

Dunedin Income Growth Investment Trust PLC

Half Yearly Report
for the six months ended 31 July 2016



Contents

1	Highlights and Financial Calendar
2	Interim Board Report – Chairman’s Statement
4	Interim Board Report – Other
5	Investment Manager’s Review
6	Investment Portfolio
8	Condensed Statement of Comprehensive Income (unaudited)
9	Condensed Statement of Financial Position (unaudited)
10	Condensed Statement of Changes in Equity (unaudited)
11	Condensed Statement of Cash Flows (unaudited)
12	Notes to the Financial Statements
17	Independent Review Report
18	Investor Information
21	Corporate Information

Investment Objective

The Company’s objective 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 2016	31 January 2016	% change
Total assets (£'000) ^A	483,095	436,965	+10.6
Total shareholders' funds (£'000) ^B	413,780	368,041	+12.4
Net asset value per Ordinary share ^B	274.70p	243.51p	+12.8
Net asset value per Ordinary share ^C	267.30p	237.48p	+12.6
Share price per Ordinary share (mid)	244.50p	220.00p	+11.1
Discount to net asset value ^{CD}	5.8%	4.6%	
Revenue return per share ^E	7.67p	7.73p	
Gearing – net	15.4%	18.6%	
Gearing – equity ^F	8.0%	10.6%	

^A Defined as total assets per the Statement of Financial Position less current liabilities (before deduction of borrowings).

^B Adjusted NAV, debt at par value.

^C Adjusted NAV, debt at fair value.

^D These premiums are lower than the numbers that appear in the statutory accounts because they are calculated in accordance with AIC guidelines (capital only).

^E For six months.

^F Calculated by dividing the total value of equity securities held by shareholders' funds, expressed as a percentage.

Performance (total return^G)

	Six months ended 31 July 2016	Year ended 31 January 2016
Net asset value per Ordinary share ^H	+15.6%	-11.5%
Share price per Ordinary share	+14.5%	-13.5%
FTSE All-Share Index	+11.9%	-4.6%

^G Capital return plus net dividends reinvested.

^H Debt at fair value.

Financial Calendar

26 August 2016	
25 November 2016	Payment date of quarterly dividends
24 February 2017	
26 May 2017	
31 January 2017	Financial year end
March 2017	Expected announcement of results for year ended 31 January 2017
May 2017	Annual General Meeting (Edinburgh)

Interim Board Report - Chairman's Statement

Review of the Period

Following disappointing performance in the previous financial year, it is pleasing to report an improvement during the six month period ended 31 July 2016, with strong absolute and relative returns. The Company's net asset value ('NAV') increased by 15.6% on a total return basis, comparing favourably with a total return of 11.9% from the FTSE All-Share Index. The share price total return was 14.5% and the discount at which the Company's shares trade to the NAV widened slightly from 4.6% at the beginning of the period to 5.8% at 31 July 2016. The net revenue per share for the period was 7.67p, 0.8% lower than in the equivalent period last year.

Dividends

A first interim dividend in respect of the year ending 31 January 2017, of 2.575p per share, was paid on 26 August 2016 and the Board has declared a second interim dividend of 2.575p per share, which will be paid on 25 November 2016 to shareholders on the register on 4 November 2016. It is our intention to make a further distribution of 2.575p per share in February and to pay a final balancing dividend in May 2017. While we remain watchful, our income account is in reasonable shape, we retain revenue reserves in excess of three quarters of one year's distribution and it remains our aim to continue to grow the dividend in real terms.

Economic and Market Background

Much of the economic and market activity during the period was in direct contrast to that which we had experienced during the previous twelve months. We commented in our full year report that two of the main reasons behind the challenging investment performance in 2015/16 lay with our exposure to companies doing business in emerging markets and within extractive industries. As we entered 2016, signs began to emerge that after significant monetary and fiscal stimulus China's economy was finally stabilising. This led to a recovery in commodity prices and a resurgence of investor appetite for emerging market assets. Alongside this, the oil price, having hit \$27 a barrel in February, began a gradual recovery as supply disruptions in key producing markets which, combined with reduced output in the United States, began the long process of rebalancing the market.

We witnessed a substantial period of market volatility following the UK referendum and the decision to leave the EU. Sterling dropped sharply, registering the largest one day fall against the US dollar in recent times while government bond yields contracted significantly with yields on 10 year gilts touching 50bps as overseas investors reduced exposure to the UK and domestic institutions sought safety assets. The stock market produced significant declines in the immediate days following the vote, but performance was bifurcated between significant underperformance from companies exposed purely to the UK economy and hefty

outperformance from those that would benefit from the diversity of overseas exposure and the translation of foreign currency denominated profits into Sterling. As a result the FTSE 100 Index, with its large weighting to international revenues, performed more robustly than the more domestically exposed small and mid-cap segments of the market.

That all being said, the UK stock market has recovered significantly following the vote and is now trading at levels above those reached prior to the referendum. Intuitively this seems surprising but has been driven by three factors. Firstly, the decline in Sterling has a significant translational benefit for the c.70% of revenues that are achieved from outside the UK by companies within the FTSE-All Share Index; in other words, in Sterling terms, UK companies are on average making greater profits than they did previously. Secondly, the substantial decline in longer dated bond yields has made the appeal of higher yielding equities even greater and has driven those looking for income to invest into those stocks. Thirdly, as economic data has emerged, it does not suggest that the UK economy has suffered the kind of disruption that many feared. The most recent services and construction PMI surveys and house price data all suggest that, after an initial panic, the business environment has stabilised to a degree. Alongside this, the Bank of England has launched a number of supportive measures including the first cut in interest rates since 2008, a further extension of its quantitative easing programme, and significant liquidity and lending support to the banking sector.

Gearing

The Company's level of gearing reduced during the period as investment values increased. Valuing debt at par, potential gearing stood at 16.7% at 31 July 2016, down from 18.7% at 31 January 2016. On an equity gearing basis, taking debt at par and offsetting our cash and bond holdings, net gearing at the end of the period was 8.0%, down from 10.6% at the year end, reflecting higher cash balances and increased asset values. Towards the end of the period the Company switched a further part of its variable rate borrowings from Sterling into Euros, taking advantage of that currency's strength against Sterling and lower interest rates. We still consider it appropriate to maintain our modest level of equity gearing, although it is kept under regular review and is largely dependent on the opportunities that present themselves at the company level.

As a reminder to shareholders, in December 2015 we successfully completed the issue of £30 million of 30 year loan notes at a fixed rate of 3.99%. This enabled us to pre-finance the replacement of the existing debenture that matures in April 2019 and secure a low level of interest. The proceeds of the loan notes have been invested in a portfolio of investment grade bonds, broadly matching the duration of

the 2019 debenture and largely offsetting the interest cost of the new issue while not increasing the Company's equity gearing.

Management Changes

I am delighted to report that Ben Ritchie is now assuming the role of lead manager to the Company. Alongside Jeremy Whitley, Ben has been co-manager for the past six years so this is a natural evolution of the investment management team. Ben will be assisted by Louise Kernohan, who is a Senior Investment Manager in Aberdeen's UK and European Equities Team and joined Aberdeen in 2005. As Aberdeen's investment approach is team-based we do not expect this change to result in a significantly different management style. At the same time, I would like to take this opportunity to thank Jeremy for all his efforts as the Company's lead manager through some challenging times and with an improved recent performance record.

Outlook

UK monetary policy continues to inflate asset prices at a time when economic growth remains questionable. While it is early days, it seems unlikely in the medium term that this period of exit from the EU will enhance the UK's economic prospects relative to the rest of the world. In contrast, we are starting to see some modest signs of stabilisation in parts of the emerging world such as China and Brazil which have struggled in recent years. Overall, there has so far been no negative impact on your Company from the EU vote. Your Manager will remain alert to opportunities within the domestic UK market caused by the current turmoil but the backdrop does little to change their view that it is likely that most of the better opportunities for long term growth lie in companies with activities that stretch well outside these shores.

Rory Macnamara

Chairman

29 September 2016

Interim Board Report – Other

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 Interim Board Report (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, and 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 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 regularly reviews the principal risks and uncertainties faced by the Company together with the mitigating actions it has established to manage the risks. These are set out within the Strategic Report contained within the Annual Report for the year ended 31 January 2016 and comprise the following risk categories:

- Investment objectives
- Investment strategies
- Investment Manager
- Income/dividends
- Gearing
- Regulatory
- Operational

In addition to the risks outlined above, the Board considers that the United Kingdom's decision in the referendum held on 23 June 2016 to leave the European Union may affect the Company's risk profile by introducing potentially significant new uncertainties and instability in financial markets as the United Kingdom negotiates the terms of its exit from the EU. These uncertainties could have a material effect on the Company's business, financial condition and operations. Other than this additional risk, the Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change

materially for the remaining six months of the Company's financial year.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with loan covenants. The current bank loan expires in July 2018. The Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board

Rory Macnamara
Chairman
29 September 2016

Investment Manager's Review

It was a relatively busy period for portfolio activity during the period as we took advantage of market movements to recycle capital from some of the Company's higher yielding, lower growth investments into a number of interesting smaller companies with attractive prospects.

We initiated five new positions: Assura, BBA Aviation, Chesnara, Essentra and RPC. Each of these businesses has its own distinct attractions; however what they have in common is that they are small or mid-cap companies which add something different to the Company's mix of economic exposures whilst meeting our quality criteria and offering the potential for superior income and capital growth. In addition, we topped up the holdings in Provident Financial and Schroders following share price weakness in the aftermath of the vote to leave the EU. To fund the purchases we took profits from a number of companies that have performed relatively well recently such as British American Tobacco, Unilever, Compass and Berendsen.

The period saw a reversal of some of the trends that hurt performance last year. The outcome of the EU referendum and the subsequent heightening of uncertainty regarding the prospects for the UK led to an underperformance of companies dependent on the domestic economy versus those with greater international exposure. As a result, the Company's higher weighting to internationally exposed companies has been beneficial. Additionally we have seen some stabilisation in emerging markets and energy prices, dynamics that were unhelpful last year given the Company's exposure to these areas, whilst the value of overseas holdings has benefited from the weakness in Sterling.

Income generation has been in line with our expectations to date and during the period the Company benefited from special dividends from Prudential and Croda. We continue to monitor the companies where dividend cover is tight whilst remaining mindful that the total return opportunities for these holdings are in many cases substantial. Foreign exchange translation will prove helpful to income if exchange rates stay at the current level next year although at this stage that is not a certainty.

Whilst the stock market has recovered well from the result of the EU referendum and actual economic data has been surprisingly positive, the uncertainty regarding the UK's relationship with the EU remains and this builds on a challenging global macro-economic picture. In these difficult circumstances it is usually those companies with strong business models, diverse revenue streams and robust financial characteristics that can generate cash flow which in turn can be distributed to shareholders that perform best. We are committed to retaining this focus whilst endeavouring to use any market volatility to the Company's advantage by improving the portfolio's positioning and prospects.

Ben Ritchie & Louise Kernohan
Aberdeen Asset Managers Limited
29 September 2016

Investment Portfolio

As at 31 July 2016

Company	Sector	Market value £'000	Total assets %
GlaxoSmithKline	Pharmaceuticals & Biotechnology	23,632	4.9
British American Tobacco	Tobacco	21,807	4.5
AstraZeneca	Pharmaceuticals & Biotechnology	20,041	4.1
Royal Dutch Shell 'B'	Oil & Gas Producers	19,718	4.1
Unilever	Personal Goods	17,385	3.6
HSBC Holdings	Banks	16,296	3.4
Unibail-Rodamco	Real Estate Investment Trusts	15,497	3.2
Vodafone	Mobile Telecommunications	15,180	3.1
Prudential	Life Insurance	14,685	3.0
Centrica	Gas Water & Multiutilities	14,552	3.0
Ten largest investments		178,793	36.9
Total	Oil & Gas Producers	13,256	2.7
Roche	Pharmaceuticals & Biotechnology	13,116	2.7
National Grid	Gas Water & Multiutilities	12,888	2.7
BP	Oil & Gas Producers	12,068	2.5
Pearson	Media	11,748	2.4
Sage	Software & Computer Services	11,592	2.4
Compass	Travel & Leisure	11,129	2.3
BHP Billiton	Mining	10,685	2.2
Close Brothers	Financial Services	10,143	2.1
Berendsen	Support Services	9,846	2.0
Twenty largest investments		295,264	60.9
Provident Financial	Financial Services	9,481	2.0
Imperial Brands	Tobacco	9,481	2.0
Standard Chartered	Banks	9,104	1.9
Rolls-Royce	Aerospace & Defence	7,522	1.6
John Wood	Oil Equipment Services & Distribution	7,380	1.5
Zurich Insurance	Non-life Insurance	7,260	1.5
Engie	Gas Water & Multiutilities	7,228	1.5
Experian	Support Services	6,898	1.4
Croda	Chemicals	6,774	1.4
Inmarsat	Mobile Telecommunications	6,420	1.3
Thirty largest investments		372,812	77.0
Schroders	Financial Services	6,172	1.3
GKN	Automobiles & Parts	6,115	1.3
Weir	Industrial Engineering	5,379	1.1
Inchcape	General Retailers	5,244	1.1
Hansteen Holdings	Real Estate Investment Trusts	5,019	1.0
Elementis	Chemicals	4,886	1.0
Nestlé	Food Producers	4,841	1.0
Rotork	Industrial Engineering	4,550	0.9
Tesco	Food & Drug Retailers	4,212	0.9
Capita	Support Services	3,811	0.8
Forty largest investments		423,041	87.4

Company	Sector	Market value £'000	Total assets %
Essentra	Support Services	3,720	0.8
Ultra Electronics	Aerospace & Defence	3,670	0.8
RPC Group	General Industrials	3,573	0.7
Assura	Real Estate Investment Trusts	3,480	0.7
Aveva	Software & Computer Services	3,254	0.7
Linde	Chemicals	3,141	0.7
BHP Billiton Finance 6.5% Var 22/10/77	Fixed Income	2,732	0.6
HBOS Cap Funding 6.461% Var Perp	Fixed Income	2,659	0.5
Enel 6.625% 15/09/76	Fixed Income	2,461	0.5
BBA Aviation	Industrial Transportation	2,418	0.5
Fifty largest investments		454,149	93.9
Rabobank Cap Funding Tst IV 5.556% Frn Perp	Fixed Income	1,567	0.3
Credit Agricole 8.125% Frn Perp	Fixed Income	1,090	0.2
Lloyds Bank 5.75% 09/07/25 Emtn	Fixed Income	1,069	0.2
BG Energy Cap 6.5% 30/11/72	Fixed Income	1,060	0.2
HSBC Bank Funding Ster 5.862% 29/04/49	Fixed Income	1,050	0.2
Barclays Bank 10% 21/05/21	Fixed Income	1,040	0.2
QBE Insurance 6.115% Var 24/05/42	Fixed Income	1,022	0.2
Friends Life Holdings 8.25% 21/04/22	Fixed Income	987	0.2
SSE 3.875% Var Perp	Fixed Income	984	0.2
Legal & General 10% 23/07/41	Fixed Income	964	0.2
Sixty largest investments		464,982	96.0
Southern Water Serv Fin 4.5% 31/03/38	Fixed Income	882	0.2
EE Finance 4.375% 28/03/19	Fixed Income	813	0.2
Heathrow Funding 6% 20/03/20	Fixed Income	806	0.2
Firstgroup 6.125% 18/01/19	Fixed Income	772	0.2
Imperial Brands Finance 7.75% 24/06/19	Fixed Income	769	0.2
Telecom Italia 7.375% 15/12/17	Fixed Income	755	0.2
ING Bank 6.875% 29/05/23	Fixed Income	753	0.2
Daimler International Finance 3.5% 06/06/19	Fixed Income	752	0.2
Wales & West Utl Fin 6.25% 30/11/21	Fixed Income	751	0.2
Societe Generale 5.4% 30/01/18	Fixed Income	739	0.2
Seventy largest investments		472,774	98.0
Chesnara	Life Insurance	714	0.1
Motability Operations 6.625% 10/12/19	Fixed Income	713	0.1
GKN 6.75% 28/10/19	Fixed Income	690	0.1
ESB Finance 6.5% 05/03/20	Fixed Income	593	0.1
Scottish Power 8.375% 20/02/17	Fixed Income	520	0.1
Society of Lloyds 7.421% Frn Perp Gbp	Fixed Income	464	0.1
Anglian Water Serv Finance 5.5% 10/10/40	Fixed Income	282	0.1
Total investments		476,750	98.7
Net current assets[^]		6,345	1.3
Total assets less current liabilities		483,095	100.0

[^] Before deduction of borrowings £11,033,000

Condensed Statement of Comprehensive Income (unaudited)

	Note	Six months ended 31 July 2016			Six months ended 31 July 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		–	46,595	46,595	–	(20,095)	(20,095)
Income	3	13,174	–	13,174	12,442	–	12,442
Investment management fees		(301)	(452)	(753)	(336)	(505)	(841)
Administrative expenses		(517)	–	(517)	(484)	–	(484)
Exchange (losses)/gains		–	(399)	(399)	–	219	219
Net return before finance costs and taxation		12,356	45,744	58,100	11,622	(20,381)	(8,759)
Finance costs		(723)	(1,082)	(1,805)	(490)	(735)	(1,225)
Net return on ordinary activities before tax		11,633	44,662	56,295	11,132	(21,116)	(9,984)
Tax on ordinary activities	2	(69)	–	(69)	542	–	542
Net return attributable to equity shareholders		11,564	44,662	56,226	11,674	(21,116)	(9,442)
Return per Ordinary share (pence)	5	7.67	29.63	37.30	7.73	(13.98)	(6.25)

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 2016 £'000	As at 31 January 2016 £'000
Non-current assets			
Equity securities		447,012	407,235
Fixed interest securities		29,738	28,777
Investments at fair value through profit or loss		476,750	436,012
Current assets			
Loans and receivables		2,177	1,513
Cash and short-term deposits		5,730	568
		7,907	2,081
Creditors: amounts falling due within one year			
Bank loans		(11,033)	(10,653)
Traded options		(481)	–
Other creditors		(1,081)	(1,128)
		(12,595)	(11,781)
Net current liabilities		(4,688)	(9,700)
Total assets less current liabilities		472,062	426,312
Creditors: amounts falling due after more than one year			
Debenture stock 2019		(28,564)	(28,558)
Loan notes 2045		(29,718)	(29,713)
		(58,282)	(58,271)
Net assets		413,780	368,041
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	343,040	299,437
Revenue reserve		26,096	23,960
Equity shareholders' funds		413,780	368,041
Net asset value per Ordinary share (pence)	7	274.91	243.73
Adjusted net asset value per Ordinary share (pence)	7	274.70	243.51

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 July 2016

		Share	Capital				
	Note	Share	premium	redemption	Capital	Revenue	
		capital	account	reserve	reserve	reserve	
		£'000	£'000	£'000	£'000	£'000	
						Total	
						£'000	
Balance at 31 January 2016		38,419	4,619	1,606	299,437	23,960	368,041
Return on ordinary activities after taxation		–	–	–	44,662	11,564	56,226
Dividends paid	4	–	–	–	–	(9,428)	(9,428)
Buyback of Ordinary shares for treasury		–	–	–	(1,059)	–	(1,059)
Balance at 31 July 2016		38,419	4,619	1,606	343,040	26,096	413,780

Six months ended 31 July 2015

		Share	Capital				
		Share	premium	redemption	Capital	Revenue	
		capital	account	reserve	reserve	reserve	
		£'000	£'000	£'000	£'000	£'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	4	–	–	–	–	(9,211)	(9,211)
Balance at 31 July 2015		38,419	4,619	1,606	340,311	25,094	410,049

Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 July 2016 £'000	Six months ended 31 July 2015 £'000
Operating activities		
Net return before finance costs and taxation	58,100	(8,759)
Adjustments for:		
(Gains)/losses on investments	(46,595)	20,095
Exchange losses/(gains)	399	(219)
Increase in accrued dividend income	(556)	(507)
Increase in accrued interest income	(98)	–
Stock dividends included in dividend income	(1,002)	(1,461)
Amortisation of fixed income book cost	180	–
Decrease in other debtors	12	10
Increase in other creditors	440	249
Net tax (paid)/received	(91)	352
Net cash inflow from operating activities	10,789	9,760
Investing activities		
Purchases of investments	(29,975)	(11,558)
Sales of investments	36,659	9,073
Net cash from/(used in) investing activities	6,684	(2,485)
Financing activities		
Interest paid	(1,803)	(1,221)
Dividends paid	(9,428)	(9,211)
Buyback of Ordinary shares for treasury	(1,059)	–
Repayment of loan	(6,000)	–
Drawdown of loan	5,878	–
Net cash flow used in financing activities	(12,412)	(10,432)
Increase/(decrease) in cash and cash equivalents	5,061	(3,157)
Analysis of changes in cash and cash equivalents during the period		
Opening balance	568	5,783
Effect of exchange rate fluctuations on cash held	101	(45)
Increase/(decrease) in cash above	5,061	(3,157)
Closing balance	5,730	2,581

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. 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 interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements. The Company has early adopted Amendments to FRS 102 'Fair Value Hierarchy Disclosures', issued by the Financial Reporting Council in March 2016.

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 2017 is an effective rate of 20%. This is in line with the current corporation tax rate of 20%.

During the period the Company received £117,000 (2015 – £509,000) in respect of a reclaim of French withholding tax expensed in prior years. There was a foreign exchange gain of £18,000 (2015 – £nil) on an amount that was accrued at the previous year end and the Company suffered withholding tax on overseas income of £204,000 (2015 – £142,000). No further prior year reclaims of overseas tax have been identified as being recoverable and recognised in income (2015 – £175,000).

	Six months ended 31 July 2016 £'000	Six months ended 31 July 2015 £'000
3. Income		
Income from investments		
UK listed – franked	8,392	7,364
Overseas listed	2,510	2,916
Fixed income	691	–
Stock dividends	1,002	1,461
	12,595	11,741
Other income		
Deposit interest	53	55
Income on derivatives	525	646
Income from stock lending	1	–
	579	701
Total income	13,174	12,442

	Six months ended 31 July 2016	Six months ended 31 July 2015
	£'000	£'000
4. Ordinary dividends on equity shares		
Third interim dividend 2016 of 2.575p (2015 – 2.575p)	3,888	3,888
Final dividend 2016 of 3.675p (2015 – 3.525p)	5,540	5,323
	9,428	9,211

A first interim dividend for 2017 of 2.575p (2016 – 2.575p) was paid on 26 August 2016 to shareholders on the register on 5 August 2016. The ex-dividend date was 4 August 2016.

	Six months ended 31 July 2016	Six months ended 31 July 2015
	p	p
5. Returns per share		
Revenue return	7.67	7.73
Capital return	29.63	(13.98)
Total return	37.30	(6.25)

The returns per share are based on the following:

	Six months ended 31 July 2016	Six months ended 31 July 2015
	£'000	£'000
Revenue return	11,564	11,674
Capital return	44,662	(21,116)
Total return	56,226	(9,442)
Weighted average number of Ordinary shares	150,730,739	151,006,187

6. Capital reserves

The capital reserve reflected in the Condensed Statement of Financial Position at 31 July 2016 includes gains of £93,090,000 (31 January 2016 – gains of £58,940,000) 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 Condensed Statement of Financial Position 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 and the Loan Notes at par. A reconciliation between the two sets of figures is given below:

Notes to the Financial Statements *continued*

	As at 31 July 2016	As at 31 January 2016
Equity shareholders' funds	£413,780,000	£368,041,000
Adjusted net assets ^A	£413,462,000	£367,712,000
Number of Ordinary shares in issue at the period end ^B	150,512,687	151,006,187
Equity shareholders' funds per share	274.91p	243.73p
Less: Unamortised Debenture Stock premium and issue expenses	(0.02p)	(0.03p)
Less: Unamortised Loan Notes issue expenses	(0.19p)	(0.19p)
Adjusted net asset value per share	274.70p	243.51p

^A Adjusted for unamortised premium and issue expenses on Debenture Stock and Loan Notes.

^B Excluding shares held in treasury.

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 gains/(losses) on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 July 2016 £'000	Six months ended 31 July 2015 £'000
Purchases	164	63
Sales	25	4
	189	67

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 Company has early adopted Amendments to FRS 102 'Fair Value Hierarchy Disclosures' issued by the Financial Reporting Council in March 2016. This has not resulted in any reclassifications in levelling and the prior year comparative has been disclosed under the new hierarchy. The fair value hierarchy has the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

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:

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000	£'000	£'000
As at 31 July 2016					
Financial assets at fair value through profit or loss					
Quoted equities	a)	447,012	–	–	447,012
Quoted bonds	b)	–	29,738	–	29,738
Total		447,012	29,738	–	476,750
Financial liabilities at fair value through profit or loss					
Derivatives	c)	(354)	–	(127)	(481)
Net fair value		446,658	29,738	(127)	476,269

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000	£'000	£'000
As at 31 January 2016					
Financial assets at fair value through profit or loss					
Quoted equities	a)	407,235	–	–	407,235
Quoted bonds	b)	–	28,777	–	28,777
Total		407,235	28,777	–	436,012
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	–	–	–
Net fair value		407,235	28,777	–	436,012

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 quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Quoted bonds included in Fair Value Level 2 are not actively traded on recognised stock exchanges.

c) 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 has been included in Fair Value Level 1.

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 Level 1) and therefore determined as Fair Value Level 3.

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 is calculated, on a monthly basis, at 0.45% per annum on the first £225 million, 0.35% per annum on

Notes to the Financial Statements *continued*

the next £200 million and 0.25% per annum on amounts over £425 million 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 £753,000 (31 July 2015 – £841,000) of investment management fees were payable to the Manager, with a balance of £133,000 (31 July 2015 – £nil) being due at the period end. There were no commonly managed funds held in the portfolio during the six months to 31 July 2016 (2015 – none).

The management agreement may be terminated by either party on not less than six months' written notice. On termination by the Company on less than the agreed notice period 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 2015 – £186,000) of fees were payable to the Manager, with a balance of £31,000 (31 July 2015 – £124,000) being due at the period end.

11. Segmental information

The Company is engaged in a single segment of business, which is to invest mainly 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. The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 31 July 2016 and 31 July 2015 has not been audited.

The information for the year ended 31 January 2016 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Section 498 of the Companies Act 2006.

The auditor has reviewed the financial information for the six months ended 31 July 2016 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The report of the auditor is on page 17.

13. This Half-Yearly Financial Report was approved by the Board on 29 September 2016.

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 2016 which comprises the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 2016 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
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
29 September 2016

Investor Information

AIFMD

The Company has appointed Aberdeen Fund Managers Limited as its alternative investment fund manager and BNY Mellon Trust & Depositary (UK) Limited as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: dunedinincomegrowth.co.uk.

Pre-investment Disclosure Document ("PIDD")

The AIFMD requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Dunedin Income Growth Investment Trust PLC, to make available to investors certain information prior to such investors' investment in the Company. The Company's PIDD is available for viewing on its website.

Website

Further information on the Company can be found on its own dedicated website: 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.

Investor Warning: Be alert to share fraud and boiler room scams

The Aberdeen Group has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for Aberdeen Asset Management or for third party firms. The Aberdeen Group has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for the Aberdeen Group and any third party making such offers/claims has no link with the Aberdeen Group.

The Aberdeen Group does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: fca.org.uk/consumers/scams

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is

available from the Company's website and the TrustNet website (trustnet.com). Alternatively you can call 0500 00 00 40 (free when dialing from a UK landline) for trust information.

If you have any questions about your Company, the Manager or performance, please telephone the Aberdeen Customer Services Department (direct private investors) on 0500 00 00 40. Alternatively, internet users may email Aberdeen at inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephoning on 0371 384 2441. Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls may be recorded and monitored randomly for security and training purposes.

Changes of address must be notified to the registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, Dunedin Income Growth Investment Trust PLC, 40 Princes Street, Edinburgh EH2 2BY or by emailing company.secretary@aberdeen-asset.com

Direct Investment

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, 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 runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. 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%) where applicable. 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. Investors have full voting and other rights of share ownership.

Aberdeen's Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which shares in the Company 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%) where applicable. 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 £15,240 can be made in the 2016/2017 tax year.

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 Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Dividend Tax Allowance

From 6 April 2016, dividend tax credits have been replaced by an annual £5,000 tax-free allowance on dividend income. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Literature Request Service

For literature and application forms for the Company and the Aberdeen Group's investment trust products, please contact:

Telephone: 0500 00 40 00

Website: invtrusts.co.uk/en/investmenttrusts/literature-library

For information on 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

(free when dialing from a UK landline)

Terms and conditions for the Aberdeen managed savings products can also be found under the literature section of invtrusts.co.uk.

Online Dealing details

Investor information

There are a number of other ways in which you can buy and hold shares in this investment trust.

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 Equiniti
- The Share Centre
- Stocktrade
- TD Direct

Investor Information continued

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: thewma.co.uk.

Financial advisers

To find an adviser on investment trusts, visit: 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 fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking income and capital growth from a portfolio invested mainly in companies listed or quoted in the United Kingdom, 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, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments ("NMPIs").

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

Note

Please remember that past performance is not a guide to the future. Stock market 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.

The information on pages 18 to 20 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)
David Barron
John Carson
Catherine Claydon
Jasper Judd
Elisabeth Scott

Registered Office and Company Secretary

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

Alternative Investment Fund Manager

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

Investment Manager

Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh EH2 2BY

Customer Services Department and Aberdeen Children's Plan, Share Plan and ISA enquiries

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0500 00 00 40
(open Monday – Friday, 9am – 5pm)
Email: inv.trusts@aberdeen-asset.com

Company Registration Number

SC00881 (Scotland)

Website

dunedinincomegrowth.co.uk

Registrar

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

Shareholder Helpline: 0371 384 2441*

(*Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider.)

Overseas helpline number: +44 (0)121 415 7047

Depositary

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

Stockbroker

JPMorgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Auditor

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

United States Internal Revenue Service FATCA Registration Number ("GIIN")

CJ1DH9.99999.SL.826



