

**THE BRUNNER INVESTMENT TRUST PLC**

**HALF-YEARLY FINANCIAL REPORT**  
**For the six months ended 31 May 2013**

**Highlights**

- Net asset value per share up by 15.4%.
- Earnings per ordinary share 8.63p (2012 – 7.30p)
- Dividend per share 6.00p (2012 – 5.00p).

**Interim Management Report**

Net Asset Value

A summary of the results for the six months ended 31 May 2013 is set out below. The net asset value attributable to each ordinary share at 31 May 2013 was 606.5p. This compares with 525.4p at 30 November 2012, an increase of 15.4% over the period. The capital return on the benchmark index (50% FTSE All-Share, 50% FTSE World Index (ex UK Sterling), was 15.5% over the period.

Earnings

Earnings increased by 18.2% to 8.63p per ordinary share in the six months to 31 May 2013 (2012 – 7.30p), reflecting higher income from investments.

Gearing

The gearing at 30 November 2012 was 6.2% and at 31 May 2013 was 8.8%, 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.

Interim Dividend

As we reported last year, the board has decided to take steps to equalise the half-year and year end payments more closely over time and this half-year's payment is being increased to continue this process. The board has declared an interim dividend of 6.00p (2012 – 5.00p) per ordinary share payable on 30 August 2013 to holders on the register of members at the close of business on 2 August 2013. It is the board's intention at least to maintain the final dividend for the year ending 30 November 2013.

Board

We are pleased to welcome Carolan Dobson who will be joining us as a director from 1 December this year. Carolan's extensive investment management background will be a valuable addition to the board's skills.

Material events and transactions

In the six month period ended 31 May 2013 the following material events and transactions have taken place.

- At the annual general meeting of the company held on 19 March 2013, all the resolutions put to shareholders were passed.
- During the period under review the company purchased 141,000 ordinary shares for cancellation.

There were no related party transactions in the period.

Since the period end, a further 12,500 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 2012. These are set out in a table in the Directors' Report on page 28 of the annual financial 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 2013 and the above responsibility statement was signed on its behalf by the Chairman.

**Keith Percy**  
**Chairman**

### **Enquiries:**

For further information, please contact:

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## **Investment Managers' Review**

### **Market Review**

Global equity markets rallied as risk assets continued to be supported by accommodative monetary policies and low interest rates. However, towards the end of the period markets declined and volatility increased on comments from Federal Reserve Chairman Ben Bernanke that a tapering of quantitative easing would be justified if US economic data continued to improve. During the period, the portfolio rose in absolute terms and performed broadly in line with the benchmark.

Shares ended 2012 supported by positive developments in Europe, Asia and the US. Greece successfully bought back a tranche of government debt, paving the way for further EU financial support. Investors also reacted positively to the results of the Japanese election, which gave the in-coming government a strong mandate to pursue more aggressive monetary easing and fiscal stimulus in order to reignite economic growth. Finally, markets were also supported by the Federal Reserve Board's announcement that it would implement an additional round of quantitative easing, taking monthly purchases of US Treasuries and mortgaged-back securities to \$85 bn.

Positive momentum continued in Q1 2013 with the resolution of the US fiscal cliff as politicians agreed to raise taxes on higher income earners and delay mandatory across-the-board spending cuts. Markets were also supported by positive US employment, consumer spending and durable goods data. Corporate earnings announcements also helped as a majority of companies beat consensus forecasts and despite financial turmoil in Cyprus and political gridlock in Italy, markets continued to move higher.

In April the Bank of Japan announced a major change in policy in an attempt to reverse the deflationary morass the economy has suffered for over a decade. The shift includes aggressive buying of Japanese bonds and a doubling of the monetary base by the end of 2014. Investors reacted positively and equity markets ended the month at multi-year highs. As May progressed, market volatility increased on growing uncertainty over the direction of US monetary policy. Japanese shares and US Treasuries experienced their biggest one day falls in two years. Other equity markets saw profit-taking and bond yields in the UK, Germany and Japan also moved higher.

### **Portfolio Review**

Over the period the portfolio's NAV rose 15.4%, compared with an increase of 15.5% for the benchmark index (50% FTSE All-Share, 50% FTSE World ex-UK). Performance benefited from positive stock selection in Industrials and Financials. The overweight in Health Care and underweight in Basic Materials also helped. Stock selection in Oil & Gas, Consumer Services and Telecommunications detracted, as did the underweight in Financials.

US biotechnology company Celgene was the top contributor to returns. Celgene has a number of new and existing drugs in various trial phases including Revlimid for myeloma, apremilast Phase 3 psoriasis data, abraxane for new pancreatic indications and recently FDA approved oral therapy pomalidomide, also for multiple myeloma. We believe that eventual approval for Revlimid in Europe represents further option value.

Walgreen was another strong contributor. The shares were first purchased last year after the announcement of the Alliance Boots (AB) deal on the basis that the stock had been de-rated due to a dispute (since resolved) with Pharmacy Benefits Manager Express Scripts and that the acquisition of AB represented an attractive opportunity to extract meaningful operational synergies, particularly in the bulk purchase of generic drugs. Same-store-sales have turned positive and the average spend per transaction rose 5.5%, more than offsetting a 1.3% decline in traffic. The shares have begun to re-rate on the steady turnaround and continue to have upside potential.

AZ Electronic Materials was the top detractor. Q1 sales fell 2% due to both company specific issues and on-going weakness in the integrated circuits industry, which AZ is a supplier to. We concluded that while this is a reasonably high quality company with decent growth prospects, industry visibility is poor and therefore it is difficult to foresee a higher rating for the shares and sold the holding.

Energy companies Petroceltic International and CNOOC also detracted. Petroceltic has been impacted by unrest in Algeria and Egypt where it has major gas assets. The shares trade at a significant discount to NAV and we believe this valuation gap will close over the medium term, possibly in Q3 2013 if the company is

successful in farming out a portion of the Algerian asset. CNOOC released solid Q1 2013 results, with a 17% increase in oil volumes and confirmation of another significant crude oil discovery off the coast of China. The shares have been impacted by negative sentiment towards both oil demand and China but we believe the fundamentals of the company remain in place and continue to hold the shares.

New holdings during the period include CBS and ICAP. CBS has several long-term drivers in place that should provide tailwinds for the share price. Total retransmission income is ramping up quickly and will be a source of material incremental income over the next five years. Income should also be boosted by new high margin syndication and subscription video-on-demand deals. The company also has the capacity to meaningfully increase its share buyback program by raising leverage. Inter-broker dealer ICAP has underperformed over the past couple of years due to low volatility and bank deleveraging. Sentiment has also been negative ahead of regulatory changes. The recent upward move in interest rates and increased foreign exchange volatility are potential catalysts for improved trading. Indeed, ICAP reported strong May electronic volumes, especially in US Treasuries. Regulation remains an uncertainty but also presents opportunities. There is scope for the shares to continue to move higher as they are on low forward P/E of 11x and offer a dividend yield of 6.5%.

In addition to AZ Electronic Materials, Cobham was also sold. Cobham has a leading position in air-to-air refuelling and is a strong cash generator. The shares performed well after the release of Q1 2013 earnings and while the company remains well positioned, probable reductions in US defence spending as a result of public spending cuts are likely and the impact on the company is impossible to predict. We concluded that, after the shares' strong run, the risk/reward trade-off was no longer attractive and we sold the position.

## **Outlook**

Market gyrations have not altered our view that for long term investors equities should be a preferred asset class. It is far from clear that the Fed will remove monetary support soon and even if we do see a tapering of bond purchases the implication would be that the US economy was healing in a sustainable way. In Europe the economic data remains uninspiring but it is heartening to see that the eurozone has begun to emphasise growth over austerity, which should ease some of the social pressures that have been building up in some countries. The initial knee-jerk reaction of a weakening Yen and soaring stock market to "Abenomics" in Japan appears to have run its course and now markets are looking for further progress on structural reforms which of course will be more difficult to implement. Nonetheless, there does appear to be a fundamental shift in sentiment that could end the debilitating deflationary spiral that the country has been mired in for so long. Finally, China's pivot from export-led growth to domestic consumption will take time, but ultimately will be instrumental in addressing global demand imbalances. We view market weakness as an opportunity to add to high conviction portfolio holdings, particularly quality dividend-paying companies capturing global growth opportunities.

**Lucy MacDonald and Jeremy Thomas**  
**RCM (UK) Limited**

**BRUNNER INVESTMENT TRUST PLC**  
**LISTED EQUITY HOLDINGS AS AT 31 MAY 2013**

<b>Security Name</b>	<b>Market Value £'000s</b>	<b>Total Assets %</b>	<b>Principal Activity</b>
Royal Dutch Shell 'B' Shares	10,453	3.50	Oil & Gas Producers
GlaxoSmithKline	10,307	3.45	Pharmaceuticals & Biotechnology
HSBC Holdings	10,080	3.37	Banks
BP	8,988	3.01	Oil & Gas Producers
Vodafone Group	7,678	2.57	Mobile Telecommunications
Reed Elsevier	5,839	1.95	Media
Unilever	4,255	1.42	Food Producers
Rio Tinto	4,155	1.39	Mining
Centrica	4,109	1.37	Gas, Water & Multiutilities
Tesco	3,912	1.31	Food & Drug Retailers
Tyman	3,894	1.30	Construction & Materials
Diageo	3,805	1.27	Beverages
Resolution	3,704	1.24	Life Insurance
Microsoft	3,685	1.23	Software & Computer Services
Boot (Henry)	3,634	1.22	Construction & Materials
Visa	3,466	1.16	Financial Services
Muenchener Rueckve	3,337	1.12	Non-Life Insurance
Walgreen	3,308	1.11	Food & Drug Retailers
Celgene	3,296	1.10	Pharmaceuticals & Biotechnology
Amadeus	3,289	1.10	Support Services
Philip Morris	3,214	1.08	Tobacco
BHP Billiton	3,180	1.06	Mining
Nestle	3,174	1.06	Food Producers
Itochu	3,107	1.04	Support Services
Google	3,025	1.01	Software & Computer Services
UBM	3,010	1.01	Media
Wells Fargo	2,926	0.98	Banks
Carnival	2,885	0.97	Travel & Leisure
Henkel	2,876	0.96	Household Goods
CBS	2,875	0.96	Media
UBS	2,860	0.96	Banks
Allergan	2,851	0.95	Pharmaceuticals & Biotechnology
Pfizer	2,851	0.95	Pharmaceuticals & Biotechnology
Hansteen Holdings	2,830	0.95	Real Estate
Samsung Electronics (GDR)	2,829	0.95	Technology Hardware & Equipment
BOC Hong Kong Holdings	2,777	0.93	Banks
Priceline.com	2,774	0.93	Travel & Leisure
SMC	2,764	0.92	Industrial Engineering
Xchanging	2,701	0.90	Support Services
Fresenius	2,686	0.90	Health Care Equipment & Services
Mothercare	2,676	0.90	General Retailers
CCR	2,656	0.89	Industrial Transportation
BAE Systems	2,605	0.87	Aerospace & Defence
Suncor Energy	2,560	0.86	Oil & Gas Producers
Ameriprise	2,554	0.85	Financial Services
Australia & New Zealand Bank	2,531	0.85	Banks
Astellas Pharma	2,525	0.84	Pharmaceuticals & Biotechnology

<b>Security Name</b>	<b>Market Value £'000s</b>	<b>Total Assets %</b>	<b>Principal Activity</b>
Jardine Matheson	2,513	0.84	General Industrials
China Mobile	2,470	0.83	Mobile Telecommunications
Crown Castle International	2,466	0.82	Mobile Telecommunications
AbbVie	2,447	0.82	Pharmaceuticals & Biotechnology
BG Group	2,377	0.80	Oil & Gas Producers
ICAP	2,368	0.79	Financial Services
Tullett Prebon	2,335	0.78	Financial Services
BHP Billiton (AUD)	2,278	0.76	Mining
Compass	2,246	0.75	Travel & Leisure
Apple	2,240	0.75	Technology Hardware & Equipment
Shire	2,170	0.73	Pharmaceuticals & Biotechnology
Balfour Beatty	2,168	0.73	Construction & Materials
Adidas	2,160	0.72	Personal Goods
Reckitt Benckiser	2,155	0.72	Household Goods
United Health Group	2,155	0.72	Health Care Equipment & Services
AMETEK	2,154	0.72	Electronic & Electrical Equipment
Smith & Nephew	2,118	0.71	Health Care Equipment & Services
IG Group	2,110	0.71	Financial Services
Abbott Laboratories	2,100	0.70	Pharmaceuticals & Biotechnology
BASF	2,087	0.70	Chemicals
Toyota Motor	2,073	0.69	Automobiles
Agilent Technologies	2,044	0.68	Electronic & Electrical Equipment
Hays	2,006	0.67	Support Services
AMEC	1,985	0.66	Oil Equipment, Services & Distribution
Estee Lauder 'A' Shares	1,976	0.66	Personal Goods
Anadarko Petroleum	1,965	0.66	Oil & Gas Producers
Petroceltic International	1,957	0.65	Oil & Gas Producers
Fubon Financial	1,935	0.65	Life Insurance
Glencore Xstrata	1,887	0.63	Mining
Air Liquide	1,883	0.63	Chemicals
Accenture	1,872	0.63	Support Services
Microchip Technology	1,858	0.62	Technology Hardware & Equipment
Mitsui Fudosan	1,851	0.62	Real Estate
Taiwan Semiconductor (ADS)	1,837	0.61	Electronic & Electrical Equipment
Man Group	1,832	0.61	Financial Services
Inmarsat	1,697	0.57	Mobile Telecommunications
Union Pacific	1,621	0.54	Industrial Transportation
AIA	1,599	0.53	Life Insurance
Genting Singapore	1,574	0.53	Travel & Leisure
CNOOC	1,560	0.52	Oil & Gas Producers
UCB	1,519	0.51	Pharmaceuticals & Biotechnology
Flowsolve	1,516	0.51	Industrial Engineering
Itau Unibanco (ADR)	1,476	0.49	Banks
Brambles	1,472	0.49	General Industrials
Starbucks	1,465	0.49	Travel & Leisure
Jiangsu Express	1,463	0.49	Industrial Transportation
Technip	1,423	0.48	Oil Equipment, Services & Distribution
Vienna Insurance	1,341	0.45	Non-Life Insurance
Canon	1,301	0.44	Technology Hardware & Equipment
F5 Network	1,261	0.42	Technology Hardware & Equipment
Eutelsat	1,020	0.34	Media
CPFL Energia (ADR)	955	0.32	Electricity
Royal Bank of Scotland	561	0.19	Banks
	<b>280,398</b>	<b>93.80</b>	

## FIXED INTEREST HOLDINGS

at 31 May 2013

	Market Value £'000s	Total Assets %	Principal Activity
Treasury Stock 2.5% I/L 16/04/2020	9,724	3.25	Gilt
Treasury Stock 4% 07/03//2022	8,791	2.94	Gilt
	<b>18,515</b>	<b>6.19</b>	

## UNLISTED EQUITY HOLDINGS

at 31 May 2013

	Market Value £'000s	Total Assets %	Principal Activity
First Debenture Finance	24	0.01	Financial Services
Fintrust Debenture	4	0.00	Financial Services
	<b>28</b>	<b>0.01</b>	

## GEOGRAPHICAL ANALYSIS AS AT 31 MAY 2013

	%
United Kingdom*	51.29
North America	22.92
Europe	10.55
Pacific Basin	8.98
Japan	4.56
Latin America	1.70
<b>Total</b>	<b>100.00</b>

\*Includes Gilts.

## SECTORAL ANALYSIS AS AT 31 MAY 2013

	%
Financials	18.23
Industrials	14.54
Healthcare	12.39
Consumer Services	11.24
Oil & Gas	11.13
Consumer Goods	9.54
Gilts	6.19
Basic Materials	5.17
Technology	5.09
Telecommunications	4.79
Utilities	1.69
<b>Total</b>	<b>100.00</b>

## 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)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>4,569</b>	<b>36,284</b>	<b>40,853</b>
Finance costs: interest payable and similar charges	(676)	(1,552)	(2,228)
<b>Net return on ordinary activities before taxation</b>	<b>3,893</b>	<b>34,732</b>	<b>38,625</b>
Taxation	(165)	-	(165)
<b>Net return attributable to ordinary shareholders</b>	<b>3,728</b>	<b>34,732</b>	<b>38,460</b>
<b>Net return per ordinary share (Note 1) (basic and diluted)</b>	<b>8.63p</b>	<b>80.40p</b>	<b>89.03p</b>

## BALANCE SHEET

as at 31 May 2013

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

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



## SUMMARY OF UNAUDITED RESULTS

### INCOME STATEMENT

for the six months ended 31 May 2012

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Net gains on investments at fair value	-	7,156	7,156
Net gains on foreign currency	-	8	8
Income from investments	4,301	-	4,301
Other income	9	-	9
Investment management fee	(180)	(419)	(599)
Administration expenses	(149)	(7)	(156)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>3,981</b>	<b>6,738</b>	<b>10,719</b>
Finance costs: interest payable and similar charges	(677)	(1,553)	(2,230)
<b>Net return on ordinary activities before taxation</b>	<b>3,304</b>	<b>5,185</b>	<b>8,489</b>
Taxation	(134)	-	(134)
<b>Net return attributable to ordinary shareholders</b>	<b>3,170</b>	<b>5,185</b>	<b>8,355</b>
<b>Net return per ordinary share (Note 1)</b> (basic and diluted)	<b>7.30p</b>	<b>11.93p</b>	<b>19.23p</b>

### BALANCE SHEET

as at 31 May 2012

	£'000s
Investments held at fair value through profit or loss	252,445
Net current assets	5,604
<b>Total assets less current liabilities</b>	<b>258,049</b>
Creditors: amount falling due after more than one year	(50,181)
<b>Total net assets</b>	<b>207,868</b>
Called up share capital	10,819
Capital redemption reserve	5,181
Capital reserves	178,689
Revenue reserve	13,179
<b>Equity shareholders' funds</b>	<b>207,868</b>
<b>Net asset value per ordinary share</b>	<b>480.3p</b>

The net asset value is based on 43,277,918 ordinary shares in issue

## SUMMARY OF UNAUDITED RESULTS

### INCOME STATEMENT

for the year ended 30 November 2012

	Revenue £'000s	Capital £'000s	Total Return £'000s (Note 2)
Net gains on investments at fair value	-	28,149	28,149
Net gains on foreign currency	-	3	3
Income from investments	8,139	-	8,139
Other income	26	-	26
Investment management fee	(364)	(848)	(1,212)
Administration expenses	(398)	(9)	(407)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>7,403</b>	<b>27,295</b>	<b>34,698</b>
Finance costs: interest payable and similar charges	(1,351)	(3,100)	(4,451)
<b>Net return on ordinary activities before taxation</b>	<b>6,052</b>	<b>24,195</b>	<b>30,247</b>
Taxation	(271)	-	(271)
<b>Net return attributable to ordinary shareholders</b>	<b>5,781</b>	<b>24,195</b>	<b>29,976</b>
<b>Net return per ordinary share (Note 1) (basic and diluted)</b>	<b>13.34p</b>	<b>55.81p</b>	<b>69.15p</b>

### BALANCE SHEET

as at 30 November 2012

	£'000s
Investments held at fair value through profit or loss	266,000
Net current assets	11,266
<b>Total assets less current liabilities</b>	<b>277,266</b>
Creditors: amount falling due after more than one year	(50,072)
<b>Total net assets</b>	<b>227,194</b>
Called up share capital	10,811
Capital redemption reserve	5,189
Capital reserves	197,558
Revenue reserve	13,636
<b>Equity shareholders' funds</b>	<b>277,194</b>
<b>Net asset value per ordinary share</b>	<b>525.4p</b>

The net asset value is based on 43,242,918 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
<b>Six months ended 31 May 2013</b>					
Net Assets at 30 November 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
<b>Net assets at 31 May 2012</b>	<b>10,775</b>	<b>5,225</b>	<b>231,623</b>	<b>13,778</b>	<b>261,401</b>
<b>Six months ended 31 May 2012</b>					
Net assets at 30 November 2011	10,915	5,085	175,084	13,496	204,580
Revenue return	-	-	-	3,170	3,170
Shares repurchased during the period	(96)	96	(1,580)	-	(1,580)
Dividends on ordinary shares	-	-	-	(3,487)	(3,487)
Capital return	-	-	5,185	-	5,185
<b>Net assets at 31 May 2012</b>	<b>10,819</b>	<b>5,181</b>	<b>178,689</b>	<b>13,179</b>	<b>207,868</b>
<b>For the year ended 30 November 2012</b>					
Net assets at 30 November 2011	10,915	5,085	175,084	13,496	204,580
Revenue return	-	-	-	5,781	5,781
Shares repurchased during the year	(104)	104	(1,721)	-	(1,721)
Dividends on ordinary shares	-	-	-	(5,651)	(5,651)
Unclaimed dividends over 12 years	-	-	-	10	10
Capital return	-	-	24,195	-	24,195
<b>Net assets at 30 November 2012</b>	<b>10,811</b>	<b>5,189</b>	<b>197,558</b>	<b>13,636</b>	<b>227,194</b>

## SUMMARY OF UNAUDITED RESULTS

### CASH FLOW STATEMENT

	Six Months ended 31 May 2013 £'000s	Six Months ended 31 May 2012 £'000s	Year ended 30 November 2012 £'000s
<b>Net cash inflow from operating activities</b>	3,598	3,178	6,759
<b>Return on investments and servicing of finance</b>			
Interest paid	(2,334)	(2,328)	(4,646)
Dividends paid on preference stock	(11)	(11)	(22)
<b>Net cash outflow from servicing of finance</b>	<b>(2,345)</b>	<b>(2,339)</b>	<b>(4,668)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of fixed asset investments	(37,942)	(34,486)	(55,765)
Sale of fixed asset investments	41,212	36,540	65,584
<b>Net cash inflow from capital expenditure and financial investment</b>	<b>3,270</b>	<b>2,054</b>	<b>9,819</b>
Equity dividends paid	(3,586)	(3,487)	(5,651)
Unclaimed dividends over 12 years	-	-	10
<b>Net cash inflow (outflow) before financing</b>	<b>937</b>	<b>(594)</b>	<b>6,269</b>
<b>Financing</b>			
Purchase of ordinary shares for cancellation	(667)	(1,580)	(1,721)
<b>Increase (decrease) in cash</b>	<b>270</b>	<b>(2,174)</b>	<b>4,548</b>
<b>Reconciliation of return on ordinary activities before finance costs and taxation to net cash flow from operating activities</b>			
Total return before finance costs and taxation	40,853	10,719	34,698
Add: Net gains on investments at fair value	(36,749)	(7,156)	(28,149)
Add: Special dividends credited to capital	-	-	32
Add: Effective yield amortisation	23	115	230
Less: Net gains on foreign currency	(12)	(8)	(3)
Less: Overseas tax suffered	(165)	(134)	(271)
	<b>3,950</b>	<b>3,536</b>	<b>6,537</b>
(Increase) decrease in debtors	(297)	(299)	186
(Decrease) increase in creditors	(55)	(59)	36
<b>Net cash inflow from operating activities</b>	<b>3,598</b>	<b>3,178</b>	<b>6,759</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Net cash inflow (outflow)	270	(2,174)	4,548
Net gains on foreign currency	12	8	3
Decrease in long term loans	115	108	217
<b>Movement in net debt</b>	<b>397</b>	<b>(2,058)</b>	<b>4,768</b>
Net debt brought forward	(38,110)	(42,878)	(42,878)
<b>Net debt carried forward</b>	<b>(37,713)</b>	<b>(44,936)</b>	<b>(38,110)</b>

## NOTES

### Note 1

The returns per ordinary share have been calculated using a weighted average number of shares in issue of 43,200,814 (31 May 2012 - 43,443,600; 30 November 2012 - 43,351,553 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 £109,000 (31 May 2012 - £58,000; 30 November 2012 - £161,000) and transaction costs on sales which amounted to £31,000 (31 May 2012 - £25,000; 30 November 2012 - £59,000).

### 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:

	<b>Six months ended 31 May 2013 £'000s</b>	<b>Six months ended 31 May 2012 £'000s</b>	<b>Year ended 30 November 2012 £'000s</b>
Final dividend 8.30p paid 22 March 2013 (2012 - 8.00p)	3,586	3,487	3,487
Interim dividend 5.00p paid 31 August 2012	-	-	2,164
	<hr/>	<hr/>	<hr/>
	3,586	3,487	5,651

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.

	<b>Six months ended 31 May 2013 £'000s</b>	<b>Six months ended 31 May 2012 £'000s</b>	<b>Year ended 30 November 2012 £'000s</b>
Interim proposed dividend 6.00p payable 30 August 2013 (2012 - 5.00p)	2,586	2,164	-
Final dividend 8.30p	-	-	3,589
	<hr/>	<hr/>	<hr/>
	2,586	2,164	3,589

The interim and final dividend above is 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 purchases 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 2012 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](http://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 2013 and will be available to members of the public from the company's registered office at 155 Bishopsgate, London EC2M 3AD.