
**SCHRODER
INCOME
GROWTH
FUND plc**



**Interim Report
28 February 2006**



Schrodgers



INVESTMENT OBJECTIVE

The Company's principal investment objectives are to provide real growth of income, being growth of income in excess of the rate of inflation, and capital growth as a consequence of the rising income.

Directors

Sir Paul Judge (Chairman)
Peregrine Banbury
Ian Barby
Keith Niven
Peter Readman

Advisers

Investment Manager and Secretary

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Financial Highlights

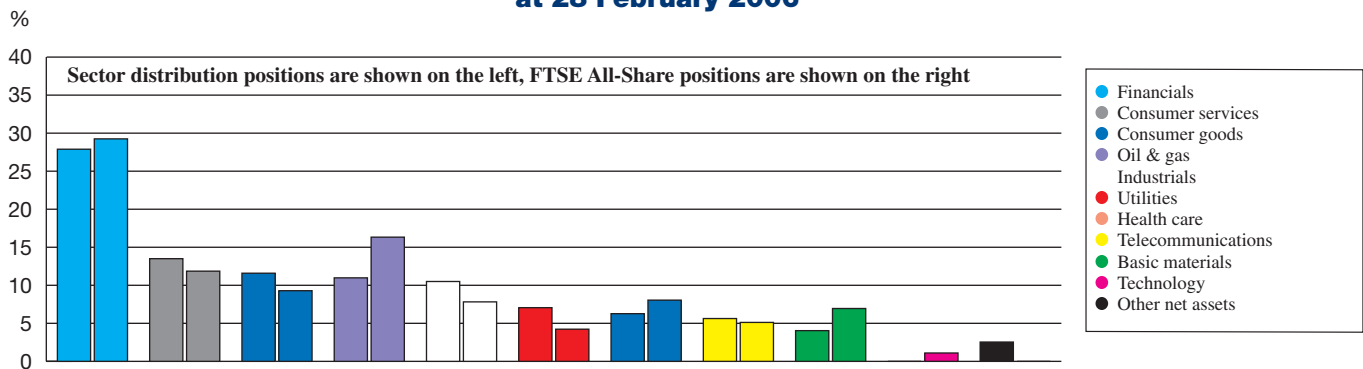
	28 February 2006	31 August 2005	Change %
Net asset value per share	215.35p	200.00p*	7.7
Share price	201.75p	186.50p	8.2
Share price discount	6.3%	6.7%	
FTSE All-Share total return Index†	3,335.82	2,970.38	12.3
Shareholders' funds (£'000)	160,355	149,626*	7.2
	Six months ended	Six months ended	
	28 February 2006	28 February 2005	Change %
Dividends per share declared in respect of the period	2.80p	2.68p	4.5
Revenue return per share	2.00p	2.35p	(14.9)
Capital return per share	17.47p	19.83p*	(11.9)
Total return per share	19.47p	22.18p*	(12.2)
NAV total return**	10.2%	14.1%	
Share price total return**	10.5%	17.8%	

†Source: Thompson Financial Datastream

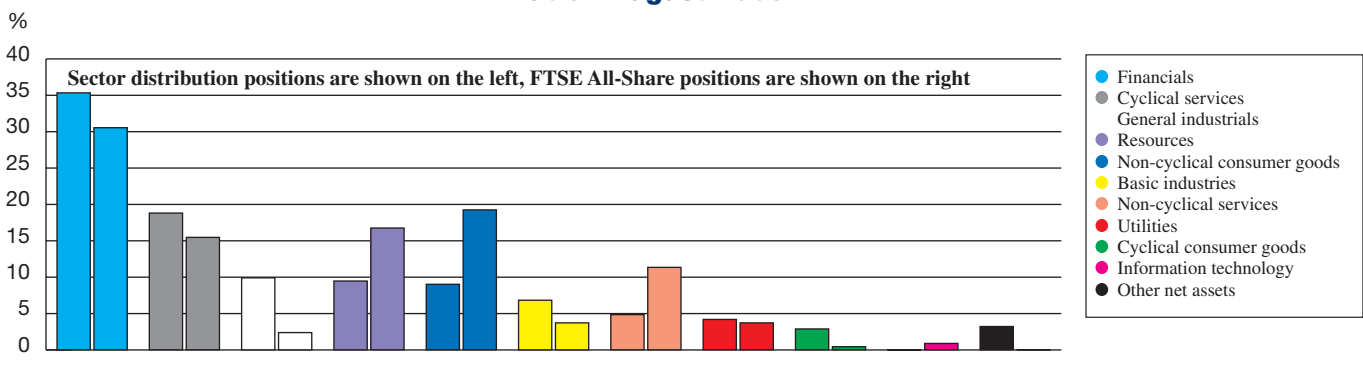
*Restated

**Source: Fundamental Data

Comparison of Sector Distribution* with the FTSE All-Share Index at 28 February 2006



Comparison of Sector Distribution* with the FTSE All-Share Index at 31 August 2005



* Sector distributions are shown as a percentage of total assets less current liabilities.

Chairman's Statement

I am pleased to submit my first Chairman's Statement since succeeding Mr John Hignett as Chairman of the Board in December 2005.

Investment Performance

During the six-month period ended 28 February 2006 the Company's net asset value produced a total return of 10.2%*, compared to a total return of 12.3%** generated by the FTSE All-Share index over the same period. The Company's net asset value increased in absolute terms by 7.7% (from 200.00p per share to 215.35p per share) during the period under review.

The share price total return for the period was 10.5%*. As at the period end, the Company's share price traded at a discount of 6.3%, a reduction from 6.7% at 31 August 2005.

Key factors affecting the Company's performance during the period can be found in the Investment Manager's Review.

Dividends

The Company paid a first interim dividend for the year ending 31 August 2006 of 1.40p per ordinary share on 31 January 2006. The Board also declared a second interim dividend for the year ending 31 August 2006 of 1.40p per share, which was paid on 28 April 2006 to shareholders on the register at the close of business on 7 April 2006. This brings total payments in respect of the first two interim dividends for the current financial year to 2.80p per share, but in accordance with the new Accounting Standards the second interim dividend is not accrued in these Interim Accounts.

Purchase of Shares for Cancellation

The Company has continued its buy back programme during the period, purchasing 350,000 shares at a cost of £685,913, since the year-end. Your Board will continue to buy back further shares as appropriate.

Continuation Vote

At the Annual General Meeting held on 8 December 2005, shareholders voted in favour of the continuation of the Company as an investment trust for a further period of five years. I should like to thank shareholders for demonstrating their support. A further continuation vote will be put to shareholders in 2010 and thereafter at five yearly intervals.

Change of Chairman

Mr John Hignett retired as Director and Chairman at the Annual General Meeting, having served on the Board since launch in 1995. I was pleased to accept the appointment of Chairman in his stead and I would like to thank Mr Hignett for his invaluable contribution to the Board during his period in office.

Chairman's Statement (continued)

Changes to UK Accounting Standards

The Accounting Standards Board, as a result of its convergence programme with International Accounting Standards, has introduced a number of new and revised accounting standards applicable to investment trusts which prepare their financial statements under UK GAAP. The Company has also adopted the principles set out in the revised Statement of Recommended Practice for Investment Trust Companies introduced in December 2005. The two main effects on the Company's financial statements are firstly the change in the basis of valuing listed investments, which is now determined using bid rather than mid prices, and secondly the timing of dividends, which are now accounted for during the period in which the Company is liable to pay them. These changes are explained in greater detail in the notes to the Interim Accounts.

Sir Paul Judge

Chairman

17 May 2006

* Source: Fundamental Data

** Source: Thompson Financial Datastream

Investment Manager's Review

Market Background

The market has risen sharply due to strong profit growth and corporate activity. The effect of very cheap and easily available finance has been to focus attention on both likely and imagined bid targets in the UK market. Speculation has particularly benefited mid-cap companies, felt to be of a digestible size for potential acquirers, especially if these are in industries where transactions have already occurred. In this environment little time has been devoted by the market to analysing companies' long term fundamental prospects in their present form, with larger companies in particular receiving scant attention.

Investment Approach

We have concentrated on companies that are out of favour with the market and trade on relatively low valuations. As investors will be aware the fund seeks to look for opportunities in companies that suffer from negative sentiment and where the valuation is particularly appealing. This will inevitably lead to a higher degree of volatility in the fund's return when compared with the FTSE All-Share over short time periods.

Outlook

Some of the largest companies now represent the best value. Many of these have been dismissed as too big to be bid targets and the FTSE 100 in aggregate has now underperformed the FTSE 250 by about 18% p.a. in the last three years. The effect is particularly marked for the very largest companies for which relative valuations are near 20 year lows.

Schroder Investment Management Limited

17 May 2006

Twenty Largest Investments

As at 28 February 2006

Company and Activity	Market Value of Holding £'000	Percentage of Shareholders' Funds
HSBC Holdings International financial services group.	10,826	6.75
Royal Dutch Shell "B" Integrated oil company.	10,415	6.50
GlaxoSmithKline Global pharmaceutical company.	10,045	6.26
BP Integrated oil company.	7,178	4.48
British American Tobacco International cigarette company.	5,296	3.30
Standard Chartered Banking and financial services group.	5,197	3.24
Unilever International food and personal care company.	5,046	3.15
Vodafone Global mobile phone services provider.	4,774	2.98
Marks & Spencer UK clothing and food retailer.	4,069	2.54
Legal & General UK financial services company.	3,833	2.39
Lloyds TSB Banking and financial services group.	3,801	2.37
BOC Chemical manufacturer.	3,775	2.35
Pearson International media company with market-leading business in education, business information and consumer publishing.	3,687	2.30
Alliance & Leicester Banking and financial services group.	3,679	2.29
Centrica Provider of gas and energy related products and services to residential and business customers.	3,665	2.29
Royal Bank of Scotland UK financial services business with significant US operations.	3,581	2.23
BAA UK airport operator.	3,564	2.22
BT UK fixed line telecommunications provider.	3,323	2.07
Scottish & Newcastle International breweries, with significant operations in the UK, France and Russia.	3,298	2.06
Barclays Bank UK financial services company.	3,038	1.89
Total	102,090	63.66

Balance Sheet (unaudited)

	At 28 February 2006 £'000	At 28 February 2005 (restated) £'000	At 31 August 2005 (restated) £'000
Fixed assets			
Investments at fair value through profit or loss	156,131	134,520	146,066
Current Assets			
Debtors	834	1,454	773
Cash at bank and short-term deposits	4,551	6,241	3,526
	5,385	7,695	4,299
Current Liabilities			
Creditors: amounts falling due within one year	(1,161)	(1,056)	(739)
Net current assets	4,224	6,639	3,560
Net assets	160,355	141,159	149,626
Capital and Reserves			
Called up share capital	7,446	7,554	7,481
Capital redemption reserve	1,434	1,326	1,399
Share premium account	7,404	7,404	7,404
Share purchase reserve	46,647	48,635	47,333
Warrant exercise reserve	1,596	1,596	1,596
Capital reserve	92,591	71,398	79,562
Revenue reserve	3,237	3,246	4,851
Total equity shareholders' funds	160,355	141,159	149,626
Net asset value per ordinary share	215.35p	186.87p	200.00p

The notes on pages 12 to 16 form an integral part of these accounts.

Comparative figures have been extracted from the unaudited interim accounts for the period ended 28 February 2005 and the statutory accounts for the year ended 31 August 2005 and have been restated in accordance with FRS 21 in respect of dividends and FRS 26 in respect of Financial Instruments as disclosed in Note 1.

Income Statement (unaudited)

	For the six months ended 28 February 2006		
	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	12,285	12,285
Investment income	1,816	900	2,716
Other income	105	–	105
Investment management fee	(312)	(312)	(624)
Performance fee	–	156	156
Administrative expenses	(118)	–	(118)
Net return before finance costs and taxation	1,491	13,029	14,520
Interest payable and similar charges	–	–	–
Return on ordinary activities before taxation	1,491	13,029	14,520
Tax on ordinary activities	–	–	–
Return on ordinary activities after tax attributable to equity shareholders	1,491	13,029	14,520
Return per ordinary share	2.00p	17.47p	19.47p

The notes on pages 12 to 16 form an integral part of these accounts.

The company has no recognised gains or losses other than the result for the period as set out above. Accordingly, no Statement of Total Recognised Gains and Losses is presented.

Comparative figures have been extracted from the unaudited interim accounts for the period ended 28 February 2005 and the statutory accounts for the year ended 31 August 2005 and have been restated in accordance with FRS 21 in respect of dividends and FRS 26 in respect of Financial Instruments as disclosed in Note 1.

For the six months ended 28 February 2005 (restated)			For the year ended 31 August 2005 (restated)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	15,380	15,380	–	23,908	23,908
2,001	–	2,001	5,870	–	5,870
159	–	159	344	–	344
(287)	(287)	(574)	(614)	(614)	(1,228)
–	(112)	(112)	–	(149)	(149)
(97)	–	(97)	(201)	–	(201)
1,776	14,981	16,757	5,399	23,145	28,544
–	–	–	–	–	–
1,776	14,981	16,757	5,399	23,145	28,544
–	–	–	–	–	–
1,776	14,981	16,757	5,399	23,145	28,544
2.35p	19.83p	22.18p	7.16p	30.71p	37.87p

Reconciliation of Movement in Shareholders' Funds (unaudited)

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Share Purchase Reserve £'000	Warrant Exercise Reserve £'000	Capital Reserve £'000	Revenue* Reserve £'000	Total £'000
Balance at 31 August 2005	7,481	1,399	7,404	47,333	1,596	79,568	2,794	147,575
Valuation adjustment from mid to bid	–	–	–	–	–	(6)	–	(6)
Add back accrued dividend	–	–	–	–	–	–	2,057	2,057
Balance at 31 August 2005 (restated)	7,481	1,399	7,404	47,333	1,596	79,562	4,851	149,626
Dividends paid in respect of 31 August 2005	–	–	–	–	–	–	(2,057)	(2,057)
First interim dividend of 1.40p per share paid 31 January 2006	–	–	–	–	–	–	(1,048)	(1,048)
Gains on investments	–	–	–	–	–	12,285	–	12,285
Capitalised dividend	–	–	–	–	–	900	–	900
Other transfers to reserves	(35)	35	–	(686)	–	(156)	1,491	649
Balance at 28 February 2006	7,446	1,434	7,404	46,647	1,596	92,591	3,237	160,355
Balance at 31 August 2004	7,554	1,326	7,404	48,635	1,596	56,436	2,482	125,433
Valuation adjustment from mid to bid	–	–	–	–	–	(19)	–	(19)
Add back accrued dividend	–	–	–	–	–	–	1,775	1,775
Balance at 31 August 2004 (restated)	7,554	1,326	7,404	48,635	1,596	56,417	4,257	127,189
Dividends paid in respect of 31 August 2004	–	–	–	–	–	–	(1,775)	(1,775)
First interim dividend of 1.34p per share paid 31 January 2005	–	–	–	–	–	–	(1,012)	(1,012)
Gains on investments	–	–	–	–	–	15,380	–	15,380
Other transfers to reserves	–	–	–	–	–	(399)	1,776	1,377
Balance at 28 February 2005 (restated)	7,554	1,326	7,404	48,635	1,596	71,398	3,246	141,159
Balance at 31 August 2004	7,554	1,326	7,404	48,635	1,596	56,436	2,482	125,433
Valuation adjustment from mid to bid	–	–	–	–	–	(19)	–	(19)
Add back accrued dividend	–	–	–	–	–	–	1,775	1,775
Balance at 31 August 2004 (restated)	7,554	1,326	7,404	48,635	1,596	56,417	4,257	127,189
Dividends paid in respect of 31 August 2004	–	–	–	–	–	–	(1,775)	(1,775)
First interim dividend of 1.34p per share paid 31 January 2005	–	–	–	–	–	–	(1,012)	(1,012)
Second interim dividend of 1.34p per share paid 30 April 2005	–	–	–	–	–	–	(1,012)	(1,012)
Third interim dividend of 1.34p per share paid 30 July 2005	–	–	–	–	–	–	(1,006)	(1,006)
Gains on investments	–	–	–	–	–	23,908	–	23,908
Other transfers to reserves	(73)	73	–	(1,302)	–	(763)	5,399	3,334
Balance at 31 August 2005 (restated)	7,481	1,399	7,404	47,333	1,596	79,562	4,851	149,626

*Revenue Reserves are the distributable reserves.

The notes on pages 12 to 16 form an integral part of these accounts.

Cash Flow Statement (unaudited)

	For the six months ended 28 February 2006	For the six months ended 28 February 2005 (restated)	For the year ended 31 August 2005 (restated)
	£'000	£'000	£'000
Net cash inflow from operating activities	1,400	1,707	4,835
Net cash inflow/(outflow) from investment activities	3,416	(5,243)	(7,952)
Dividends paid	(3,105)	(2,787)	(4,805)
Net cash inflow/(outflow) before financing	1,711	(6,323)	(7,922)
Net cash outflow from financing activities	(686)	–	(1,116)
Net increase/(decrease) in cash and cash equivalents	1,025	(6,323)	(9,038)
Cash and cash equivalents at start of period	3,526	12,564	12,564
Cash and cash equivalents at period end	4,551	6,241	3,526

Reconciliation of profit before taxation to net cash inflow from operating activities

	For the six months ended 28 February 2006	For the six months ended 28 February 2005 (restated)	For the year ended 31 August 2005 (restated)
	£'000	£'000	£'000
Gain before taxation	14,520	16,757	28,544
Gain on investments held at fair value	(12,285)	(15,380)	(23,908)
Capitalised dividend	(900)	–	–
Movement in accrued income	404	394	129
Movement in other debtors	(151)	(1)	3
Movement in accruals	(188)	(63)	67
	1,400	1,707	4,835

The notes on pages 12 to 16 form an integral part of these accounts.

Notes to the Accounts

1 Accounting policies

Changes in accounting policies

The interim financial statements have been prepared on the same basis of accounting policies as set out in the most recently published set of annual financial statements with the following changes which have arisen from the adoption of new accounting standards and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP") issued in January 2003 and revised in December 2005.

- (a) FRS 21 (Events after the Balance Sheet Date) – Dividends paid by the Company are accounted for in the period in which the Company is liable to pay them. Previously, the Company accrued dividends in the period in which the net revenue, to which those dividends related, was accounted for.
- (b) FRS 26 (Financial instruments: Measurement) – The Company has designated its assets and liabilities as being measured at "fair value through profit or loss". The fair value of fixed asset investments is deemed to be the bid value of those investments at the close of business on the relevant date. Previously, certain listed investments were valued at mid value.

The accounts for the period ended 28 February 2005 and for the year ended 31 August 2005 have been restated to reflect these changes.

(Note 11, further explains the restatements).

(c) The total column of the Income Statement is the profit and loss account of the Company.

(d) All items in the Income Statement derive from continuing operations.

2 Income

	For the six months ended 28 February 2006 £'000	For the six months ended 28 February 2005 £'000	For the year ended 31 August 2005 £'000
UK dividend income	1,792	1,953	5,794
Convertible bond interest	24	48	76
Capitalised dividend	900	–	–
Interest receivable and similar income	105	159	344
	<u>2,821</u>	<u>2,160</u>	<u>6,214</u>

3 Investment management fee

	For the six months ended 28 February 2006 £'000	For the six months ended 28 February 2005 £'000	For the year ended 31 August 2005 £'000
Investment management fee			
– allocated to revenue	266	243	523
– allocated to capital	266	243	523
Irrecoverable VAT			
– allocated to revenue	46	44	91
– allocated to capital	46	44	91
	<u>624</u>	<u>574</u>	<u>1,228</u>

The Investment Manager was entitled to a fee at a rate of 10 per cent. of the net revenue return for the year after taxation plus 0.375 per cent. on assets up to and including £75 million, 0.35 per cent. on the next £50 million and 0.325 per cent. on assets in excess of £125 million. These fees are apportioned on a 50:50 basis between the capital and revenue accounts respectively.

Notes to the Accounts continued

4 Performance fee

With effect from 1 September 2000, an annual performance fee was introduced. The fee is symmetrical in nature, so that the Manager will be rewarded for out-performance but penalised for under-performance. The performance fee (or rebate) is based on the Company's net asset value total return compared with the total return on the FTSE All-Share Index over a rolling three-year period and is subject to a cap of 25 per cent. of the asset-based management fee (plus VAT) for the year then ended. The performance fee is based on a three-year rolling period and is calculated and paid annually. The fee in respect of any period will be calculated as 5 per cent. of the value (based on opening net assets for the relevant period) of the outperformance/(under performance) of the Company's Net Asset Value over the return of the FTSE All-Share Index, with performance measured in terms of total return.

For the six months to 28 February 2006, a total rebate of £133,000 plus VAT has been accrued under the terms of the management agreement.

5 Return per ordinary share

	For the six months ended 28 February 2006	For the six months ended 28 February 2005 (restated)	For the year ended 31 August 2005 (restated)
	£'000	£'000	£'000
Revenue return	1,491	1,776	5,399
Capital return	13,029	14,981	23,145
Total return	14,520	16,757	28,544
Weighted average number of shares in issue	74,594,672	75,537,343	75,372,343
Revenue return	2.00p	2.35p	7.16p
Capital return	17.47p	19.83p	30.71p
Total return	19.47p	22.18p	37.87p

6 Share capital

	Authorised		Issued and fully paid	
	Number	Nominal £'000	Number	Nominal £'000
Equity share capital:				
Ordinary shares of 10p each				
Balance at 31 August 2005	312,500,000	31,250	74,812,343	7,481
Shares repurchased	–	–	(350,000)	(35)
Balance at 28 February 2006	312,500,000	31,250	74,462,343	7,446

7 Dividend

An interim dividend of 1.40 pence per ordinary share was paid on 28 April 2006 to shareholders on the register at 7 April 2006. A first interim dividend of 1.40 pence per ordinary share was also paid on 31 January 2006. In total dividends of 2.80 pence per share have been declared for the six months ended 28 February 2006.

8 Net asset value per ordinary share

	28 February 2006	28 February 2005 (restated)	31 August 2005 (restated)
Net asset value per share	215.35p	186.87p	200.00p
Net assets attributable at end of period (£'000)	160,355	141,159	149,626
Ordinary shares in issue at end of period	74,462,343	75,537,343	74,812,343

Notes to the Accounts continued

9 Transaction costs

Transaction costs have been included with gains and losses on investments. Purchase transaction costs including stamp duty amounted to £98,000 and sales transaction costs amounted to £26,000 for the period to 28 February 2006.

10 Results

The results for the six months to 28 February 2006 and 28 February 2005, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 31 August 2005; the report of the auditors thereon was unqualified and did not contain a statement under Section 237 of the Companies Act 1985. The abridged financial statements shown above for the year ended 31 August 2005 are an extract from those accounts (except as noted above).

11 Restatement of balances

A reconciliation is given between the closing balance per the 28 February 2005 and 31 August 2005 accounts and the restated balances following adoption of revisions to UK GAAP.

(a) Balance Sheet

	Previously reported 28 February 2005 £'000	Adjustment £'000	Restated 28 February 2005 £'000
Fixed Assets			
Investments at fair value through profit or loss	134,532	(12)	134,520 ^(a)
Current assets			
Debtors	1,454	–	1,454
Cash at bank and short-term deposits	6,241	–	6,241
	7,695	–	7,695
Creditors: amounts falling due within one year	(2,068)	1,012	(1,056) ^(b)
Net current assets	5,627	1,012	6,639
Net assets	140,159	1,000	141,159
Capital and reserves			
Called up share capital	7,554	–	7,554
Capital redemption reserve	1,326	–	1,326
Share premium account	7,404	–	7,404
Share purchase reserve	48,635	–	48,635
Warrant exercise reserve	1,596	–	1,596
Capital reserves	71,410	(12)	71,398 ^(a)
Revenue reserve	2,234	1,012	3,246 ^(b)
Total equity shareholders' funds	140,159	1,000	141,159
Net asset value per ordinary share	185.55p	1.32p	186.87p

Notes to the Accounts continued

(b) Balance Sheet

	Previously reported 31 August 2005 £'000	Adjustment £'000	Restated 31 August 2005 £'000
Fixed assets			
Investments at fair value through profit or loss	146,072	(6)	146,066 ^(a)
Current assets			
Debtors	773	–	773
Cash at bank and short term deposits	3,526	–	3,526
	4,299	–	4,299
Creditors: amounts falling due within one year	(2,796)	2,057	(739) ^(b)
Net current assets	1,503	2,057	3,560
Net assets	147,575	2,051	149,626
Capital and reserves			
Called up share capital	7,481	–	7,481
Capital redemption reserve	1,399	–	1,399
Share premium account	7,404	–	7,404
Share purchase reserve	47,333	–	47,333
Warrant exercise reserve	1,596	–	1,596
Capital reserves	79,568	(6)	79,562 ^(a)
Revenue reserve	2,794	2,057	4,851 ^(b)
Total equity shareholders' funds	147,575	2,051	149,626
Net asset value per ordinary share	197.26p	2.74p	200.00p

Notes to the restatement of opening balances:

- (a) Effect of revaluation of fixed asset investments from mid to bid value.
- (b) Effect of now recognising dividends in the period when the Company becomes liable to pay them.

Notes to the Accounts continued

(c) Income Statement

	Previously reported 28 February 2005			Adjustment			Restated 28 February 2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	15,373	15,373	–	7	7	–	15,380	15,380
Investment Income	2,001	–	2,001	–	–	–	2,001	–	2,001
Other income	159	–	159	–	–	–	159	–	159
Investment Management fee	(287)	(287)	(574)	–	–	–	(287)	(287)	(574)
Performance fee	–	(112)	(112)	–	–	–	–	(112)	(112)
Administrative expenses	(97)	–	(97)	–	–	–	(97)	–	(97)
Return before finance costs and taxation	1,776	14,974	16,750	–	7	7	1,776	14,981	16,757
Interest payable	–	–	–	–	–	–	–	–	–
Return on ordinary activities before taxation	1,776	14,974	16,750	–	7	7	1,776	14,981	16,757
Tax on ordinary activities	–	–	–	–	–	–	–	–	–
Return on ordinary activities after tax attributable to equity shareholders	1,776	14,974	16,750	–	7	7	1,776	14,981	16,757
Return per ordinary share	2.35p	19.82p	22.17p	–	0.01p	0.01p	2.35p	19.83p	22.18p

(d) Income Statement

	Previously reported 31 August 2005			Adjustment			Restated 31 August 2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	23,895	23,895	–	13	13	–	23,908	23,908
Investment Income	6,214	–	6,214	–	–	–	6,214	–	6,214
Investment Management fee	(614)	(614)	(1,228)	–	–	–	(614)	(614)	(1,228)
Performance fee	–	(149)	(149)	–	–	–	–	(149)	(149)
Administrative expenses	(201)	–	(201)	–	–	–	(201)	–	(201)
Return before finance costs and taxation	5,399	23,132	28,531	–	13	13	5,399	23,145	28,544
Interest payable	–	–	–	–	–	–	–	–	–
Return on ordinary activities before taxation	5,399	23,132	28,531	–	13	13	5,399	23,145	28,544
Tax on ordinary activities	–	–	–	–	–	–	–	–	–
Return on ordinary activities after tax attributable to equity shareholders	5,399	23,132	28,531	–	13	13	5,399	23,145	28,544
Return per ordinary share	7.16p	30.69p	37.85p	–	0.02p	0.02p	7.16p	30.71p	37.87p

Company Summary

The Company

Schroder Income Growth Fund plc is an investment trust listed on the London Stock Exchange. It is one of a number of investment trusts managed and administered by Schroders.

The Company was launched in March 1995 and has ordinary shares in issue.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the Shareholders should have the opportunity to review the future of the Company at appropriate intervals. In accordance with the Articles of Association a Continuation vote was placed before the members at the 2005 Annual General Meeting and duly passed. A further Continuation vote will be placed before the members at the 2010 Annual General Meeting and every five years thereafter.

Price Information

The Company's shares are listed on the London Stock Exchange. The price of the shares are quoted daily in the Financial Times, The Daily Telegraph and The Times.

Share price information, subject to a twenty minute delay, is available on the internet at:

<http://www.schroders.co.uk/its>

The site also contains other information on the Company including *inter alia* a sector analysis and the Company's ten largest investments. There is also a factsheet, which is updated quarterly and is available to shareholders, in printed form, on request from the Secretary of the Company.

The Company releases its net asset value to the London Stock Exchange on a weekly basis.

Capital Gains Tax Information

For the benefit of those shareholders who acquired their holdings in the Offer for Subscription, acquisition costs of the shares for capital gains tax purposes based upon initial dealings on 24 April 1995 are as follows:

Each ordinary share of 10p each	94.78p
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For the 2006/2007 tax year the annual capital gains (after adjusting for indexation and taper relief) of private individuals in excess of £8,800 (2005/2006: £8,500) are assessed for capital gains tax.

Capital gains on shares disposed of by individuals may be eligible for taper relief. The taper reduces the amount of a chargeable gain according to how long the asset has been held for periods after 5 April 1998. Where shares were acquired before 6 April 1998, the gain will also be reduced by indexation allowance for the period up to April 1998, but not thereafter.

Company Summary continued

Schroder Investment Trust Dealing Service

The Schroder Investment Trust Dealing Service provides a convenient and cost effective means of investing in the ordinary shares of the Company. The Service offers investors:

- a regular investment option from a minimum of £50 per month
- a lump sum investment option from a minimum of £1,000
- competitive charges
- daily dealing
- the option to reinvest income.

Other investment trusts which are available through this service are Schroder AsiaPacific Fund plc, Schroder Japan Growth Fund plc, Schroder Split Investment Fund plc, Schroder Split ZDP plc, Schroder UK Growth Fund plc, Schroder UK Mid & Small Cap Fund plc, SVG Capital plc and International Biotechnology Trust plc.

If you would like to receive further information about the Schroder Investment Trust Dealing Service, please contact the Secretary of the Company at 31 Gresham Street, London EC2V 7QA or call Schroder Investor Services on freephone 0800 718 777.

Individual Savings Account – Schroder Maxi ISA Plan

Schroders are providing a non CAT standard investment trust ISA, which includes Schroder Income Growth Fund plc. The investment trust ISA is designed as a maxi account, made up entirely of a stocks and shares component; a cash or insurance component is not offered.

The Schroder ISA offers investors:

- lump sum investments in the ordinary shares of the Company from a minimum of £1,000 to a maximum of £7,000 in the current tax year
- a regular investment option from a minimum of £50 per month
- competitive charges
- the option to reinvest income
- the option to include other trusts.

If you would like further information about the Schroder Maxi ISA, please contact the Secretary of the Company at 31 Gresham Street, London EC2V 7QA or call Schroder Investor Services on freephone 0800 718 777.

Registrar Services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to registered share holdings, including a change of address or other amendment should be directed to Lloyds TSB Registrars Scotland at PO Box 28448, Finance House, Orchard Brae, Edinburgh EH4 1WQ. The telephone number of Lloyds TSB Registrars is 0870 601 5366.

Lloyds TSB Registrars Scotland maintain a web-based enquiry service for shareholders. Currently, the “Shareview” site (address below) contains information available on public registers. Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Visit www.shareview.co.uk for more details.

Schroders plc is a leading asset management group, the shares of which are listed on the London Stock Exchange.

Schroders has been involved in investment management since 1922, and today is one of the leading international investment management houses, providing investment services, research and marketing functions from offices located in countries throughout the world.

Worldwide, as at end March 2006, Group assets under management were valued at £128.4 billion.

We manage funds across all asset categories, including equities, fixed income, cash and property. Our clients include corporations, local and public authorities, pension funds, insurance companies, charities and individuals.

Share price, portfolio and other information on Schroder investment trusts is available on the internet at

<http://www.schroders.co.uk/its>

Schroder Investment Management Limited is authorised and regulated by the Financial Services Authority.



Schroders