of identification, be adopted as the Articles of Association of the Company in substitution for, and to the entire exclusion of, the Articles of Association of the Company existing at the date of the Annual General Meeting of the Company convened on 19 May 2010.

7 April 2010
Registered office: 7th Floor, 40 Princes Street
Edinburgh EH2 2BY

By order of the Board
Aberdeen Asset Management PLC,
Secretary

Notes:

(i) A member entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise the rights attached to any one share. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Equiniti Limited on 0871 384 2441 (calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary), tel international (+44 121 415 7047). In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he/she is the holder.

(ii) A form of proxy is enclosed. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's Registrars, Equiniti Limited, Freepost 10850, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZR so as to arrive not less than forty eight hours (excluding non-working days) before the time fixed for the meeting.

(iii) The return of a completed proxy form or other such instrument of proxy will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(viii) The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

(ix) The right to vote at a meeting is determined by reference to the Company's register of members as at 6 p.m. on 17 May 2010 or if this meeting is adjourned, at 6 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting

(x) As at 24 March 2010 (being the latest practicable date prior to the publication of this document) the Company's issued share capital comprised 150,706,187 ordinary shares of 25p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 24 March 2010 was 150,706,187.

(xi) Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(xii) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) to (iii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(xiii) Biographical details of the Directors standing for re-election are set out on pages 20 to 21 of this report.

(xiv) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xv) Members should note that, it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

(xvi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xvii) Information regarding the Annual General Meeting is available from the Company's website, dunedinincomegrowth.co.uk

(xviii) Pursuant to Section 319A of the Companies Act 2006, as a member, you have the right to put questions at the meeting relating to business being dealt with at the meeting.

A copy of the current Articles of Association and of the proposed new Articles of Association marked up to show the proposed amendments will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the Manager's London office, Bow Bells House, 1 Bread Street, London EC4M 9HH, until the conclusion of the meeting.

Appendix to Notice of Annual General Meeting

EXPLANATORY NOTE OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

The material amendments to the Company's existing Articles of Association arising from the proposed adoption of the New Articles are summarised below. References to Article numbers are references to a particular Article in the New Articles.

This appendix to the Annual General Meeting notice does not summarise non-material changes and in particular it does not summarise changes of a minor, technical or clarifying nature. A copy of the New Articles will be available for inspection at the registered office of the Company and at the Manager's London office, Bow Bells House, 1 Bread Street, London EC4M 9HH during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the notice of the Annual General Meeting until the conclusion of the Annual General Meeting and at the venue of the Annual General Meeting from 11.45 a.m. until the conclusion of the meeting.

Corporate Representatives

The Companies Act 2006 (the "2006 Act") has been amended to clarify that where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways. The New Articles reflect this matter.

Multiple Proxies

The 2006 Act has been amended to clarify the position concerning the rights of proxies when voting on a show of hands in the event that a proxy has been appointed for the same meeting by more than one member and where a member appoints more than one proxy in respect of different shares within the same holding. The New Articles reflect the revised position under the 2006 Act.

Votes Cast in Advance

The New Articles provide the Directors with the flexibility to allow for votes on a poll to be cast in advance of the relevant general meeting in accordance with the 2006 Act.

Requirement to Provide an Electronic Address for Receipt of Proxies

The Company is required under the 2006 Act to provide an electronic address for the receipt of any document or information relating to proxies for a general meeting. The New Articles reflect this requirement.

Additional Content Requirements for Notices of Meetings

The 2006 Act provides that certain additional information must now be included in notices of general meetings. The New Articles contain a list of such information at Article 59.

Corporate Information

Directors

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

Manager and Registered Office

Aberdeen Asset Managers Limited
7th Floor, 40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131 528 4000

Company Registration Number: SC00881

Registrar

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
20 Moorgate
London EC2R 6DA

Auditors

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

Website

www.dunedinincomegrowth.co.uk

Your Company's History

Dunedin Income Growth Investment Trust PLC – a History

The provenance of Dunedin Income Growth Investment Trust PLC goes back to 1873 and to the origins of the investment trust industry in Scotland. In 1873, a 28 year old Robert Fleming (sometimes dubbed the "father of the investment trust industry"), persuaded a group of Dundee's wealthiest investors to back his idea of forming "the first Association in Scotland for investments in American railroad bonds, carefully selected and widely distributed, and where investments would not exceed one-tenth of the capital in any one security." Fleming, who was later founder of the merchant bank that bore this name, showed extraordinary commercial acumen at a very young age. He was born in modest circumstances in Dundee and was first apprenticed as office boy at 13, then rose to become, at 21, book-keeper with the exporting arm of Dundee's largest textile merchant, Edward Baxter & Son.

In 1870, the elderly Mr Baxter sent Robert Fleming to the United States to represent him on business. Fleming returned enthused about the investment opportunities offered by the States, despite the country still suffering from the aftermath of the American Civil War. The "association" proved to be an attractive means for investors to pool their resources, spread risk and put their investments under full-time management. The new Fund, then known as The Scottish American Investment Trust, was launched in 1 February 1873. The Scottish American Investment Trust was partly modelled on the Foreign & Colonial Government Trust that was launched in 1868. Unlike Foreign & Colonial, which purchased overseas government stocks, the new Trust would invest in "The Bonds of States, cities, railroads and other corporations in the US, but chiefly in the mortgage bonds of railroads." John Guild, one of the chairmen, reported "while in this country you could not lend money on first-class railway debentures at over 4% or 4.5%, in America you could get 7% with the best security of this description". Coupled with the fact that railway infrastructure development in the UK had by then become relatively mature, it was for this reason that the United States was an attractive destination for Scottish funds.

The original prospectus described the intended issue of £150,000 in certificates of £100 each, paying interest of 6% per annum. Such was the level of demand that the original prospectus was withdrawn and a new one was printed with a capital issue of £300,000. The Trust started out with 30 stocks, each comprising no more than 30% of the portfolio. Confusingly, a similar sounding investment trust company, launched in Edinburgh, The Scottish American Investment Company was formed in April 1873, just a few months after Fleming's launch in February 1873. In Dundee, two almost identical issues were made in the following two years, described as the "Second Issue" and "Third Issue". The three issues became three separate trust companies, under the Joint Stock Companies Act, in 1879 – the First, Second and Third Scottish American Trust Companies Ltd, but merged into a single trust company in 1969 as the First Scottish American Investment Company Ltd.

In 1984, the First Scottish became part of the Dunedin Fund Managers' stable of trusts and was subsequently renamed in 1990 as Dunedin Income Growth Investment Trust. Dunedin Fund Managers merged with Edinburgh Fund Managers in 1996, which was then acquired by Aberdeen Asset Management in 2003.

Capital History

Issued Share Capital at 31 January 2010

150,706,187	Ordinary shares of 25p (153,677,935 including treasury shares)

Treasury Shares at 31 January 2010

2,971,748	Ordinary shares of 25p

Issued Debenture Stock at 31 January 2010

£28,600,000	7 ⅞% Debenture Stock 2019

Name Change

April 1990	Company name changed from "The First Scottish American Trust PLC" to Dunedin Income Growth Investment Trust PLC

Capital History

February 1997	£30,000,000 7 ⅞% Debenture Stock 2019 issued at £99.783%
April 1997	Capitalisation issue of four Ordinary shares of 25p issued for each existing Ordinary share
April 1999	Reduction of share capital by way of repayment of £840,000 of 3 ½% Preference stock
Year ended 31 January 2004	50,000 Ordinary shares purchased for cancellation
Year ended 31 January 2005	1,950,000 Ordinary shares purchased for cancellation and £400,000 7 ⅞% Debenture Stock 2019 purchased for cancellation
Year ended 31 January 2006	450,000 Ordinary shares purchased for cancellation and 450,000 Ordinary shares purchased to hold in treasury. £1,000,000 7 ⅞% Debenture Stock 2019 purchased for cancellation and £40,000,000 11 ½% Debenture Stock 2016 redeemed
Year ended 31 January 2007	3,231,101 Ordinary shares purchased to hold in treasury
Year ended 31 January 2008	2,237,440 Ordinary shares purchased to hold in treasury, 1,972,800 treasury shares cancelled
Year ended 31 January 2009	1,026,007 Ordinary shares purchased to hold in treasury, 2,000,000 treasury shares cancelled
Year ended 31 January 2010	No shares purchased, cancelled or issued

Aberdeen