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SCHRODER INCOME GROWTH FUND plc
(Registered Number: 3008494)

UNAUDITED

INTERIM ACCOUNTS

31 May 2005

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COMPANIES HOUSE 18/06/05

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 2005.

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 2004 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 £4,150,000 (2004:£3,665,000). After deducting taxation and administrative expenses the amount available for distribution to shareholders was £3,574,000 (2004: £3,137,000) equivalent to a revenue return of 4.74p per ordinary share (2004: 4.21p).

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 2005, the Directors have declared a third interim dividend of 1.34p (2004: 1.30p) net per ordinary share.

The dividends for the nine months ended 31 May 2005 have absorbed £3,030,000 (2004: £2,904,000).

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

By order of the Board
Schroder Investment Management Limited
Secretary
13 June 2005

John Spedding

UNAUDITED STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT)

		For the nine months ended 31 May 2005			For the nine months ended 31 May 2004		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	17,255	17,255	-	8,815	8,815
Premia paid on purchase of warrants for cancellation	16	-	-	-	-	(705)	(705)
UK investment income	1c						
Ordinary dividends		3,857	-	3,857	3,351	-	3,351
Convertible bond interest		39	-	39	148	-	148
Other income	1c	254	-	254	166	-	166
Investment management fee	2	(434)	(434)	(868)	(373)	(373)	(746)
Performance fee		-	(147)	(147)	-	(131)	(131)
Administrative expenses	3	(142)	-	(142)	(155)	-	(155)
Return before finance costs and taxation		3,574	16,674	20,248	3,137	7,606	10,743
Interest payable		-	-	-	-	-	-
Net return on ordinary activities before taxation		3,574	16,674	20,248	3,,137	7,606	10,743
Taxation on ordinary activities	4	-	-	-	-	-	-
Net return on ordinary activities after taxation attributable to equity shareholders		3,574	16,674	20,248	3,137	7,606	10,743
Dividends:							
First interim dividend of 1.34p (2004:1.30p) per ordinary share paid on 31 January 2005		(1,012)	-	(1,012)	(929)	-	(929)
Second interim dividend of 1.34p (2005:1.30p) per ordinary share paid on 30 April 2005		(1,012)	-	(1,012)	(989)	-	(989)
Third interim dividend of 1.34p (2005: 1.30p) per ordinary share payable on 31 July 2005		(1,006)	-	(1,006)	(986)	-	(986)
Transfer to reserves		544	16,674	17,218	233	7,606	7,839
Return per ordinary share	5	4.74p	22.12p	26.86p	4.21p	10.22p	14.43p
Dividends for the period per share		4.02p			3.90p		

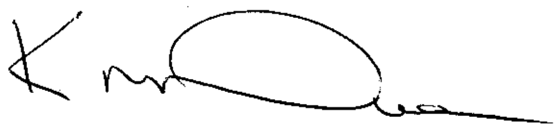
The revenue column of this statement is the revenue account of the Company. All revenue and capital items in the above statement derive from continuing activities.

The notes form an integral part of these accounts.

UNAUDITED BALANCE SHEET

	Notes	At 31 May 2005 £'000	At 31 August 2004 (Audited) £'000
FIXED ASSETS			
Investments			
Listed investments	6	**132,699**	117,650
CURRENT ASSETS			
Debtors	7	**894**	905
Cash at bank & short-term deposits		**10,337**	12,564
		11,231	13,469
CURRENT LIABILITIES			
Creditors : amounts falling due within one year	8	**2,112**	5,686
NET CURRENT ASSETS		**9,119**	7,783
NET ASSETS		**141,818**	125,433
CAPITAL AND RESERVES:			
Called up share capital	10	**7,506**	7,554
Capital redemption reserve	11	**1,374**	1,326
Share premium account	12	**7,404**	7,404
Share purchase reserve	13	**47,802**	48,635
Warrant reserve	14	**-**	-
Warrant exercise reserve	15	**1,596**	1,596
Capital reserve	16	**73,110**	56,436
Revenue reserve	17	**3,026**	2,482
EQUITY SHAREHOLDERS' FUNDS	18	**141,818**	125,433
Net asset value per share:	19		
Undiluted		**188.93p**	166.05p

The Accounts were approved by the Board of Directors on 13 June 2005 and signed on their behalf by:



K M Niven
Director

The notes 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 2005 £'000	For the nine months ended 31 May 2004 £'000
Investment management fee		
- charged to revenue	**369**	317
- charged to capital (note 16)	**369**	317
- irrecoverable VAT	**130**	112
	868	746

3 ADMINISTRATIVE EXPENSES

	For the nine months ended 31 May 2005 £'000	For the nine months ended 31 May 2004 £'000
General expenses	**87**	99
Directors' emoluments	**48**	48
Auditors' remuneration	**7**	8
	142	155

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 2005			For the nine months ended 31 May 2004		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return per ordinary share	**4.74p**	**22.12p**	**26.86p**	4.21p	10.22p	14.43p

The basic revenue return per ordinary share is based on the net return on ordinary activities after taxation of £3,574,000 (31 May 2004: £3,137,000) and on 75,381,384 (31 May 2004: 74,429,294) 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 £16,674,000 (31 May 2004: £7,606,000) and on 75,381,384 (31 May 2004: 74,429,294) ordinary shares being the weighted average number of ordinary shares in issue during the period.

6 INVESTMENTS

	31 May 2005 £'000	31 August 2004 £'000
Cost brought forward	**109,411**	103,972
Additions at cost	**29,604**	35,291
Cost of disposals	**(21,884)**	(29,852)
Cost carried forward	**117,131**	109,411
Net unrealised gains on investments (see note 16)	**15,568**	8,239
Market value carried forward	**132,699**	117,650

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 2005 £'000	31 August 2004 £'000
Amounts falling due within one year:		
Dividends and interest receivable	847	882
Prepayment of expenses	47	23
	894	905

8 CREDITORS

	31 May 2005 £'000	31 August 2004 £'000
Amounts falling due within one year:		
Purchases for future settlement	622	3,425
Proposed dividend	1,006	1,775
Creditors and accrued charges	484	486
	2,112	5,686

9 CONTINGENT LIABILITIES

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

10 CALLED-UP SHARE CAPITAL

	31 May 2005 £'000	31 August 2004 £'000
Authorised:		
312,500,000 shares of 10p each	31,250	31,250
Allotted, Called Up and Fully Paid:		
Opening balance of 75,537,343 ordinary shares (2004: 71,428,706)	7,554	7,143
Shares issued on final exercise of 5,133,637 warrants	0	514
Transfer to capital redemption reserve on purchase of 475,000 shares for cancellation (August 2004: 1,025,000).	(48)	(103)
Closing balance of 75,062,343 shares of 0.10 each	7,506	7,554

NOTES TO THE ACCOUNTS continued

11 CAPITAL REDEMPTION RESERVE

	31 May 2005 £'000	31 August 2004 £'000
Capital redemption reserve brought forward	1,326	1,223
Shares purchased for cancellation		103
Capital redemption reserve carried forward	1,326	1,326

12 SHARE PREMIUM ACCOUNT

	31 May 2005 £'000	31 August 2004 £'000
Share premium brought forward	7,404	2,779
Proceeds from warrants exercised	-	5,134
Nominal value of share issued on exercise of warrants	-	(514)
Premium on issue of shares	-	-
Refund of stamp duty	-	5
Share premium carried forward	7,404	7,404

13 SHARE PURCHASE RESERVE

	31 May 2005 £'000	31 August 2004 £'000
Share purchase reserve brought forward	48,635	50,225
Shares purchased for cancellation	(833)	(1,590)
Share purchase reserve carried forward	47,802	48,635

14 WARRANT RESERVE

	31 May 2005 £'000	31 August 2004 £'000
Warrant reserve brought forward	-	1,909
Transfer to warrant exercise reserve on conversion of warrants		(1,280)
Purchase of warrants for cancellation		(629)
Warrant reserve carried forward	-	-

15 WARRANT EXERCISE RESERVE

	31 May 2005 £'000	31 August 2004 £'000
Warrant exercise reserve brought forward	1,596	316
Transfer from warrant reserve on conversion of warrants (note 14)	-	1,280
Warrant exercise reserve carried forward	1,596	1,596

NOTES TO THE ACCOUNTS continued

16 CAPITAL RESERVE

	31 May 2005 £'000	31 August 2004 £'000
Realised		
Realised gains on investments brought forward	**48,197**	41,475
Realised gains/(losses) on investments	**9,925**	5,146
Transfer on disposal of investments		2,959
Performance fee	**(125)**	(113)
Irrecoverable VAT on performance fee	**(22)**	(20)
Investment management fee (see note 2)	**(369)**	(463)
Irrecoverable VAT	**(65)**	(81)
Premia paid on purchase of warrants for cancellation	**-**	(706)
	57,541	48,197
Unrealised		
Net unrealised gains/(losses) on investments at the beginning of the period	**8,239**	6,768
Transfer on disposal of investments		(2,959)
Increase in net unrealised gains on investments	**7,330**	4,430
	15,569	8,239
Capital reserve carried forward	**73,110**	56,436

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 2005 £'000	31 August 2004 £'000
Revenue reserve brought forward	**2,482**	2,408
Transfer to/(from) revenue account	**544**	74
Revenue reserve carried forward	**3,026**	2,482