

Dunedin Income Growth Investment Trust PLC

Annual Report
31 January 2015



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in Dunedin Income Growth Investment Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Strategic Report – Company Summary

The Company

The Company is an investment trust and its Ordinary shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange. An investment trust enables savers to make a single investment in a diversified portfolio.

Investment Objective

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

Company Benchmark

In assessing its performance, the Company compares its return with the return of the FTSE All-Share Index. Performance is measured on a net asset value total return basis over the long-term.

Manager

Lead Managers - Jeremy Whitley and Ben Ritchie

Aberdeen Asset Managers Limited ("AAM" or the "Manager")

Authorised and regulated by the Financial Conduct Authority

Alternative Investment Fund Manager

Aberdeen Fund Managers Limited ("AFML" or "the AIFM")

Authorised and regulated by the Financial Conduct Authority

Website

Up-to-date information can be found on the Company's website - www.dunedinincomegrowth.co.uk

Pre-investment Disclosure Document (PIDD)

The Alternative Investment Fund Managers Directive ("AIFMD") requires AFML, 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 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 "UCITS".

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

Strategic Report – Financial Highlights and Calendar

Financial Highlights

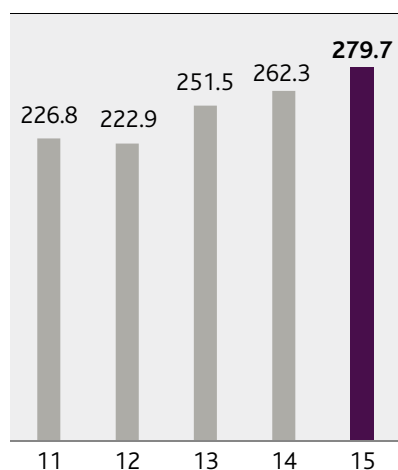
	2015	2014
Net asset value total return ^A	+11.1%	+8.7%
Share price total return	+6.8%	+8.6%
Earnings per share (revenue)	11.90p	11.89p
Dividend per share ^B	11.25p	11.10p

^A With debt at market value (dividends reinvested).

^B Relating to the financial year.

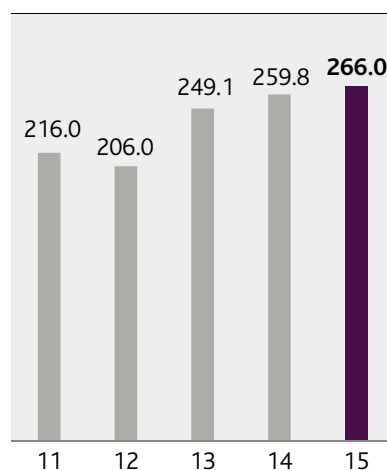
Net Asset Value per share with debt at market value

At 31 January – pence



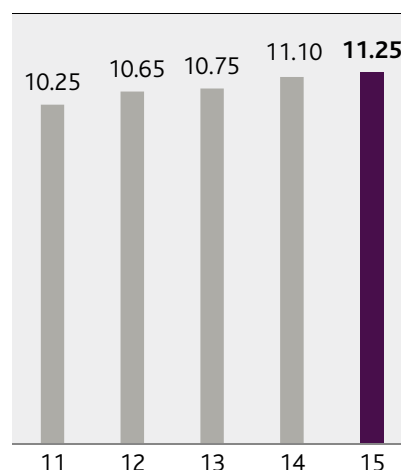
Mid-market price per share

At 31 January - pence



Dividends per share

At 31 January – pence



Financial Calendar

30 March 2015	Announcement of results for year ended 31 January 2015
27 May 2015	Annual General Meeting in Dundee (12 noon)
29 May 2015	Final Ordinary dividend payable for year ended 31 January 2015
28 August 2015	Expected payment of first interim dividend
21 September 2015	Expected announcement of Half Yearly Financial Report for six months ending 31 July 2015
27 November 2015	Expected payment of second interim dividend
26 February 2016	Expected payment of third interim dividend

Strategic Report – Overview of Strategy

Introduction

The purpose of this report is to provide shareholders with details of the Company's strategy and business model as well as the principal risks and challenges it faces.

The business of the Company is that of an investment trust and the Directors do not envisage any change in this activity in the foreseeable future.

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.

Business Model

Investment Policy

In pursuit of its objective, the Company's investment policy is to invest in high quality companies with strong income potential, while at the same time providing an above-average portfolio yield.

The Company maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. Whilst the Company is invested mainly in companies listed or quoted in the United Kingdom it has the freedom to invest up to 20% of its gross assets overseas.

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. The Board has set its gearing limit at a maximum of 30% of the net asset value at the time of draw down. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent considered appropriate.

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

It is the policy of the Company to invest no more than 15% of its gross assets in any one company.

Investment Process

Day-to-day management of the Company's assets has been delegated to Aberdeen Asset Managers Limited. The Manager believes that, over the long-term, share prices reflect the underlying business fundamentals of companies and hence investments are made based on research undertaken on individual companies. This is known as a "bottom up" investment process. This process involves a disciplined evaluation of potential investments through meeting investee companies. New investments are not made without

the Manager having first met the management of the investee company, undertaken further analysis and written detailed notes to outline the underlying investment merits. A company's value is estimated in two stages, quality then price. Quality is defined by reference to management, business focus, balance sheet and corporate governance. Price is assessed relative to key financial ratios and business prospects.

The Manager's portfolios are generally run conservatively, with an emphasis on traditional buy-and-hold and top-slicing/topping up. This approach usually results in low turnover within portfolios.

Portfolios are managed by the Manager on a team basis, with individual investment managers carrying out their own research and analysis. All ideas are shared via formal committees and common databases, with desk heads and the Chief Investment Officer ensuring consistency. Further information on the investment process and risk controls employed by the Manager can be found on page 56.

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. An explanation of these risks and how they are managed is contained in note 19 to the financial statements.

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. At the year end the Company's portfolio consisted of 43 holdings. A description of the Company's holdings and sector analysis is shown on pages 15 to 19.
- The Board has laid down absolute limits on maximum holdings and exposures in the portfolio at the time of

Strategic Report – Overview of Strategy *continued*

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 and, where appropriate, premium by operating a share buyback programme and also issuing further shares where possible. 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 two year multi-currency revolving credit facility of £30.0 million. The Company also has long-term borrowing in the form of a £28.6 million 7% 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 (further details of which are set out on page 22), is regularly reviewed by the Board and its compliance with the management agreement formally on an annual basis.

Performance and Outlook

The strategic direction and development of the Company is regularly discussed as part of Board meeting agendas. At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The Board also considers the efficacy of the promotional activities of the Company, including communications with shareholders, which is explained in more detail on page 57.

A review of the Company's activities and performance during the year to 31 January 2015 and future developments is detailed in the Chairman's Statement and the Manager's Review. This covers market background, investment activity,

portfolio strategy, dividend and gearing policy and investment outlook.

Key Performance Indicators (KPIs)

The Directors consider net asset value total return, share price total return and dividend levels when reviewing KPIs.

The main KPIs used by the Board in assessing the Company's performance include:

- Net Asset Value
- Revenue Return per Ordinary Share
- Share Price
- Discount
- Performance relative to FTSE All-Share Index
- Performance relative to peer group
- Ongoing Charges

Details of the Company's results are provided on pages 12 to 14.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge in order to allow it to fulfill its obligations. The Director's statement on diversity is set out on page 28. At 31 January 2015, there were three male and two female Directors. The Company has no employees.

Employee and Socially Responsible Policies

As the Company has delegated the management of the portfolio, it has no employees and therefore has no requirement for disclosures in this area. The Company's socially responsible investment policy is set out in the Statement of Corporate Governance.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The Aberdeen Group's corporate socially responsible investment policy including environmental policy can be found on <http://www.aberdeen-asset.com/aam.nsf/groupCsr/home>

Rory Macnamara
Chairman
27 March 2015

Strategic Report - Chairman's Statement



Rory Macnamara
Chairman

I am pleased to report that 2014/15 was a successful year for your Company as we met all three of our main objectives: maintaining a relatively attractive yield, growing the dividend in real terms and outperforming the FTSE All-Share Index ("the Index").

Particularly pleasing was the net asset value total return of 11.1% that exceeded the increase in the benchmark by 4%. This marks a welcome return to outperformance and also represents a solid absolute return in challenging market conditions. In total return terms, we have outperformed our benchmark in five of the past six years and delivered a positive absolute return in each of those reporting periods.

The Company continues to offer an attractive yield of over 4% at the date of this report, a premium of in excess of 10% of the Index. Earnings were just ahead year on year and, once again, we have increased the dividend modestly ahead of inflation, while also making a healthy contribution to revenue reserves. Your Company has now increased its dividend in 31 of the last 35 years and maintained it in the remaining four.

While your Company remains very much focused on investing in UK listed companies, over 70% of the revenues of those companies comes from overseas, making global economic developments an important driver behind our financial performance. The Company's performance in 2014/15 was achieved against a global economic backdrop that was very mixed. Although the United States remained the driving force of much of the growth, there was more inconsistent economic performance from other parts of the world. In continental Europe, the high hopes of recovery somewhat petered out over the course of the year, while in Japan, despite the best efforts of Abenomics, growth has yet to reach targeted levels. Amongst emerging markets China and Brazil continued to slow, while Russia was heavily impacted by sanctions. Indeed among the big four BRIC nations only India has positively surprised under the leadership of Narendra Modi.

The UK economy has continued to be strong, recording 2.7% growth in 2014. While employment data has been improving over the past few years, real income growth has been

stubbornly elusive as wage inflation has consistently lagged increases in the cost of living. With the collapse in the oil price, relative strength of sterling and consequent decline in inflation, we have finally started to see a welcome return to real growth in earnings. Set against this more optimistic picture for domestic consumption sits the very challenging state of government finances which remain in poor shape despite nearly five years of the coalition's efforts to rein in spending and increase revenues.

It was an eventful year for global financial markets with the oil price more than halving, some significant swings in currencies and a continuing precipitous decline in bond yields across much of the world. Volatility levels in the later part of our financial year reached levels not seen since the Eurozone crisis as conflict in the Ukraine, the election of the radical Syriza party in Greece, the breaking of the linkage between the Swiss Franc and the Euro by the Swiss National Bank and rapidly falling energy prices all helped to raise tensions.

Amidst that somewhat patchy economic performance and those geopolitical issues, the Index made modest progress with a total return of 7.1%, delivering a more balanced spread of returns between large and small companies than we saw in 2013/14 with the FTSE 100 slightly outperforming the FTSE 250, while smaller companies lagged somewhat.

Equity market returns have been greater than expected over the past several years, largely driven by the continuing decline in interest rates across the maturity structure pushing valuations upwards as corporate cash flows look increasingly attractive. Companies offering steady returns such as real estate and infrastructure businesses have benefitted most from rising share prices and increasingly companies that are deemed to be stable generators of profits, such as those in the consumer staples sector, have started to see their share prices gain. With interest rates at already historically low levels in many countries around the world and absent sustained growth in earnings, this is a dynamic that cannot be sustained indefinitely. While the prospect of meaningful increases in interest rates seem some way off, we do worry about the potential impact when equity markets continue to treat certain sectors and companies as bond proxies.

Gearing

The Company believes that sensible use of modest financial gearing, whilst amplifying market movements in the short term, will enhance returns of both capital and income to shareholders over the long term. To this end we employ two sources of financial leverage, a core long term fixed rate debenture (repayable in 2019) with a nominal value of £28.6 million and a variable rate bank loan facility of £30 million. During the financial year we switched £5 million of our drawn facility into euros in order to better match our underlying exposure and so your Company suffered less than

it otherwise might as the Euro fell in value against sterling. In the second half we elected to draw down a further £6 million of our variable rate bank facility to take advantage of a number of investment opportunities. This means that, with debt valued at par, potential gearing has increased year on year from 8.0% to 9.1%, while on a pure equity basis, netting off our cash, it has increased from 6.7% to 7.8%.

Over the course of 2015 we will look to renegotiate our bank facilities when they expire in July. We are also maintaining a close eye on longer term funding markets for any opportunity that may arise.

Alternative Investment Fund Managers Directive

The Company reported the changes made to its arrangements with Aberdeen in July last year as a result of the implementation of the AIFMD in the UK. This resulted in the appointments of a new alternative investment fund manager, Aberdeen Fund Managers Limited (AFML), and a depositary, BNY Mellon Trust & Depositary (UK) Limited. These regulatory changes have also placed additional periodic disclosure requirements on the Company's AIFM, AFML. As a result, your Annual Report for 2015 contains an additional un-audited disclosure page which you will find at the end of this document.

Corporate Governance and Regulation

The Board fully endorses the UK Corporate Governance Code and takes action to ensure that we meet all aspects relevant to Investment Companies by complying with the AIC's Code of Corporate Governance. The Directors (each of us being non-executive) are independent of the Company and of the AIFM and the Manager and any other significant service provider. Notwithstanding that the Code provision relating to external evaluation of the Directors does not apply to the Company, we have decided to implement this aspect and a review was last carried out in 2013. The next externally facilitated Board evaluation will be carried out in 2016. We believe that the existing Audit, Management Engagement and Nomination & Remuneration Committees are operating effectively with appropriate Terms of Reference, the latter including active consideration of succession planning.

We make sure that at appropriate intervals we make time to consider strategic issues, for example the appropriateness of the Company's performance benchmark, Board guidelines on diversification of investments and income, gearing and other issues relating to the way the portfolio is managed and risks controlled.

In each of our regular Board meetings we review any issues raised by shareholders and seek to ensure that these have been satisfactorily dealt with through the Company's administrative procedures. I believe we have an effective

system for resolving any problems but if any shareholder does have further concerns, administrative or otherwise, both I and John Carson, the Senior Independent Director, can be contacted through the Company Secretary.

One of the Board's most important duties is to consider whether the appointment of the AIFM (and therefore the Manager) is appropriate in terms of experience, breadth and depth of resources and consistency of investment process and to ensure that its services are provided to the Company on a competitive basis. We review these through the Management Engagement Committee as well as considering an extensive range of absolute and relative performance statistics and look at these indicators over a range of time periods to ensure that the Company adopts a long-term rather than short-term view.

A significant proportion of the Company's costs are represented by the fees paid to the AIFM. We consider that our overall costs are reasonable compared with the Company's peer group and equivalent Open Ended Equity Income Funds and that, within the total, the services provided by the AIFM and the Manager (which cover not only portfolio management but also administrative and company secretarial matters) are currently provided at a competitive rate. We do not consider that we should seek to amend the fee basis to include a performance related element as this would introduce complexity and the evidence indicates that such arrangements tend, in general, to operate against shareholder interests.

Much has been written about the revolutionary changes taking place in the Defined Contributions pensions market, when from April 2015, individuals will no longer be forced to buy an annuity and will be granted the flexibility to keep assets invested. Many analysts have highlighted the arguments for use of investments trusts as vehicles for pension savers. We believe that the Company is well positioned to benefit from these changes and this may lead to additional demand for the Company's shares.

Premium/Discount

Over the past year the price relative to the Net Asset Value at which the shares of your Company trade has been relatively stable although it moved from a small premium, of 1.6%, to a discount of 2.5%.

While we have not as yet undertaken any share re-purchases, and we would not intend to do so at these levels, we are once again seeking shareholders' permission to do so at the upcoming Annual General Meeting and we are prepared to use this measure in the light of both the Company's absolute level of discount and relative to those of our peer group.

Strategic Report - Chairman's Statement continued

Dividend

The Board seeks to provide a well underpinned dividend that can grow in real terms and at the same time allow the pursuit of capital gains. When it comes to setting dividend distributions, alongside the requirement for a maximum retention of 15% of the Company's income, we take a long-term view of the income generating capability of the portfolio, the level of earnings cover and of revenue reserves, and also keep watch on the potential for capital growth amongst our holdings. We believe that it is important that our policy of providing an investment in high quality companies that provide above average yield should not overly constrain the Manager's ability to grow portfolio income and generate total return. Shareholders will also be aware that, after provision for the third interim and proposed final dividends, reserves of 8.89p per share are available to support future distributions.

As a result we are proposing a final dividend of 3.525p which will make a total of 11.25p for the full year, an increase of 1.4% on last year, slightly ahead of the rate of inflation as measured by the Retail Price Index. This is well supported by earnings and reflects our caution that the special dividends from which we have benefitted in each of the past three years may not recur.

Outlook

We remain reasonably cautious on the outlook for both income and capital generation. 2015/16 is likely to be challenging from an earnings perspective amidst a sluggish global economic backdrop and specific challenges facing a number of our larger holdings such as those in the oil and gas industry. From a total return perspective, equity valuations remain reasonably full and corporate earnings growth looks likely to be modest which, we suspect, will constrain the potential for capital gains. It seems that investors are increasingly seeing equities as an attractive home given the pitiful yield available on cash and bonds and these factors may continue to positively influence market prices.

There are, though, three positives for income generation; firstly, currencies are likely to have a more neutral effect, having been an income headwind in 2014/15; secondly, the balance sheets of many of our investee companies remain in excellent shape and could potentially support more substantial distributions to shareholders and, finally, your Manager will look to take advantage of opportunities that can enhance our earnings.

From a capital perspective, with our focus on companies with strong business models, robust balance sheets and the ability to generate cash flow to support consistent and growing dividend distributions, we would expect our portfolio to be relatively more resilient in tougher market conditions. This,

combined with your Manager's bottom-up stock picking style, should enable us to make the most of any good long term opportunities that may emerge from difficult market conditions. Likewise, if conditions do prove to be more buoyant than we expect and investors continue to chase yield, given our relatively higher yielding portfolio we would expect to participate in those higher returns.

Annual General Meeting

The Company's Annual General Meeting will take place in a new venue in Dundee this year (Apex City Quay Hotel, 1 West Victoria Dock Road, Dundee, DD1 3JP) on 27 May 2015, and I look forward to seeing as many of you there as possible.

Rory Macnamara

Chairman

27 March 2015

Strategic Report - Manager's Review

In last year's Annual Report we wrote that after a difficult period for relative returns in 2013/14 the portfolio had plenty of latent potential within it and it is pleasing that significantly better returns have indeed been experienced in 2014/15. Nonetheless despite the positive relative performance this was still a year with its fair share of difficult situations. Tesco and GDF Suez both announced cuts to their dividend payments, while Centrica, Standard Chartered, Rolls Royce, Wood Group and Weir Group continued to face tough trading conditions for a variety of reasons. Yet these were more than offset elsewhere as we benefitted from strong share price performances from some of our largest holdings such as Zurich Insurance Group, Unibail-Rodamco, Cobham, Sage and Prudential.

The collapse in oil prices during the second half of the year posed one of the biggest challenges. We have substantial exposure to the sector through both the large vertically integrated companies such as Royal Dutch Shell and the services providers like Wood Group. Clearly the decline in the oil price has put pressure on these companies' revenues and profits. However, all of our holdings within the sector entered this period with strong balance sheets and relatively modest valuations and so far have maintained their dividends. While clearly under revenue pressure there is also an opportunity to reduce their cost bases which have been highly inflationary over recent years. We will monitor the area closely and remain aware that these circumstances can provide both opportunities as well as threats.

Equity markets have risen strongly over the past six years but largely due to the collapse in the discount rate rather than any sustained growth in earnings. The actual operating environment for companies remains tough but because of the overall increase in equity prices this has perhaps been overlooked. Nonetheless, for those of us who spend our days analysing the financial performance of companies, top line growth remains hard to come by. Cost cutting and acquisitions can only take companies so far and ultimately over the long term it is revenue growth that delivers earnings advancement and increasing dividends. Finding companies that have exposure to growth markets, that meet our quality criteria and which can be purchased at sensible valuations is increasingly a difficult exercise.

With the income account now relatively stable we are seeking to put more money to work into mid sized companies. These often offer lower starting yields and consequently higher valuations but much better dividend and capital growth prospects. This may mean restricting a little the pace of income generation for a period as we reduce higher yielding but lower growth investments but we believe that investors will be well rewarded over the longer term from this process.

We thought that it might be worthwhile to illustrate our longer term approach and thinking with regards to a specific holding in the portfolio. Why is it that we are happy to own companies where the near term prognosis is tough, and why do we still hold the names we listed above as underperformers in 2014/15 when in all likelihood the operating environment for them is likely to remain tough for some time? Firstly, we always want to make sure that the long term outlook for the companies we own is robust, very simply asking does this business have the potential to be substantially larger in ten years' time? Secondly we then check that they have the balance sheet in place to support themselves on that journey. Then finally and absolutely vital is to recognise that good management can make a key difference in driving corporate performance even amid tricky operating periods.

One interesting case study is Cobham, a UK headquartered aerospace and defence company. Back in 2011 after a significant profit warning, the prospects for the company looked bleak with their defence end markets, accounting for over 70% of sales, under sustained pressure from the seemingly permanent cycle of government budget cuts exacerbated by the political gridlock in Washington DC. Who on earth would want to invest in a company that operates in such a challenged environment? This view of course overlooks the importance of valuation in driving future returns, but more than that, it ignores the role that management can play, especially when the hand they are dealt is a reasonably strong one.

In Cobham's case the company had support from their diversity of earnings, (around thirty percent of the business was in commercial markets), the ability to cut costs and strong finances that could facilitate the reallocation of capital to other adjacent but faster growing markets. Over the next four years management played a key role in this process; there was no need for wonder inventions or reinventing the business model. Instead they undertook a series of sensible steps that helped support the process of corporate renewal. Some of the most difficult units were sold, acquisitions were made that supported the commercial businesses and a sustained focus on cash generation and cost control yielded real benefits. Ultimately over the next four years management were able to stabilise underlying earnings per share, increase the dividend by close to 100% and see the share price nearly double.

Two of the companies that have most negatively impacted our performance in recent times have acquired impressive new CEOs in recent months. Dave Lewis has joined Tesco and Iain Conn has arrived at Centrica. These are both companies that while under pressure for a number of reasons have fundamentally strong capabilities. The diagnosis and treatment of root causes will of course be different in each

case but good management brings the ability to make clear strategic choices and execute effectively. While market conditions for these businesses are likely to remain difficult, self-help and good delivery may well set them back on the path to both long term profit growth and consequently higher share prices. While it may be a bold statement given recent difficulties with a longer term view, we suspect that both these companies may be rather more positive contributors in future years.

Performance

As we have noted, income growth was somewhat slower in 2014/15 than the previous year. At a headline level income was up 1.2% year on year; within this there were a number of moving parts. Dividend income from our investments was up 3.4% aided by a special dividend from Compass Group, higher payments from our investee companies and an additional distribution gained through the switch of Shell A shares into Shell B shares. Notable was the 17% increase in revenues from our overseas holdings which increased their contribution to our income from foreign equities to close to a quarter. In contrast option income was down around 20% driven by fewer opportunities than in the previous year. Operating costs were higher reflecting some of the additional regulatory burden from the Alternative Investment Fund Managers Directive that your Company faces while finance costs were also slightly higher reflecting the additional bank borrowing that was drawn down in the second half of the year. All of this left revenue income per share up 0.01p at 11.90p. Given that last year saw a record level of option income generated as well as an additional special dividend from Sage Group, we feel that matching this is a relatively respectable performance.

At the capital level the Company’s net asset value total return of 11.1% exceeded the 7.1% increase in the FTSE All-Share by four percent. This was driven by a number of strong share price increases as companies such as Provident Financial, Prudential, Sage and Unibail-Rodamco were rewarded for continuing strong operational performance. It was also pleasing to see improved returns from a number of holdings that had been weak in prior periods particularly Pearson, British American Tobacco and Unilever. Pearson had announced a substantial profit warning in January 2014 but over the next twelve months has managed to stabilise trading and is now looking forward to a return to growth in 2015. Meanwhile both British American Tobacco and Unilever continued to deliver steady trading which was rewarded with something of a catch up in share price terms after lacklustre returns in 2013/14.

Portfolio Activity

Portfolio activity remained typically modest. However, we added four new holdings over the course of the year which included Ultra Electronics, Inchcape, Schroders and Aveva.

Ultra is a niche player in providing technology solutions in both defence and commercial markets; this combined with a strong balance sheet, high levels of intellectual property and decent long term growth prospects all attracted us to the business, especially at the current modest valuation. Inchcape in contrast is a company that we feel is often misunderstood. While its business does revolve around retailing cars, its ownership of exclusive distribution arrangements for strong automotive brands in fast growing emerging markets leave it well positioned to deliver much better quality earnings growth than might be expected. This is supported by good cash generation, a hefty proportion of revenues that are generated from spares and servicing and a very strong balance sheet.

In contrast the purchase of holdings in Schroders and Aveva were more opportunistic. Schroders was very weak during the recurrence of market jitters in October which allowed us to buy a position at an attractive entry multiple. It is an excellent business with a broad based product portfolio, good distribution and a very robust balance sheet. Given the Company’s expansion in its pay-out ratio in recent years the prospective dividend yield of over four percent was also welcome. Aveva specialises in providing software for Computer-aided Design (CAD) systems employed in the design and construction of large bespoke engineering projects, particularly oil and gas infrastructure, ships and power stations. A profit warning in 2014 had caused the shares to decline quite sharply and that combined with concerns over the company’s exposure to falling oil prices gave the opportunity to buy an initial holding at a significant discount to historic valuation multiples. Once again the business is backstopped by a very strong balance sheet. Over the course of the year we made more modest additions on relative weakness to Croda, BHP Billiton, HSBC and Standard Chartered as challenges at these four companies permitted us to add to our holdings at what we consider to be attractive long term prices.

In terms of sales we reduced our holding in ENI, assessing it to be the weakest of our oil company holdings. Early in 2014 we also trimmed our holding in Tesco but since the appointment of Dave Lewis as CEO we have left our position unchanged. Profits were also taken on strength from Nestle and Linde, while the Verizon Communications shares that we received as part of Vodafone’s disposal of its stake in Verizon Wireless were sold. The one full sale of a main holding was that of Amec following their acquisition of Foster Wheeler. We were concerned that leveraging the balance sheet at a time when trading in their end markets was generally getting

harder was an unwise move and something that substantially raised the risk profile of the business.

Outlook

While stock markets have produced strong returns in the first few weeks of our new financial year we remain relatively cautious and would be surprised if returns were much higher than that experienced in the year to January 2015. Against a reasonably tough global economic backdrop revenue growth remains a prized asset and stocks continue to be largely driven upwards by increases in valuation rather than improvement in profits. Early signs of sustained recovery in economies in continental Europe may perhaps be one additional positive that could emerge over the course of the year with consequent benefits for both the UK and wider markets.

At the company level we will continue to focus our capital on stronger businesses with the potential to prosper in challenging market conditions, while seeking further opportunities in the mid cap area and keeping a close watch on developments within the oil and gas sector. From a revenue perspective, depending on special distributions, this will most likely be a year of limited income growth, however, we will look to offset those impacts where possible and our current reasonable dividend cover and healthy reserves leave us well positioned to continue to grow our dividend in real terms.

Jeremy Whitley and Ben Ritchie
Aberdeen Asset Managers Limited
27 March 2015

Strategic Report - Results

Financial Highlights

	31 January 2015	31 January 2014	% change
Total assets (see page 61 for definition)	£467,830,000	£437,058,000	+7.0
Equity shareholders' funds ^A	£422,300,000	£396,154,000	+6.6
Equity shareholders' funds with debt valued at par	£428,702,000	£403,526,000	+6.2
Market capitalisation	£401,676,000	£392,239,000	+2.4
Share price (mid)	266.00p	259.75p	+2.4
Net asset value per share ^A	279.66p	262.34p	+6.6
Net asset value per share with debt valued at par	283.86p	267.17p	+6.2
FTSE All-Share Index	3,621.81	3,496.51	+3.6
(Discount)/premium^B (difference between share price and net asset value)			
(Discount)/premium where borrowings are deducted at market value	(2.5)%	1.6%	
Gearing (see page 61 for definition)			
Net gearing ^C	7.78%	6.73%	
Dividends and earnings			
Total return per share	27.76p	22.24p	
Revenue return per share	11.90p	11.89p	
Total dividend per share for the year	11.25p	11.10p	
Dividend cover	1.06	1.07	
Revenue reserves			
Prior to payment of third interim dividend declared and proposed final dividend	14.99p	14.17p	
After payment of third interim dividend declared and proposed final dividend	8.89p	8.22p	
Operating costs			
Ongoing charges ^D	0.62%	0.59%	

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

^B These premiums are based on capital only NAVs, calculated in accordance with AIC guidelines. Using the NAVs that derive from figures in the statutory accounts would generate a discount.

^C Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition on page 61)

^D The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses divided by the average cum income net asset value throughout the year.

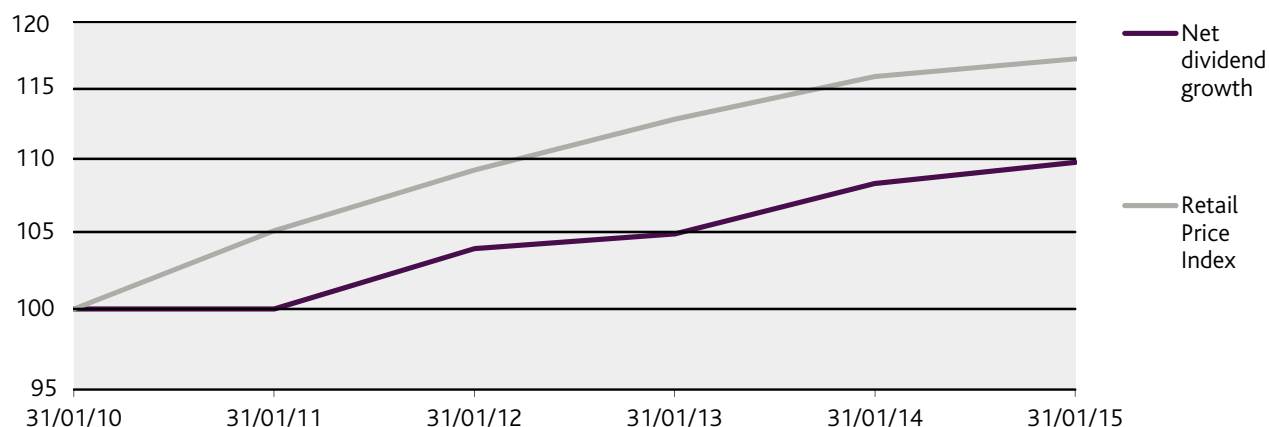
Performance

	1 year % return	3 year % return	5 year % return
Capital return			
Net asset value	+6.6%	+25.5%	+40.7%
FTSE All-Share Index	+3.6%	+23.5%	+36.1%
Share price	+2.4%	+29.1%	+50.3%
Total return (Capital return plus net dividends reinvested)			
Net asset value	+11.1%	+43.4%	+76.5%
FTSE All-Share Index	+7.1%	+37.2%	+61.5%
Share price	+6.8%	+47.9%	+89.9%

Source: Aberdeen, Factset & Morningstar

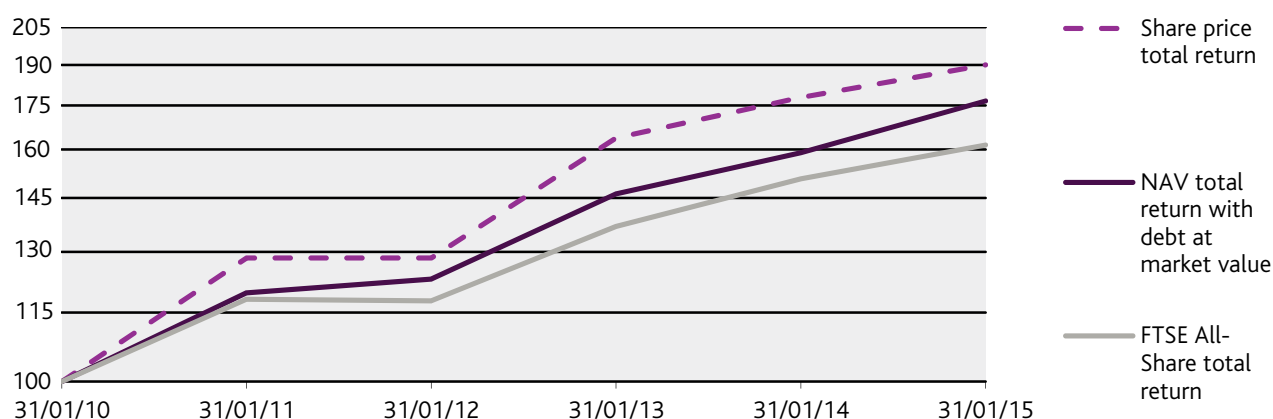
Strategic Report - Performance

Comparison of Dividend Growth of Dunedin Income Growth Investment Trust ("DIGIT") to RPI (figures rebased to 100) on a Semi-logarithmic Scale - Five years ended 31 January 2015



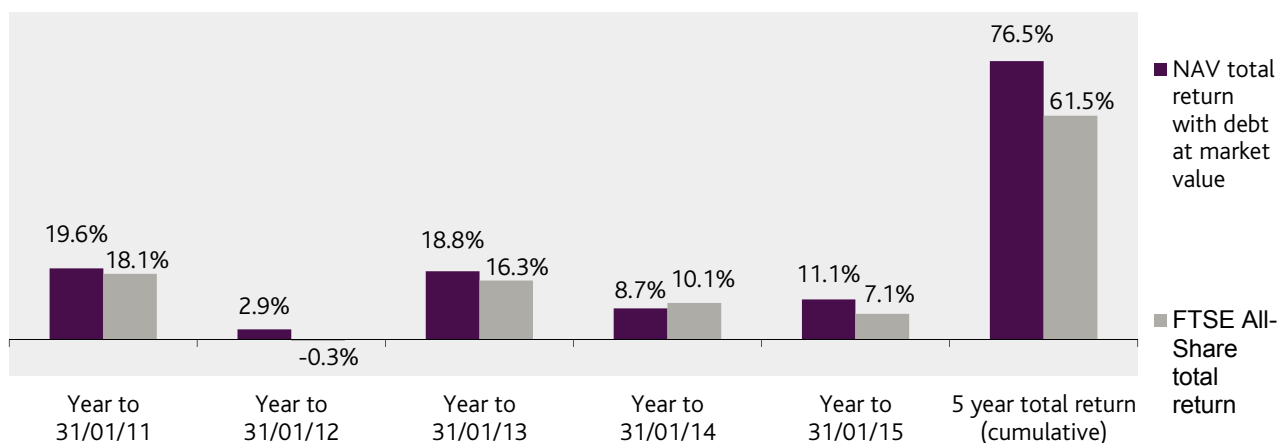
Source: Aberdeen Asset Management & Factset

Comparison of NAV and Share Price Total Return Performance of DIGIT to FTSE All-Share Index (figures rebased to 100) on a Semi-logarithmic Scale - Five years ended 31 January 2015



Source: Aberdeen Asset Management, Morningstar & Factset

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



Source: Aberdeen Asset Management and Factset

Strategic Report – Performance *continued*

Ten Year Financial Record

Year ended 31 January	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total revenue (£'000)	17,314	17,988	18,717	19,998	14,251	16,904	19,173	18,866	20,750	20,994
Per share (p)										
Revenue return ^A	9.20	10.04	10.58	11.72	7.99	10.15	11.00	10.77	11.89	11.90
Dividends paid/proposed	8.20	9.00	10.00	10.25	10.25	10.25	10.65	10.75	11.10	11.25
Revenue reserve ^B	5.82	7.09	7.85	9.41	7.16	7.06	7.42	7.45	8.22	8.89
Net asset value ^C	253.24	296.10	254.74	160.45	201.37	230.13	226.39	255.82	267.17	283.86
Total return	27.63	50.75	(32.16)	(84.12)	51.15	39.00	6.50	41.30	22.24	27.76
Shareholders' funds (£'000)	398,267	456,067	386,680	241,944	303,603	346,927	341,280	385,605	403,526	428,702

^A The revenue return for 2011 includes 0.47p attributable to a refund of VAT in respect of the periods 1 January 1990 – 4 December 1996 and 1 January 2001 to 31 December 2003 and 0.74p attributable to interest due on all VAT recovered.

^A The revenue return for 2010 includes 0.11p attributable to a refund of VAT in respect of the period 1 January 2001 – 31 December 2003.

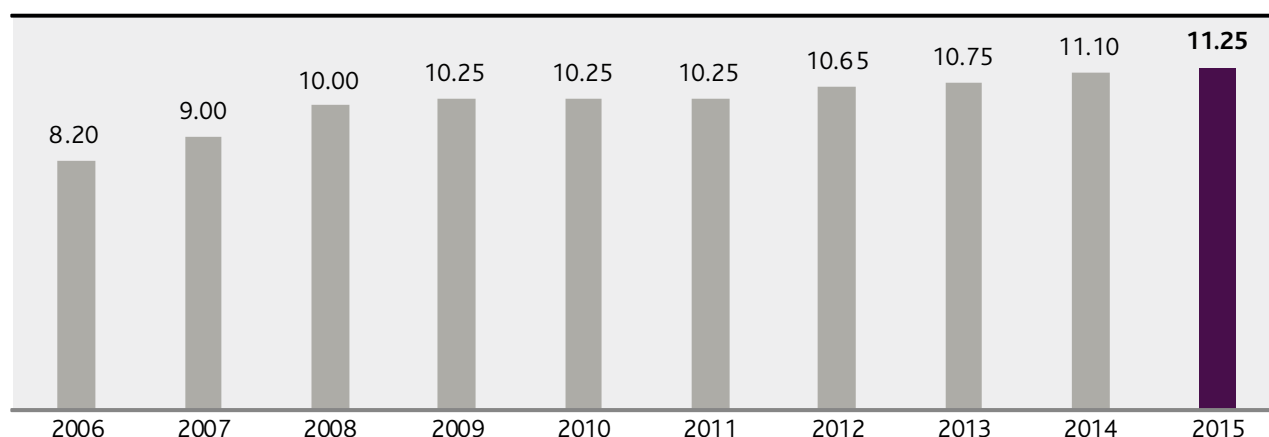
^A The revenue return for 2009 includes 0.20p attributable to a refund of VAT in respect of the period 1 January 2004 – 31 October 2007.

^B After payment of third interim and final dividends

^C With debt at par.

Dividends per Share - Pence

Year to 31 January 2015



Dividends

Dividend per share	Rate	xd date	Record date	Payment date
Proposed final dividend 2015	3.525p	7 May 2015	8 May 2015	29 May 2015
Third interim dividend 2015	2.575p	5 February 2015	6 February 2015	27 February 2015
Second interim dividend 2015	2.575p	6 November 2014	7 November 2014	28 November 2014
First interim dividend 2015	2.575p	6 August 2014	8 August 2014	29 August 2014
Total dividend 2015	11.25p			

Dividend per share	Rate	xd date	Record date	Payment date
Final dividend 2014	3.375p	7 May 2014	9 May 2014	30 May 2014
Third interim dividend 2014	2.575p	5 February 2014	7 February 2014	28 February 2014
Second interim dividend 2014	2.575p	6 November 2013	8 November 2013	29 November 2013
First interim dividend 2014	2.575p	7 August 2013	9 August 2013	30 August 2013
Total dividend 2014	11.10p			

Investment Portfolio – Ten Largest Investments

As at 31 January 2015

Company	FTSE All-Share Index Sector	Valuation 2015 £'000	Total assets %	Valuation 2014 £'000
British American Tobacco British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.	Tobacco	20,561	4.4	15,367
GlaxoSmithKline GlaxoSmithKline is a pharmaceutical group that develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products.	Pharmaceuticals & Biotechnology	20,538	4.4	21,896
Unilever Unilever is one of the world's foremost fast moving consumer goods companies with a portfolio of leading brands across the food and beverage, personal care and household categories.	Personal Goods	20,276	4.3	14,853
Royal Dutch Shell 'B' Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations world-wide.	Oil & Gas Producers	20,098	4.3	–
Prudential Prudential is a life insurance and savings company with leading market positions in Asia, the United States and in the UK. They also own the fund management group M&G.	Life Insurance	20,039	4.3	16,762
HSBC Holdings HSBC provides a variety of international banking and financial services, including retail and corporate banking, custody, capital markets, insurance and private banking.	Banks	19,604	4.2	17,336
AstraZeneca AstraZeneca researches, develops, produces and markets pharmaceutical products. The company's operations are focused on six therapeutic areas: Cardiovascular, Oncology, Respiratory, Neuroscience, Inflammation and Infection. The company's product pipeline offers a number of interesting opportunities.	Pharmaceuticals & Biotechnology	18,830	4.0	14,662
Centrica Centrica provides gas, electricity and energy related products and services to business and residential customers. It also provides heating and gas appliance installation and maintenance services.	Gas, Water & Multiutilities	18,172	3.9	19,248
Pearson Pearson is the global leader in the provision of education materials and services alongside owning the FT group and a stake in Penguin Random House.	Media	17,995	3.8	12,310
Zurich Insurance Zurich Insurance Group is a leading provider of general and life insurance products with operations that span the United States, Latin America, Europe and Asia.	Non-life Insurance	15,471	3.3	11,671
Top ten investments		191,584	40.9	

Investment Portfolio – Other Investments

As at 31 January 2015

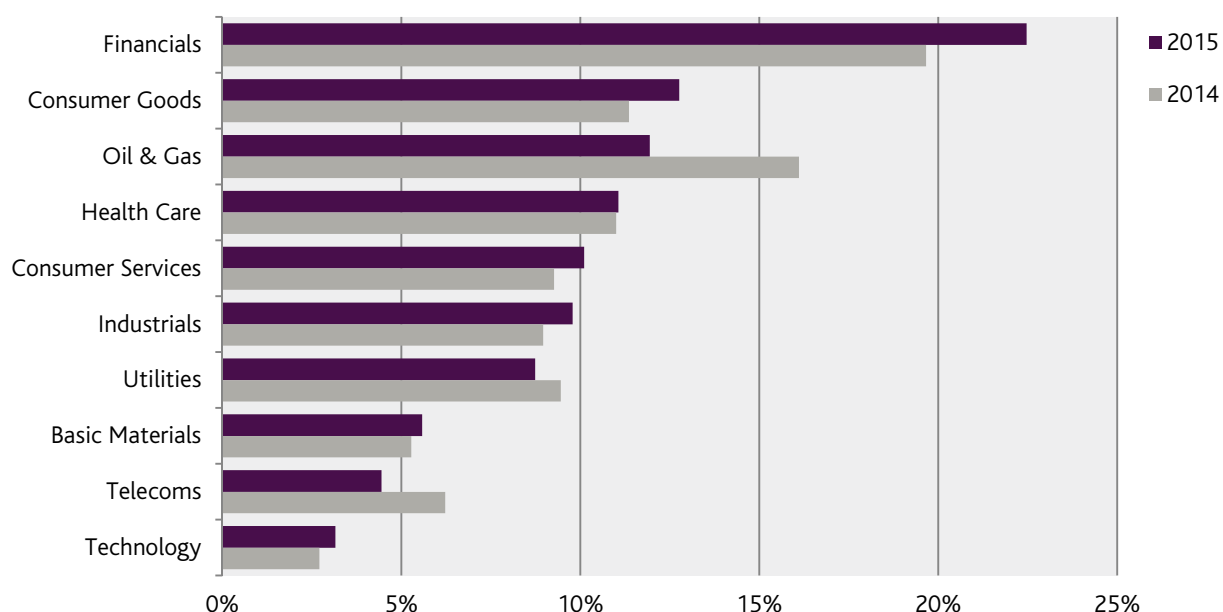
Company	FTSE All-Share Index Sector	Valuation	Total	Valuation
		2015 £'000	assets %	2014 £'000
Cobham	Aerospace & Defence	15,244	3.3	12,929
BHP Billiton	Mining	13,925	3.0	12,497
Vodafone	Mobile Telecommunications	13,803	3.0	21,167
National Grid	Gas, Water & Multiutilities	13,612	2.9	13,650
Unibail-Rodamco	Real Estate Investment Trusts	12,743	2.7	9,945
Sage	Software & Computer Services	12,264	2.6	11,673
Close Brothers	Financial Services	12,244	2.6	12,027
BP	Oil & Gas Producers	12,000	2.6	12,696
Compass	Travel & Leisure	11,851	2.6	9,961
Roche	Pharmaceuticals & Biotechnology	11,694	2.5	10,874
Top twenty investments		320,964	68.7	
Total	Oil & Gas Producers	10,528	2.3	10,700
Standard Chartered	Banks	9,999	2.1	11,048
Berendsen	Support Services	9,903	2.1	8,223
Provident Financial	Financial Services	9,704	2.1	6,006
GDF Suez	Gas, Water & Multiutilities	8,640	1.8	7,836
Tesco	Food & Drug Retailers	7,963	1.7	13,224
Nestlé	Food Producers	7,138	1.5	6,596
Experian	Support Services	7,108	1.5	5,044
Croda	Chemicals	7,041	1.5	4,872
Inmarsat	Mobile Telecommunications	6,747	1.4	5,667
Top thirty investments		405,735	86.7	
GKN	Automobiles & Parts	6,443	1.4	6,893
ENI	Oil & Gas Producers	5,698	1.2	12,422
Rolls-Royce	Aerospace & Defence	5,625	1.2	7,490
John Wood	Oil Equipment, Services & Distribution	5,288	1.1	4,687
Weir	Industrial Engineering	5,010	1.1	4,967
Linde	Chemicals	4,859	1.0	5,357
Inchcape	General Retailers	4,626	1.0	–
Associated British Foods	Food Producers	4,623	1.0	5,240
Casino Guichard Perrachon	Food & Drug Retailers	4,305	0.9	4,452
Schroders	Financial Services	4,096	0.9	–
Top forty investments		456,308	97.5	
Ultra Electronics	Aerospace & Defence	2,326	0.5	–
Aveva	Software & Computer Services	2,258	0.5	–
BG Group	Oil & Gas Producers	1,552	0.3	1,789
Total investments		462,444	98.8	
Net current assets ^A		5,386	1.2	
Total assets less current liabilities ^A		467,830	100.0	

^A Excluding bank loan of £10,583,000

Investment Portfolio - Sector and Performance Breakdown

As at 31 January 2015

Sector Breakdown

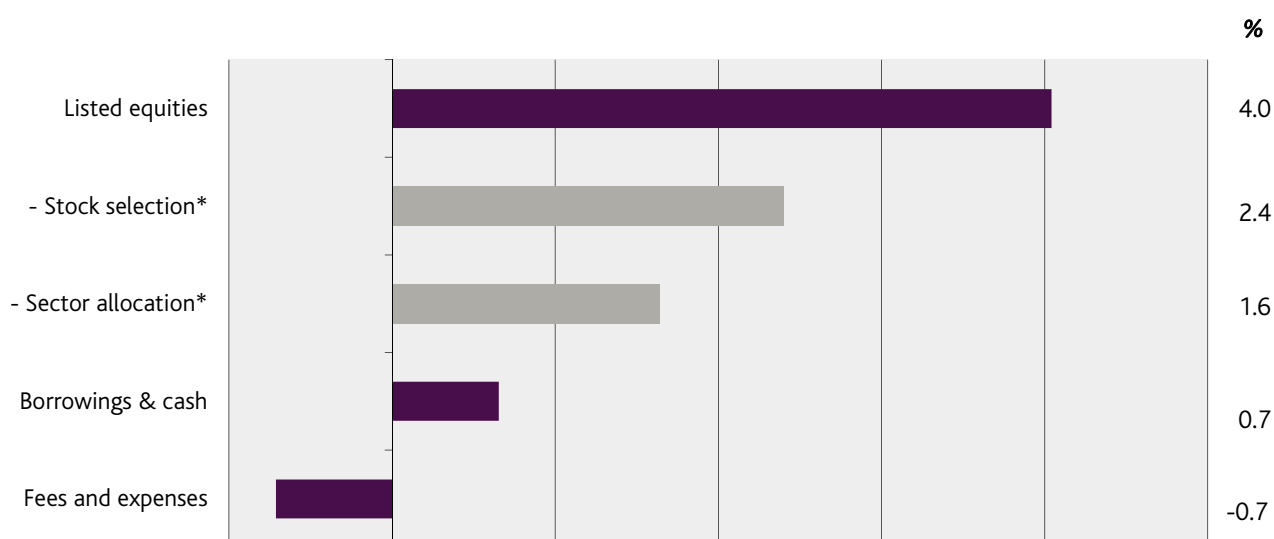


Analysis of Total Return Performance

	%
Gross assets total return	10.8
Total NAV return per share ^A	11.1
Total return on FTSE All-Share Index	7.1
Relative performance	4.0

^A With debt at market value.

Analysis of Performance Relative to the FTSE All-Share Index



* Further analysis of performance attributable to listed equities.

Sector Analysis

As at 31 January 2015

		FTSE All-Share Index weighting 2015 (%)	Portfolio weighting 2015 (%)	Portfolio weighting 2014 (%)
Oil & Gas	Oil & Gas Producers	11.69	10.66	13.38
	Oil Equipment, Services & Distribution	0.39	1.13	2.51
		12.08	11.79	15.89
Basic Materials	Chemicals	0.70	2.54	2.34
	Forestry & Paper	0.21	–	–
	Industrial Metals & Mining	0.04	–	–
	Mining	5.82	2.98	2.86
		6.77	5.52	5.20
Industrials	Construction & Materials	0.82	–	–
	Aerospace & Defence	2.14	4.96	4.67
	General Industrials	0.62	–	–
	Electronic & Electrical Equipment	0.47	–	–
	Industrial Engineering	0.82	1.07	1.14
	Industrial Transportation	0.27	–	–
	Support Services	4.64	3.64	3.03
		9.78	9.67	8.84
Consumer Goods	Automobiles & Parts	0.29	1.38	1.58
	Beverages	4.21	–	–
	Food Producers	0.84	2.50	2.71
	Household Goods & Home Construction	2.83	–	–
	Leisure Goods	0.02	–	–
	Personal Goods	2.14	4.33	3.40
	Tobacco	4.75	4.40	3.52
		15.08	12.61	11.21
Health Care	Health Care Equipment & Services	0.72	–	–
	Pharmaceuticals & Biotechnology	8.05	10.92	10.85
		8.77	10.92	10.85
Consumer Services	Food & Drug Retailers	1.46	2.62	4.04
	General Retailers	2.35	0.98	–
	Media	3.53	3.85	2.82
	Travel & Leisure	4.20	2.53	2.28
		11.54	9.98	9.14
Telecommunications	Fixed Line Telecommunications	1.83	–	–
	Mobile Telecommunications	3.13	4.39	6.14
		4.96	4.39	6.14
Utilities	Electricity	0.83	–	–
	Gas, Water & Multi-utilities	3.11	8.64	9.32
		3.94	8.64	9.32

		FTSE All-Share Index weighting 2015 (%)	Portfolio weighting 2015 (%)	Portfolio weighting 2014 (%)
Financials	Banks	10.53	6.33	6.49
	Non-life Insurance	1.15	3.31	2.67
	Life Insurance	5.00	4.28	3.83
	Real Estate Investment & Services	0.65	–	–
	Real Estate Investment Trusts	2.12	2.72	2.28
	Financial Services	2.48	5.57	4.13
	Equity Investment Instruments	3.62	–	–
		25.55	22.21	19.40
Technology	Software & Computer Services	0.62	3.11	2.67
	Technology Hardware & Equipment	0.91	–	–
		1.53	3.11	2.67
Total equities		100.00	98.84	98.66
Net current assets before borrowings			1.16	1.34
Total assets less current liabilities			100.00	100.00

Your Board of Directors

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



Rory Macnamara

Status: Independent Non-Executive Chairman

Age: 60

Length of service: 9 years, appointed a Director on 7 September 2005

Experience: formerly vice-chairman of Morgan Grenfell & Co Limited and a managing director of Lehman Brothers. Currently a consultant to or director of a number of listed and private companies

Last re-elected to the Board: 22 May 2014

Committee membership: Audit Committee, Management Engagement Committee and Nomination & Remuneration Committee

Remuneration 2014/15: £31,500

All other public company

directorships: Chairman of Essenden plc and a director of Augean PLC and Mears Group PLC

Employment by the Aberdeen Group: None

Other connections with Company or Aberdeen Group: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 14,000 Ordinary shares

Meetings attended during the year:

Board Meetings: 6

Audit Committee Meetings: 3

Nomination and Remuneration

Committee Meetings: 1

Management Engagement

Committee: 1



John Carson

Status: Senior Independent Non-Executive Director

Age: 62

Length of service: 7 years, appointed a Director on 25 June 2007

Experience: former Head of Institutional Clients at Baillie Gifford & Co

Last re-elected to the Board: 22 May 2014

Committee membership: Chairman of Audit Committee and member of Management Engagement Committee and Nomination & Remuneration Committee

Remuneration 2014/15: £25,000

All other public company

directorships: None

Employment by the Aberdeen Group: None

Other connections with Company or Aberdeen Group: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 40,000 Ordinary shares

Meetings attended during the year:

Board Meetings: 6

Audit Committee Meetings: 3

Nomination and Remuneration

Committee Meetings: 1

Management Engagement

Committee: 1



Catherine Claydon

Status: Independent Non-Executive Director

Age: 50

Length of service: 4 years, appointed a Director on 1 February 2011

Experience: formerly managing director in Goldman Sachs International Pension & Insurance Strategies Group and a managing director at Lehman Brothers in its Pension Advisory Group

Last re-elected to the Board: 22 May 2014

Committee membership: Audit Committee, Management Engagement Committee and Nomination & Remuneration Committee

Remuneration 2014/15: £21,000

All other public company

directorships: Witan Investment Trust PLC

Employment by the Aberdeen Group: None

Other connections with Company or Aberdeen Group: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 4,000 Ordinary shares

Meetings attended during the year:

Board Meetings: 6

Audit Committee Meetings: 3

Nomination and Remuneration

Committee Meetings: 1

Management Engagement

Committee: 1



Elisabeth Scott

Status: Independent Non-Executive Director

Age: 52

Length of service: 3 years, appointed a Director on 24 January 2012

Experience: formerly country head of Schroders in Hong Kong. Previously responsible for Schroders' institutional client business in Hong Kong and managed multi-asset portfolios.

Elected to the Board: 23 May 2012

Committee membership: Chairman of Management Engagement Committee and a member of Audit Committee and Nomination & Remuneration Committee

Remuneration 2014/15: £21,000

All other public company

directorships: Director of Pacific Horizon Investment Trust PLC, Fidelity China Special Situations Investment Trust PLC and Allianz Technology Trust PLC

Employment by the: Aberdeen Group: None

Other connections with Company or Aberdeen Group: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 4,800 Ordinary shares

Meetings attended during the year:

Board Meetings: 6
Audit Committee Meetings: 3
Nomination and Remuneration Committee Meetings: 1
Management Engagement Committee: 1



Peter Wolton

Status: Independent Non-Executive Director

Age: 58

Length of service: 8 years, appointed a Director on 4 May 2006

Experience: a former chief executive of Baring Asset Management Limited and member of the Group Management Committee of Schroder Investment Management Limited.

Last re-elected to the Board: 23 May 2012

Committee membership: Chairman of Nomination & Remuneration Committee and member of Audit Committee and Management Engagement Committee

Remuneration 2014/15: £21,000

All other public company

directorships: None

Employment by the: Aberdeen Group: None

Other connections with Company or Aberdeen Group: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 40,010 Ordinary shares

Meetings attended during the year:

Board Meetings: 6
Audit Committee Meetings: 3
Nomination and Remuneration Committee Meetings: 1
Management Engagement Committee: 1

Directors' Report

Introduction

The Board of Directors, Rory Macnamara (Chairman), John Carson, Catherine Claydon, Elisabeth Scott and Peter Wolton held office throughout the year under review. The Directors present their report and the audited financial statements for the year ended 31 January 2015.

The Company and its Objective

The Company is an investment trust and its Ordinary shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange. 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. In pursuit of the Company's objective, the Company's investment policy is to invest in high quality companies with strong income potential, while at the same time providing an above-average portfolio yield. A review of the Company's activities is given in the Strategic Report. This includes the overall strategy of the business of the Company and its principal activities, main risks faced by the Company, likely future developments of the business and the recommended dividend.

Status

The Company is an investment company, within the terms of Section 833 of the Companies Act 2006 and carries on business as an investment trust. The Company is registered as a public limited company. The Company's registration number is SC000881. The Company has no employees and makes no political donations.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 January 2015 so as to enable it to comply with the ongoing requirements for investment trust status.

The affairs of the Company were conducted in such a way as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner in the future.

Results and Dividends

The first, second and third interim dividends for the year ended 31 January 2015 of 2.575p per Ordinary share each were paid on 29 August 2014, 28 November 2014 and 27 February 2015 respectively.

The Directors now recommend a final dividend of 3.525p per Ordinary share payable on 29 May 2015 to holders of Ordinary shares on the register on 8 May 2015. The relevant ex-dividend date is 7 May 2015. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting ("AGM").

Management Agreement

To comply with the Alternative Investment Fund Managers Directive, the Company's investment management arrangements with the Aberdeen Asset Management Group have been reorganised. The Company has appointed Aberdeen Fund Managers Limited ("AFML"), a wholly owned subsidiary of Aberdeen Asset Management PLC, as its alternative investment fund manager ("AIFM") with effect from 15 July 2014. In order to facilitate this appointment, the Company terminated its existing investment management agreement with Aberdeen Asset Managers Limited ("AAM") and entered into a new management agreement with AFML. The new management agreement with AFML is on the same commercial terms as the previous agreement with AAM and complies with the new AIFMD regulatory regime. Under the new arrangements, AFML has been appointed to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio will continue to be managed by AAM by way of a group delegation agreement in place between AFML and AAM. In addition, AFML has sub-delegated promotional activities to AAM and administrative and secretarial services to Aberdeen Asset Management PLC. Fees payable are shown in note 4 to the financial statements.

The management fee, details of which are shown in note 3 to the financial statements was calculated, on a monthly basis, at 0.45% on the first £225 million, 0.35% on the next £200 million and 0.25% on amounts over £425 million per annum of the net assets of the Company calculated with debt at par and excluding commonly managed funds ("net assets"). The fee for the year ended 31 January 2015 amounted to 0.40% of average monthly net assets. The management agreement is terminable on not less than six months' notice. The terms and conditions of the AIFM's appointment and its performance are reviewed by the Management Engagement Committee on an annual basis. The Committee's conclusions regarding the continued appointment of the AIFM are dealt with in detail in the Chairman's Statement on page 7 and in the Statement of Corporate Governance on page 29.

Directors' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liabilities in relation to their acts on behalf of the Company. Each Director of the Company shall be entitled to be indemnified out of the assets of the Company to the

extent permitted by law against any loss or liability incurred by him in the execution of his duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Corporate Governance

The Statement of Corporate Governance which forms part of the Directors' Report is shown on pages 25 to 30.

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 covenants. The current bank loan expires in July 2015 and the Company will enter negotiations with its bankers in advance of this renewal. The Company's Directors believe that the Company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 34 to 36.

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

Annual General Meeting ("AGM")

At the AGM to be held on 27 May 2015, resolutions will be proposed concerning the following business:

Allotment of Shares

Resolution 9 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 50,330,362 Ordinary shares (up to a maximum nominal amount of £12,582,591 being 33.33% of the current issued Ordinary share capital, excluding treasury shares, and within institutional guidelines) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the AGM to be held in 2016 or, if earlier, 31 July 2016 (unless previously revoked, varied or extended by the Company in general meeting).

As at 27 March 2015, the Company held 2,671,748 treasury shares which represented 1.8% of the issued share capital (excluding treasury shares).

The Directors consider that the authority proposed to be granted by resolution 9 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Limited Disapplication of Pre-emption Provisions

Resolution 10 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares and to sell Ordinary shares held in treasury (see below) (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions), and (iii) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount of £1,887,577, representing approximately 5% of the issued Ordinary share capital of the Company at the date of this Directors' Report, without first being required to offer such shares to existing shareholders *pro rata* to their existing shareholding.

This power will last until the conclusion of the AGM of the Company to be held in 2016 or, if earlier, 31 July 2016 (unless previously revoked, varied or extended by the Company in general meeting).

The Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. Such sales are required to be on a pre-emptive, *pro rata* basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 10 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash, and treasury shares would only be sold for cash, at a premium to the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

Market Purchase of the Company's own Ordinary Shares

Resolution 11 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:—

1. sell such shares (or any of them) for cash (or its equivalent); or
2. ultimately, cancel the shares (or any of them).

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

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

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

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

This authority will last until the conclusion of the AGM to be held in 2016 or, if earlier, 31 July 2016 (unless previously revoked, varied or extended by the Company in general meeting).

Recommendation

The Board considers the above resolutions to be in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board unanimously recommends that shareholders should vote in favour of the resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings, amounting to 102,810 Ordinary shares.

By order of the Board
Aberdeen Asset Management PLC
Company Secretary, Edinburgh
27 March 2015

Statement of Corporate Governance

Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 22 to 24.

Compliance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code ("UK Code") which is available on the Financial Reporting Council's website: www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the UK Code.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. The AIC Code is available on the AIC's website: www.theaic.co.uk

Directors

The Board, which meets at least six times during the year and more frequently when business needs require, has overall responsibility for the Company's affairs.

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

The Board delegates, through a management agreement and through specific instructions, the day-to-day management of the Company to the Manager. The Company has no employees.

The Board consists of five non-executive Directors, including the Chairman. As is common for an investment trust, there are no executive Directors. The Board has assessed the independence of the Directors against the criteria set out in the Codes, and has concluded that they are all independent of the AIFM and the Manager and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct. The Board takes the view that independence is not compromised by length of tenure on the Board and that experience can add significantly to the Board's strength. In the case of Mr Rory Macnamara, who has been a Director since 2005, the Board (excluding Mr Macnamara) takes the view that his independence has not been compromised by his length of service, and that his experience and continuity adds significantly to the Board's strength. In considering Mr Macnamara's independence, the Board considered a number of factors including Mr Macnamara's experience, integrity and judgement of character. The Board also recognised that Mr Macnamara has no connection with the AIFM or the Manager, is not a professional adviser who has provided services to the AIFM or the Manager or the Board, does not serve on any other board of a company managed by the AIFM or the Manager or serve as a director on a company with any of the other Company's directors. For these reasons the Board believes Mr Macnamara remains independent notwithstanding his length of service and has no hesitation in recommending the re-election of Mr Macnamara.

Information on the Directors appears on pages 20 to 21. Each Director has the requisite business and financial experience to enable the Board to provide effective strategic leadership and proper governance of the Company. The Senior Independent Director is John Carson.

Statement of Corporate Governance continued

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

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Manager also adopts a zero tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

External Agencies

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

Accountability and Audit

The Board confirms that as at 31 January 2015 there is a process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the year ended 31 January 2015 and up to the date of approval of the Annual Report, that it is regularly reviewed by the Board and accords with the internal control guidance for directors in the UK Code.

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

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board has

prepared its own risk register which lists potential risks relating to strategy; shareholders; Board; investment management; promotional activities; company secretarial; depositary; third party service providers and other external factors. The Board considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate these potential risks.

Clear lines of accountability have been established between the Board and the AIFM. The Board receives regular reports covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Aberdeen Group, the Aberdeen Group's internal audit and compliance functions and the auditor.

The Board has reviewed the effectiveness of Aberdeen Group's system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

Risks are identified and documented through a risk management framework by each function within the Aberdeen Group's activities. Risk is considered in the context of the FRC Guidance and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Company.

The key components designed to provide effective internal control are outlined below:

- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- written agreements are in place which specifically define the roles and responsibilities of the AIFM, the Manager and other third party service providers;
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- as a matter of course the Aberdeen Group's compliance department continually reviews the Aberdeen Group's operations; and
- at its March 2015 meeting, the Board carried out an annual assessment of internal controls for the year ended 31

January 2015 by considering documentation from the Aberdeen Group, including the internal audit and compliance functions and taking account of events since 31 January 2015.

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

Board Committees

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

Audit Committee

An Audit Committee is established consisting of the whole Board with John Carson acting as Audit Committee Chairman. The Board has considered Mr Macnamara's membership of this Committee and believes that given the Board's size and overlap between the Board and the Audit Committee that the Chairman of the Board should remain a member of this Committee. The Committee meets three times a year and reviews audit matters within clearly defined written terms of reference.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience – Mr Carson is a member of the Institute of Chartered Accountants of England and Wales.

In summary, the Audit Committee's main functions are:

- to review and monitor the internal control systems and risk management systems (including review of non financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out on page 26);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the AIFM, the Manager and administrator;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for

shareholders to assess the Company's performance, business model and strategy;

- to meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Directors shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditor to supply non-audit services. The non-audit fee paid to the auditor during the year under review was £5,300 for the interim review and £500 for the annual review of compliance with debenture stock covenants. The Committee will review any future fees in the light of the requirement to maintain the auditor's independence;
- to review a statement from the Aberdeen Group detailing the arrangements in place within AAM whereby AAM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor,
- to monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification; and,
- recommending to the Board and shareholders the re-appointment of KPMG LLP as the independent auditor of the Company.

Significant Accounting Matters

During the review of the financial statements, the most important accounting matter considered by the Committee during the year related to the valuation, existence and ownership of investments. The investments have been valued in accordance with the stated accounting policies. The value of all investments had been agreed to external price sources and 100% of the portfolio holding agreed to confirmation from the Company's Depositary, BNY Mellon who has been appointed as custodian and depositary to safeguard the assets of the Company. All of the investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 within the FRS 29 fair value hierarchy. The Depositary checks the consistency and accuracy of its records on a monthly basis and reports its findings to the AIFM. The portfolio is also reviewed and verified by the AIFM on a regular basis and any exceptions are reported to the Board. Separately, the investment portfolio is reconciled regularly by the AIFM and management accounts including a full portfolio listing are prepared for each Board meeting.

Other accounting matters considered by the Committee included:

- Recognition of Investment Income. The recognition of investment income is undertaken in accordance with the stated accounting policies. The Directors also review the

Statement of Corporate Governance *continued*

Company's income, including income received, revenue forecasts and dividend comparisons.

- Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010. Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on 1 February 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor including:

- independence (the auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards).
- quality of audit work including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and working relationship with management (the auditor has a constructive working relationship with the AIFM and the Manager).
- quality of people and service including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the director).

KPMG LLP, or various KPMG entities ("KPMG"), has held office as auditor for 25 years. In accordance with professional guidelines the audit director is rotated after at most five years, and the current audit director has served for three years. The Audit Committee is aware that impending EU legislation will require listed companies to rotate their auditor. Under the transitional arrangements for firms that had been audited by the same auditor for over 20 years there will be a grace period of six years after the enactment of the EU legislation. Accordingly, based upon the new legislation, KPMG will not be able to audit the Company from 2020.

The Directors have reviewed the level of non-audit services provided by the auditor during the year, together with the auditor's procedures in connection with the provision of such services, and remain satisfied that KPMG's objectivity and independence is being safeguarded.

KPMG's reappointment as auditor will be proposed at the AGM. The Audit Committee is satisfied that KPMG is independent and that it would not be appropriate to put the audit appointment out to tender at the present time. The

Audit Committee therefore supports the recommendation to the Board that the appointment of KPMG be put to shareholders for approval at the AGM.

Shareholders have the opportunity at each AGM to vote on the appointment of the auditor for the forthcoming year.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the whole Board and is chaired by Peter Wolton. Terms of reference are in place, which include reviewing the effectiveness of the Board, succession planning, appointments, appraisal, training and remuneration policy. Further details of the latter are provided in the Directors' Remuneration Report on page 31.

Using questionnaires and discussion, the Committee has undertaken the annual appraisal of the Chairman of the Board as well as performance evaluation and review of the Board as a whole. A list of skills and expertise required by the Board has been agreed by the Board and is kept under review. The Committee has also reviewed the Chairman's and Directors' other commitments, and the Committee is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. As part of the Directors' evaluation process the training needs of Directors, if any, were discussed and agreed. It is intended that evaluation of the Board will be externally facilitated every three years and given the last one was carried out in 2012/13, the next externally facilitated Board evaluation will be carried out in 2016.

Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board which reflects a breadth of commercial, professional and industrial experience to complement existing Directors. In considering appointments, the Committee also takes into account the need to have a balance of skills, experience, independence, diversity, including gender, and knowledge of the Company within the Board. However the Committee's overriding priority is to appoint the most appropriate candidates, regardless of gender or other forms of diversity. Therefore, the Committee has not set any measurable objectives in relation to the diversity of the Board. Two of the five Directors are women. The Committee will consider the use of an external search consultant depending on circumstances at the appropriate time and in the case of the most recent appointments, the Committee employed the services of such a consultant.

New Directors appointed to the Board are given a formal induction meeting with the AIFM and the Manager and will be provided with all relevant information regarding their duties as Directors. Consistent with the recommendation of the AIC Code, appropriate training is arranged for new and

current Directors where necessary and an appropriate record of this is kept by all Directors.

A Director appointed during the year is required to retire and seek election by shareholders at the next AGM. All Directors are required to submit themselves for re-election at least once every three years. Directors with more than nine years' service will be required to submit themselves for annual re-election. Section B.7.1 of the UK Code requires all directors of FTSE 350 companies be subject to annual election by shareholders. Although the Company is not currently a FTSE 350 company, it would like to comply with the relevant provisions where the Board believes it is in the best interests of shareholders to do so. However in this instance, the Board does not believe that Directors with less than nine years' service should be subject to annual re-election, not least because it presents the possibility of all Directors being voted off simultaneously which would not be in the best interests of shareholders. The Board believes that three years between re-election is an appropriate period for an investment company and that given compliance is voluntary the Board will retain its current policy. The Board supports the re-election of Ms Scott and Mr Wolton who retire in accordance with the Company's Articles of Association. Ms Scott has 30 years of experience in the fund management industry and Mr Wolton has had a long and distinguished career in international asset management. The Board also supports the re-election of Mr Macnamara who having served more than nine years on the Board, will stand for annual re-election. Mr Macnamara is a Chartered Accountant who has had a long career in investment banking.

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

Management Engagement Committee

The Board has appointed a Management Engagement Committee of which all of the Directors are members and is chaired by Elisabeth Scott. The terms and conditions of the AIFM (and therein, the Manager's) appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Committee also keeps the resources of the AIFM under review. The Committee believes that the continuing appointment of the AIFM on the terms agreed is in the interests of shareholders as a whole.

In the opinion of the Board, the Aberdeen Group has the secretarial, administrative and promotional skills required for the effective operation and administration of the Company. Furthermore, the Board remains satisfied that the Manager's investment screening processes are thorough and robust and it employs a well resourced team of skilled and experienced fund managers.

The current investment management team have been in place since the 2009/10 financial year. Since then the Company's performance has been good and the revenue account has improved allowing the Board to recommend an increased dividend. The Board therefore recommends the continuing appointment of the AIFM (and therefore the Manager), on the terms agreed, and believes this to be in the best interests of shareholders.

In addition, the Committee conducts an annual review of the performance, terms and conditions of the main third party suppliers.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. Shareholders and investors may obtain up to date information on the Company through the Company's website and the Manager's information service. The Annual Report is widely distributed to other parties who have an interest in the Company's performance.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary, the AIFM or the Manager) in situations where direct communication is required and representatives from the Board meet with major shareholders on an annual basis in order to gauge their views.

In addition the Company Secretary only acts on behalf of the Board, not the AIFM or the Manager, and there is no filtering of communication. The Board receives at each Board meeting full details of any communication from shareholders to which the Chairman responds personally as appropriate.

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

Share Capital and Voting Rights

The issued Ordinary share capital at 31 January 2015 consisted of 151,006,187 Ordinary shares of 25p and 2,671,748 Ordinary shares of 25p held in treasury. At the date of this Report, these numbers were unchanged.

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

Statement of Corporate Governance *continued*

Substantial Share Interests

At 31 January 2015 the following had notified the Company as being interested in 3% or more of the Company's Ordinary share capital:

Name of shareholder	Number of Ordinary shares held	% of Ordinary shares held
Aberdeen Investment Trust Savings Plans ^A	36,127,705	24.0
Brewin Dolphin	10,710,058	7.1
AXA S.A.	7,082,054	4.7
DC Thomson & Company	5,900,000	3.9

^ANon-beneficial interests

There have been no changes notified in respect of the above holdings, and no new holdings notified, since the end of the year.

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the AIFM. The AIFM's Corporate Governance Principles can be found on the Aberdeen Group's website, at <http://www.aberdeen-asset.com/aam.nsf/AboutUs/governancestewardship>. This document sets out the Aberdeen Group framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Aberdeen Group has invested or is considering investing. The Aberdeen Group's Statement of Compliance with the UK Stewardship Code also appears on the Aberdeen Group's website, at the web address given above.

The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The Manager's policy is to vote on all shares held by the Company, and the Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights and discusses with the Manager any issues arising. It is the Board's view that having an active voting policy and a process for the monitoring by the Board of the Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks

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

Directors' Remuneration Report

The Board has prepared this Remuneration Report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises two parts:

- (i) A Remuneration Policy, which was subject to a binding shareholder vote at the 2014 AGM last year and thereafter every three years. Should the Board wish to vary the Remuneration Policy during this interval, then shareholder approval will be sought; and
- (ii) An annual Implementation Report, which provides information on how the Remuneration Policy has been applied during the year and will be subject to an advisory vote.

The law requires the Company's auditor to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 35 to 36.

The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders are considered.

Directors' Fees

The Company has five independent non-executive Directors. Directors' remuneration is determined by the Nomination and Remuneration Committee, which is chaired by Peter Wolton and comprises the independent non-executive Directors.

The Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum. The level of cap may be increased by shareholder resolution from time to time. The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract Directors of the quality required to run the Company successfully. The remuneration should also reflect the nature of their duties, responsibilities, the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Fees are reviewed annually and, if considered appropriate, increased accordingly.

	31 January 2015 £	31 January 2014 £
Chairman	29,500	27,000
Chairman of Audit Committee	23,000	21,000
Director	19,000	18,000

Each member of the Audit Committee is paid an additional £2,000 per annum, bringing the total annual fees to £31,500 for the Chairman, £25,000 for the Audit Committee Chairman and £21,000 for other Directors.

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter. Directors with more than nine years' service are subject to annual re-election.
- Any Director newly appointed to the Board will receive the fee applicable to each of the other Directors at the time of appointment together with any other fee then currently payable in respect of a specific role which the new Director is to undertake for the Company.
- No incentive or introductory fees will be paid to encourage a person to become a Director.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Directors' Remuneration Report continued

The above Remuneration Policy, effective for three years, was approved at the AGM on 22 May 2014.

Implementation Report

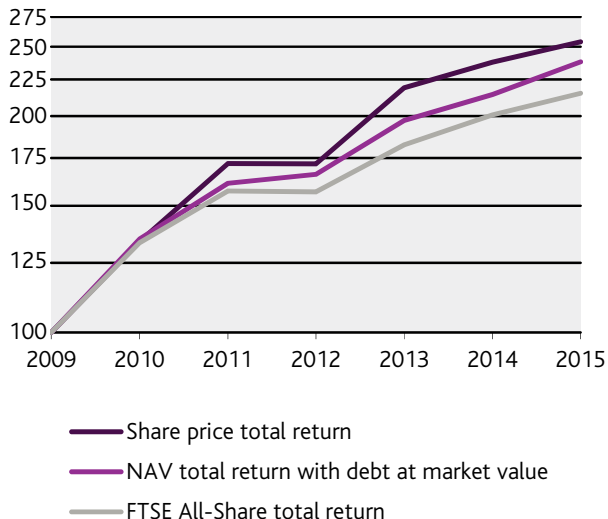
Review of Directors' Fees

The Board carried out a review of the level of Directors' fees during the year and concluded that the amounts should not be increased. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

Also during the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the six year period to 31 January 2015 (rebased to 100 at 31 January 2009). This Index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.

Please note that past performance is not a guide to future performance.



Statement of Voting at General Meeting

At the Company's last AGM, held on 22 May 2014, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) and the Directors' Remuneration Policy in respect of the year ended 31 January 2014 and the following proxy votes were received on the resolutions:

Resolution	For	Discretionary	Against	Withheld
2. Receive and Adopt Directors' Rem Report	55.3m (98.4%)	201,205 (0.4%)	674,290 (1.2%)	701,737
3. Receive and Adopt Directors' Rem Policy	55.0m (98.0%)	209,240 (0.4%)	884,996 (1.6%)	758,720

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown below.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

Director	2015 £	2014 £	Taxable Benefits 2015	Taxable Benefits 2014
John Carson	25,000	23,000	-	-
Catherine Claydon	21,000	20,000	-	-
Rory Macnamara	31,500	29,000	-	-
Elisabeth Scott	21,000	20,000	-	-
Peter Wolton	21,000	20,000	-	-
Total	119,500	112,000	-	-

Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties included in the fees referred to in the table above.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 31 January 2015 and 1 February 2014 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the following table.

	31 Jan 2015	31 Jan 2014
	Ord 25p	Ord 25p
John Carson	40,000	40,000
Catherine Claydon	4,000	4,000
Rory Macnamara	14,000	14,000
Elisabeth Scott	4,800	4,800
Peter Wolton	40,010	22,738

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I, Peter Wolton, Chairman of the Nomination and Remuneration Committee, confirm that the above Remuneration Report summarises, as applicable, for the year to 31 January 2015:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors on 27 March 2015 and signed on its behalf by:

Peter Wolton

Nomination and Remuneration Committee Chairman
27 March 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements, in accordance with applicable law and regulations.

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

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

In preparing these financial statements, the Directors are required to:

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

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

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

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- that in the opinion of the Directors, the Annual Report taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For and on behalf of Dunedin Income Growth Investment Trust PLC

John Carson
Audit Committee Chairman
27 March 2015

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

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Dunedin Income Growth Investment Trust PLC for the year ended 31 January 2015 set out on pages 37 to 55. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2015 and of its return on ordinary activities after taxation for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Carrying amount of quoted equity investments (£462.4m)

Refer to pages 27 and 28 (Audit Committee section of the Statement of Corporate Governance), page 41 (accounting policy) and pages 45 and 46 (financial disclosures).

The risk: The Company's portfolio of quoted equity investments makes up 98.6% of the Company's total assets (by value) and is considered to be the key driver of operations and performance results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the completeness, valuation and existence of the Company's quoted investment portfolio included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of investments in the portfolio to externally quoted prices; and
- agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.

Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £4.6m, determined with reference to a benchmark of Total Assets (of which it represents 1%).

In addition, we applied a materiality of £921,000 to income from investments for which we believe misstatements of lesser amounts than materiality as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £234,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the office of the administrator, BNP Paribas, in Dundee.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- the Audit Committee section of the Statement of Corporate Governance does not appropriately address matters communicated by us to the Audit Committee.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Independent Auditor's Report to the Members of Dunedin Income Growth Investment Trust PLC continued

- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 23, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 25 to 30 relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

27 March 2015

Income Statement

	Notes	Year ended 31 January 2015			Year ended 31 January 2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	25,888	25,888	–	18,040	18,040
Currency gains		–	510	510	–	–	–
Income	2	20,994	–	20,994	20,750	–	20,750
Investment management fee	3	(665)	(998)	(1,663)	(647)	(971)	(1,618)
Administrative expenses	4	(932)	–	(932)	(787)	–	(787)
Net return before finance costs and taxation		19,397	25,400	44,797	19,316	17,069	36,385
Finance costs	5	(975)	(1,464)	(2,439)	(972)	(1,457)	(2,429)
Return on ordinary activities before taxation		18,422	23,936	42,358	18,344	15,612	33,956
Taxation	6	(446)	–	(446)	(411)	–	(411)
Return on ordinary activities after taxation		17,976	23,936	41,912	17,933	15,612	33,545
Return per Ordinary share (pence)	8	11.90	15.86	27.76	11.89	10.35	22.24

The column of this statement headed "Total" represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

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

Balance Sheet

	Notes	As at 31 January 2015 £'000	As at 31 January 2014 £'000
Non-current assets			
Investments at fair value through profit or loss	9	462,444	431,223
Current assets			
Loans and receivables	10	603	763
Cash and short term deposits	17	5,783	6,377
		6,386	7,140
Creditors: amounts falling due within one year			
Bank loan	11	(10,583)	(5,000)
Other creditors	11	(1,000)	(1,305)
		(11,583)	(6,305)
Net current (liabilities)/assets		(5,197)	835
Total assets less current liabilities		457,247	432,058
Creditors: amounts falling due after more than one year	12	(28,545)	(28,532)
Net assets		428,702	403,526
Capital and reserves			
Called-up share capital	13	38,419	38,419
Share premium account		4,619	4,619
Capital redemption reserve		1,606	1,606
Capital reserve	14	361,427	337,491
Revenue reserve		22,631	21,391
Equity shareholders' funds		428,702	403,526
Adjusted net asset value per Ordinary share (pence)	18	283.86	267.17

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2015 and were signed on its behalf by:

Rory Macnamara

Director

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 January 2015

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Notes							
	Balance at 31 January 2014	38,419	4,619	1,606	337,491	21,391	403,526
	Return on ordinary activities after taxation	–	–	–	23,936	17,976	41,912
7	Dividends paid	–	–	–	–	(16,736)	(16,736)
	Balance at 31 January 2015	38,419	4,619	1,606	361,427	22,631	428,702

For the year ended 31 January 2014

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Notes							
	Balance at 31 January 2013	38,419	4,543	1,606	321,142	19,895	385,605
	Return on ordinary activities after taxation	–	–	–	15,612	17,933	33,545
	Issue of Ordinary shares	–	76	–	737	–	813
7	Dividends paid	–	–	–	–	(16,437)	(16,437)
	Balance at 31 January 2014	38,419	4,619	1,606	337,491	21,391	403,526

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

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

Cash Flow Statement

		Year ended 31 January 2015		Year ended 31 January 2014	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	15		18,257		18,054
Servicing of finance					
Interest paid			(2,429)		(2,429)
Taxation					
Overseas withholding tax paid			(446)		(411)
Financial investment					
Purchases of investments		(62,120)		(31,472)	
Sales of investments		56,787		35,157	
Net cash (outflow)/inflow from financial investment			(5,333)		3,685
Equity dividends paid	7		(16,736)		(16,437)
Net cash (outflow)/inflow before financing			(6,687)		2,462
Financing					
Issue of Ordinary shares			–		813
Repayment of loan			(5,000)		–
Drawdown of loan			11,021		–
Net cash inflow from financing			6,021		813
(Decrease)/increase in cash			(666)		3,275
Reconciliation of net cash flow to movements in net debt					
(Decrease)/increase in cash as above			(666)		3,275
Repayment of loan			5,000		–
Drawdown of loan			(11,021)		–
Exchange movements			510		–
Non-cash movements			(13)		(13)
Movement in net debt in the period			(6,190)		3,262
Opening net debt			(27,155)		(30,417)
Closing net debt			(33,345)		(27,155)

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

1. Accounting policies

(a) Basis of preparation and going concern

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments and traded options, and in accordance with the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 23.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

(b) Revenue, expenses and interest payable

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

Expenses are charged to capital when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs including the amortisation of expenses and premium related to the debenture issue are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long-term in the form of revenue and capital respectively (see note 3).

Stock lending income is recognised on an accruals basis.

(c) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE All-Share and the most liquid AIM constituents. Gains or losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement.

(d) Dividends payable

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

(e) Capital reserves

Gains or losses on disposal of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

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

Notes to the Financial Statements continued

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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

(g) Foreign currency

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

(h) Traded options

The Company may enter into certain derivatives (e.g. options). Option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value. The initial fair value is based on the initial premium, which is recognised upfront. The premium received and fair value changes in the open position which occur due to the movement in underlying securities are recognised in the revenue column, losses realised on the exercise of the contracts are recorded in the capital column of the Income Statement.

In addition, the Company may enter into derivative contracts to manage market risk and gains or losses arising on such contracts are recorded in the capital column of the Income Statement.

(i) Borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

	2015 £'000	2014 £'000
2. Income		
Income from investments		
UK listed – franked	13,089	13,038
Overseas listed	4,847	4,146
Stock dividends	1,500	1,607
	19,436	18,791
Other income		
Deposit interest	6	1
Income on derivatives	1,546	1,934
Income from stock lending	6	24
	1,558	1,959
Total income	20,994	20,750

During the year, the Company was entitled to premiums totalling £1,546,000 (2014 – £1,934,000) in exchange for entering into derivative transactions. This figure includes a mark to market on derivative contracts open at each year end. Derivatives utilised were based on individual FTSE 100 stocks and FT 500 World's largest companies. The Company had no open positions in derivative contracts at 31 January 2015 (2014 – 7 open positions with a liability of £321,000) as disclosed in note 11. Losses realised on the exercise of derivative transactions are disclosed in note 9.

3.	Management fee	Revenue	2015 Capital	Total	Revenue	2014 Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
	Management fee	665	998	1,663	647	971	1,618

For the year ended 31 January 2015 management and secretarial services were provided by Aberdeen Asset Managers Limited ("AAML") until 14 July 2014 and thereafter by Aberdeen Fund Managers Limited ("AFML"). There were no changes to the commercial arrangements. Under the terms of an agreement effective from 15 July 2014 (which replaced the existing arrangements with AAML), the Company has appointed AFML to provide management, accounting, administrative and secretarial duties. The management fee for the year ended 31 January 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 balance due at the year end was £136,000 (2014 – £139,000). The management fee is chargeable 40% to revenue and 60% to capital. There were no commonly managed funds held in the portfolio during the year to 31 January 2015 (2014 – none).

4.	Administrative expenses	2015	2014
		£'000	£'000
	Directors' fees	120	112
	Auditor's remuneration (excluding irrecoverable VAT):		
	• fees payable to the Company's auditor for the audit of the Company's annual accounts	17	17
	• fees payable to the Company's auditor for other services		
	• interim review	6	5
	• other services	1	1
	Promotional activities	378	346
	Registrar's fees	44	42
	Share plan fees	91	57
	Printing and postage	52	47
	Other expenses	223	160
		932	787

Expenses of £378,000 (2014 – £346,000) were paid to AAML in respect of the promotion of the Company. The balance outstanding at the year end was £124,000 (2014 – £113,000).

All of the expenses above, with the exception of auditor's remuneration, include irrecoverable VAT where applicable. The VAT charged on the auditor's remuneration is disclosed within other expenses

5.	Finance costs	Revenue	2015 Capital	Total	Revenue	2014 Capital	Total
		£'000	£'000	£'000	£'000	£'000	£'000
	Bank loan interest	68	104	172	66	98	164
	Debenture Stock – repayable after 5 years	901	1,352	2,253	901	1,351	2,252
	Amortised Debenture Stock premium and issue expenses	5	8	13	5	8	13
	Bank overdraft interest	1	–	1	–	–	–
		975	1,464	2,439	972	1,457	2,429

Finance costs are chargeable 40% to revenue and 60% to capital.

Notes to the Financial Statements continued

6. Taxation

(a) Analysis of charge for the year

	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Overseas tax suffered	601	–	601	537	–	537
Overseas tax reclaimable	(155)	–	(155)	(126)	–	(126)
Current tax charge for the year	446	–	446	411	–	411

(b) Factors affecting the tax charge for the year

The UK corporation tax rate was 23% until 31 March 2014 and 21% from 1 April 2014, giving an effective rate for the year of 21.33% (2014 – effective rate of 23.17%). The tax assessed for the year is lower than the rate of corporation tax. The differences are explained below:

	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Return on ordinary activities before taxation	18,422	23,936	42,358	18,344	15,612	33,956
Corporation tax at 21.33% (2014 – 23.17%)	3,929	5,106	9,035	4,250	3,617	7,867
Effects of:						
Non-taxable UK dividends	(2,792)	–	(2,792)	(3,021)	–	(3,021)
Non-taxable stock dividends	(320)	–	(320)	(372)	–	(372)
Capital gains on investments not taxable	–	(5,522)	(5,522)	–	(4,180)	(4,180)
Currency gains not taxable	–	(109)	(109)	–	–	–
Overseas taxes	446	–	446	411	–	411
Non-taxable overseas dividends	(929)	–	(929)	(885)	–	(885)
Excess management expenses	112	525	637	28	563	591
Current tax charge	446	–	446	411	–	411

(c) Factors that may affect future tax charges

At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £113,482,000 (2014 – £110,499,000). A deferred tax asset in respect of this has not been recognised and these expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

7. Dividends

Amounts recognised as distributions to equity holders in the period:

	2015 £'000	2014 £'000
Third interim dividend for the year ended 31 January 2014 – 2.575p (2013 – 2.50p) paid 28 February 2014	3,888	3,767
Final dividend for the year ended 31 January 2014 – 3.375p (2013 – 2.50p) paid 30 May 2014	5,096	4,898
First interim dividend for the year ended 31 January 2015 – 2.575p (2014 – 2.575p) paid 29 August 2014	3,888	3,886
Second interim dividend for the year ended 31 January 2015 – 2.575p (2014 – 2.575p) paid 28 November 2014	3,888	3,886
Return of unclaimed dividends	(24)	–
Dividends paid in the period	16,736	16,437

A third interim dividend was declared on 14 January 2015 with an ex date of 5 February 2015. This dividend of 2.575p

was paid on 27 February 2015 and has not been included as a liability in these financial statements.

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

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £17,976,000 (2014 – £17,933,000).

	2015 £'000	2014 £'000
First interim dividend for the year ended 31 January 2015 – 2.575p (2014 – 2.575p)	3,888	3,886
Second interim dividend for the year ended 31 January 2015 – 2.575p (2014 – 2.575p)	3,888	3,886
Third interim dividend for the year ended 31 January 2015 – 2.575p (2014 – 2.575p)	3,888	3,888
Proposed final dividend for the year ended 31 January 2015 – 3.525p (2014 – 3.375p)	5,323	5,096
	16,987	16,756

There have been no shares issued or bought back since the year end and the proposed final dividend for 2015 is based on the latest share capital of 151,006,187 Ordinary shares.

8. Return per Ordinary share	2015 £'000	p	2014 £'000	p
Revenue return	17,976	11.90	17,933	11.89
Capital return	23,936	15.86	15,612	10.35
Total return	41,912	27.76	33,545	22.24
Weighted average number of Ordinary shares in issue	151,006,187		150,867,283	

9. Investments: listed at fair value through profit or loss	Listed 2015 £'000	Listed 2014 £'000
Opening fair value	431,223	416,868
Opening investment holding gains	(108,613)	(96,437)
Opening book cost	322,610	320,431
Purchases at cost	62,120	31,472
Sales – proceeds	(56,787)	(35,157)
Sales – realised gains ^A	10,640	5,864
Closing book cost	338,583	322,610
Closing investment holdings gains	123,861	108,613
Closing fair value	462,444	431,223

Notes to the Financial Statements *continued*

	2015 £'000	2014 £'000
Gains on investments		
Realised gains on sales ^A	10,640	5,864
Change in investment holdings gains	15,248	12,176
	25,888	18,040

^A Includes losses realised on the exercise of traded options of £1,211,000 (2014 – £2,184,000). Premiums received of £1,546,000 (2014 – £1,934,000) are included within income per note 2.

Transaction costs

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

	2015 £'000	2014 £'000
Purchases	313	137
Sales	42	34
	355	171

	2015 £'000	2014 £'000
Stock lending		
Aggregate value of securities on loan at the year end	–	9,880
Maximum aggregate value of securities on loan during the year	5,071	16,032
Fee income from stock lending	6	24

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed date. Fee income is received for making the investments available to the borrower. The principal risks and rewards, namely the market movements in share prices and associated dividend income are retained by the Company. In all cases the securities lent continue to be recognised on the Balance Sheet.

All stocks lent under these arrangements are fully secured against collateral. There was no collateral held at 31 January 2015 (2014 – £10,692,000).

	2015 £'000	2014 £'000
10. Debtors: amounts falling due within one year		
Net dividends and interest receivable	394	589
Tax recoverable	182	153
Other loans and receivables	27	21
	603	763

11. Creditors: amounts falling due within one year

(a) Bank loan

The Company has an agreement (which expires 17 July 2015) with Royal Bank of Scotland to provide a loan facility for up to £30,000,000 (2014 – £30,000,000). At 31 January 2015 €6,100,000 was drawn down at a rate of 0.93071% and £6,000,000 was also drawn down at a rate of 1.45163% (2014 – £5,000,000). The terms of the loan facility contain covenants that gross borrowings should not exceed 30% of adjusted assets and that the minimum net assets of the Company are £200,000,000.

	2015 £'000	2014 £'000
(b) Other creditors		
Debenture Stock and bank loan interest	586	589
Traded option contracts	–	321
Sundry creditors	414	395
	1,000	1,305

	2015 £'000	2014 £'000
12. Creditors: amounts falling due after more than one year		
7½% Debenture Stock 2019 (issued in 1997)	28,600	28,600
Unamortised Debenture Stock premium and issue expenses	(55)	(68)
Amortised cost of Debenture Stock	28,545	28,532

The 7½% Debenture Stock is due to be redeemed at par on 30 April 2019 and interest is payable in half-yearly instalments in April and October. The Debenture Stock is secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Debenture Stock Trust Deed that total borrowings should not be greater than adjusted capital and reserves throughout the year and up to the date this report was signed.

The market value of the Debenture Stock as at 31 January 2015 was £34,946,000 (2014 – £35,904,000), the value being calculated per the disclosure in note 19. The effect on the net asset value of deducting the Debenture Stock at market value rather than at par is disclosed in note 18.

	2015 £'000	2014 £'000
13. Called-up share capital		
Allotted, called up and fully paid:		
151,006,187 (2014 – 151,006,187) Ordinary shares of 25p each – equity	37,751	37,751
Treasury shares:		
2,671,748 (2014 – 2,671,748) Ordinary shares of 25p each – equity	668	668
	38,419	38,419

No Ordinary shares were sold from Treasury account during the year. (2014 – 300,000).

	2015 £'000	2014 £'000
14. Capital reserve		
At 31 January 2014	337,491	321,142
Net gains on sales of investments during the year	10,640	5,864
Movement in investment holdings gains during the year	15,248	12,176
Currency gains	510	–
Issue of Ordinary shares	–	737
Finance costs of borrowings (note 5)	(1,464)	(1,457)
Investment management fee	(998)	(971)
At 31 January 2015	361,427	337,491

Included in the total above are investment holdings gains at the year end of £123,861,000 (2014 – £108,613,000).

Notes to the Financial Statements *continued*

15. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2015 £'000	2014 £'000
Net return on ordinary activities before finance costs and taxation	44,797	36,385
Adjustment for:		
Gains on investments	(25,888)	(18,040)
Currency gains	(510)	–
Decrease/(increase) in accrued income	195	(19)
(Increase)/decrease in other debtors	(35)	122
Decrease in other creditors	(302)	(394)
	18,257	18,054

	Equity share capital (including premium) 2015 £'000	Debenture stock 2015 £'000	Equity share capital (including premium) 2014 £'000	Debenture stock 2014 £'000
16. Analysis of changes in financing during the year				
Opening balance at 31 January 2014	43,038	28,532	42,962	28,519
Share premium on treasury share issues	–	–	76	–
Movement in unamortised Debenture Stock discount and issue expenses	–	13	–	13
Closing balance at 31 January 2015	43,038	28,545	43,038	28,532

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

	At 31 January 2014 £'000	Cash flow £'000	Currency differences £'000	Amortisation of issue expenses and premium £'000	At 31 January 2015 £'000
17. Analysis of changes in net debt					
Cash and short term deposits	6,377	(666)	72	–	5,783
Debt due within one year	(5,000)	(6,021)	438	–	(10,583)
Debt due after more than one year	(28,532)	–	–	(13)	(28,545)
Net debt	(27,155)	(6,687)	510	(13)	(33,345)

18. Net asset value per share

Equity shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 4 'Capital Instruments'. The analysis of equity shareholders' funds on the face of the Balance Sheet does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the year end, adjusted to reflect the deduction of the Debenture Stock at par. A reconciliation between the two sets of figures is as follows:

	2015	2014
Equity shareholders' funds	£428,702,000	£403,526,000
Adjusted net assets	£428,647,000	£403,458,000
Number of equity shares in issue at year end ^A	151,006,187	151,006,187

^A Excluding shares held in treasury.

	2015	2014
Equity shareholders' funds per share	283.90p	267.22p
Less: unamortised Debenture Stock premium and issue expenses	(0.04p)	(0.05p)
Adjusted net asset value per share	283.86p	267.17p

The net asset value per share at 31 January 2015, adjusted to include the Debenture Stock at market value rather than at par is 279.66p (2014 – 262.34p).

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

	2015 £'000	2014 £'000
Opening adjusted net assets	403,458	385,524
Capital return for the year	23,936	15,612
Revenue on ordinary activities after taxation	17,976	17,933
Dividends appropriated in the year	(16,736)	(16,437)
Issue of Ordinary shares	–	813
Movement in unamortised Debenture Stock premium and issue expenses	13	13
Closing adjusted net assets	428,647	403,458

19. Financial instruments and risk management

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

During the year, the Company entered into certain derivative contracts. Positions closed during the year realised a loss of £1,211,000 (2014 – £2,184,000). As disclosed in note 2, the premium received and fair value changes in respect of options written in the year was £1,546,000 (2014 – £1,934,000). The largest position in derivative contracts held during the year at any given time was £946,000 (2014 – £993,000). The Company had no open positions in derivative contracts at 31 January 2015 (2014 – 7 open positions with a liability of £321,000) as disclosed in note 11.

The Board has delegated the risk management function to Aberdeen Fund Managers limited ("AFML" or "the Manager") under the terms of its management agreement with AFML (further details of which are included under note 3). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors.

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

Risk management framework

The directors of AFML collectively assume responsibility for AFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

AFML is a fully integrated member of the Aberdeen Asset Management PLC ("Aberdeen") group of companies (referred to as "the Group"), which provides a variety of services and support to AFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Asset Managers Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in FUND 3.2.2R (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SWORD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of Aberdeen, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk Management

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

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

(i) **Market risk**

Market risk comprises three elements – interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits; and
- interest payable on the Company's variable rate borrowings.

Management of the risk

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

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. Details of borrowings at 31 January 2015 are shown in notes 11 and 12.

Interest risk profile

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

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 January 2015				
Assets				
Sterling	–	–	–	5,783
Total assets	–	–	–	5,783
Liabilities				
Bank loans	0.09	1.23	(10,583)	–
Debenture Stock	4.25	7.87	(28,545)	–
Total liabilities	–	–	(39,128)	–

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 January 2014				
Assets				
Sterling	–	–	–	6,377
Total assets	–	–	–	6,377
Liabilities				
Bank loans	0.08	1.43	(5,000)	–
Debenture Stock	5.25	7.87	(28,532)	–
Total liabilities	–	–	(33,532)	–

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

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

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

Interest rate sensitivity

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

Foreign currency risk

A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently the Balance Sheet can be affected by movements in exchange rates.

Notes to the Financial Statements *continued*

Management of the risk

It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. A significant proportion of the Company's borrowings, as detailed in note 11, is in foreign currency as at 31 January 2015. The revenue account is subject to currency fluctuations arising on dividends received in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 January 2015			31 January 2014		
	Investments	Net monetary assets	Total currency exposure	Investments	Net monetary assets	Total currency exposure
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	46,774	(4,483)	42,291	50,713	203	50,916
Swiss Francs	34,302	349	34,651	29,141	95	29,236
US Dollar	—	—	—	—	2	2
Sterling	381,368	(29,608)	351,760	351,369	(27,997)	323,372
Total	462,444	(33,742)	428,702	431,223	(27,697)	403,526

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

Foreign currency sensitivity

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

Price risk

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

Management of the risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. Both the allocation of assets and the stock selection process, as detailed on page 3, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges in the UK and Europe.

Price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2015 would have increased by £46,244,000 (2014 – increase of £43,122,000) and equity reserves would have increased by the same amount. Had market prices been 10% lower the converse would apply.

(ii) Liquidity risk

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

Management of the risk

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews

these on a regular basis. Borrowings comprise Debenture Stock and a revolving facility. The Debenture Stock provides secure long-term funding while short term flexibility is achieved through the borrowing facility. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of less than 30% at all times. Details of borrowings at 31 January 2015 are shown in notes 11 and 12.

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

Liquidity risk exposure

At 31 January 2015 and 31 January 2014 the amortised cost of the Company's Debenture Stock was £28,545,000 and £28,532,000 respectively. This is due to be redeemed at par on 30 April 2019. At 31 January 2015 and 31 January 2014 the Company's bank loans amounted to £10,583,000 and £5,000,000 respectively. The facility is committed until 17 July 2015.

(iii) Credit risk

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

Management of the risk

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Aberdeen Group's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Aberdeen Group's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;
- the risk of counterparty exposure due to stock lending is mitigated by the review of collateral positions provided daily by the various counterparties involved;
- cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

The Company participates in stock lending activities.

There are internal exposure limits to cash balances placed with counterparties. The credit worthiness of counterparties is also reviewed on a regular basis.

Under the terms of the stock lending agreement, all loans are backed by collateral (cash, near cash, government and public securities, certificates of deposit, letter of credit and UK equities) equal to or greater than 105% of the market value (as calculated daily on each business day) of the securities on loan.

With the exception of securities on loan referred to in note 9, none of the Company's financial assets are secured by collateral or other credit enhancements.

Notes to the Financial Statements *continued*

Credit risk exposure

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

	2015		2014	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Debtors and prepayments	603	603	763	763
Cash and short term deposits	5,783	5,783	6,377	6,377
	6,386	6,386	7,140	7,140

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

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £45,530,000 as at 31 January 2015 (2014 – £40,904,000) compared to an accounts value in the financial statements of £39,183,000 (2014 – £33,600,000) (notes 11 and 12). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Balance Sheet at fair value.

20. Fair value hierarchy

FRS 29 'Financial Instruments: Disclosures' 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 has the following levels:

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

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

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

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

As at 31 January 2015	Note	Level 1 £'000	Level 2 £'000	Level 3 £'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)	–	–	–	–
		462,444	–	–	462,444

As at 31 January 2014	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	431,223	–	–	431,223
Financial liabilities at fair value through profit or loss					
Derivatives	b)	(288)	(33)	–	(321)
		430,935	(33)	–	430,902

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) 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 classed as 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 Level 1) and therefore determined as Level 2.

21. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the return to its equity shareholders through an appropriate balance of equity capital and debt.

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

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

22. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on page 32.

The Company has agreements with Aberdeen Fund Managers Limited for the provision of management, secretarial, accounting and administration services and an agreement with Aberdeen Asset Managers Limited for the provision of promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 3 and 4.

Information about the Manager

The Company's Manager is Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, whose group companies as at 31 January 2015 had approximately £330.7 billion of assets under management. It manages assets on behalf of a wide range of clients including 74 investment companies and other closed-ended funds, which had combined total assets of over £15.2 billion.

The Manager has its headquarters in Aberdeen and invests globally, operating from over 33 offices in 27 different countries. Its investment teams are generally based in the markets or regions in which they invest; in the UK its main investment centres are in London and Edinburgh.

The Investment Team Senior Managers



Jeremy Whitley

Head of UK and European Equities

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



Ben Ritchie

Senior Investment Manager

Ben is an investment manager on AAM's Pan European equities team and joined AAM in 2002 as a graduate trainee. Ben has a BA (Hons) in Modern History and Politics from Pembroke College, University of Oxford, and is a CFA charterholder.

The Investment Process

Philosophy and Style

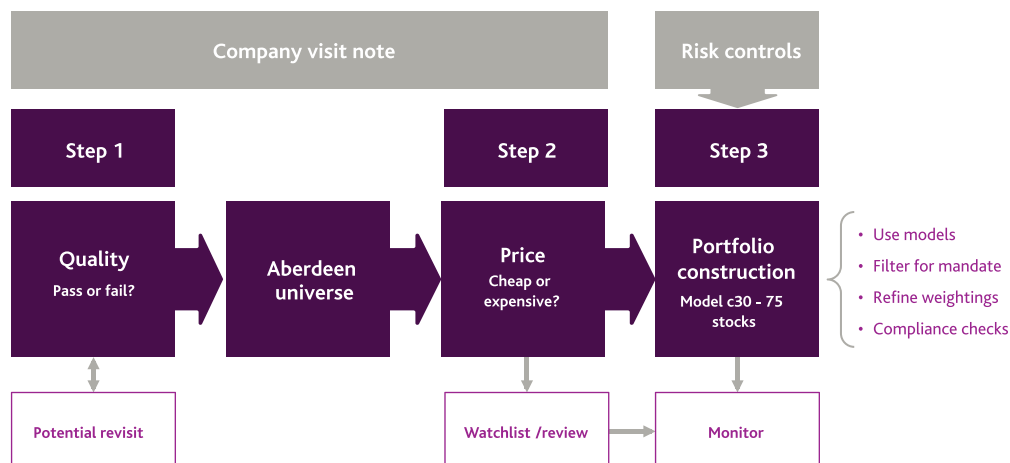
The Manager's investment philosophy is that markets are not always efficient. We (AAM) believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake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

either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

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

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



Promotional Strategy

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

The purpose of the Programme is to communicate effectively with existing shareholders and gain more new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares.

These aims can be met in several ways:

Investor Relations Programme

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

Newsletter

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

Public Relations

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

Shareholder Services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately.

The promotional programme is under the direction of AAM's Group Head of Brand, who has considerable experience in the promotion and communications of investment products. He is supported by a team of marketing professionals.

Internet

The AAM Investment Trusts web site contains details of closed end funds and investment companies managed or advised by the Aberdeen Group.

Dunedin Income Growth Investment Trust PLC also has its own dedicated website: www.dunedinincomegrowth.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

It is intended that ongoing programme activities in these various fields, both proactive and supportive, will assist the Company to increase and maintain its shareholder base, improve liquidity and sustain ratings.

The Company is committed to a close monitoring of the programme and AAM's Group Head of Brand reports to the Board and provides a written summary quarterly.

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

How to Invest in Dunedin Income Growth Investment Trust PLC

Direct

Investors can buy and sell shares in Dunedin Income Growth Investment Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. 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 Investment Trust 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 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) and intends to continue to do so for the foreseeable future.

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 runs a Share Plan (the "Plan") through which shares in Dunedin Income Growth Investment Trust PLC can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on 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 Investment Trust ISA

An investment of up to £15,240 can be made in the tax year 2015/16.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated 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. 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 AAM'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 their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stockmarket and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

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

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

Company Information

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

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

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

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 please call 0500 00 00 40 for trust information.

For further information concerning any direct shareholding, please contact the Company's registrars:

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

Shareholder helpline numbers:
Tel. 0871 384 2441
Fax 0871 384 2100
Shareview enquiry line: 0871 384 2233
Textel/hard of hearing line: 0871 384 2255

(Calls to the above Equiniti numbers will be charged at 8 pence per minute plus network extras. Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday excluding bank holidays).

Overseas helpline number: +44 121 415 7047

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

Customer Services

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

Terms and Conditions for AAM managed savings products can also be found under the Literature section of our website at www.invtrusts.co.uk

Pension Plan

For information on 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
Idealing
Selftrade
The Share Centre

How to Invest in Dunedin Income Growth Investment Trust PLC

continued

Stocktrade
Hargreaves Lansdown
TD Direct
Interactive Investor

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

Independent Financial Advisers

To find an adviser who makes recommendations 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

Aberdeen is aware that some investors have received telephone calls from people purporting to work for Aberdeen, 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 Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen 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, please do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided.

The above information on pages 58 to 60 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 in the United Kingdom.

Glossary of Terms and Definitions

Aberdeen Group	Aberdeen Asset Management PLC group of companies.
AIFM/AFML	Aberdeen Fund Managers Limited is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the alternative investment fund manager for the Company. AFML is authorised and regulated by the Financial Conduct Authority.
AIFMD	The Alternative Investment Fund Managers Directive - The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Leverage	For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.
Net Asset Value ("NAV")	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.
Ongoing charges	Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the industry standard method.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, long and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Total Assets	Total Assets less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return assumes reinvestment of the net dividend when the Company's shares go ex-dividend. The NAV Total Return assumes investing the net dividend on the date to which that dividend was earned, i.e. half-yearly.
RDR	RDR is the Financial Conduct Authority's 'Retail Distribution Review'. This re-positioned the UK retail market with effect from 31 December 2012 to (i) introduce Adviser Charging of investors in place of initial/trail commission in respect of product purchases paid by product providers to intermediaries and (ii) introduce more stringent professional qualifications for retail intermediaries.
UCITS	UCITS stands for Undertakings for Collective Investments in Transferable Securities and relates to mutual funds located in the European Union.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Dunedin Income Growth Investment Trust PLC (the "Company") will be held at the Apex City Quay Hotel, 1 West Victoria Dock Road, Dundee, DD1 3JP on Wednesday, 27 May 2015 at 12 noon, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 inclusive will be proposed as ordinary resolutions and resolutions 10 to 11 will be proposed as special resolutions:

1. To receive the reports of the Directors and auditor and the accounts for the year ended 31 January 2015.
2. To receive and adopt the Directors' Remuneration Report (excluding Directors' Remuneration Policy).
3. To approve a final dividend of 3.525p on the Ordinary shares.
4. To re-elect Mr Peter Wolton as a Director of the Company.
5. To re-elect Ms Elisabeth Scott as a Director of the Company.
6. To re-elect Mr Rory Macnamara as a Director of the Company.
7. To re-appoint KPMG LLP as auditor of the Company.
8. To authorise the Directors to determine the remuneration of the auditor for the year to 31 January 2016.
9. That, in substitution for any existing authority under Section 551 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "relevant securities") up to an aggregate nominal amount of £12,582,591 provided that such authorisation expires (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company in 2016 or on 31 July 2016 (whichever is earlier) save that the Company may, at any time prior to the expiry of such authority, make offers or agreements which would or might require such relevant securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.
10. That, subject to the passing of resolution number 9 set out above and in substitution for any existing power under Sections 570 and 573 of the Companies Act 2006 ("the Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution number 9 or by way of a sale of treasury shares (within the meaning of Section 560(3) of the Act) as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - (i) (otherwise than pursuant to sub-paragraph (ii) below) up to an aggregate nominal value of £1,887,577; and
 - (ii) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of Ordinary shares held by them on a record date fixed by the Directors (subject to such exclusions, limitations, restrictions or other arrangements as the Directors consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever);

and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2016 or on 31 July 2016 (whichever is earlier), save that the Company may, at any time prior to the expiry of such authority, make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

11. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") on such terms as the Directors of the Company think fit provided that:

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- (i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be an aggregate of 22,635,827 Ordinary shares, or if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
 - (ii) the minimum price which may be paid for an Ordinary share shall be 25p (exclusive of expenses);
 - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
 - (a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and
 - (b) the higher of the price of the last independent trade in Ordinary shares and the highest current independent bid for Ordinary shares on the London Stock Exchange; and
 - (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 or on 31 July 2016 (whichever is the earlier) save that the Company may at any time prior to such expiry, enter into a contract or arrangement to purchase Ordinary shares under this authority which will or might be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares pursuant to any such contract or arrangement.

8 April 2015

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

By order of the Board
Aberdeen Asset Management PLC
Company Secretary

Notes:

- (i) A member entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise the rights attached to any one share. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Equiniti Limited on 0871 384 2441 (calls to this number cost 8 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. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he/she is the holder.
- (ii) A form of proxy is enclosed. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting.
- (iii) The return of a completed proxy form or other such instrument of proxy will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.
- (iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the

Notice of Annual General Meeting *continued*

Company's Registrar (ID RA19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- (vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (viii) The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.
- (ix) The right to vote at a meeting is determined by reference to the Company's register of members as at 6.00 p.m. on 22 May 2015 or if this meeting is adjourned, at 6.00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
- (x) As at 27 March 2015 (being the latest practicable date prior to the publication of this document) the Company's issued share capital comprised 151,006,187 ordinary shares of 25p each. Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 27 March 2015 was 151,006,187.
- (xi) Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
- (xii) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) to (iii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.
- (xiii) Biographical details of the Directors standing for election and re-election are set out on pages 20 to 21 of this report.
- (xiv) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
- (xv) Members should note that, it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

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- (xvi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.
 - (xvii) Information regarding the Annual General Meeting is available from the Company's website, www.dunedinincomegrowth.co.uk
 - (xviii) Pursuant to Section 319A of the Companies Act 2006, as a member, you have the right to put questions at the meeting relating to business being dealt with at the meeting.
 - (xix) There are special arrangements for holders of shares through the Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

Directors

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

Company Secretary & Registered Office

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh
EH2 2BY
Telephone: 0131 528 4000
Email: company.secretary@invtrusts.co.uk

Company Registration Number: SC000881

Alternative Investment Fund Manager

Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London
EC4M 9HH
Authorised and regulated by the Financial Conduct Authority

Manager

Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh
EH2 2BY
Telephone: 0131 528 4000
Authorised and regulated by the Financial Conduct Authority

Customer Services

Freephone: 0500 00 00 40
Overseas number: +44 1268 448 222
(open Monday - Friday 9 a.m. – 5 p.m.)
Email: inv.trusts@aberdeen-asset.com

Website

www.dunedinincomegrowth.co.uk

Registrar

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0871 384 2441

(Calls to the above Equiniti number cost 8 pence per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays).

Overseas helpline number: +44 121 415 7047

Auditor

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

Stockbroker

JPMorgan Cazenove
25 Bank Street
London E14 5JP

Depository

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

AIC Membership

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

Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN): CJ1DH9.99999.SL.826

Your Company's History

Dunedin Income Growth Investment Trust PLC – a History

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

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

The original prospectus described the intended issue of £150,000 in certificates of £100 each, paying interest of 6% per annum. Such was the level of demand that the original prospectus was withdrawn and a new one was printed with a capital issue of £300,000. The Trust started out with 30 stocks, each comprising no more than 10% of the portfolio. Confusingly, a similar sounding investment trust company, launched in Edinburgh, The Scottish American Investment Company was formed in April 1873, just a few months after Fleming’s launch in February 1873. In Dundee, two almost identical issues were made in the following two years, described as the “Second Issue” and “Third Issue”. The three issues became three separate trust companies, under the Joint Stock Companies Act, in 1879 – the First, Second and Third Scottish American Trust Companies Ltd, but merged into a single trust company in 1969 as The First Scottish American Trust Company Ltd.

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

Capital History

Issued Share Capital at 31 January 2015

151,006,187	Ordinary shares of 25p (153,677,935 including treasury shares)
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Treasury Shares at 31 January 2015

2,671,748	Ordinary shares of 25p
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Issued Debenture Stock at 31 January 2015

£28,600,000	7 7/8% Debenture Stock 2019
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Name Change

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

February 1997	£30,000,000 7 7/8% Debenture Stock 2019 issued at £99.783%
April 1997	Capitalisation issue of four Ordinary shares of 25p issued for each existing Ordinary share
April 1999	Reduction of share capital by way of repayment of £840,000 of 3 1/2% Preference stock
Year ended 31 January 2004	50,000 Ordinary shares purchased for cancellation
Year ended 31 January 2005	1,950,000 Ordinary shares purchased for cancellation and £400,000 7 7/8% Debenture Stock 2019 purchased for cancellation
Year ended 31 January 2006	450,000 Ordinary shares purchased for cancellation and 450,000 Ordinary shares purchased to hold in treasury. £1,000,000 7 7/8% Debenture Stock 2019 purchased for cancellation and £40,000,000 11 1/2% Debenture Stock 2016 redeemed
Year ended 31 January 2007	3,231,101 Ordinary shares purchased to hold in treasury
Year ended 31 January 2008	2,237,440 Ordinary shares purchased to hold in treasury, 1,972,800 treasury shares cancelled
Year ended 31 January 2009	1,026,007 Ordinary shares purchased to hold in treasury, 2,000,000 treasury shares cancelled
Year ended 31 January 2010	No shares purchased, cancelled or issued
Year ended 31 January 2011	No shares purchased, cancelled or issued
Year ended 31 January 2012	No shares purchased, cancelled or issued
Year ended 31 January 2013	No shares purchased, cancelled or issued
Year ended 31 January 2014	300,000 shares sold from treasury
Year ended 31 January 2015	No shares purchased, cancelled or issued

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Aberdeen Fund Managers Limited ("AFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') which can be found on the Company's website. There have been no material changes to the disclosures contained within the PIDD since first publication in July 2014.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 19 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company's Secretary, Aberdeen Asset Management PLC on request (see contact details on page 66 and the numerical remuneration in the disclosures in respect of the AIFM's first relevant reporting period (year ended 30 September 2015) will be made available in due course).

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

As a percentage of net	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 January 2015	1.08:1	1.09:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There have been no changes to the circumstances in which the Company may be required to post assets as collateral and no guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which AFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page 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 Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

