Dunedin Income Growth Investment Trust PLC

Half Yearly Report
for the six months ended 31 July 2015

Contents

Objective

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

Highlights and Financial Calendar

	31 July 2015	31 January 2015	% change
Total assets (£'000)[A]	448,919	467,830	–4.0
Total shareholders' funds (£'000)[B]	410,049	428,702	–4.4
Net asset value per Ordinary share[B]	271.51p	283.86p	–4.4
Net asset value per Ordinary share[C]	268.00p	279.66p	–4.2
Share price per Ordinary share (mid)	247.75p	266.00p	–6.9
Discount to net asset value[CD]	–7.0%	–2.5%	

[A] Defined as total shareholders' funds before deduction of borrowings.
[B] Debt at par value.
[C] Debt at fair value.
[D] These discounts are based on capital only NAVs, calculated in accordance with AIC guidelines.

Performance (total return[E])

	Six months ended 31 July 2015	Year ended 31 January 2015
Net asset value per Ordinary share[F]	–2.1%	+11.1%
Share price per Ordinary share	–4.7%	+6.8%
FTSE All-Share Index	+2.8%	+7.1%

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

Financial Calendar

21 September 2015	Announcement of unaudited interim results for the six months ended 31 July 2015
28 August 2015 **27 November 2015** **26 February 2016** **27 May 2016**	Payment date of quarterly dividends
31 January 2016	Financial year end
March 2016	Announcement of results for year ended 31 January 2016
25 May 2016	AGM in London (12 noon)

Chairman's Statement

Review of the Period

Over the half year under review the FTSE All Share rose 2.8% on a total return basis. On this same basis, including dividends paid out, the Company's net asset value (NAV) per share fell 2.1%. The Company's shares also saw the discount to NAV widen from where they stood at the full year from 2.5% to 7.0% at 31 July 2015 resulting in a total return to shareholders over the period of -4.7%. Since the end of the half year, the discount to NAV that the Company's shares trade has narrowed.

Revenue per share was more or less flat year on year as we benefitted from a refund of withholding tax from the French Government that had been expensed in prior periods. Headline revenue declined by 6.5% and, while Tesco and Centrica announced cuts to their dividends, this fall was largely due to the non-recurrence of a special dividend from Compass Group, a lower level of option income and a weaker Euro.

Dividends

It is our intention to make three equal distributions of 2.575p in August, November and February and to pay a final balancing dividend in May next year. We retain revenue reserves in excess of three quarters of one year's pay out and it remains our aim to continue to grow the dividend in real terms.

Economic and Market Background

This was an eventful six months with investors' attention occupied to varying degrees by collapsing government bond yields in Europe, the UK general election, the ongoing discussions over a third bail-out package for Greece, the long running debate over the timing of the first interest rate rises by the United States' Federal Reserve, the continuing decline in commodity prices and in more recent months increasing concerns over the health of the Chinese economy and their devaluation of the Yuan.

Broadly speaking, economic conditions are becoming increasingly divergent between developed and emerging markets. The former, particularly the United States and the UK, are continuing to deliver quite reasonable levels of economic growth while many emerging markets, and those countries that supply them with commodities such as Australia and Canada, are increasingly struggling to sustain the expansionary rates of recent years. This is a stark reversal of the main trends of the last ten years.

The slow-down in the Chinese economy, exemplified by the need to devalue the Yuan against the US Dollar for the first time since 1994, has particularly unnerved investors in recent months given the country's importance to global growth.

Within the 2.8% rise in the FTSE All Share, smaller companies outperformed their larger brethren with the FTSE 250 rising 10% and the FTSE Small Cap ex IT index increasing by 12.4% set against the 1.2% return from the FTSE 100. At the company level, earnings trends remained mixed over the period with companies with significant UK operations by and large prospering while those exposed to emerging markets generally finding trading more difficult and those exposed to commodities particularly hard hit. Currency trends also proved to be something of a double edged sword with some helpful tailwinds for those with US Dollar exposures, while those exposed to developing market currencies or euros found these to be a headwind to financial performance once translated back into sterling.

Gearing

The Company's gearing position increased slightly from the year end as investment asset values declined. Valuing debt at par, potential gearing stood at 9.5% at 31 July 2015, up from 9.1% at 31 January 2015. On an equity gearing basis, taking debt at par and offsetting our cash holdings, net indebtedness was 8.9% up from 7.8% at the year end, reflecting lower cash balances and lower asset values. During the period the Company renewed its three year multi-currency revolving credit facility of £25.0 million with Scotia Bank achieving improved terms on the previous arrangements. Given the Company's need for income we still consider it appropriate to maintain our modest level of gearing, though it is kept under review and largely dependent on the opportunities that present themselves at the company level. We are also continuing to monitor opportunities to access longer term funding markets.

Directors' Responsibility Statement

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

- the condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104 (*Interim Financial Reporting*);

- the Chairman's Statement (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;

- the Statement of Principal Risks and Uncertainties on page 3 is a fair review of the information required by DTR 4.2.7R being a description of the principal risks and uncertainties for the remaining six months of the year; and

- the financial statements include a fair review of the information required by DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

Principal Risks and Uncertainties

The Board has adopted a matrix of the key risks that affect its business. The principal risks facing the Company relate to the Company's investment activities and include market risk (comprising foreign currency risk and other price risk), liquidity risk and credit risk.

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 FTSE All-Share Index ("the Index") and the underlying stock weightings in the portfolio against the Index weightings are monitored closely by the Board.

Investment risk: Investment risk within the portfolio is managed in three ways:

- Adherence to the Investment Process 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 diversified by sector 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.
- The Board has laid down absolute limits on maximum holdings and exposures in the portfolio at the time of acquisition. These can only be over-ridden with Board approval. These include the following:

a) Not more than 10% of gross assets to be invested in any single stock;

b) The top five holdings should not account for more than 40% of gross assets; and

c) Holdings other than equities and cash (or cash equivalents) should not exceed 10% of gross assets.

Share price discount to net asset value (NAV) risk: The Company's shares may trade at a discount to the underlying NAV per share. The discount (or premium) at which the Company's shares may trade is influenced by the supply of shares and the number of buyers and sellers of the Company's shares in the market. Therefore, the Board seeks to influence the level of discount or premium by operating a share buyback programme and also issuing further shares where appropriate. Any shares which are bought back are either cancelled or held in treasury. The Board keeps its share buyback policy under review.

Income/dividend risk: The level of the Company's dividends and future dividend growth will depend on the performance of the underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company (including as a result of withholding taxes or exchange controls) may reduce the level of dividends received by shareholders. The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.

Regulatory risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 1158 of the Corporation Tax Act 2010, the UK Listing Rules, the Disclosure and Transparency Rules, the Companies Act 2006 and Alternative Investment Fund Managers Directive, could lead to a number of detrimental outcomes and reputational damage including additional tax obligations. The Board and Manager monitor changes in government policy and legislation which may have an impact on the Company and the Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

Gearing risk: The Company has the ability to utilise gearing in the form of a three year multi-currency revolving credit facility of £25.0 million. The Company also has long-term borrowing in the form of a £28.6 million 7 ⅞% Debenture Stock 2019. Gearing has the effect of accentuating market falls and market gains. The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. Gearing is used selectively to leverage the Company's portfolio in order to enhance long term returns. Borrowings, other than the debenture stock, are short term and particular care is taken to ensure that 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 are incorporated in guidelines for the Manager and in the Articles of Association of the Company.

These gearing restrictions are set out below:

a) Gearing should not exceed 30% of the net asset value at the time of draw down (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).

Operational risk: In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Manager, BNY Mellon Trust & Depositary (UK) Limited (the Depositary), Equiniti Limited (the registrar) and BNP Paribas, who maintain the Company's accounting records. The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems. These are reported on by their reporting accountants and regularly tested and monitored throughout the year. This is evidenced by the Board through regular reporting by the Manager.

The overall performance of the Manager in particular, to whom responsibility for the management of the Company has been delegated under a management agreement, is regularly reviewed by the Board and its compliance with the management agreement formally on an annual basis.

Going Concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014, the Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Company's assets consist almost entirely of equity shares in listed companies which are, in most circumstances, realisable within a short timescale.

Outlook

As readers of our commentaries will know we have been quite cautious on the outlook for equity market returns for some time. This is based on our view that valuations are stretched, corporate earnings growth has been hard to come by and that trading conditions in many parts of the world are increasingly difficult.

At the time of writing investors have taken fright at events in China. This combined with wider fears over weakening emerging market growth and continued concerns over the impact of potential increases in US interest rates has led to some significant volatility in global equity and commodity markets and consequent hefty falls in prices. The FTSE 100 has dipped below the 6000 level and reached its lowest point for nearly three years and oil prices have retreated to around $40 a barrel, a level not seen since the depths of the financial crisis in 2008/09.

The dilemma remains in balancing income against capital value as many valuations in these segments do appear to be reaching quite distressed levels despite the likely threat of some further dividend cuts. We entered this year with both healthy dividend cover and substantial revenue reserves. Your managers will continue to monitor holdings closely and look to take action where appropriate to both support and enhance our income generation.

At this stage it is difficult to tell whether this current stock market malaise will prove to be a sharp sell off with a rapid rebound as we witnessed during the so called "taper tantrum" of 2013 or something much more serious and prolonged. While these markets pose a number of challenges, particularly for income generation, they do also present potential opportunities. Current conditions are revealing some of the most interesting signs of value that we have seen for three or four years which may present your managers with the chance to make investments in high quality businesses at attractive prices.

Rory Macnamara
Chairman
18 September 2015

Investment Manager's Portfolio Review

Manager's Portfolio Review

This was a period of relatively modest activity as we continued to look to recycle capital away from some of our higher yielding, lower growth investments into companies with lower yields but better prospects for earnings and dividend growth.

One new position was established during the half in speciality chemicals manufacturer Elementis where we see good long term opportunities for the company to build out its consumer care and coatings franchises supported by a strong net cash balance sheet. We added to our holdings in Ultra Electronics, Inchcape and Berendsen and subscribed to GKN's placing to buy Fokker Aerospace.

We exited South 32, the spin off from BHP Billiton, and reinvested the proceeds into the parent company. Given the current challenging environment for commodity producers we felt that the prospects of the parent outweighed those of the subsidiary while also providing us with a dividend yield on reinvestment of close to 6%. Some small amounts of Compass, Sage and Provident Financial were also sold as valuations became stretched given strong share price performances.

This has undoubtedly been a difficult short period. We suffered from our relative lack of small and mid-cap companies, euro weakness affecting the value of our overseas holdings and a number of large positions such as Cobham, Compass, AstraZeneca and Pearson reversing strong share price performances in the prior period with limited justification. We don't see at this stage any fundamental reason why we should not benefit from some significant recovery from these companies in the future.

Overall while we face a tough investing environment this does leave us, we believe, with value evident in a number of our existing holdings. The wider market is also providing some interesting opportunities for new investments in good quality companies at more appealing valuations and with more yield available. We see the chance to accelerate the refocusing of the portfolio towards more medium sized and faster growing businesses as a result.

Jeremy Whitley & Ben Ritchie
Aberdeen Asset Managers Limited
18 September 2015

Investment Portfolio

As at 31 July 2015

Company	Sector	Market value £'000	Total assets %
British American Tobacco	Tobacco	20,829	4.6
Unilever	Personal Goods	20,116	4.5
GlaxoSmithKline	Pharmaceuticals & Biotechnology	19,544	4.4
HSBC Holdings	Banks	19,081	4.3
Royal Dutch Shell 'B'	Oil & Gas Producers	17,768	4.0
Prudential	Life Insurance	17,442	3.9
AstraZeneca	Pharmaceuticals & Biotechnology	17,150	3.8
Centrica	Gas, Water & Multiutilities	17,022	3.8
Pearson	Media	16,024	3.6
Vodafone	Mobile Telecommunications	14,236	3.2
Ten largest investments		**179,212**	**40.1**
Zurich Financial Services	Non-life Insurance	13,735	3.1
BHP Billiton	Mining	13,374	3.0
National Grid	Gas, Water & Multiutilities	12,413	2.8
Cobham	Aerospace & Defence	12,193	2.7
Roche	Pharmaceuticals & Biotechnology	12,096	2.7
Close Brothers	Financial Services	11,697	2.6
Unibail-Rodamco	Real Estate Investment Trusts	11,631	2.6
Standard Chartered	Banks	11,480	2.5
Sage	Software & Computer Services	11,191	2.5
BP	Oil & Gas Producers	11,180	2.5
Twenty largest investments		**300,202**	**67.1**
Berendsen	Support Services	10,005	2.2
Total	Oil & Gas Producers	9,827	2.2
Compass	Travel & Leisure	8,579	1.9
Provident Financial	Financial Services	8,235	1.8
Croda	Chemicals	8,056	1.8
Tesco	Food & Drug Retailers	7,642	1.7
Experian	Support Services	7,278	1.6
Engie	Gas, Water & Multiutilities	7,215	1.6
Inmarsat	Mobile Telecommunications	7,184	1.6
Nestle	Food Producers	6,828	1.5
Thirty largest investments		**381,051**	**85.0**
GKN	Automobiles & Parts	6,730	1.5
Inchcape	General Retailers	6,248	1.4
John Wood	Oil Equipment, Services & Distribution	5,792	1.3
ENI	Oil & Gas Producers	5,737	1.3
Rolls-Royce	Aerospace & Defence	5,010	1.1
Associated British Foods	Food Producers	4,804	1.1
Linde	Chemicals	4,633	1.0
Elementis	Chemicals	4,590	1.0
Weir	Industrial Engineering	4,583	1.0
Schroders	Financial Services	4,456	1.0
Forty largest investments		**433,634**	**96.7**
Aveva	Software & Computer Services	3,793	0.8
Ultra Electronics	Aerospace & Defence	3,560	0.8
Casino Guichard Perrachon	Food & Drug Retailers	3,396	0.7
BG	Oil & Gas Producers	1,912	0.4
Total investments		**446,295**	**99.4**
Net current assets[A]		2,624	0.6
Total assets less current liabilities		**448,919**	**100.0**

[A] Before deduction of borrowings £10,319,000.

Condensed Statement of Comprehensive Income (unaudited)

		Six months ended 31 July 2015			Six months ended 31 July 2014		
		Revenue	Capital	Total	Revenue	Capital	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/gains on investments		–	(20,095)	(20,095)	–	15,885	15,885
Income	3	12,442	–	12,442	13,307	–	13,307
Investment management fees		(336)	(505)	(841)	(336)	(504)	(840)
Other expenses		(484)	–	(484)	(472)	–	(472)
Currency gains		–	219	219	–	196	196
Net return before finance costs and taxation		11,622	(20,381)	(8,759)	12,499	15,577	28,076
Finance costs		(490)	(735)	(1,225)	(484)	(726)	(1,210)
Return on ordinary activities before taxation		11,132	(21,116)	(9,984)	12,015	14,851	26,866
Taxation on ordinary activities	2	542	–	542	(302)	–	(302)
Return for the period, being the total comprehensive income for the period		**11,674**	**(21,116)**	**(9,442)**	**11,713**	**14,851**	**26,564**
Return per Ordinary share (pence) (note 5)	5	**7.73**	**(13.98)**	**(6.25)**	**7.76**	**9.83**	**17.59**

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company.

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

Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 July 2015 £'000	As at 31 January 2015 £'000
Non-current assets			
Investments at fair value through profit or loss	9	446,295	462,444
Current assets			
Debtors		1,290	603
Cash and short-term deposits		2,581	5,783
		3,871	6,386
Creditors: amounts falling due within one year			
Bank loan		(10,319)	(10,583)
Other creditors		(1,247)	(1,000)
		(11,566)	(11,583)
Net current liabilities		(7,695)	(5,197)
Total assets less current liabilities		438,600	457,247
Creditors: amounts falling due after more than one year			
Debenture		(28,551)	(28,545)
Net assets		**410,049**	**428,702**
Capital and reserves			
Called-up share capital		38,419	38,419
Share premium account		4,619	4,619
Capital redemption reserve		1,606	1,606
Capital reserve	6	340,311	361,427
Revenue reserve		25,094	22,631
Equity shareholders' funds		**410,049**	**428,702**
Adjusted net asset value per Ordinary share (pence)	7	**271.51**	**283.86**

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 July 2015

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2015	38,419	4,619	1,606	361,427	22,631	428,702
Return on ordinary activities after taxation	–	–	–	(21,116)	11,674	(9,442)
Dividends paid (see note 4)	–	–	–	–	(9,211)	(9,211)
Balance at 31 July 2015	**38,419**	**4,619**	**1,606**	**340,311**	**25,094**	**410,049**

Six months ended 31 July 2014

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2014	38,419	4,619	1,606	337,491	21,391	403,526
Return on ordinary activities after taxation	–	–	–	14,851	11,713	26,564
Dividends paid (see note 4)	–	–	–	–	(8,972)	(8,972)
Balance at 31 July 2014	**38,419**	**4,619**	**1,606**	**352,342**	**24,132**	**421,118**

Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000
Operating activities		
Net return before finance costs and taxation	(8,759)	28,076
Adjustments for:		
Losses/(gains) on investments	20,095	(15,885)
Currency gains	(219)	(196)
Increase in accrued income	(507)	(327)
Increase in other debtors	(180)	(19)
Increase/(decrease) in other creditors	249	(293)
Cash inflow from operations	10,679	11,356
Interest paid	(1,221)	(1,206)
Overseas withholding tax recovered/(paid)	542	(302)
Net cash inflow from operating activities	10,000	9,848
Investing activities		
Purchases of investments	(13,019)	(23,792)
Sales of investments	9,073	17,777
Net cash outflow from investing activities	(3,946)	(6,015)
Net cash inflow before financing	6,054	3,833
Financing activities		
Drawdown of loan	–	5,834
Equity dividends paid	(9,211)	(8,972)
Net cash outflow from financing activities	(9,211)	(3,138)
(Decrease)/increase in cash	**(3,157)**	**695**
Reconciliation of net cash flow to movements in net debt		
Opening net debt	(33,345)	(27,155)
(Decrease)/increase in cash as above	(3,157)	695
Currency gains	219	196
Drawdown of loan	–	(5,834)
Non-cash movements	(6)	(6)
Closing net debt	**(36,289)**	**(32,104)**

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The condensed financial statements for the six months to 31 July 2015 comprise the statements set out on pages 7 to 10 together with the related notes on pages 11 to 15. The Company applies UK Generally Accepted Accounting Principles ('UK GAAP') in its annual financial statements, and is intending to adopt FRS 102 and the AIC's 'Statement of Recommended Practice' issued in November 2014 for its financial year ending 31 January 2016. The condensed financial statements for the six months to 31 July 2015 have therefore been prepared in accordance with FRS 104 'Interim Financial Reporting'. The Directors do not expect any significant changes to the Company's accounting policies as a result of the adoption of FRS 102. The accounts have therefore been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements for the year ended 31 January 2015. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The comparative figures for the financial year ended 31 January 2015 are not the Company's statutory accounts for that financial year, but are based on those accounts, represented as necessary to comply with FRS 102. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

2. Taxation

The taxation expense reflected in the Condensed Statement of Comprehensive Income is based on the estimated annual tax rate expected for the full financial year. The estimated annual corporation tax rate used for the year to 31 January 2016 is an effective rate of 20.17%. This is above the current corporation tax rate of 20% because prior to 1 April 2015 the prevailing corporation tax rate was 21%.

During the period the Company received £509,000 (2014 –£nil) in respect of a reclaim of French withholding tax expensed in prior years and a further £175,000 has been identified as being recoverable and recognised in income (2014 – £nil). During the period the Company suffered withholding tax on overseas income of £142,000 (2014 – £302,000).

3. Income	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000
Income from investments		
UK dividends	7,364	7,820
Overseas dividends	2,916	3,273
Stock dividends	1,461	1,443
	11,741	12,536
Other income		
Deposit interest	55	3
Income on derivatives	646	762
Income from stock lending	–	6
	701	771
Total income	**12,442**	**13,307**

4. Ordinary dividends on equity shares	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000
Third interim dividend 2015 of 2.575p (2014 – 2.575p)	3,888	3,888
Final dividend 2015 of 3.525p (2014 – 3.375p)	5,323	5,096
Refund of unclaimed dividends	–	(12)
	9,211	**8,972**

A first interim dividend for 2016 of 2.575p per share (2015 – 2.575p), amounting to £3,888,000 (2015 – £3,888,000), was paid on 28 August 2015 to shareholders on the register on 8 August 2015. The ex-dividend date was 6 August 2015.

5. Returns per share	Six months ended 31 July 2015 p	Six months ended 31 July 2014 p
Revenue return	7.73	7.76
Capital return	(13.98)	9.83
Total return	**(6.25)**	**17.59**

The returns per share are based on the following:

	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000
Revenue return	11,674	11,713
Capital return	(21,116)	14,851
Total return	**(9,442)**	**26,564**
Weighted average number of Ordinary shares	**151,006,187**	**151,006,187**

6. Capital reserves

The capital reserve reflected in the Statement of Financial Position at 31 July 2015 includes gains of £99,415,000 (31 January 2015 – gains of £123,861,000) which relate to the revaluation of investments held at the reporting date.

7. Net asset value

Equity shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 102. The analysis of equity shareholders' funds on the face of the Balance Sheet does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the period end, adjusted to reflect the deduction of the Debenture Stock at par. A reconciliation between the two sets of figures is given below:

	As at 31 July 2015	As at 31 January 2015
Equity shareholders' funds	£410,049,000	£428,702,000
Adjusted net assets	£410,000,000	£428,647,000
Number of Ordinary shares in issue at the period end	151,006,187	151,006,187
Equity shareholders' funds per share	271.54p	283.90p
Less: Unamortised Debenture Stock premium and issue expenses	(0.03p)	(0.04p)
Adjusted net asset value per share	**271.51**	**283.86**

8. **Transaction costs**

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

	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000
Purchases	63	116
Sales	4	16
	67	**132**

9. **Fair value hierarchy**

FRS 102 requires 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 classifications:

Class A: quoted prices for identical instruments in active markets;

Class B: prices of recent transactions for identical instruments; and

Class C: valuation techniques using observable and unobservable market data.

The financial assets and liabilities measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 July 2015	Note	Class A £'000	Class B £'000	Class C Observable Inputs £'000	Class C Unobservable Inputs £'000	Total £'000
Financial assets at fair value through profit or loss						
Quoted equities	a)	446,295	–	–	–	446,295
Financial liabilities at fair value through profit or loss						
Derivatives	b)	(305)	–	(96)	–	(401)
Net fair value		**445,990**	**–**	**(96)**	**–**	**445,894**

As at 31 January 2015	Note	Class A £'000	Class B £'000	Class C Observable Inputs £'000	Class C Unobservable Inputs £'000	Total £'000
Financial assets at fair value through profit or loss						
Quoted equities	a)	462,444	–	–	–	462,444
Financial liabilities at fair value through profit or loss						
Derivatives	b)	–	–	–	–	–
Net fair value		**462,444**	**–**	**–**	**–**	**462,444**

a) **Quoted equities and preference shares**

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

b) **Derivatives**

The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis and therefore has been included in Fair Value Class A.

The fair value of the Company's investments in Over the Counter Options (where the underlying equities are also held) has been determined using observable market inputs other than quoted prices of the underlying equities (which are included within Fair Value Class A) and therefore determined as Fair Value Class C.

There has been no significant change in the risk analysis as disclosed in the Company's Annual Report.

10. Transactions with the Manager

The Company has agreements with Aberdeen Fund Managers Limited ("AFML" or the "Manager") for the provision of investment management, secretarial, accounting and administration and promotional activity services.

The management fee for the six months ended 31 July 2015 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. During the period £841,000 (31 July 2014 – £840,000) of investment management fees were earned by the Manager, with a balance of £nil (31 July 2014 – £nil) being payable to AFML at the period end. There were no commonly managed funds held in the portfolio during the 6 months to 31 July 2015 (2014 – none).

No fees are charged in the case of investments managed or advised by the Aberdeen Asset Management Group. The management agreement may be terminated by either party on the expiry of 6 months written notice. On termination the Manager would be entitled to receive fees which would otherwise have been due up to that date.

The promotional activities fee is based on a current annual amount of £372,000, payable quarterly in arrears. During the period £186,000 (31 July 2014 – £192,000) of fees were expensed, with a balance of £124,000 (31 July 2014 – £31,000) being payable to AFML at the period end.

11. Segmental information

The Company is engaged in a single segment of business, which is to invest in equity securities. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

12. This Half-Yearly Financial Report was approved by the Board on 18 September 2015.

Independent Review Report to Dunedin Income Growth Investment Trust PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2015 which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, the Statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with FRS 104 *Interim Financial Reporting*.

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 July 2015 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting*.

Philip Merchant
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Edinburgh
18 September 2015

How to Invest in Dunedin Income Growth Investment Trust PLC

Investors can buy and sell shares in Dunedin Income Growth Investment Trust PLC through a stockbroker, lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for Retail clients, shares may be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and or Investment Trust Individual Savings Account (ISA).

Suitable for Retail/NMPI Status

The Company's shares are designed for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in equity markets and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, so that the shares issued by Dunedin Income Growth Investment Trust PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments (NMPIs).

The Company's shares are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are shares in an investment trust.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Dunedin Income Growth Investment Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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 purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time.

Aberdeen's Investment Trust Share Plan

AAM operates 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 only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time.

Aberdeen's Investment Trust ISA

An investment of up to £15,240 can be made in the tax year 2015/2016.

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

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in Aberdeen's Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

ISA Transfer

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

How to Invest in Dunedin Income Growth Investment Trust PLC continued

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

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

Company Information

If investors would like details of Dunedin Income Growth Investment Trust PLC or information on the Children's Plan, Share Plan, or ISA please telephone 0500 00 00 40, e-mail to inv.trusts@aberdeen-asset.com or write to:

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex, CM99 2DB.

Details are also available on www.invtrusts.co.uk.

Terms and Conditions for Aberdeen managed savings products can also be found under the Literature section of our website at 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.

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

Contact Details

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

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB

Telephone: 0500 00 00 40
Email: inv.trusts@aberdeen-asset.com
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
Shareview Enquiry Line: 0871 384 2233
Textel/hard of hearing: 0871 384 2255
(Calls to the above Equiniti number will be charged at 10 pence per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday).
Tel International: (+44 121 415 7047)

Pension Plan

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

Online Dealing Providers

Investor information
There are a number of other ways in which you can buy and hold shares in the Company.

Online dealing
There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:
AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Halifax Share Dealing
Hargreave Hale
Hargreaves Lansdown
Idealing
Interactive Investor
Selftrade
The Share Centre
Stocktrade
TD Direct

Discretionary Private Client Stockbrokers
If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association at www.thewma.co.uk

Financial Advisers
To find an adviser who makes recommends on investment trusts, visit www.unbiased.co.uk

Regulation of Stockbrokers
Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:
Tel: 0800 111 6768 or at www.fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

Investor Warning
AAM is aware that some investors have received telephone calls from people purporting to work for AAM, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for AAM and any third party making such offers has no link with AAM. AAM never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact AAM's investor services centre using the details provided.

The information on pages 17 to 19 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Corporate Information

Directors
Rory Macnamara, Chairman
John Carson
Catherine Claydon
Elisabeth Scott
Peter Wolton

Company Secretary & Registered Office
Aberdeen Asset Management PLC
7th Floor, 40 Princes Street
Edinburgh EH2 2BY

Telephone: 0131-528 4000

Company Registration Number: SC00881

Investment Manager
Aberdeen Asset Managers Limited
7th Floor, 40 Princes Street,
Edinburgh EH2 2BY

Telephone: 0131-528 4000
Website: www.aberdeen-asset.com

Alternative Investment Fund Manager
Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Registrars
Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA

Shareholder Helpline: 0871 384 2441
(Calls to the above Equiniti number will be charged at 10 pence per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday).
Tel International: (+44 121 415 7047)

Stockbroker
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Auditor
KPMG LLP
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Depositary
BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Website
www.dunedinincomegrowth.co.uk

Foreign Account Tax Compliance Act ("FATCA")
IRS Registration Number (GIIN): CJ1DH9.99999.SL.826

Pre-investment Disclosure Document (PIDD)
The Alternative Investment Fund Managers Directive ("AIFMD") requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Dunedin Income Growth Investment Trust PLC ("the Company"), to make available to investors certain information prior to such investors' investment in the Company. The AIFMD is intended to offer increased protection to investors in investment products that do not fall under the existing European Union regime for regulation of investment products known as the UCITS regime.

The Company's PIDD is available for viewing on the Company's website.