

THE BRUNNER INVESTMENT TRUST PLC

HALF-YEARLY FINANCIAL REPORT
For the six months ended 31 May 2014

Highlights

- Net asset value (debt at fair value) per share up by 2.2%
- Earnings per ordinary share 7.8p (2013 – 8.6p)
- Interim dividends for the period 6.1p¹ (2013 – 6.00p)

| | At 31 May 2014 | At 31 May 2013 | % change |
|--------------------------------------|---------------------------|---------------------------|---------------------|
| Revenue | | | |
| Available for ordinary dividend | £3,357,000 | £3,728,000 | -9.9 |
| Earnings per ordinary share | 7.8p | 8.6p | -9.3 |
| Interim dividends per ordinary share | 6.1p ¹ | 6.0p | 1.7 |
| Retail price index | 255.9 | 250.0 | 2.4 |

¹ first interim 3.0p, second interim 3.1p

| | At 31 May 2014 | At 30 November 2013 | % change |
|--|---------------------------|------------------------------------|---------------------|
| Assets | | | |
| Net Asset Value per ordinary share (debt at fair value) | 606.7p ² | 593.6p ² | +2.2 |
| Ordinary share price | 533.5p | 508.0p | +5.0 |
| Total net assets (debt at par) | £274,403,616 | £268,253,844 | +2.3 |

² The Net Asset Value per Ordinary Share (debt at par value) was 636.8p per share as at 31 May 2014 (30 November 2013 – 622.6p) an increase of 2.3%.

| Net Asset Value relative to Benchmark | Capital Return³ | Total Return*³ |
|--|---------------------------------------|--------------------------------------|
| Change in net asset value | 2.2% | 4.1% |
| Change in benchmark | 2.8% | 4.4% |
| Performance against benchmark | -0.6% | -0.3% |

³ Debt at fair value. Debt at par capital return was 2.3% and total return was 4.1%.

| Portfolio relative to Benchmark | Capital Return | Total Return* |
|--|---------------------------|--------------------------|
| Net portfolio return (excluding cash & gilts) | 2.9% | 4.7% |
| Change in benchmark | 2.8% | 4.4% |
| Performance against benchmark | 0.1% | 0.3% |

* Total returns are calculated with net dividends reinvested.

Interim Management Report

Net Asset Value

A summary of the results for the six months ended 31 May 2014 is set out below. The net asset value (debt at fair value) attributable to each ordinary share at 31 May 2014 was 606.7p. This compares with 593.6p at 30 November 2013, an increase of 2.2% over the period. The capital return on the benchmark index (50% FTSE All-Share, 50% FTSE World Index (ex UK Sterling), was 2.8% over the period.

Earnings

Earnings decreased by 9.3% to 7.8p per ordinary share in the six months to 31 May 2014 (2013 – 8.6p), reflecting lower income from investment which was impacted by the strength of Sterling, the sale of a Gilt, and fewer special dividends received from portfolio companies during this period.

Gearing

The gearing at 30 November 2013 was 5.3% and at 31 May 2014 was 7.3%, reflecting the fact that more of the cash held has been invested in the portfolio since the year end. Gearing is calculated after deducting cash and the value of holdings in government securities held to offset some of the long term debentures issued.

Quarterly Dividends

As we reported in the annual report, for the year ending 30 November 2013, the company has moved to the payment of quarterly dividends. The board declared a first quarterly dividend of 3.0p per ordinary share which was paid on 27 June 2014. The board has now declared a second quarterly dividend of 3.10p per ordinary share payable on 22 September 2014 to holders on the register of members at the close of business on 22 August 2014. A third quarterly payment will be made in December and the final dividend will be proposed for payment in March 2015.

Board

We are pleased to welcome Carolan Dobson and Jim Sharp who have joined us as directors since the beginning of the current financial year - on 1 December 2013 and 1 January 2014 respectively. Sir William Worsley retired from the board at the AGM on 18 March 2014.

Material events and transactions

In the six month period ended 31 May 2014 the following material events and transactions have taken place.

- At the annual general meeting of the company held on 18 March 2014, all the resolutions put to shareholders were passed.
- During the period under review the company did not purchase any ordinary shares for cancellation.

There were no related party transactions in the period.

Since the period end, no further ordinary shares have been purchased for cancellation.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company over the next six months are broadly unchanged from those described in the Annual Financial Report for the year ended 30 November 2013. These are set out in a table in the Strategic Report on page 9 of the annual report, together with commentary on the board's approach to mitigating the risks and uncertainties, under the following headings: Investment Strategy; Market Volatility; and Financial and Liquidity Risk.

Responsibility Statement

The directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with the Accounting Standards board's Statement 'Half-Yearly Financial Reports'; and
- The interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7 R of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- The interim management report includes a fair review of the information concerning related parties transactions as required by the Disclosure and Transparency Rule 4.2.8 R.

The half-yearly financial report was approved by the board on 22 July 2014 and the above responsibility statement was signed on its behalf by the Chairman.

Keith Percy
Chairman

Enquiries:

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Investment Managers' Review

Market Review

Despite a weak start to 2014, global equities ended the period under review in positive territory, supported by continued low interest rates and improving economic data from the U.S, the U.K. and parts of Europe. Markets were also helped by a pick-up in corporate share repurchases and takeover activity. Low interest rates and on-going monetary support by central banks have compressed equity and bond market volatility, indicating a high level of complacency among investors.

The year started with selling pressure due to the tapering of bond purchases by the US Federal Reserve and initial concerns that interest rates would rise earlier than previously anticipated. However, these concerns were soon assuaged and on balance U.S. employment and housing data indicated that the economic recovery was on track. While the 2.9% decline in GDP in the first quarter of 2014 was the steepest contraction since the US emerged from recession, much of the decline was weather related.

In Europe, economic data was mixed. The U.K. continued to recover amid growing concerns about a housing bubble. Rising interest rate expectations led to the Pound strengthening considerably. Eurozone first quarter GDP growth was marginal at 0.2% and inflation remained weak. Germany and Spain showed growth while Portugal, France and Italy did not. The ECB cut interest rates and announced measures aimed at stimulating bank lending. In the European Parliamentary elections, the pro-EU majority held sway, despite the far-right making inroads.

Japanese equities rallied during the second quarter of the year on cautious optimism that the government was making progress on structural reforms to the economy. In China, economic indicators showed improvement as the May "flash" PMI increased alongside both export and retail sales growth.

Portfolio Review

Over the period the portfolio's NAV rose 2.2%, compared with an increase of 2.8% for the benchmark index (50% FTSE All-Share, 50% FTSE World ex-UK). Performance benefitted from positive stock selection in Industrials, Consumer Services and Technology. The overweight positions in Health Care and Oil & Gas also helped. These positives were offset by stock selection in Financials, Telecommunications and Consumer Services, and the underweight in Utilities.

Tyman was the top contributor to performance. A recent meeting with management confirmed that operationally the company is doing well. The Truth acquisition integration is progressing smoothly and longer term there are plans in place for further optimisation of the manufacturing footprint which should be positive for margins. Their markets are also doing well, particularly the US, with the UK also showing encouraging signs. Even Europe, which has been weak, looks like it may have bottomed out. Much of this improvement is reflected in the stock's valuation now and we have been taking profits as the share price has moved higher.

Allergan, the recipient of an unsolicited takeover bid by Valeant Pharmaceuticals, also contributed. We continue to believe that Allergan has an attractive skin care, eye care and neuromodulator franchise and that the quality and growth prospects remain strong, but are concerned that valuations are beginning to become a bit stretched.

Intercontinental Hotels was another top holding. First quarter results were very strong with revenue per available room up 6.1%. The company also announced a special dividend and a strategic review of further asset sales. The share price was also helped by rumoured £6bn bid from a US company, which was rejected.

Mothercare had the most negative impact on performance. The shares have been volatile as the market is divided about the intrinsic value of the company. The majority of the analysts covering the stock have sell recommendations because they think the UK business will continue to disappoint. We acknowledge that the UK operations are challenged and may continue to trade at a loss for the next few years. However, the company's international franchise business has been hugely successful. Over the past six years, Mothercare's international network sales have risen from £286m to £729m, a compound growth rate of 17%. This has been driven by a combination of organic growth and an increase in the number of Mothercare international stores, which have risen from 494 in 2008 to 1221 today. Our valuation work suggests that the

market has consistently been overly negative on the UK business and largely overlooked the strength of the international operations.

Biotechnology company Celgene also detracted. The shares initially weakened in March on news that a hearing challenging the company's patent for its blood cancer drug Revlimid would be held earlier than anticipated. The shares began to recover in May when the pre-trial hearing went better than expected. Celgene's long-term fundamentals remain in place and sentiment should improve once the patent dispute is finally resolved.

Balfour Beatty was also weak as the company issued a profit warning and removed its CEO. The UK business continues to suffer cost and execution issues and earnings guidance for this financial year was reduced by 15%. While there is a lot of uncertainty regarding what actions the company will take in order to turn the business around, there are a number of scenarios by which value could be unlocked through asset disposals and a renewed focus on the core construction and services business.

New holdings during the period included Weir Group, William Hill, Ashmore Group, EOG Resources and Monsanto. A number of securities were sold including Henkel, Inmarsat, Toyota Motor and Genting Singapore.

Outlook

Ever since the credit crisis, equity markets have benefitted from expansionary monetary policies, a global earnings recovery and a reduction in the equity risk premium. Current and future monetary policy will remain generally accommodative although not to the same extent as we have seen. Earnings are anticipated to still grow, albeit at a lower rate. Markets valuations, for example on a cyclically-adjusted P/E, look fair in absolute terms although they remain attractive compared to government bonds. We therefore remain positive on equities, although market returns overall are likely to be lower than we have seen in the recent past and active management is required more than ever to augment performance.

The ongoing extended period of low volatility in global equities has resulted in lower portfolio tracking errors and reduced the opportunities that active managers have for generating outperformance with similar levels of risk taken in the past. We have responded to this environment in a prudent manner by reducing the number of holdings in our portfolios in order to concentrate more on our highest conviction investment ideas. These actions have increased the active share of the portfolio to circa 75% and reduced the number of stocks held to 85.

Areas where we continue to find attractive quality growth opportunities include health care, technology, media and industrials.

In health care, there have been significant and exciting breakthroughs in areas such as oncology and immunology which are positive for a number of companies we own, including GlaxoSmithKline, Roche, Celgene, and Astellas Pharma.

In technology and media, the move to cloud computing and the rapid growth in mobile internet and e-commerce provide opportunities for companies that can help businesses transform their businesses to a cloud-based environment, such as Microsoft, as well as those exposed to online advertising and travel, such as Google and Priceline Group.

In Industrials, the "Internet of Things" will allow companies like Schneider Electric to embed real-time monitoring capabilities into their products which will position them even more closely to their customers and offer real opportunities to grow high quality recurring aftermarket revenues. Process automation is another growth area where companies such as Spectris, Flowserve and SMC are well-placed.

These are all powerful secular trends that companies in the portfolio are capturing and sharing with shareholders in the form of higher earnings and dividend growth. We believe that the portfolio remains well-placed, even if markets struggle to generate the same return that we have seen over the last few years.

Lucy MacDonald and Jeremy Thomas
Allianz Global Investors

BRUNNER INVESTMENT TRUST PLC
LISTED EQUITY HOLDINGS AS AT 31 MAY 2014

| Security Name | Market Value £'000s | Total Assets % | Principal Activity |
|------------------------------------|--------------------------------|---------------------------|-----------------------------------|
| Royal Dutch Shell 'B' Shares | 11,453 | 3.66 | Oil & Gas Producers |
| HSBC | 9,490 | 3.04 | Banks |
| GlaxoSmithKline | 9,150 | 2.93 | Pharmaceuticals & Biotechnology |
| BP | 8,542 | 2.73 | Oil & Gas Producers |
| Vodafone | 6,821 | 2.18 | Mobile Telecommunications |
| Microsoft | 6,124 | 1.96 | Software & Computer Services |
| Monsanto | 6,034 | 1.93 | Food Producers |
| Roche Holdings | 5,819 | 1.86 | Pharmaceuticals & Biotechnology |
| BG Group | 5,324 | 1.70 | Oil & Gas Producers |
| AbbVie | 4,951 | 1.58 | Pharmaceuticals & Biotechnology |
| UBM | 4,800 | 1.54 | Media |
| Rio Tinto | 4,751 | 1.52 | Mining |
| EOG Resources | 4,695 | 1.50 | Oil & Gas Producers |
| BHP Billiton | 4,689 | 1.50 | Mining |
| Estee Lauder "A" Shares | 4,683 | 1.50 | Personal Goods |
| Walgreen | 4,501 | 1.44 | Food & Drug Retailers |
| Reed Elsevier | 4,384 | 1.40 | Media |
| Muenchener Rueckver | 4,226 | 1.36 | Non-Life Insurance |
| Unilever | 4,106 | 1.31 | Food Producers |
| Hays | 4,062 | 1.30 | Support Services |
| UBS | 4,034 | 1.29 | Banks |
| Xchanging | 3,964 | 1.27 | Support Services |
| CCR | 3,910 | 1.25 | Industrial Transportation |
| Boot (Henry) | 3,890 | 1.24 | Construction & Materials |
| Tyman | 3,845 | 1.23 | Construction & Materials |
| Hansteen Holdings | 3,795 | 1.21 | Real Estate |
| Friends Life (formerly Resolution) | 3,771 | 1.21 | Life Insurance |
| Intercontinental Hotels Group | 3,765 | 1.20 | Travel & Leisure |
| Diageo | 3,742 | 1.20 | Beverages |
| Schneider Electric | 3,639 | 1.16 | Electronic & Electrical Equipment |
| Tesco | 3,523 | 1.13 | Food & Drug Retailers |
| Nestle | 3,407 | 1.09 | Food Producers |
| Astellas Pharma | 3,406 | 1.09 | Pharmaceuticals & Biotechnology |
| Priceline.com | 3,381 | 1.08 | Travel & Leisure |
| SMC | 3,350 | 1.07 | Industrial Engineering |
| Smith & Nephew | 3,316 | 1.06 | Health Care Equipment & Services |
| Wells Fargo | 3,310 | 1.06 | Banks |
| Celgene | 3,282 | 1.05 | Pharmaceuticals & Biotechnology |
| Ameriprise Financial | 3,188 | 1.02 | Financial Services |
| AMETEK | 3,134 | 1.00 | Electronic & Electrical Equipment |
| Fresenius | 3,069 | 0.98 | Health Care Equipment & Services |
| Centrica | 3,059 | 0.98 | Gas, Water & Multiutilities |
| Amadeus | 3,008 | 0.96 | Support Services |
| BASF | 3,003 | 0.96 | Chemicals |
| Anadarko Petroleum | 2,953 | 0.94 | Oil & Gas Producers |
| Mothercare | 2,948 | 0.94 | General Retailers |
| Visa | 2,926 | 0.94 | Financial Services |
| Suncor Energy | 2,925 | 0.94 | Oil & Gas Producers |
| Cielo | 2,901 | 0.93 | Financial Services |

| Security Name | Market Value £'000s | Total Assets % | Principal Activity |
|------------------------------|--------------------------------|---------------------------|--|
| United Health | 2,881 | 0.93 | Health Care Equipment & Services |
| Microchip Technology | 2,870 | 0.92 | Technology Hardware & Equipment |
| Google | 2,850 | 0.91 | Software & Computer Services |
| Apple | 2,850 | 0.91 | Technology Hardware & Equipment |
| William Hill | 2,844 | 0.91 | Travel & Leisure |
| Brambles | 2,801 | 0.90 | General Industrials |
| CBS | 2,745 | 0.88 | Media |
| Australia & New Zealand Bank | 2,700 | 0.86 | Banks |
| Agilent Technologies | 2,647 | 0.85 | Electronic & Electrical Equipment |
| Itochu | 2,613 | 0.84 | Support Services |
| ICAP | 2,454 | 0.79 | Financial Services |
| Flowserve | 2,384 | 0.76 | Industrial Engineering |
| Balfour Beatty | 2,383 | 0.76 | Construction & Materials |
| Citigroup | 2,378 | 0.76 | Banks |
| Weir Group | 2,358 | 0.75 | Industrial Engineering |
| AMEC | 2,339 | 0.75 | Oil Equipment, Services & Distribution |
| Tullett Prebon | 2,268 | 0.73 | Financial Services |
| BOC Hong Kong Holdings | 2,252 | 0.72 | Banks |
| Allergan | 2,222 | 0.71 | Pharmaceuticals & Biotechnology |
| Shire | 2,219 | 0.71 | Pharmaceuticals & Biotechnology |
| China Mobile | 2,055 | 0.66 | Mobile Telecommunications |
| Cie Financiere Richemont | 2,046 | 0.65 | Personal Goods |
| UCB | 2,007 | 0.64 | Pharmaceuticals & Biotechnology |
| BAE Systems | 1,973 | 0.63 | Aerospace & Defence |
| Adidas | 1,923 | 0.63 | Personal Goods |
| Petroceltic International | 1,913 | 0.61 | Oil & Gas Producers |
| Taiwan Semiconductor (ADS) | 1,830 | 0.59 | Electronic & Electrical Equipment |
| FirstGroup | 1,821 | 0.58 | Travel & Leisure |
| AIA | 1,634 | 0.52 | Life Insurance |
| Technip | 1,625 | 0.52 | Oil Equipment, Services & Distribution |
| Spectris | 1,604 | 0.51 | Electronic & Electrical Equipment |
| IG Group | 1,592 | 0.51 | Financial Services |
| Ashmore | 1,588 | 0.51 | Financial Services |
| Cnooc | 1,366 | 0.45 | Oil & Gas Producers |
| Jiangsu Express | 1,320 | 0.42 | Industrial Transportation |
| | 294,404 | 94.20 | |

FIXED INTEREST HOLDINGS

at 31 May 2014

| | Market Value £'000s | Total Assets % | Principal Activity |
|-----------------------------------|------------------------------------|-------------------------------|---------------------------|
| Treasury Stock 1.875% IL 22/11/22 | 11,144 | 3.57 | Gilt |
| Treasury Stock 1.25% IL 22/11/17 | 6,947 | 2.22 | Gilt |
| | 18,091 | 5.79 | |

UNLISTED EQUITY HOLDINGS

at 31 May 2014

| | Market Value £'000s | Total Assets % | Principal Activity |
|-------------------------|------------------------------------|-------------------------------|---------------------------|
| First Debenture Finance | 24 | 0.01 | Financial Services |
| Fintrust Debenture | 4 | 0.00 | Financial Services |
| | 28 | 0.01 | |

GEOGRAPHICAL ANALYSIS AS AT 31 MAY 2014

| | % |
|-----------------|---------------|
| United Kingdom* | 52.05 |
| North America | 25.57 |
| Europe | 12.10 |
| Pacific Basin | 5.11 |
| Japan | 2.99 |
| Latin America | 2.18 |
| Total | 100.00 |

*Includes Gilts.

SECTORAL ANALYSIS AS AT 31 MAY 2014

| | % |
|--------------------|---------------|
| Financials | 17.45 |
| Industrials | 16.92 |
| Oil & Gas | 13.80 |
| Healthcare | 13.54 |
| Consumer Services | 11.11 |
| Consumer Goods | 8.30 |
| Gilts | 5.79 |
| Technology | 5.29 |
| Basic Materials | 3.98 |
| Telecommunications | 2.84 |
| Utilities | 0.98 |
| Total | 100.00 |

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2014

| | Revenue £'000s | Capital £'000s | Total Return £'000s (Note 2) |
|--|-------------------|-------------------|------------------------------------|
| Net gains on investments at fair value | - | 8,482 | 8,482 |
| Net gains on foreign currency | - | 24 | 24 |
| Income from investments | 4,683 | - | 4,683 |
| Other income | 50 | - | 50 |
| Investment management fee | (216) | (505) | (721) |
| Administration expenses | (308) | (3) | (311) |
| Net return on ordinary activities before finance costs and taxation | 4,209 | 7,998 | 12,207 |
| Finance costs: interest payable and similar charges | (672) | (1,543) | (2,215) |
| Net return on ordinary activities before taxation | 3,537 | 6,455 | 9,992 |
| Taxation | (180) | - | (180) |
| Net return attributable to ordinary shareholders | 3,357 | 6,455 | 9,812 |
| Net return per ordinary share (Note 1) (basic and diluted) | 7.79p | 14.98p | 22.77p |

BALANCE SHEET

as at 31 May 2014

| | £'000s |
|--|----------------|
| Investments held at fair value through profit or loss | 312,523 |
| Net current assets | 11,601 |
| Total assets less current liabilities | 324,124 |
| Creditors: amount falling due after more than one year | (49,721) |
| Total net assets | 274,403 |
| Called up share capital | 10,772 |
| Capital redemption reserve | 5,228 |
| Capital reserves | 244,677 |
| Revenue reserve | 13,726 |
| Equity shareholders' funds | 274,403 |
| Net asset value per ordinary share | 636.8p |

The net asset value is based on 43,089,418 ordinary shares in issue

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2013

| | Revenue £'000s | Capital £'000s | Total Return £'000s (Note 2) |
|--|-------------------|-------------------|------------------------------------|
| Net gains on investments at fair value | - | 36,749 | 36,749 |
| Net gains on foreign currency | - | 12 | 12 |
| Income from investments | 4,992 | - | 4,992 |
| Other income | 27 | - | 27 |
| Investment management fee | (203) | (473) | (676) |
| Administration expenses | (247) | (4) | (251) |
| Net return on ordinary activities before finance costs and taxation | 4,569 | 36,284 | 40,853 |
| Finance costs: interest payable and similar charges | (676) | (1,552) | (2,228) |
| Net return on ordinary activities before taxation | 3,893 | 34,732 | 38,625 |
| Taxation | (165) | - | (165) |
| Net return attributable to ordinary shareholders | 3,728 | 34,732 | 38,460 |
| Net return per ordinary share (Note 1) (basic and diluted) | 8.63p | 80.40p | 89.03p |

BALANCE SHEET

as at 31 May 2013

| | £'000s |
|--|----------------|
| Investments held at fair value through profit or loss | 298,941 |
| Net current assets | 12,417 |
| Total assets less current liabilities | 311,358 |
| Creditors: amount falling due after more than one year | (49,957) |
| Total net assets | 261,401 |
| Called up share capital | 10,775 |
| Capital redemption reserve | 5,225 |
| Capital reserves | 231,623 |
| Revenue reserve | 13,778 |
| Equity shareholders' funds | 261,401 |
| Net asset value per ordinary share | 606.5p |

The net asset value is based on 43,101,918 ordinary shares in issue

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the year ended 30 November 2013

| | Revenue £'000s | Capital £'000s | Total Return £'000s (Note 2) |
|--|-------------------|-------------------|------------------------------------|
| Net gains on investments at fair value | - | 45,481 | 45,481 |
| Net losses on foreign currencies | - | (18) | (18) |
| Income from investments | 9,045 | - | 9,045 |
| Other income | 68 | - | 68 |
| Investment management fee | (413) | (963) | (1,376) |
| Administration expenses | (488) | (10) | (498) |
| Net return on ordinary activities before finance costs and taxation | 8,212 | 44,490 | 52,702 |
| Finance costs: interest payable and similar charges | (1,349) | (3,095) | (4,444) |
| Net return on ordinary activities before taxation | 6,863 | 41,395 | 48,258 |
| Taxation | (296) | - | (296) |
| Net return attributable to ordinary shareholders | 6,567 | 41,395 | 47,962 |
| Net return per ordinary share (Note 1) (basic and diluted) | 15.22p | 95.94p | 111.16p |

BALANCE SHEET

as at 30 November 2013

| | £'000s |
|--|----------------|
| Investments held at fair value through profit or loss | 300,321 |
| Net current assets | 17,776 |
| Total assets less current liabilities | 318,097 |
| Creditors: amount falling due after more than one year | (49,843) |
| Total net assets | 268,254 |
| Called up share capital | 10,772 |
| Capital redemption reserve | 5,228 |
| Capital reserves | 238,222 |
| Revenue reserve | 14,032 |
| Equity shareholders' funds | 268,254 |
| Net asset value per ordinary share | 622.6p |

The net asset value is based on 43,089,418 ordinary shares in issue

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | Called up Share Capital £'000s | Capital Redemption Reserve £'000s | Capital Reserve £'000s | Revenue Reserve £'000s | Total £'000s |
|--|---|--|------------------------------|------------------------------|-----------------|
| Six months ended 31 May 2014 | | | | | |
| Net Assets at 1 December 2013 | 10,772 | 5,228 | 238,222 | 14,032 | 268,254 |
| Revenue return | - | - | - | 3,357 | 3,357 |
| Dividends on ordinary shares | - | - | - | (3,663) | (3,663) |
| Capital return | - | - | 6,455 | - | 6,455 |
| Net assets at 31 May 2014 | 10,772 | 5,228 | 244,677 | 13,726 | 274,403 |
| Six months ended 31 May 2013 | | | | | |
| Net assets at 1 December 2012 | 10,811 | 5,189 | 197,558 | 13,636 | 227,194 |
| Revenue return | - | - | - | 3,728 | 3,728 |
| Shares repurchased during the period | (36) | 36 | (667) | - | (667) |
| Dividends on ordinary shares | - | - | - | (3,586) | (3,586) |
| Capital return | - | - | 34,732 | - | 34,732 |
| Net assets at 31 May 2013 | 10,775 | 5,225 | 231,623 | 13,778 | 261,401 |
| For the year ended 30 November 2013 | | | | | |
| Net assets at 1 December 2012 | 10,811 | 5,189 | 197,558 | 13,636 | 227,194 |
| Revenue return | - | - | - | 6,567 | 6,567 |
| Shares repurchased during the year | (39) | 39 | (731) | - | (731) |
| Dividends on ordinary shares | - | - | - | (6,171) | (6,171) |
| Capital return | - | - | 41,395 | - | 41,395 |
| Net assets at 30 November 2013 | 10,772 | 5,228 | 238,222 | 14,032 | 268,254 |

SUMMARY OF UNAUDITED RESULTS

CASH FLOW STATEMENT

| | Six Months ended 31 May 2014 £'000s | Six Months ended 31 May 2013 £'000s | Year ended 30 November 2013 £'000s |
|---|--|--|---|
| Net cash inflow from operating activities | 4,271 | 3,598 | 6,955 |
| Return on investments and servicing of finance | | | |
| Interest paid | (2,326) | (2,334) | (4,651) |
| Dividends paid on preference stock | (11) | (11) | (23) |
| Net cash outflow from servicing of finance | (2,337) | (2,345) | (4,674) |
| Capital expenditure and financial investment | | | |
| Purchase of fixed asset investments | (38,671) | (37,942) | (92,452) |
| Sale of fixed asset investments | 35,328 | 41,212 | 102,158 |
| Net cash (outflow) inflow from capital expenditure and financial investment | (3,343) | 3,270 | 9,706 |
| Equity dividends paid | (3,663) | (3,586) | (6,171) |
| Net cash (outflow) inflow before financing | (5,072) | 937 | 5,816 |
| Financing | | | |
| Purchase of ordinary shares for cancellation | - | (667) | (731) |
| (Decrease) increase in cash | (5,072) | 270 | 5,085 |
| Reconciliation of return on ordinary activities before finance costs and taxation to net cash flow from operating activities | | | |
| Total return before finance costs and taxation | 12,207 | 40,853 | 52,702 |
| Add: Net gains on investments at fair value | (8,482) | (36,749) | (45,481) |
| Add: Special dividends credited to capital | 1,182 | - | - |
| Add: Effective yield amortisation | (104) | 23 | (76) |
| Less: Net (gains) losses on foreign currency | (24) | (12) | 18 |
| Less: Overseas tax suffered | (180) | (165) | (296) |
| | 4,599 | 3,950 | 6,867 |
| (Increase) decrease in debtors | (301) | (297) | 77 |
| (Decrease) increase in creditors | (27) | (55) | 11 |
| Net cash inflow from operating activities | 4,271 | 3,598 | 6,955 |
| Reconciliation of net cash flow to movement in net debt | | | |
| Net cash (outflow) inflow | (5,072) | 270 | 5,085 |
| Net gains (losses) on foreign currency | 24 | 12 | (18) |
| Decrease in long term loans | 122 | 115 | 229 |
| Movement in net (debt) funds | (4,926) | 397 | 5,296 |
| Net debt brought forward | (32,814) | (38,110) | (38,110) |
| Net debt carried forward | (37,740) | (37,713) | (32,814) |

NOTES

Note 1

The returns per ordinary share have been calculated using a weighted average number of shares in issue of 43,089,418 (31 May 2013 - 43,200,814; 30 November 2013 – 43,146,811 shares).

Note 2

The total column of this statement is the profit and loss account of the company.

All revenue and capital items derive from continuing operations. No operations were acquired or discontinued in the period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the company have been reflected in the Income Statement.

Included in the cost of investments are transaction costs on purchases which amounted to £100,000 (31 May 2013 - £109,000; 30 November 2013 - £212,000) and transaction costs on sales which amounted to £35,000 (31 May 2013 - £31,000; 30 November 2013 - £78,000).

Note 3

Investments are designated as held at fair value through profit or loss in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. Listed investments are valued at bid market prices.

Note 4

In accordance with FRS21 'Events after the Balance Sheet Date', the final dividend payable on ordinary shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

Dividends payable on ordinary shares in respect of earnings for each period are as follows:

| | Six months ended 31 May 2014 £'000s | Six months ended 31 May 2013 £'000s | Year ended 30 November 2013 £'000s |
|--|--|--|---|
| Final dividend 8.50p paid 26 March 2014 (2013 - 8.30p) | 3,663 | 3,586 | 3,586 |
| Interim dividend 6.00p paid 30 August 2013 | - | - | 2,585 |
| | <u>3,663</u> | <u>3,586</u> | <u>6,171</u> |

Dividends payable at the period end are not recognised as a liability under FRS 21 'Events after the Balance Sheet Date'. Details of these dividends are set out below.

| | Six months ended 31 May 2014 £'000s | Six months ended 31 May 2013 £'000s | Year ended 30 November 2013 £'000s |
|---|--|--|---|
| First interim dividend 3.00p paid 27 June 2014 | 1,293 | - | - |
| Second interim dividend 3.10p payable 22 September 2014 (2013 - 6.00p) | 1,336 | 2,586 | - |
| Third interim dividend | - | - | - |
| Final dividend 8.50p | - | - | 3,663 |
| | <u>2,629</u> | <u>2,586</u> | <u>3,663</u> |

The interim and final dividends above are based on the number of shares in issue at the period end. However, the dividend payable will be based upon the number of shares in issue on the record date and will reflect any purchase or cancellations of shares by the company settled subsequent to the period end.

Note 5

The directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements, as the assets of the company consist mainly of securities which are readily realisable and accordingly, that the company has adequate financial resources to continue in operational existence for the foreseeable future.

Note 6

The half yearly report has neither been audited nor reviewed by the company's auditors. The financial information for the year ended 30 November 2013 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and restated by reference to the changes in accounting policies detailed above. The auditor's report on those accounts was unqualified and did not contain a statement under either section 498(2) or (3) of the Companies Act 2006.

In accordance with the UK's disclosure requirements for listed companies, the company is required to make limited additional and updated disclosures, mainly relating to the first and third quarters of the financial year. These Interim Management Statements are released via the Regulatory News Service and posted on the company's website www.brunner.co.uk on or shortly before 19 April and 19 October each year.

The half yearly financial report will be sent to shareholders in early August 2014 and will be available to members of the public from the company's registered office at 199 Bishopsgate, London EC2M 3TY.