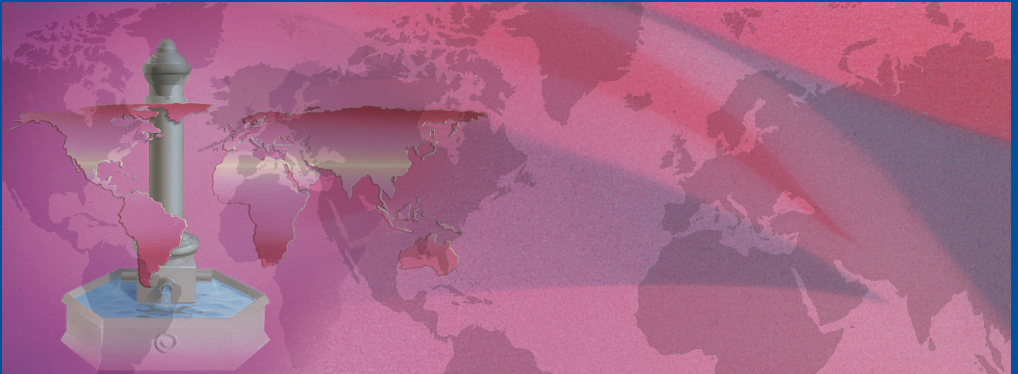


The Brunner Investment Trust plc

Interim Report for the six months ended 31 May 2006



Key Facts

Investment Objective

To achieve a total return higher than that of the benchmark index of 60% FTSE All-Share and 40% FT/S&P World Index (ex UK sterling adjusted) over the long-term.

Strategy

The objective will be achieved by investing in UK and international securities and by using appropriate gearing to enhance returns. The strategy is designed to meet the requirements of those making a single investment in a diversified and professionally managed portfolio.

Financial Highlights

| Revenue | For the six months ended 31 May | | |
|---------------------------------|---------------------------------|--------|----------|
| | 2006 | 2005 | % change |
| Available for Ordinary Dividend | £2.99m | £2.44m | +22.5 |
| Earnings per Ordinary Share | 6.05p | 4.67p | +29.5 |
| Dividend per Ordinary Share | 4.00p | 3.60p | +11.1 |

| Assets | At | At | % change |
|---|-------------|------------------|----------|
| | 31 May 2006 | 30 November 2005 | |
| Total Assets less Current Liabilities | £283m | £278m* | +1.8 |
| Net Asset Value per Ordinary Share | 470.8p | 451.7p* | +4.2 |
| Ordinary Share Price | 382.5p | 364.0p | +5.1 |
| Discount of Net Asset Value to Ordinary Share Price | (18.8)% | (19.4)% | +3.1 |
| NAV Total Return# | | | +5.4 |
| 60% FTSE All-Share and 40% FT/S&P World Index (ex UK) in sterling* (Total Return) | | | +3.9 |

#NAV total return reflects both the change in net asset value per Ordinary Share (+4.2%) and the net ordinary dividends paid in respect of the period.

*Source: Datastream. Indices are price index returns rebalanced on a monthly basis.

*Figures are restated in accordance with Financial Reporting Standard 21: 'Events after the Balance Sheet Date' and Financial Reporting Standard 25: 'Financial Instruments: Disclosure and Presentation'.

Chairman's Statement

Net Asset Value

A summary of the results for the six months ended 31 May 2006 is set out below. The Net Asset Value attributable to each Ordinary Share at 31 May 2006 was 470.8p. This compares with 451.7p at 30 November 2005, an increase of 4.2% over the period. The capital return on the benchmark index (60% FTSE All-Share, 40% FTSE World Index - £) was 3.4% over the period.

Earnings

Earnings in the six months to 31 May 2006 were 6.05p per Ordinary Share (2004: 4.67p).

Interim Dividend

The Board has declared an interim dividend of 4.0p net (2005: 3.6p) per Ordinary Share payable on 24 August 2006 to holders on the Register of Members at the close of business on 28 July 2006.

Share Buy Backs

During the period under review the Company purchased 893,500 Ordinary Shares for cancellation. In the period since 31 May 2006, a further 62,500 Ordinary Shares have been purchased for cancellation.

Investment Review

The first half of the financial year was set against a backdrop of increasing volatility within global equity markets and latterly a period of profit-taking as investors shifted their focus towards more defensive sectors. Adverse inflation data in the US triggered the initial weakness in May, before a series of global sell-offs became self sustaining as investors reflected on concerns that inflation was more of a threat than many commentators had previously thought. In May, the US Fed raised interest rates for a sixteenth consecutive time - a move which had been widely anticipated but which was accompanied by the comment that 'further policy firming may yet be needed to address inflation risks'. Subsequently, in June, the Federal Open Markets Committee raised its target for the Federal Funds Rate by a further 25 basis points to 5.25%.

Recovery in Europe remains on track and the European Central Bank, having raised its benchmark interest rate for the first time in five years in December, raised the rate a further 0.25% to 2.5% in March, as an improving economic sentiment survey indicated positive growth momentum. In Germany, the IFO Business Climate Index fell in May, although this was after having risen continuously for the 5 previous months. In France,

consumer spending remained strong despite weak consumer confidence data and a subdued job market. In the UK, economic growth is currently at the lower range of trend growth, suggesting spare capacity has not been fully utilised. Nonetheless expectations are for a further modest rise in interest rates later this year. Consumer spending remains on an improving trend, with the Confederation of British Industry noting its gauge of retail sales for April was at its highest level since February 2005. In Japan, the economy remains on an improving trend, although monetary policy tightening has contributed to disappointing returns from Japanese equities this year. Elsewhere in the Far East, continuing growth in China and intra-regional trade has underpinned company profits in the region.

In this period, performance came from a diversified selection of stocks with significant contributions from Man Group, the UK hedge fund group, which increased by 32%, and Hong Kong Exchange, the operator of the main financial exchange in Hong Kong, which was up by 74%. Vallourec, a French steel producer specialising in the supply of piping for use in the oil sector, and Atlas Copco, in the Industrials sector, were also strong performers. Shares in the mining companies, Rio Tinto and BHP Billiton, also contributed to the performance, despite profit-taking towards the end of the period. On a less positive note, Carnival was disappointing with difficult trading and high oil prices affecting sentiment. This holding has now been sold.

Outlook

Given the prevailing market environment we continue to monitor closely the risks inherent within the portfolio, which remains diversified across major sectors and regions. Despite recent market movements, we believe that we remain in an environment where equities in general are reasonably valued and that inflationary concerns are unlikely to prompt a disproportionate and potentially destabilising increase in interest rates. Whilst we expect that volatility will continue in the near term, and that we will see some further modest tightening of monetary policy in most regions, equities have the capacity to deliver another positive year for investors in 2006.

Keith Percy
Chairman

12 July 2006

Portfolio Analysis

As at 31 May 2006



Twenty Largest Equity Holdings

As at 31 May 2006

| Security Name | Market value | % of | | Principal Activity |
|--------------------------------|--------------|-------|---------|-----------------------------------|
| | £'000s | Total | Assets* | |
| Treasury Stock 4.5% 07/03/2007 | 24,956 | 8.81 | | UK Government Bond |
| GlaxoSmithKline | 11,275 | 3.98 | | Pharmaceuticals |
| BP | 11,235 | 3.97 | | Oil and Gas |
| Royal Dutch Shell 'B' shares | 10,631 | 3.75 | | Oil and Gas |
| HSBC | 7,470 | 2.64 | | Banking |
| Rio Tinto | 6,014 | 2.12 | | Mining |
| BHP Billiton | 5,816 | 2.05 | | Mining |
| Vodafone | 5,676 | 2.00 | | Mobile Telecommunication |
| Royal Bank of Scotland | 5,655 | 2.00 | | Banking |
| Barclays | 5,335 | 1.88 | | Banking |
| HBOS | 5,056 | 1.79 | | Banking |
| BG | 4,029 | 1.42 | | Oil & Gas |
| BAE Systems | 3,945 | 1.39 | | Aerospace and Defence |
| Xstrata | 3,823 | 1.35 | | Mining |
| Sage | 3,783 | 1.34 | | Software & Computer Services |
| Cobham | 3,726 | 1.32 | | Aerospace and Defence |
| Spectris | 3,561 | 1.26 | | Electronic & Electrical Equipment |
| Informa | 3,491 | 1.23 | | Media and Entertainment |
| Astrazeneca | 3,165 | 1.12 | | Pharmaceuticals |
| Reuters | 2,952 | 1.04 | | Media and Entertainment |
| | 131,594 | 46.46 | | |

* Total assets are stated net of current liabilities

Income Statement

For the six months ended
31 May 2006

| | Revenue £'000s | Capital £'000s | Total £'000s |
|--|-------------------|-------------------|-----------------|
| | | | (Note 2) |
| Net gains on investments at fair value | - | 10,648 | 10,648 |
| Income from investments | 4,020 | - | 4,020 |
| Other income | 397 | - | 397 |
| Investment management fee | (230) | (537) | (767) |
| Expenses of administration | (199) | (7) | (206) |
| Net return before finance costs and taxation | 3,988 | 10,104 | 14,092 |
| Finance costs: interest payable and similar charges | (714) | (1,601) | (2,315) |
| Return on ordinary activities before taxation | 3,274 | 8,503 | 11,777 |
| Taxation | | | |
| Overseas taxation | (117) | - | (117) |
| UK taxation | (163) | 163 | - |
| | (280) | 163 | (117) |
| Return attributable to Ordinary Shareholders | 2,994 | 8,666 | 11,660 |
| Return per Ordinary Share (Note 1) | 6.05p | 17.51p | 23.56p |
| (basic and diluted) | | | |

Balance Sheet

As at 31 May 2006
£'000s

| | |
|---|----------------|
| Investments held at fair value through profit or loss | 273,023 |
| Net current assets | 10,124 |
| Total Assets less Current Liabilities | 283,147 |
| Creditors - Amounts falling due after one year | (52,115) |
| Total Net Assets | 231,032 |
| Called up Share Capital | 12,267 |
| Capital Redemption Reserve | 3,733 |
| Capital Reserves: Realised | 172,129 |
| Unrealised | 32,066 |
| Revenue Reserve | 10,837 |
| Equity Shareholders' Funds | 231,032 |
| Net Asset Value per Ordinary Share | 470.8p |

The net asset value is based on 49,069,338 Ordinary Shares in issue

| Revenue (restated) £'000s | For the six months ended 31 May 2005 | | Revenue (restated) £'000s | For the year ended 30 November 2005 | |
|---------------------------------|---|-------------------------------|---------------------------------|--|-------------------------------|
| | Capital (restated) £'000s | Total (restated) £'000s | | Capital (restated) £'000s | Total (restated) £'000s |
| - | 11,484 | (Note 2) 11,484 | - | 43,599 | (Note 2) 43,599 |
| 3,472 | - | 3,472 | 6,566 | - | 6,566 |
| 402 | - | 402 | 801 | - | 801 |
| (197) | (458) | (655) | (410) | (956) | (1,366) |
| (210) | - | (210) | (301) | (16) | (317) |
| 3,467 | 11,026 | 14,493 | 6,656 | 42,627 | 49,283 |
| (707) | (1,598) | (2,305) | (1,419) | (3,203) | (4,622) |
| 2,760 | 9,428 | 12,188 | 5,237 | 39,424 | 44,661 |
| (133) | - | (133) | (217) | - | (217) |
| (190) | 190 | - | (289) | 289 | - |
| (323) | 190 | (133) | (506) | 289 | (217) |
| 2,437 | 9,618 | 12,055 | 4,731 | 39,713 | 44,444 |
| 4.67p | 18.44p | 23.11p | 9.21p | 77.36p | 86.57p |

| | As at 31 May 2005 (restated) £'000s | As at 30 November 2005 (restated) £'000s |
|--|---|--|
| | 236,336 | 260,383 |
| | 16,477 | 17,463 |
| | 252,813 | 277,846 |
| | (52,180) | (52,147) |
| | 200,633 | 225,699 |
| | 12,912 | 12,491 |
| | 3,088 | 3,509 |
| | 160,736 | 164,055 |
| | 13,959 | 35,226 |
| | 9,938 | 10,418 |
| | 200,633 | 225,699 |
| | 388.0p | 451.7p |

The net asset value is based on 51,708,416 Ordinary Shares in issue.

The net asset value is based on 49,962,838 Ordinary Shares in issue.

Reconciliation of Movements in Shareholders' Funds

| | Called up Share Capital £'000s | Preference Share Capital £'000s | Capital Redemption Reserve £'000s | Capital Reserve Realised £'000s | Capital Reserve Unrealised £'000s | Revenue Reserve £'000s | Total £'000s |
|---|---|--|--|--|--|------------------------------|-----------------|
| Six months ended 31 May 2006 | | | | | | | |
| Net Assets at 30 November 2005 as previously stated | 12,491 | 450 | 3,509 | 164,055 | 35,226 | 7,820 | 223,551 |
| Reclassification of 5% Cumulative Preference Stock as a long term creditor | - | (450) | - | - | - | - | (450) |
| Dividends on Ordinary Shares not recognised as a current liability | - | - | - | - | - | 2,598 | 2,598 |
| Net Assets at 30 November 2005 (restated) | 12,491 | - | 3,509 | 164,055 | 35,226 | 10,418 | 225,699 |
| Adjustment to record investments at bid value | - | - | - | - | (216) | - | (216) |
| Revenue Return | - | - | - | - | - | 2,994 | 2,994 |
| Shares repurchased during the period | (224) | - | 224 | (3,536) | - | - | (3,536) |
| Dividends on Ordinary Shares | - | - | - | - | - | (2,575) | (2,575) |
| Capital Return | - | - | - | 11,610 | (2,944) | - | 8,666 |
| Net Assets at 31 May 2006 | 12,267 | - | 3,733 | 172,129 | 32,066 | 10,837 | 231,032 |
| Six months ended 31 May 2005 | | | | | | | |
| Net Assets at 30 November 2004 as previously stated | 13,102 | 450 | 2,898 | 159,387 | 7,931 | 7,497 | 191,265 |
| Reclassification of 5% Cumulative Preference Stock as a long term creditor | - | (450) | - | - | - | - | (450) |
| Dividends on Ordinary Shares not recognised as a current liability | - | - | - | - | - | 2,411 | 2,411 |
| Net Assets at 30 November 2004 (restated) | 13,102 | - | 2,898 | 159,387 | 7,931 | 9,908 | 193,226 |
| Revenue Return | - | - | - | - | - | 2,437 | 2,437 |
| Shares repurchased during the period | (190) | - | 190 | (2,241) | - | - | (2,241) |
| Dividends on Ordinary Shares | - | - | - | - | - | (2,407) | (2,407) |
| Capital Return | - | - | - | 3,590 | 6,028 | - | 9,618 |
| Net Assets at 31 May 2005 (restated) | 12,912 | - | 3,088 | 160,736 | 13,959 | 9,938 | 200,633 |

| | Called up Share Capital £'000s | Preference Share Capital £'000s | Capital Redemption Reserve £'000s | Capital Reserve Realised £'000s | Capital Reserve Unrealised £'000s | Revenue Reserve £'000s | Total £'000s |
|---|---|--|--|--|--|------------------------------|-----------------|
| Year ended 30 November 2005 | | | | | | | |
| Net Assets at 30 November 2004 as previously stated | 13,102 | 450 | 2,898 | 159,387 | 7,931 | 7,497 | 191,265 |
| Reclassification of 5% Cumulative Preference Stock as a long term creditor | - | (450) | - | - | - | - | (450) |
| Dividends on Ordinary Shares not recognised as a current liability | - | - | - | - | - | 2,411 | 2,411 |
| Net Assets at 30 November 2004 (restated) | 13,102 | - | 2,898 | 159,387 | 7,931 | 9,908 | 193,226 |
| Revenue Return | - | - | - | - | - | 4,731 | 4,731 |
| Shares repurchased during the year | (611) | - | 611 | (7,750) | - | - | (7,750) |
| Dividends on Ordinary Shares | - | - | - | - | - | (4,221) | (4,221) |
| Capital Return | - | - | - | 12,418 | 27,295 | - | 39,713 |
| Net Assets at 30 November 2005 (restated) | 12,491 | - | 3,509 | 164,055 | 35,226 | 10,418 | 225,699 |

Cash Flow Statement

| | Six months ended 31 May 2006 £'000s | Six months ended 31 May 2005 £'000s | Year ended 30 November 2005 £'000s |
|---|--|--|---|
| Net cash inflow from operating activities | 2,973 | 2,823 | 6,037 |
| Servicing of finance | | | |
| Interest paid | (2,336) | (2,326) | (4,663) |
| Dividends paid on Preference Stock | (11) | (11) | (23) |
| Net cash outflow on servicing of finance | (2,347) | (2,337) | (4,686) |
| Financial investment | | | |
| Purchase of fixed asset investments | (83,882) | (78,663) | (181,836) |
| Sale of fixed asset investments | 83,909 | 76,566 | 189,667 |
| Net cash inflow (outflow) inflow from investing activities | 27 | (2,097) | 7,831 |
| Equity dividends paid | (2,575) | (2,407) | (4,221) |
| Net cash (outflow) inflow before financing | (1,922) | (4,018) | 4,961 |
| Financing | | | |
| Purchase of Ordinary Shares for cancellation | (3,536) | (2,241) | (7,750) |
| Decrease in cash | (5,458) | (6,259) | (2,789) |

Notes

Note 1

The return per Ordinary Share is based on a weighted average number of shares in issue 49,481,205 (31 May 2005 - 52,168,537; 30 November 2005 - 51,334,348).

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 £348,154 (31 May 2005 - £296,958; 30 November 2005 - £617,290) and transaction costs on sales which amounted to £147,761 (31 May 2005 - £151,881; 30 November 2005 - £343,202).

Note 3

Investments are designated as held at fair value through profit or loss in accordance with FRS 26 'Financial Instruments: Measurement'. Listed investments are valued at bid market prices. This represents a change in accounting policy. However, in accordance with the exemption conferred by paragraph 108D of FRS 26, comparatives have not been restated. In prior periods listed investments were valued at mid market prices. As a consequence the adoption of bid prices on 1 December 2005 decreased the value of listed investments by £215,910 to £260,167,513.

Note 4

In accordance with FRS 21 '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. This is a change in accounting policy and results in a restatement of the prior year creditors and a consequential increase in the prior year Net Asset Value, as explained in Note 6.

Dividends paid on Ordinary Shares in respect of earnings for each period are as follows:

| | Six months to 31 May 2006 £'000s | Six months to 31 May 2005 £'000s | Year to 30 November 2005 £'000s |
|--|--|--|---------------------------------------|
| Interim dividend 3.60p paid 25 August 2005 | - | - | 1,814 |
| Final dividend 5.20p paid 24 March 2006 (2005 - 4.60p) | 2,575 | 2,407 | 2,407 |
| | <u>2,575</u> | <u>2,407</u> | <u>4,221</u> |

Dividends payable are not recognised as a liability under FRS 21. Details of these dividends are set out below.

| | Six months to 31 May 2006 £'000s | Six months to 31 May 2005 £'000s | Year to 30 November 2005 £'000s |
|---|--|--|---------------------------------------|
| Interim dividend 4.0p payable 24 August 2006 (2005 - 3.60p) | 1,962 | 1,862 | - |
| Final dividend 5.20p | - | - | 2,598 |

Notes

The interim dividend noted above is based on the number of shares in issue at the period end. However, the dividend subsequently paid will be based on the number of shares in issue on the record date and will reflect any purchases or cancellations of shares by the Company settled subsequent to the period end.

Note 5

Following the introduction of FRS 25 'Financial Instruments: Disclosure and Presentation', the 5% Cumulative Preference Stock is now classified as a liability as the rights of the stockholders to receive dividend payments are not calculated by reference to the Company's profits. This is a change of accounting policy and prior year net assets have been restated accordingly, as explained in Note 6.

Note 6

Restatement of opening balances

| | As previously stated 31 May 2005 £'000s | Adjustment £'000s | Restated 31 May 2005 £'000s |
|--|---|----------------------|-----------------------------------|
| Fixed Assets | 236,336 | - | 236,336 |
| Net Current Assets | 14,615 | 1,862 ¹ | 16,477 |
| Total Assets less Current Liabilities | 250,951 | 1,862 | 252,813 |
| Less: Creditors - amounts falling due after one year | (51,730) | (450) ³ | (52,180) |
| Total Net Assets | 199,221 | 1,412 | 200,633 |
| Capital and Reserves | | | |
| Called up Share Capital: Ordinary | 12,912 | - | 12,912 |
| : Preference | 450 | (450) ³ | - |
| Capital Redemption Reserve | 3,088 | - | 3,088 |
| Capital Reserves: Realised | 160,736 | - | 160,736 |
| Unrealised | 13,959 | - | 13,959 |
| Revenue Reserve | 8,076 | 1,862 ¹ | 9,938 |
| Shareholders' Funds | 199,221 | 1,412 | 200,633 |
| Net asset value per Ordinary Share | 384.4p | 3.6p | 388.0p |

Notes

| | As previously stated 30 November 2005 £'000s | Adjustment £'000s | Restated 30 November 2005 £'000s |
|--|--|----------------------|--|
| Fixed Assets | 260,383 | - | 260,383 |
| Net Current Assets | 14,865 | 2,598 ² | 17,463 |
| Total Assets less Current Liabilities | 275,248 | 2,598 | 277,846 |
| Less: Creditors - amounts falling due after one year | (51,697) | (450) ³ | (52,147) |
| Total Net Assets | 223,551 | 2,148 | 225,699 |
| Capital and Reserves | | | |
| Called up Share Capital: Ordinary | 12,491 | - | 12,491 |
| : Preference | 450 | (450) ¹ | - |
| Capital Redemption Reserve | 3,509 | - | 3,509 |
| Capital Reserves: Realised | 164,055 | - | 164,055 |
| Unrealised | 35,226 | - | 35,226 |
| Revenue Reserve | 7,820 | 2,598 ² | 10,418 |
| Shareholders' Funds | 223,551 | 2,148 | 225,699 |
| Net asset value per Ordinary Share | 446.5p | 5.2p | 451.7p |

¹Represents the effect of not recognising the interim dividend (FRS 21).

²Represents the effect of not recognising the final dividend (FRS 21).

³Represents the effect of recognising the 5% Cumulative Preference Stock holding as a creditor due after more than one year (FRS 25).

Note 7

The interim statement has neither been audited nor reviewed by the Company's auditors. The financial information for the year ended 31 October 2005 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 237(2) or Section 237(3) of the Companies Act 1985.

Investor Information

Directors

Keith Percy (Chairman)
Vivian Bazalgette
Ben Siddons
Richard Wakeling
William Worsley

Managers

RCM (UK) Limited
155 Bishopsgate
London EC2M 3AD
Telephone: 020 7859 9000
Represented by Mark Lovett and Lucy MacDonald
(Fund Managers)

Allianz Global Investors is the marketing name of RCM (UK) Limited, which is authorised and regulated by the Financial Services Authority.

Secretary and Registered Office

Kirsten Salt BA (Hons) ACIS
155 Bishopsgate
London EC2M 3AD
Registered Number: 226323

Registrars

Capita Registrars
The Registry, 34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0870 162 3100
Or, if telephoning from overseas,
0044 20 8639 2157.
Email: ssd@capitaregistrars.com

Results

Half-year announced in July.
Full year announced late January/early February.
Reports and Accounts posted to shareholders late February/early March.
Annual General Meeting held in March.

Dividends

Interim dividend payable 24 August 2006 (ex dividend 26 July 2006)
Final dividend payable March 2007.

Net Asset Value

The Net Asset Value of the Ordinary Shares is

calculated daily and the top ten holdings are announced monthly. They are published on the London Stock Exchange Regulatory News Service.

They are also available from the Managers on request.

Savings Plan

Investors are able to buy shares in the Company at low cost through the Allianz Global Investors Investment Trust Savings Plan. Investments can be in the form of a regular monthly contribution, an individual lump sum or a combination of the two. There is an arrangement for the reinvestment of dividends as well as facilities for selling and switching. Full details of the savings plan are available from Allianz Global Investors, via Investor Services on 0800 317 573 or on the Managers' website: www.allianzglobalinvestors.co.uk, or alternatively, please use the FREEPOST card enclosed to request any literature you may require.

Maxi ISA and PEP Transfer

Shareholders can invest in the shares of the Company through the Allianz Global Investors Investment Trust Maxi ISA and PEP Transfer. Full details are available from Allianz Global Investors, via Investor Services on 0800 317 573 or on the Managers' website: www.allianzglobalinvestors.co.uk, or alternatively, please use the FREEPOST card enclosed to request any literature you may require.

Shareholders' Enquiries

Capita Registrars maintain the share register. In the event of queries regarding shareholdings, lost certificates, registered details, etc., shareholders should contact the registrars on 0870 162 3100 or, if calling from overseas, 0044 20 8639 2157, or by email: ssd@capitaregistrars.com. Changes of name or address must be notified to the registrars in writing.

Any general enquiries about the Company should be directed to the Company Secretary, The Brunner Investment Trust PLC, 155 Bishopsgate, London EC2M 3AD.

AITC Membership

The Company is a member of the Association of Investment Trust Companies.

Category: Global Growth

Allianz Global Investors
Phone 0800 317 573
Fax 020 7638 3508
www.allianzglobalinvestors.co.uk