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SCHRODER INCOME GROWTH FUND plc
(Registered Number: 3008494)

UNAUDITED

INTERIM ACCOUNTS

31 May 2003

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

REPORT OF THE DIRECTORS

The Directors submit their report and the unaudited interim accounts of the Company for the nine months ended 31 May 2003.

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 2002 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 £3,498,000 (2002:£3,176,000). After deducting taxation and administrative expenses the amount available for distribution to shareholders was £2,992,000 (2002: £2,673,000) equivalent to a revenue return of 4.25p per ordinary share (2002: 3.84p).

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 2003, the Directors have declared a third interim dividend of 1.27p (2002: 1.25p) net per ordinary share.

The dividends for the nine months ended 31 May 2003 have absorbed £2,697,000 (2002: £2,616,000).

For and on behalf of Schroder Investment Management Limited

By order of the Board
Schroder Investment Management Limited
Secretary
10 June 2003

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

UNAUDITED STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT)

		For the nine months ended 31 May 2003			For the nine months ended 31 May 2002		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	794	794	-	2,384	2,384
Premia paid on purchase of warrants for cancellation	16	-	-	-	-	(62)	(62)
UK investment income	1c						
Ordinary dividends		3,233	-	3,233	2,922	-	2,922
Convertible bond interest		103	-	103	109	-	109
Other income	1c	162	-	162	145	-	145
Investment management fee	2	(347)	(347)	(694)	(368)	(368)	(736)
Performance fee		-	(110)	(110)	-	(129)	(129)
Administrative expenses	3	(155)	-	(155)	(135)	-	(135)
Return before finance costs and taxation		2,996	337	3,333	2,673	1,825	4,498
Interest payable		(4)	(4)	(8)	-	-	-
Net return on ordinary activities before taxation		2,992	333	3,325	2,673	1,825	4,498
Taxation on ordinary activities	4	-	-	-	-	-	-
Net return on ordinary activities after taxation attributable to equity shareholders		2.992	333	3.325	2.673	1.825	4.498
Dividends:							
First interim dividend of 1.27p (2002:1.25p) per ordinary share paid on 31 January 2003		(895)	-	(895)	(866)	-	(866)
Second interim dividend of 1.27p (2002:1.25p) per ordinary share paid on 30 April 2003		(899)	-	(899)	(875)	-	(875)
Third interim dividend of 1.27p (2002: 1.25p) per ordinary share payable on 31 July 2003		(903)	-	(903)	(875)	-	(875)
Transfer to reserves		295	333	628	57	1,825	1,882
Return per ordinary share	5	4.25p	0.47p	4.71p	3.84p	2.62p	6.46p
Return per ordinary share - diluted		4.15p			3.68p		
Dividends for the period per share		3.81p			3.75p		

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.

The notes on pages 5 to 10 form an integral part of these accounts.

UNAUDITED BALANCE SHEET

	Notes	At 31 May 2003 £'000	At 31 August 2002 £'000
FIXED ASSETS			
Investments			
Listed investments	6	**106,656**	100,647
CURRENT ASSETS			
Debtors	7	**684**	648
Cash at bank & short-term deposits		**1,294**	5,770
		4,730	6,418
CURRENT LIABILITIES			
Creditors : amounts falling due within one year	8	**1,308**	1,873
NET CURRENT ASSETS		**670**	4,545
NET ASSETS		**107,326**	105,192
CAPITAL AND RESERVES:			
Called up share capital	10	**7,113**	6,998
Capital redemption reserve	11	**1,223**	1,223
Share premium account	12	**2,339**	948
Share purchase reserve	13	**50,225**	50,225
Warrant reserve	14	**1,909**	1,963
Warrant exercise reserve	15	**316**	262
Capital reserve	16	**41,580**	41,247
Revenue reserve	17	**2,621**	2,326
EQUITY SHAREHOLDERS' FUNDS	18	**107,326**	105,192
Net asset value per share:	19		
Undiluted		**150.90p**	150.33p
Diluted		**145.95p**	145.24p

The Accounts were approved by the Board of Directors on 10 June 2003 and signed on their behalf by:

K M Niven
Director

The notes on pages 5 to 10 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 mid-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. UK dividends are accounted for net of any tax credit. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised in capital reserve.

d Investment management fee and finance costs

The investment management fee and finance costs on borrowings for investment purposes are apportioned equally between the revenue account and the capital reserve. Performance fees are charged wholly to the capital reserve.

e Taxation

Deferred tax is provided in accordance with FRS19 on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are recoverable.

2 INVESTMENT MANAGEMENT FEE

	For the nine months ended 31 May 2003 £'000	For the nine months ended 31 May 2002 £'000
Investment management fee		
- charged to revenue	**295**	313
- charged to capital (note 16)	**295**	313
- irrecoverable VAT	**104**	110
	694	736

3 ADMINISTRATIVE EXPENSES

	For the nine months ended 31 May 2003 £'000	For the nine months ended 31 May 2002 £'000
General expenses	**100**	86
Directors' emoluments	**41**	41
Auditors' remuneration	**9**	8
	155	135

NOTES TO THE ACCOUNTS continued

4 TAXATION

The Company has no corporation tax liability as expenses exceed taxable income.
No provision has been made for taxation on realised gains on investments as the Company has conducted ittself 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 2003			For the nine months ended 31 May 2002		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return per ordinary share	**4.25p**	**0.47p**	**4.72p**	3.84p	2.62p	6.46p
Diluted return per ordinary share	**4.15p**			3.68p		

The basic revenue return per ordinary share is based on the net return on ordinary activities after taxation of £2,992,000 (31 May 2002: £2,673,000) and on 70,471,390 (31 May 2002: 69,637,144) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic capital return per ordinary share is based on the net capital gain for the period of £333,000 (31 May 2002: £1,825,000) and on 70,471,390 (31 May 2002: 69,637,144) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The diluted revenue returns per ordinary share for the priod have been calculated in accordance with Financial Reporting Standard No. 14 on the assumption that the weighted average number of potentially dilutive warrants in issue throughout the year are exercised into 2,071,008 (31 May 2002: 3,048,675) ordinary shares on the first day of the financial year giving a weighted average of 72,159,180 (31 May 2002: 72,685,820) shares in issue during the period.

6 INVESTMENTS

	31 May 2003 £'000	31 August 2002 £'000
Cost brought forward	**107,694**	120,288
Additions at cost	**12,066**	14,737
Cost of disposals	**(12,831)**	(27,331)
Cost carried forward	**106,929**	107,694
Net unrealised gains on investments (see note 16)	**(273)**	(7,047)
Market value carried forward	**106,656**	100,647

The investments are valued on the basis set out in note 1(b) and are listed on the London Stock Exchange.

NOTES TO THE ACCOUNTS continued

7 DEBTORS

	31 May 2003 £'000	31 August 2002 £'000
Amounts falling due within one year:		
Sales for future settlement	-	-
Dividends and interest receivable	649	630
Prepayment of expenses	35	18
	684	648

8 CREDITORS

	31 May 2003 £'000	31 August 2002 £'000
Amounts falling due within one year:		
Purchases for future settlement	-	-
Proposed dividend	903	1,469
Creditors and accrued charges	405	404
	1,308	1,873

9 CONTINGENT LIABILITIES

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

10 CALLED-UP SHARE CAPITAL

	31 May 2003 £'000	31 August 2002 £'000
Authorised:		
312,500,000 shares of 10p each	31,250	31,250
Allotted, Called Up and Fully Paid:		
Opening balance of 69,974,348 ordinary shares (31 August 2002: 69,307,271) of £0.10 each	6,998	6,931
Warrants converted to ordinary shares	22	67
Shares issued	93	-
Closing balance of 71,124,632 shares of 0.10 each	7,113	6,998

As a result of 215,792 (31 August 2002: 667,077) warrants being exercised during the period, and the purchase by the Company of nil (31 August 2002: 805,000) warrants for cancellation, there were 7,660,360 (31 August 2002: 7,876,152) warrants remaining in issue at 31 May 2003.
Each warrant entitles the holder to subscribe for one ordinary share of 10p at a price of £1.00 on 31 December 2003.

NOTES TO THE ACCOUNTS continued

11 CAPITAL REDEMPTION RESERVE

	31 May 2003 £'000	31 August 2002 £'000
Capital redemption reserve brought forward and carried forward	1,223	1,223

12 SHARE PREMIUM ACCOUNT

	31 May 2003 £'000	31 August 2002 £'000
Share premium brought forward	948	348
Premium on new issues from warrants exercised	194	600
Premium on issue of shares	1,197	-
Share premium carried forward	2,339	948

13 SHARE PURCHASE RESERVE

	31 May 2003 £'000	31 August 2002 £'000
Share purchase reserve brought forward and carried forward	50,225	50,225

14 WARRANT RESERVE

	31 May 2003 £'000	31 August 2002 £'000
Warrant reserve brought forward	1,963	2,330
Transfer to warrant exercise reserve on conversion of warrants	(54)	(166)
Purchase of warrants for cancellation	-	(201)
Warrant reserve carried forward	1,909	1,963

15 WARRANT EXERCISE RESERVE

	31 May 2003 £'000	31 August 2002 £'000
Warrant exercise reserve brought forward	262	96
Transfer from warrant reserve on conversion of warrants (note 14)	54	166
Warrant exercise reserve carried forward	316	262

16 CAPITAL RESERVE

	31 May 2003 £'000	31 August 2002 £'000
Realised		
Realised gains on investments brought forward	**48,294**	56,371
Realised losses on investments	**(5,980)**	(7,165)
Performance fee	**(94)**	(105)
Irrecoverable VAT on performance fee	**(16)**	(18)
Investment management fee (see note 2)	**(295)**	(411)
Irrecoverable VAT	**(52)**	(72)
Interest on loan and other finance costs	**(4)**	(6)
Premia paid on purchase of warrants for cancellation	**-**	(300)
	41,853	48,294
Unrealised		
Net unrealised gains on investments at the beginning of the period	**(7,047)**	1,114
Increase/(decrease) in net unrealised gains on investments	**6,774**	(8,161)
	(273)	(7,047)
Capital reserve carried forward	**41,580**	41,247

The realised gains on investments sold represents the difference between the net proceeds of sale and the original cost of the investments sold. The unrealised gain/(loss) 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 2003 £'000	31 August 2002 £'000
Revenue reserve brought forward	**2,326**	2,455
Transfer to/(from) revenue account	**295**	(129)
Revenue reserve carried forward	**2,621**	2,326

NOTES TO THE ACCOUNTS continued

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 May 2003 £'000	31 August 2002 £'000
Net surplus of revenue for distribution	**2,992**	3,956
Dividends	**(2,697)**	(4,085)
Surplus/(deficit) on the revenue account for the period	**295**	(129)
Non-distributable capital gain/(loss)	**333**	(16,238)
Proceeds from conversion of warrants during the period	**216**	667
Issue of shares	**1,290**	-
Warrants purchased for cancellation (note 14)	**-**	(201)
Net addition/(reduction) to shareholders' funds	**2,134**	(15,901)
Shareholders' funds brought forward	**105,192**	121,093
Shareholders' funds carried forward	**107,326**	105,192

19 NET ASSET VALUE PER SHARE

The undiluted net asset value per share is based on the net assets attributable to ordinary shares of £107,326,000 (31 August 2002: £105,192,000) and on 71,124,632 (31 August 2002: 69,974,348) ordinary shares in issue.

The diluted net asset value per ordinary share as disclosed on the balance sheet is calculated in accordance with the SORP. It is based the assumption that the 7,660,360 warrants in issue at 31 May 2003 (31 August 2002: 7,876,152) were converted into ordinary shares at the exercise price of £1.00.