SCHRODER INCOME GROWTH FUND plc
(Registered Number: 3008494)

UNAUDITED

INTERIM ACCOUNTS

31 May 2000

20 June 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

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 nine months ended 31 May 2000.

COMPANY'S BUSINESS

The Company carries on business as an investment trust and it is an investment company within the meaning of the Companies Act 1985. 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 1998 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 £3,098,,000 (1999:£4,300,000). After deducting taxation and administrative expenses the amount available for distribution to Shareholders was £2,624,000 (1999: £3,418,000) equivalent to a revenue return of 3.41p per ordinary share (1999: 4.23p).

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 nine months ended 31 May 2000, the Directors have declared a dividend of 1.16p (1999: 1.13p) net per ordinary share.

The dividends have absorbed £2,566,000 (1999: £2,744,000) resulting in a transfer from the revenue reserve of £58,000 (1999: £674,000).

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

By order of the Board
Schroder Investment Management Limited
Secretary
20 June 2000

UNAUDITED STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT)

		For the nine months ended 31 May 2000			For the nine months ended 31 May 1999		
					*Restated		* Restated
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on sales of investments		-	8,765	8,765	-	12,080	12,080
Unrealised (losses)/gains on investments		-	(14,307)	(14,307)	-	5,508	5,508
Premia paid on purchase of warrants for Cancellation	15	-	(22)	(22)	-	(94)	(94)
UK investment income	1c						
Ordinary dividends		2,901	-	2,901	2,921	-	2,921
Stock dividends		26	-	26	-	-	-
Foreign income dividends		-	-	-	404	-	404
Special dividends		-	-	-	564	-	564
Convertible bond interest		100	-	100	36	-	36
Other income	1c	71	-	71	156	-	156
Investment management fee	2	(349)	(349)	(698)	(404)	(404)	(808)
Administrative expenses	3	(107)	-	(107)	(101)	-	(101)
Return before finance costs and taxation		2,642	(5,913)	(3,271)	3,576	17,090	20,666
Interest payable		(18)	-	(18)	-	-	-
Net return on ordinary activities before taxation		2,624	(5,913)	(3,289)	3,576	17,090	20,666
Taxation on ordinary activities	4	-	-	-	(158)	-	(158)
Net return on ordinary activities after taxation Attributable to equity shareholders		2,624	(5,913)	(3,289)	3,418	17,090	20,508
Dividends							
First interim dividend of 1.16p (1999:1.13p) per Ordinary share payable 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)
Third interim dividend of 1.16p(1999: 1.13p) per Ordinary share payable 31 July 2000		(835)	-	(835)	(917)	-	(917)
Transfer to/(from) reserves		58	(5,913)	(5,855)	674	17,090	17,764
Return per ordinary share	5	3.41p	(7.69p)	(4.28p)	4.23p	21.16p	25.39p
Dividends for the year per share		3.48p	-	3.48p	3.39p	-	3.39p

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.
Following the issue of FRS16 "Current tax" income receivable is recognised excluding attributable tax credits and the latter no longer form part of the charge to taxation.

The notes on pages 5 to 11 form an integral part of these accounts.

UNAUDITED BALANCE SHEET

	Notes	At 31May 2000 £'000	At 31 August 1999 £'000
FIXED ASSETS			
Investments			
Listed investments	6	**118,742**	136,209
CURRENT ASSETS			
Debtors	7	**842**	3,260
Cash at bank & short-term deposits		**815**	2,275
		1,657	5,535
CURRENT LIABILITIES			
Creditors : amounts falling due within one year	8	**1,192**	4,817
NET CURRENT ASSETS		**465**	718
NET ASSETS		**119,207**	136,927
CAPITAL AND RESERVES			
Called up share capital	10	**7,194**	8,115
Capital redemption reserve	11	**949**	-
Share purchase reserve	12	**53,952**	65,998
Share premium account	13	**249**	-
Warrant reserve	14	**2,868**	3,033
Warrant exercise reserve	15	**69**	-
Capital reserve	16	**51,839**	57,752
Revenue reserve	17	**2,087**	2,029
EQUITY SHAREHOLDERS' FUNDS	18	**119,207**	136,927
Net asset value per share:	19		
Undiluted		**165.70p**	168.73p
Diluted		**156.64p**	159.77p

The Accounts were approved by the Board of Directors on 29 June 2000 and signed on behalf of the Board by:

K M Niven
Director

The notes on pages 5 to 11 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. Following the issue of FRS16 "Current tax" income receivable is recognised excluding attributable tax credits.

d Investment management fee

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

2 INVESTMENT MANAGEMENT FEE

	For the nine months ended 31 May 2000 £'000	For the nine months ended 31 May 1999 £'000
Investment management fee		
-charged to revenue	**297**	344
-charged to capital (see note 15)	**297**	344
-irrecoverable VAT	**104**	120
	698	808

3 ADMINISTRATIVE EXPENSES

	For the nine months ended 31 May 2000 £'000	**For the nine months ended 31 May 2000** £'000
General expenses	**66**	66
Directors' emoluments	**33**	35
Auditors' Remuneration		
- audit	**8**	-
- non-audit	-	-
	107	101

NOTES TO THE ACCOUNTS continued

4 TAXATION

The charge for taxation for the year is made up as follows:

	For the nine months ended 31 May 2000	For the nine months ended 31 May 2000 * Restated
	£'000	£'000
Irrecoverable ACT	-	158
	-	158

* Following the issue of FRS16 "Current Tax" attributable tax credits in relation to dividends receivable no longer form part of the charge to taxation.
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 nine months ended 31 May 2000			For the nine months ended 31 May 1999		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return per ordinary share (in pence)	**3.41**	**(7.69)**	**(4.28)**	4.23	21.16	25.39

The revenue return per ordinary share is based on the net return on ordinary activities after taxation of £2,624,000 (1999: £3,418,000) and on 76,847,598 (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 loss for the period of £5,913,000 (1999: £17,090,000) and on 76,847,598 (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

	31 May 2000 £'000	31 August 1999 £'000
Cost brought forward	**122,927**	109,466
Additions at cost	**18,599**	45,926
Disposals at cost	**(21,759)**	(32,465)
Cost carried forward	**119,767**	122,927
Net unrealised (loss)/surplus on investments (see note 15)	**(1,025)**	13,282
Market value carried forward	**118,742**	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 included under listed investments is £116,534,000 (31 August 1999: £130,930,000).

7 DEBTORS

	31 May 2000 £'000	31 August 1999 £'000
Amounts falling due within one year:		
Sales for future settlement	**-**	2,071
Dividends and interest receivable	**777**	1,140
Tax recoverable on franked investment income	**57**	39
Prepayment of expenses	**8**	10
	842	3,260

8 CREDITORS

	31 May 2000 £'000	31 August 1999 £'000
Amounts falling due within one year:		
Purchases for future settlement	**-**	2,831
Proposed dividend	**835**	1,631
Creditors and accrued charges	**357**	355
	1,192	4,817

NOTES TO THE ACCOUNTS continued

9 CONTINGENT LIABILITIES

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

10 CALLED-UP SHARE CAPITAL

	31 May 2000 £'000	31 August 1999 £'000
Authorised:		
312,500,000 shares of 10p each	**31,250**	31,250

	31 May 2000 £'000	31 August 1999 £'000
Allotted, Called Up and Fully Paid:		
Opening balance of 81,151,159 ordinary shares (31 August 1999: 80,553,021) of £0.10 each	**8,115**	8,055
276,812 (31 August 1999: 598,138) Ordinary shares issued on conversion of warrants	**28**	60
Transfer to capital redemption on buy back of 9,486,000 ordinary shares	**(949)**	-
Closing balance of 71,941,971 shares of 0.10 each	**7,194**	8,115

As a result of 276,812 (31 August 1999: 598,138) warrants being exercised during the year, and the purchase by the Company of 385,000 (31 August 1999: 1,022,000) warrants for cancellation, there were 11,506,029 (31 August 1999: 12,167,841) warrants remaining in issue at 31 May 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 day in London if 31 December is not a business day, in any of the years from 2000 to 2003 inclusive.

11 CAPITAL REDEMPTION RESERVE

	31 May 2000 £'000	31 August 1999 £'000
Capital redemption reserve brought forward	-	-
Transfer from share capital on buy back of 9,486,000 ordinary shares	**949**	-
Capital redemption reserve carried forward	**949**	-

NOTES TO THE ACCOUNTS continued

12 SHARE PURCHASE RESERVE

	31 May 2000 £'000	31 August 1999 £'000
Share purchase reserve brought forward	**65,998**	-
Buy back of 9,486,000 ordinary shares	**(12,046)**	-
Transfer from share premium	-	66,034
Incidental costs of obtaining share buy back authority	-	(36)
Share purchase reserve carried forward	**53,952**	65,998

13 SHARE PREMIUM ACCOUNT

	31 May 2000 £'000	31 August 1999 £'000
Share premium brought forward	-	65,347
Proceeds from warrants exercised	**277**	598
Transfer from warrants reserve	-	149
Less: nominal value of shares issued	**(28)**	(60)
Transfer to share purchase reserve	-	(66,034)
Share premium carried forward	**249**	-

On 30 April 1999, the Company obtained approval from the High Court to cancel its share premium account and set up a new reserve against which the cost of any purchase of shares for cancellation by the Company may be debited.

14 WARRANT RESERVE

	31 May 2000 £'000	31 August 1999 £'000
Warrant reserve brought forward	**3,033**	3,033
Transfer to warrant exercise reserve on conversion of warrants	**(69)**	-
Purchase of warrants for cancellation	**(96)**	-
Warrant reserve carried forward	**2,868**	3,033

NOTES TO THE ACCOUNTS continued

15 WARRANT EXERCISE RESERVE

	31 May 2000 £'000	31 August 1999 £'000
Warrant exercise reserve brought forward	-	-
Transfer from warrant reserve on conversion of warrants	69	-
Warrant exercise reserve carried forward	69	-

16 CAPITAL RESERVE

	31 May 2000 £'000	31 August 1999 £'000
Realised surplus on investments brought forward	44,470	31,761
Realised surplus on investments	8,765	13,399
Investment management fee (see note 2)	(297)	(468)
Irrecoverable VAT	(52)	(82)
Premia paid on purchase of warrants for cancellation	(22)	(140)
	52,864	44,470
Net unrealised surplus on investments at the beginning of the year	13,282	5,061
(Decrease)/Increase in net unrealised surplus on investments	(14,307)	8,221
	(1,025)	13,282
Capital reserve carried forward	51,839	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 (loss)/surplus on investments is the difference between the market value of the investments held on 31 May and their original cost.

17 REVENUE RESERVE

	31 May 2000 £'000	31 August 1999 £'000
Revenue reserve brought forward	2,029	1,238
Transfer from revenue account	58	791
Revenue reserve carried forward	2,087	2,029

NOTES TO THE ACCOUNTS continued

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 May 2000 £'000	31 August 1999 £'000
Net surplus of revenue for distribution	**2,624**	5,166
Dividends	**(2,566)**	(4,375)
	58	791
Non-distributable capital (deficit)/surplus	**(5,913)**	20,930
Proceeds from conversion of warrants during the year	**277**	598
Net cost of purchase of warrants for cancellation	**(96)**	(255)
Cost of buy back of ordinary shares	**(12,046)**	-
Incidental cost of obtaining share buy back authority	-	(36)
Net (reduction)/addition to shareholders' funds	**(17,720)**	22,028
Shareholders' funds brought forward	**136,927**	114,899
Shareholders' funds carried forward	**119,207**	136,927

19 NET ASSET VALUE PER SHARE

Calculation of the undiluted net asset value per share is based on 71,941,971 ordinary shares in issue. The diluted net asset value per share is based on 83,448,000 ordinary shares, assuming the exercise of 11,506,029 warrants at 100 pence per share.