SCHRODER INCOME GROWTH FUND plc
(Registered Number: 3008494)

UNAUDITED

INTERIM ACCOUNTS

29 February 2000

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28 March 2000

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.

CONTENTS	Page

The Company is a member of the Association of Investment Trust Companies

REPORT OF THE DIRECTORS

The Directors submit their report and the unaudited interim accounts of the Company for the six months ended 29 February 2000.

COMPANY'S BUSINESS

The Company carries on business as an investment trust and until 30 April 1999, was an investment company within the meaning of the Companies Act 1985. On 30 April 1999 the Company relinquished investment company status in order to allow it to purchase up to 14.99 percent of its ordinary shares in issue, for cancellation. In order to obtain exemption from capital gains tax the Company has conducted itself with a view to being an approved investment trust for the purposes of Section 842 of the United Kingdom Income and Corporation Taxes Act 1988 (as amended). The last accounting period for which the Company has been treated as approved by the Inland Revenue is the year to 31 August 1999 and the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval which is granted retrospectively for each accounting period. The Company is not a close company for the purposes of taxation.

REVENUE AND EARNINGS

The gross revenue of the Company for the period was £1,683,000 (1999: £1,882,000). After deducting taxation and administrative expenses the amount available for distribution to Shareholders was £1,366,000 (1999: £1,400,000) equivalent to a return on revenue of 1.73p per ordinary share (1999: 1.73p).

The Directors of the Company intend to pay dividends at the end of January, April, July and October in each year. Although it is their intention to distribute substantially all of the Company's net income after expenses and taxation, they may retain up to a maximum of 15 per cent. of the Company's gross income from shares and securities in each year as a reserve to facilitate a consistent dividend policy.

For the six months ended 29 February 2000, the Directors have declared ordinary dividends of 2.32p (1999: 2.26p) net per ordinary share.

The dividends have absorbed £1,731,000 (1999: £1,827,000) resulting in a transfer from the revenue reserve of £365,000 (1999: transfer from the revenue reserve of £427,000).

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, the Company has maintained cover for its directors and officers, under a directors' and officers' liability insurance policy as permitted by Section 310 of the Companies Act 1985 (as amended).

SUBSTANTIAL SHARE INTERESTS

At 28 March 2000, the Company had not been notified of any interests in excess of 3 per cent. of the issued share capital. The Directors are aware, however, that at 28 March 2000, 55,371,922 ordinary shares, representing 74.63 per cent. of the issued share capital, were held by investors in the Schroder Personal Equity Plan.

DIRECTORS

The Directors of the Company and their beneficial and family interests in the Company's share capital during the year to 29 February 2000 are given below:

	At 29 February 2000		At 28 February 1999	
	Ordinary Shares of 10p	**Warrants**	Ordinary Shares of 10p	Warrants
J M Hignett	**37,882**	**4,800**	27,570	4,800
N G C P Banbury	**1,000**	**200**	1,000	200
Sir Paul Judge	**1,000**	**200**	1,000	200
K M Niven	**10,594**	**1,200**	6,894	1,200
J P Readman	**Nil**	**Nil**	Nil	Nil

There has been no change in the above holdings since the end of the period.

None of the directors has a contract of service with the Company. No director has any material interest in any other contract which is significant to the Company's business. Mr Niven is Director of Schroder Investment Management Limited, the Investment Manager, which receives fees from the Company in accordance with the management agreement referred to below.

INVESTMENT MANAGER

The Investment Manager, Schroder Investment Management Limited, provides investment management, secretarial and custodial services to the Company. The investment management agreement was for an initial three-year period from 7 February 1995 and is terminable, thereafter, by either party on not less than one year's notice. At the date of this report, no such notice had been given. During the year ended 31 August 1999 the Investment Manager was entitled to a fee at an annual rate of 0.75 per cent on assets up to and including £75 million, 0.70 per cent on the next £50 million and 0.65 per cent on assets in excess of £125 million. With effect from 1 September 1999 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 paid 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.

The Investment Manager is regulated by the Investment Management Regulatory Organisation Limited ("IMRO"), one of the United Kingdom 'self-regulatory organisations for the purposes of the Financial Services Act 1986.

REPORT OF THE DIRECTORS continued

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Registered Office:
31 Gresham Street
London EC2V 7QA
Registered Number: 3008494

By order of the Board
Schroder Investment Management Limited
Secretary
28 March 2000

UNAUDITED STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT)

		For the six months ended 29 February 2000			For the six months ended 28 February 1999		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on sales of investments		-	4,721	4,721	-	4,232	4,232
Unrealised (losses)/gains on investments		-	(21,357)	(21,357)	-	7,748	7,748
Premia paid on purchase of warrants for Cancellation		-	(22)	(22)	-	(75)	(75)
Franked investment income	1c						
Ordinary dividends		1,558	-	1,558	1,393	-	1,393
Special dividends		26	-	26	-	-	-
Foreign income dividends	1c	-	-	-	318	-	318
Convertible bond interest	1c	48	-	48	42	-	42
Other income	1c	51	-	51	129	-	129
Investment management fee	2	(238)	(238)	(476)	(261)	(261)	(522)
Administrative expenses	3	(61)	-	(61)	(67)	-	(67)
Return before finance costs and taxation		1,384	(16,896)	(15,512)	1,554	11,644	13,198
Interest Payable		(18)	-	(18)	-	-	-
Net return/(deficit) on ordinary activities before taxation		1,366	(16,896)	(15,530)	1,554	11,644	13,198
Taxation on ordinary activities	4	-	-		(154)	-	(154)
Net return/(deficit) on ordinary activities after taxation		1,366	(16,896)	(15,530)	1,400	11,644	13,044
Attributable to equity shareholders							
Dividends							
First interim dividend of 1.16p (1999:1.13p) per Ordinary share paid 31 January 2000		(893)	-	(893)	(910)	-	(910)
Second interim dividend of 1.16p (1999:1.13p) per Ordinary share payable 30 April 2000		(838)	-	(838)	(917)	-	(917)
Transfer (from)/to reserves		(365)	(16,896)	(17,261)	(427)	11,644	11,217
Return/(deficit) per ordinary share	5	1.73p	(21.37p)	(19.64p)	1.73p	14.42p	16.15p
Dividends for the period per share		2.32p	-	2.32p	2.26p	-	2.26p

The revenue column of this statement is the revenue account of the Company. All revenue and capital items in the above statement derive from continuing activities. No operations were acquired or discontinued during the period.

The notes on pages 8 to 13 form an integral part of these accounts.

UNAUDITED BALANCE SHEET

	Notes	At 29 February 2000 £'000	At 31 August 1999 £'000
FIXED ASSETS			
Investments			
Listed investments	6	**111,562**	136,209
CURRENT ASSETS			
Debtors	7	**501**	3,260
Cash at bank and short-term deposits		**648**	2,275
		1,149	5,535
CURRENT LIABILITIES			
Creditors : amounts falling due within one year	8	**2,071**	4,817
NET CURRENT ASSETS		**(922)**	718
NET ASSETS		**110,640**	136,927
CAPITAL AND RESERVES			
Called up share capital	10	**7,420**	8,115
Capital redemption reserve		**723**	-
Share premium account	11	-	-
Share Purchase reserve		**57,103**	65,998
Warrant reserve	12	**2,874**	3,033
Capital reserve	13	**40,856**	57,752
Revenue reserve	14	**1,664**	2,029
EQUITY SHAREHOLDERS' FUNDS	15	**110,640**	136,927
Net asset value per share:	16		
Undiluted		**149.12p**	168.73p
Diluted		**142.51p**	159.77p

The Accounts were approved by the Board of Directors on 28 March 2000 and signed on behalf of the Board by:

K M Niven
Director

The notes on pages 8 to 13 form an integral part of these Accounts.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

A summary of the more important accounting policies is set out below:

a Basis of accounting

These accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of investments, and in accordance with applicable accounting standards in the United Kingdom and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies".

b Investments

Listed investments are stated at market value. Realised and unrealised gains and losses on investments are included in the capital reserve.

c Income recognition

Dividends received from investments are credited by reference to their ex-dividend date. Other income is recognised on an accruals basis.

d Investment management fee

The investment management fee is apportioned equally between the revenue account and the capital reserve

2 INVESTMENT MANAGEMENT FEE

	For the six months ended 29 February 2000 £'000	For the six months ended 28 February 1999 £'000
Investment management fee		
-charged to revenue	**238**	261
-charged to capital (see note 13)	**238**	261
	476	522

3 ADMINISTRATIVE EXPENSES

	For the six months ended 29 February 2000 £'000	For the six months ended 28 February 1999 £'000
General expenses	**33**	44
Directors' emoluments	**22**	23
Auditors' Remuneration		
- audit	**6**	-
- non-audit	**-**	-
	61	67

NOTES TO THE ACCOUNTS continued

4 TAXATION

The charge for taxation on the net surplus of revenue for the period is made up as follows:

	For the six months ended 29 February 2000 £'000	For the six months ended 28 February 1999 £'000
Irrecoverable ACT	-	154
	-	154

No provision has been made for taxation on realised gains on investments as the Company has conducted itself so as to achieve investment trust status under Section 842 of the Income and Corporation Taxes Act 1988 (as amended).

5 RETURN PER ORDINARY SHARE

	For the six months ended 29 February 2000			For the six months ended 28 February 1999		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return/(deficit) per ordinary share (in pence)	**1.73**	**(21.37)**	**(19.64)**	1.73	14.42	16.15

The revenue return per ordinary share is based on the net return on ordinary activities after interest payable and taxation of £1,366,000 (1999: £1,400,000), and on 79,067,448 (1999: 80,747,994) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The capital return per ordinary share is based on the net capital for the period loss of £16,896,000 (1999 gains: £11,644,000), and on 79,067,448 (1999: 80,747,994) ordinary shares being the weighted average number of ordinary shares in issue during the period.

NOTES TO THE ACCOUNTS continued

6 INVESTMENTS

	2000 £'000	1999 £'000
Cost at the beginning of the period	**122,927**	109,466
Additions at cost	**12,138**	45,926
Disposals at cost	**(15,428)**	(32,465)
Cost at the end of the period	**119,637**	122,927
Net unrealised surplus on investments (see note 13)	**(8,075)**	13,282
Market value at the end of the period	**111,562**	136,209

The investments are valued on the basis set out in note 1(b) and are listed on the London Stock Exchange. The value placed on the equity shares and convertibles included under listed investments is £110,232,123 (1999: £130,930,000).

7 DEBTORS

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Sales for future settlement	**-**	2,071
Dividends and interest receivable	**453**	1,140
Tax recoverable on franked investment income	**46**	39
Prepayment of expenses	**2**	10
	501	3,260

8 CREDITORS

	2000 £'000	1999 £'000
Amounts falling due within one year:		
Purchases for future settlement	**719**	2,813
Proposed dividend	**838**	1,631
Creditors and accrued charges	**514**	355
	2,071	4,817

9 CONTINGENT LIABILITIES

The Company had no contingent liabilities at the balance sheet date.

NOTES TO THE ACCOUNTS continued

10 SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised:		
312,500,000 shares of 10p each	**31,250**	31,250
Allotted, Called Up and Fully Paid:		
81,151,159 shares of 10p each	**8,115**	8,055
276,812 ordinary shares issued on exercise of warrants	**28**	60
7,231,000 shares repurchased for cancellation	**(723)**	-
74,196,971 (1999: 81,151,159) shares of 10p each	**7,420**	8,115

As a result of 276,812 warrants being exercised during the period and the purchase of a further 360,000 warrants for cancellation, there were 11,531,029 warrants in issue as at 29 February 2000. Each warrant entitles the holder to subscribe for one ordinary share of 10p at a price of £1.00 on 31 December, or on the next business day in London if 31 December is not a business day, in any of the years from 2000 to 2003 inclusive.

11 SHARE PREMIUM ACCOUNT

	2000 £'000	1999 £'000
Share premium account at the beginning of the period	**-**	65,347
Premium on conversion of 276,812 warrants	**277**	538
Transfer from warrant reserve	**69**	149
Cost of shares issued on conversion	**(28)**	-
Transfer from share purchase reserve	**(318)**	66,034
Share premium account at the end of the period	**-**	-

12 WARRANT RESERVE

	2000 £'000	1999 £'000
Warrant reserve at the beginning of the period	**3,033**	3,437
Conversion of 276,812 warrants	**(69)**	(149)
Purchase of 360,000 warrants for cancellation	**(90)**	(175)
Warrant reserve at the end of the period	**2,874**	3,033

NOTES TO THE ACCOUNTS continued

13 CAPITAL RESERVE

	2000 £'000	1999 £'000
Realised surplus on investments at the beginning of the period	**44,469**	31,761
Realised surplus on investments sold	**4,721**	13,399
Investment management fee (see note 2)	**(238)**	(550)
Premia paid on purchase of warrants for cancellation	**(20)**	(140)
	48,931	44,470
Net unrealised surplus on investments at the beginning of the period	**13,282**	5,061
Increase in net unrealised surplus on investments	**(21,357)**	8,221
	(8,075)	13,282
Capital reserve at the end of the period	**40,856**	57,752

The realised surplus on investments sold represents the difference between the net proceeds of sale and the original cost of the investments sold.

The unrealised surplus on investments is the difference between the market value of the investments held on 29 February 2000 and their original cost.

14 REVENUE RESERVE

	2000 £'000	1999 £'000
At the beginning of the period	**2,030**	1,238
Transfer from revenue account	**(365)**	(791)
Revenue reserve at the end of the period	**1,664**	2,029

NOTES TO THE ACCOUNTS continued

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	For the six months ended 29 February 2000 £'000	For the year ended 31 August 1999 £'000
Net surplus of revenue for distribution	**1,366**	5,166
Dividends	**(1,731)**	(4,375)
	(365)	791
Non-distributable capital (loss) / surplus	**(16,896)**	20,930
Incidental costs of obtaining share buyback authority	**-**	(36)
Net cost of share buybacks	**(9,241)**	-
Proceeds from conversion of warrants during the period	**305**	598
Net cost of purchase of warrants for cancellation	**(90)**	(255)
Net addition to shareholders' funds	**(26,287)**	22,028
Shareholders' funds at the beginning of the period	**136,927**	114,899
Shareholders' funds at the end of the period	**110,640**	136,927

16 NET ASSET VALUE PER SHARE

Calculation of the undiluted net asset value per share is based on 74,196,971 ordinary shares in issue. The diluted net asset value per share is based on 85,728,000 ordinary shares, assuming the exercise of 11,531,029 warrants at 100 pence per share.