

Invesco Income Growth Trust plc

Half-Yearly Financial Report for the Six Months to 30 September 2011

KEY FACTS

Invesco Income Growth Trust plc is an investment trust company listed on the London Stock Exchange. The Company is managed by Invesco Asset Management Limited.

Investment Objective

The Company's investment objective is to provide shareholders with long-term capital growth and real long-term growth in dividends from a portfolio yielding more than the FTSE All-Share Index.

The Company will invest principally in UK equities and equity-related securities of UK companies selected from any market sector. In managing the Company's investment portfolio, the Manager will seek to achieve a total return over the long term in excess of the total return on the FTSE All-Share Index.

Full details of the Company's Investment Policy (incorporating the Company's investment objective) can be found on page 11 of the Company's 2011 annual financial report.

Performance Statistics

	AT 30 SEPTEMBER 2011	AT 31 MARCH 2011	% CHANGE
Assets			
Net asset value per ordinary share – per Balance Sheet	197.4p	208.0p	-5.1
– after deducting proposed dividends	195.5p	204.7p	-4.5
Mid-market price per ordinary share	187.8p	191.3p	-1.8
Discount per ordinary share	4.9%	8.0%	
Gearing			
Gross gearing – excluding effect of cash	10.0%	10.3%	
Net gearing – including effect of cash and bond holdings	7.4%	7.9%	
Total Return			
<i>(includes net dividends reinvested)</i>			
Change in net asset value per ordinary share	-3.6%	+2.0%	
Change in FTSE All-Share Index	-11.8%	+0.2%	
Source: Invesco/Thomson Reuters			
Revenue and Dividends per ordinary share			
Net revenue after tax (£'000)	3,176	2,690	18.1
Revenue return – basic	5.4p	4.6p	17.4
Dividends – first interim	1.95p	1.90p	2.6
– second interim	1.95p	1.90p	2.6

CHAIRMAN'S STATEMENT AND INTERIM MANAGEMENT REPORT

Performance

During the six months to 30 September 2011, the total return (comprising the movement in the net asset value 'NAV' plus dividends) of the Company was negative at -3.6%, which compared to a negative return of -11.8% by the FTSE All-Share Index. The period was marked by much higher than usual levels of share price volatility, and the Company's long term investments in some of the more defensive sectors of the stock market enabled it to perform highly creditably through such turbulent conditions.

The outperformance by the Company's net assets relative to the FTSE All-Share index was enhanced for shareholders by a narrowing of the discount: during the period the mid-market price per share fell by 1.8% to 187.75p and the discount to NAV decreased from 8% to 4.9%.

The Investment Manager's Report that follows gives a more detailed account of the period under review, together with a commentary on the investment and portfolio strategy.

Gearing

The Board continues to monitor the Company's level of gearing which, when prudently used, should enhance the returns to shareholders. As at 30 September 2011, the Company had gross gearing of 10.0%, provided by a bank overdraft of £11.5m. This approximately matched the percentage gearing level at 31 March 2011; the level of gearing moved higher at times during the period.

Revenue and Dividends

Dividend income has been stronger than in the first half of the previous financial year, producing net revenue of £3,176,000 in the six months to 30 September 2011 compared with £2,690,000 for the six months to 30 September 2010. The main contributors to this enhanced result were dividend growth from many companies in the portfolio, use of a higher level of gearing and taking occasional tactical opportunities to benefit from some large dividend payments.

The Board is pleased to declare a second interim dividend of 1.95p per share in respect of the year ended 31 March 2012. This dividend will be paid on 30 December 2011 to shareholders registered on 9 December 2011. Together with the first interim dividend this makes a total of 3.9p for the first half of the current financial year compared with 3.8p last year. This is consistent with the Board's objective of achieving a better balance between the three interim and the final dividend payments and should not be taken as an indication of the level of the full year's total distribution. As I highlighted in my last annual statement, it is still likely that a small proportion of reserves will again be used to contribute to the dividend payment to shareholders.

Outlook

We remain confident that the portfolio is well paced to meet the challenges of the current environment of low economic growth and volatile markets.

John McLachlan

Chairman

11 November 2011

INVESTMENT MANAGER'S REPORT

Market Review & Portfolio Strategy

Over a volatile six months, where the FTSE All-Share Index recorded a negative total return of -11.8%, the Company's net asset value return was -3.6%.

The period saw a rapid unwinding of the buoyant mood seen at the start of 2011. Global economic news, particularly the European sovereign debt and banking crisis, increasingly dominated investor sentiment. Concerns over the possibility of an uncontrolled Greek default, combined with forward looking economic indicators from around the world showing a likely slowing in global growth, led to the FTSE All-Share Index registering, over the quarter to 30 September 2011, its worst quarterly performance since 2002.

In such an environment, defensive sectors outperformed the more cyclical ones, and the portfolio's long held positions in the tobacco and pharmaceutical sectors particularly benefited its performance. Imperial Tobacco generated strongly positive returns, helped both by confirmation that the cigarette price war in Spain was over and by rumours of a bid. Such speculation further confirms my view that the shares remain undervalued at current levels. Shares in British American Tobacco also registered positive returns over the period.

The pharmaceutical sector has seen a return to favour in 2011 and the portfolio's holding in GlaxoSmithKline was another to register positive returns over the six months. Concerns over the impact of patent expiries are still weighing heavily on share prices in the sector, but the news flow here is improving while investors are beginning to appreciate the growth prospects for these companies in the developing world.

Amidst all the doom and gloom on the economic front, corporate news was in general more positive. Perhaps surprisingly, this included upbeat news from the general retailers – the recent investment in Next rose on results which were accompanied by the comment that "retail headwinds are likely to ease as we move into 2012". This is a company with a strong business model and which has built itself a robust market position.

Performance also benefited from the absence of exposure to the miners – a sector which fell very sharply over the six months - and comparatively small investments in the oil & gas sector.

The main detractors to performance came from the portfolio's holdings in the bank sector, HSBC and Barclays, whose shares fell with the whole sector on concerns over the possible impact of a Greek default.

There were relatively few transactions in the portfolio over the period. I disposed of the holding in Aviva, mindful of its significant exposure to Europe and particularly to Italy and Italian bonds. The proceeds were reinvested in existing holdings across the insurance sector - specifically Resolution and Legal & General - where there is no European exposure.

There was a new investment in Experian. This global credit checking and reports business is strongly profitable and possesses significant barriers to entry. Its US and UK businesses are strongly cash generative, funding expansion in new markets including Brazil, while the shares stand on a modest valuation for the high quality of the business.

Outlook

I am positive about the longer term outlook for the UK stock market. Principally this is because company share valuation levels are very low. While I do not expect a major global recession, and Asia remains resilient, there is still a risk of policy mistakes in Europe and stock market volatility is likely to stay high. With companies and now governments continuing to deleverage, we are unlikely to see anything other than modest global growth.

My aim remains to seek to invest in companies with strong balance sheets and high quality management and business models. The equity market volatility has left many of these strongly placed companies looking even more attractive, and I am confident about the outlook for long-term returns from the Company's portfolio.

Ciaran Mallon

Investment Manager

11 November 2011

Related Party

Invesco Asset Management Limited ('IAML'), a wholly owned subsidiary of Invesco Limited, acts as Manager and Company Secretary to the Company. Details of IAML's services and fee arrangements are given in the latest annual financial report, which is available on the Manager's website at www.invescoperpetual.co.uk/investmenttrusts.

Principal Risks and Uncertainties

The principal risk factors relating to the Company can be summarised as:

- Investment policy and process – the adopted policy and process may not achieve the Company's published objective;
- Market movements and portfolio performance – a fall in the stock market as a whole will affect the performance of the portfolio and individual investments;
- Shares – share price is affected by market sentiment, supply and demand for the shares, and dividends declared as well as portfolio performance;
- Gearing – borrowing will amplify the effect on shareholders' funds of portfolio gains and losses;
- Regulatory – whilst compliance with rules and regulations is closely monitored, breaches could affect returns to shareholders; and
- Reliance on Third Party Service Providers – The Company has no employees, other than the Board, so is reliant upon the performance of third party service providers, particularly the Manager, for it to function.

A detailed explanation of these principal risks and uncertainties can be found on pages 14 and 15 of the 2011 annual financial report, which is available on the Manager's website.

In the view of the Board these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Going Concern

The half-yearly financial report has been prepared on a going concern basis. The Directors consider this is the appropriate basis as the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors took into account the Company's investment objective, its risk management policies, the diversified portfolio of readily realisable securities which can be used to meet funding commitments, the overdraft which can be used for both long-term and short-term funding requirements, the liquidity of the investments which could be used to repay the overdraft in the event that the facility could not be renewed or replaced, and the ability of the Company to meet all of its liabilities and ongoing expenses.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF THE HALF-YEARLY FINANCIAL REPORT

The Directors are responsible for preparing the half-yearly financial report using accounting policies consistent with applicable law and UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report have been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Report';
- the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the FSA's Disclosure and Transparency rules; and
- the interim management report includes a fair review of the information required on related party transactions.

The half-yearly financial report has not been audited or reviewed by the Company's auditors.

Signed on behalf of the Board of Directors.

John McLachlan

Chairman

11 November 2011

TWENTY FIVE LARGEST HOLDINGS AT 30 SEPTEMBER 2011

Ordinary shares unless stated otherwise

COMPANY	ACTIVITY BY SECTOR	MARKET VALUE £'000	% OF PORTFOLIO
British American Tobacco	Tobacco	6,776	5.3
Imperial Tobacco	Tobacco	5,996	4.7
GlaxoSmithKline	Pharmaceuticals & Biotechnology	5,874	4.6
AstraZeneca	Pharmaceuticals & Biotechnology	5,618	4.4
Royal Dutch Shell 'B'	Oil & Gas Producers	5,593	4.4
Vodafone	Mobile Telecommunications	5,194	4.1
HSBC	Banks	4,753	3.7
Scottish & Southern Energy	Electricity	3,848	3.0
Tesco	Food & Drug Retailers	3,263	2.6
Young & Co.'s Brewery	Travel & Leisure	3,197	2.5
Centrica	Gas, Water & Multiutilities	2,963	2.3
Barclays - Ords and Fltg Perpetual Bond	Banks	2,780	2.2
BT	Fixed Line Telecommunications	2,723	2.1
Next	General Retailers	2,659	2.1
Resolution	Life Insurance	2,496	2.0
National Grid	Gas, Water & Multiutilities	2,446	1.9
Legal & General	Life Insurance	2,342	1.8
Morrison (W) Supermarket	Food & Drug Retailers	2,173	1.8
Croda International	Chemicals	2,153	1.7
Pennon	Gas, Water & Multiutilities	2,128	1.7
Land Securities	Real Estate Investment Trusts	2,108	1.7
BP	Oil & Gas	2,078	1.6
Whitbread	Travel & Leisure	2,004	1.6
Severn Trent	Gas, Water & Multiutilities	1,936	1.6
BAE Systems	Aerospace & Defence	1,918	1.6
		85,019	67.0
Other investments		41,782	33.0
Total investments		126,801	100.0

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2011			SIX MONTHS TO 30 SEPTEMBER 2010			YEAR TO 31 MARCH 2011
	REVENUE £'000	CAPITAL £'000	TOTAL £'000	REVENUE £'000	CAPITAL £'000	TOTAL £'000	TOTAL £'000
(Losses)/gains on investments held at fair value through profit or loss	—	(7,189)	(7,189)	—	(81)	(81)	5,968
Income							
UK dividends	3,396	—	3,396	2,789	—	2,789	5,142
UK unfranked investment income	208	—	208	220	—	220	420
Overseas dividends	15	—	15	5	—	5	5
Deposit interest	—	—	—	—	—	—	2
Underwriting commission	—	—	—	65	—	65	68
Investment management fee — note 2	(231)	(231)	(462)	(209)	(209)	(418)	(858)
Other expenses	(161)	—	(161)	(135)	—	(135)	(299)
Net return before finance costs and taxation	3,227	(7,420)	(4,193)	2,735	(290)	2,445	10,448
Finance costs	(51)	(51)	(102)	(45)	(45)	(90)	(162)
Return on ordinary activities before and after tax	3,176	(7,471)	(4,295)	2,690	(335)	2,355	10,286
Return per ordinary share							
Basic — note 4	5.4p	(12.8)p	(7.4)p	4.6p	(0.6)p	4.0p	17.6p

The total column of this statement represents the Company's profit and loss account. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations and the Company has no other gains or losses and therefore no statement of total recognised gains or losses is presented. No operations were acquired or discontinued in the period.

CONDENSED BALANCE SHEET

Registered number 3141073

	AT 30 SEPTEMBER 2011 £'000	AT 30 SEPTEMBER 2010 £'000	AT 31 MARCH 2011 £'000
Fixed assets			
Investments at fair value	126,801	126,271	133,238
Current assets			
Amounts due from brokers	285	140	435
Prepayments and accrued income	730	701	817
	1,015	841	1,252
Creditors: amounts falling due within one year			
Bank overdraft	(11,542)	(9,677)	(12,578)
Amounts due to brokers	(557)	—	—
Accruals and deferred income	(142)	(263)	(145)
	(12,241)	(9,940)	(12,723)
Net current liabilities	(11,226)	(9,099)	(11,471)
Total assets less current liabilities	115,575	117,172	121,767
Capital and reserves			
Called up share capital	14,638	14,638	14,638
Share premium	40,021	40,021	40,021
Capital redemption reserve	2,310	2,310	2,310
Capital reserve	52,925	54,313	60,396
Revenue reserve	5,681	5,890	4,402
Shareholders' funds	115,575	117,172	121,767
Net asset value per ordinary share — note 5			
Basic	197.4p	200.1p	208.0p

CONDENSED CASH FLOW STATEMENT

	SIX MONTHS TO 30 SEPTEMBER 2011 £'000	SIX MONTHS TO 30 SEPTEMBER 2010 £'000	YEAR TO 31 MARCH 2011 £'000
Net return before finance costs and taxation	(4,193)	2,445	10,448
Adjustment for losses/(gains) on investments	7,189	81	(5,968)
Decrease in debtors	87	132	16
(Decrease)/increase in creditors	(3)	104	(2)
Net cash flow from operating activities	3,080	2,762	4,494
Servicing of finance	(102)	(78)	(162)
Net financial investment			
Purchase of investments	(12,125)	(12,659)	(20,303)
Sale of investments	12,080	14,598	21,029
Net equity dividends paid	(1,897)	—	(3,336)
Movement in cash in the period	1,036	4,623	1,722
Net debt at beginning of period	(12,578)	(14,300)	(14,300)
Net debt at end of period	(11,542)	(9,677)	(12,578)
Analysis of changes in net debt			
Brought forward:			
Bank overdraft	(12,578)	(14,300)	(14,300)
Net debt brought forward	(12,578)	(14,300)	(14,300)
Movements in period:			
Cash inflow from bank	1,036	4,623	1,722
Net debt at end of period	(11,542)	(9,677)	(12,578)

CONDENSED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 30 September 2011						
At 1 April 2011	14,638	40,021	2,310	60,396	4,402	121,767
Net return on ordinary activities	—	—	—	(7,471)	3,176	(4,295)
Dividends paid – final 2011	—	—	—	—	(1,933)	(1,933)
Unclaimed dividends recovered	—	—	—	—	36	36
At 30 September 2011	14,638	40,021	2,310	52,925	5,681	115,575
For the six months ended 30 September 2010						
At 1 April 2010	14,638	40,021	2,310	54,648	3,200	114,817
Net return on ordinary activities	—	—	—	(335)	2,690	2,355
At 30 September 2010	14,638	40,021	2,310	54,313	5,890	117,172
For the year ended 31 March 2011						
At 1 April 2010	14,638	40,021	2,310	54,648	3,200	114,817
Net return on ordinary activities	—	—	—	5,748	4,538	10,286
Dividends paid – interims 2011	—	—	—	—	(3,336)	(3,336)
At 31 March 2011	14,638	40,021	2,310	60,396	4,402	121,767

Notes to the Condensed Financial Statements

1. Basis of Preparation

The condensed financial statements have been prepared using the same accounting policies as those adopted in the 2011 annual financial report, have been prepared under the historical cost convention and are consistent with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

2. Management Fee

The investment management fee is calculated and payable monthly in arrears based on the value of the funds under management before deducting borrowings, of 0.7% up to £100 million, 0.6% on the next £50 million, 0.55% on the next £50 million and if in excess of £200 million the fee will be reviewed. This fee is allocated 50% to capital and 50% to revenue.

3. Tax

The tax effect of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.

4. Basis of Returns

	SIX MONTHS TO 30 SEPTEMBER 2011 £'000	SIX MONTHS TO 30 SEPTEMBER 2010 £'000	YEAR TO 31 MARCH 2011 £'000
Returns after tax:			
Revenue	3,176	2,690	4,538
Capital	(7,471)	(335)	5,748
Total	(4,295)	2,355	10,286
Weighted average number of shares in issue during the period	58,551,530	58,551,530	58,551,530

5. Basis of Net Asset Value Per Ordinary Share

	AT 30 SEPTEMBER 2011	AT 30 SEPTEMBER 2010	AT 31 MARCH 2011
Shareholders' funds	£115,575,000	£117,172,000	£121,767,000
Ordinary shares in issue at period end	58,551,530	58,551,530	58,551,530

6. Movements in Share Capital

	SIX MONTHS TO 30 SEPTEMBER 2011	SIX MONTHS TO 30 SEPTEMBER 2010	YEAR TO 31 MARCH 2011
Number of ordinary shares:			
Brought forward	58,551,530	58,551,530	58,551,530
Shares bought back and cancelled	—	—	—
In issue at period end	58,551,530	58,551,530	58,551,530

7. Dividends

The first interim dividend of 1.95p for the quarter ended 30 June 2011 was paid to shareholders on 31 October 2011. The second interim dividend of 1.95p for the quarter ending 30 September 2011 will be paid on 30 December 2011.

8. Investment Trust Status

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company set out in section 1159 of the Corporation Tax Act 2010.

9. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly financial report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the half years ended 30 September 2011 and 30 September 2010 has not been audited. The figures and financial information for the year ended 31 March 2011 are extracted and abridged from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and include the Report of the Independent Auditors, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board
Invesco Asset Management Limited
Company Secretary
11 November 2011

Directors, Advisers and Principal Service Providers

Directors

John McLachlan, Chairman
Davina Curling
Chris Hills
Jonathan Silver, Audit Committee Chairman
Hugh Twiss
Roger Walsom

All the Directors are members of the Audit, Nomination and Management Engagement Committees.

Manager, Company Secretary and Registered Office

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☎ 020 7065 4000

Company Secretarial contact: Paul Griggs

Company Number

Registered in England and Wales No. 3141073

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR4 4TU

If you hold your shares directly and not through a Savings Plan or ISA and have any queries relating to your holding, you should contact the Registrars on:
☎ 0871 664 0300 between 8.30 am and 5.30 pm every working day.
Calls cost 10p per minute plus network extras.
(From outside the UK: +44 (0) 208 639 3399).

Shareholders can also access their holding details via Capita's website at www.capitaregistrars.com or www.capitashareportal.com

The Registrars provide a telephone and on-line share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.capitadeal.com or ☎ 0871 664 0364.

Calls cost 10p per minute plus network extras. Lines are open from 8.00 am to 4.30 pm every working day.
(From outside the UK: +44 (0) 203 367 2686).

Invesco Perpetual Investor Services

Invesco Perpetual has an Investor Services Team available to assist you from 8.30 am to 6.30 pm every working day on ☎ 0800 085 8677.

The Invesco Perpetual investment trusts' website is

🌐 www.invescoperpetual.co.uk/investmenttrusts

The contents of the websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this document.



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