

**THE BRUNNER INVESTMENT TRUST PLC**

**ANNOUNCEMENT OF PRELIMINARY RESULTS  
For the year ended 30 November 2007**

**Highlights**

- Net asset value per ordinary share up 15.6% compared with a benchmark return of 6.3%.
- Share price up by 13.7%.
- Net dividends of 10.70 p (2006: 9.70p), an increase of 10.3%.
- Proposed change in benchmark to 50% FTSE All Share and 50% FTSE World Index ex UK.

NAV and benchmark returns are capital only.

**Net Asset Value**

The net asset value per Ordinary Share at 30 November 2007 was 573.2p compared with 495.7p at 30 November 2006, an increase of 15.6%. Over the same period the benchmark index (60% FTSE All-Share Index, and 40% FTSE World Index, ex-UK in sterling) increased by 6.3%.

**Dividend**

The Board recommends a final distribution of 6.30p to be payable on 25 March 2008 to shareholders on the register at the close of business on 22 February 2008, making a total distribution of 10.70 p per share for the year ended 30 November 2007, an increase of 10.3%.

**Review**

I am delighted to report a year of strong returns, both in absolute terms and relative to the benchmark. During the year, our net asset value per share rose by 15.6% to 573.2p, well ahead of our benchmark index of 6.3%. Your managers have correctly anticipated the most important investment themes in 2007, which was a year characterised by a wide divergence of performance between different industrial sectors. It has also been a good year for income and earnings per ordinary share increased by 20.0%. With a proposed final dividend of 6.30p, total distributions to shareholders will be up 10.3% in the current financial year.

The outlook for world markets and economic growth in 2008 is clouded by continuing uncertainty in global credit markets. Until investors are confident that asset writedowns and recapitalisations in the financial sector have peaked, markets are likely to be characterised by further volatility and risk aversion. It now seems clear that the financial crisis has spilled over into economic activity in the major developed economies, with evidence of deteriorating consumer confidence and falling property prices. This may be expected to have some continuing impact on company earnings, particularly if banks react to their problems by significantly restricting credit.

Valuations are now attractive by almost all historic measures. These low valuations will be brought into sharp relief if, as we expect, interest rates are cut to stabilise the financial system and revive economic

activity. Although it may be difficult to envisage amid the prevailing uncertainty, stock markets are likely to anticipate brighter prospects as the year progresses, given some stabilisation of the background and so long as corporate profitability is not unduly affected.

### **Share Buy Backs**

We have maintained our policy of repurchasing shares for cancellation as and when attractive opportunities arise and during the course of the year 1,211,723 shares were repurchased for cancellation, and a further 110,000 shares have been repurchased since the year end. This policy, as well as enhancing the net asset value per share, has resulted in lower volatility in the share price discount to net assets than would otherwise have been the case.

The Board will recommend to shareholders that the Company take renewed powers to buy back its Ordinary Shares. Full details will be sent to shareholders with the forthcoming Annual Report and Accounts.

### **Benchmark**

For some time now your Board has been considering whether to increase the international component of the company's benchmark and we are now recommending that shareholders approve the adoption of a composite benchmark at the forthcoming Annual General Meeting which comprises 50% FTSE All Share and 50% FTSE World Index ex UK, a change from the current 60:40 split.

Brunner follows a 'bottom-up' investment strategy, meaning that the portfolio is assembled, in the first instance, on the basis of the attractiveness and quality of the underlying companies, and not by reference to their stock market listing. Backed by RCM's Grassroots<sup>®</sup> research process, this investment approach has worked well and the shift to a greater proportion overseas builds on this success. Indeed as capital markets have become increasingly global, the location of a company's stockmarket listing often bears little relation to its principal operations or the geographical source of its sales.

Dividend distributions on many overseas markets have improved markedly in recent years so that the income penalty historically suffered through adopting an overseas investment policy is lower than in the past.

We therefore believe that our proposed new benchmark better reflects these recent trends, builds on the strength of our fund managers and should enhance the potential for shareholder returns in the medium term.

The proposed change in benchmark will be put before shareholders at the company's AGM on 20 March.

### **Annual General Meeting**

The Annual General Meeting of the Company will be held on Thursday 20 March 2008 at 12.00 noon.

Keith Percy  
Chairman

155 Bishopsgate  
London, EC2M 3AD

Unaudited preliminary results for the year ended 30 November 2007 were approved for immediate release as undernoted:

**RESULTS**  
**INCOME STATEMENT**  
**for the year ended 30 November 2007**

	<b>2007</b>		
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
	<b>Revenue</b>	<b>Capital</b>	<b>Total Return (Note 2)</b>
Net gains on investments at fair value	-	38,714	38,714
Net losses on foreign currency	-	(2)	(2)
Income	8,926	-	8,926
Investment management fee	(461)	(1,077)	(1,538)
Administration expenses	(304)	(12)	(316)
<b>Net return before finance costs and taxation</b>	<b>8,161</b>	<b>37,623</b>	<b>45,784</b>
Finance costs: interest payable and similar charges	(1,381)	(3,112)	(4,493)
<b>Net return on ordinary activities before taxation</b>	<b>6,780</b>	<b>34,511</b>	<b>41,291</b>
Taxation	(596)	355	(241)
<b>Net return attributable to Ordinary Shareholders</b>	<b>6,184</b>	<b>34,866</b>	<b>41,050</b>
<b>Return per Ordinary Share (Note 1)</b> (basic and diluted)	<b>12.88p</b>	<b>72.62p</b>	<b>85.50p</b>

**BALANCE SHEET**  
**as at 30 November 2007**

	<b>2007</b>
	<b>£'000s</b>
Investments held at fair value through profit or loss	306,774
Net Current Assets	17,034
<b>Total Assets less Current Liabilities</b>	<b>323,808</b>
Creditors : Amounts falling due after more than one year	(51,989)
<b>Total Net Assets</b>	<b>271,819</b>
Called up Share Capital	11,856
Capital Redemption Reserve	4,144
Capital Reserves: Realised	197,212
Unrealised	46,113
Revenue Reserve	243,325
	12,494
<b>Equity Shareholders' Funds</b>	<b>271,819</b>
<b>Net Asset Value per Ordinary Share</b>	<b>573.2p</b>

The Net Asset Value is based on 47,425,115 Ordinary Shares in issue

Unaudited preliminary results for the year ended 30 November 2006 were as undernoted:

**RESULTS**  
**INCOME STATEMENT**  
**for the year ended 30 November 2006**

	<b>2006</b>		
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
	<b>Revenue</b>	<b>Capital</b>	<b>Total Return (Note 2)</b>
Net gains on investments at fair value	-	24,248	24,248
Net losses on foreign currency	-	(2)	(2)
Income	8,024	-	8,024
Investment management fee	(464)	(1,083)	(1,547)
Administration expenses	(324)	(16)	(340)
<b>Net return before finance costs and taxation</b>	<b>7,236</b>	<b>23,147</b>	<b>30,383</b>
Finance costs: interest payable and similar charges	(1,509)	(3,276)	(4,785)
<b>Net return on ordinary activities before taxation</b>	<b>5,727</b>	<b>19,871</b>	<b>25,598</b>
Taxation	(448)	262	(186)
<b>Net return attributable to Ordinary Shareholders</b>	<b>5,279</b>	<b>20,133</b>	<b>25,412</b>
<b>Return per Ordinary Share (Note 1)</b> (basic and diluted)	<b>10.73p</b>	<b>40.95p</b>	<b>51.68p</b>

**BALANCE SHEET**  
**as at 30 November 2006**

	<b>2006</b>
	<b>£'000s</b>
Investments held at fair value through profit or loss	278,953
Net Current Assets	14,344
<b>Total Assets less Current Liabilities</b>	<b>293,297</b>
Creditors : Amounts falling due after more than one year	(52,190)
<b>Total Net Assets</b>	<b>241,107</b>
Called up Share Capital	12,159
Capital Redemption Reserve	3,841
Capital Reserves: Realised	175,043
Unrealised	38,899
Revenue Reserve	213,942
	11,165
<b>Equity Shareholders' Funds</b>	<b>241,107</b>
<b>Net Asset Value per Ordinary Share</b>	<b>495.7p</b>

The Net Asset Value is based on 48,636,838 Ordinary Shares in issue

Unaudited preliminary results for year ended 30 November 2007 were approved for immediate release as undernoted:

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

### For the year ended 30 November 2007

	Called up Share Capital £'000s	Capital Redemption Reserve £'000s	Capital Reserve Realised £'000s	Capital Reserve Unrealised £'000s	Revenue Reserve £'000s	Total £'000s
Net Assets at 30 November 2005	12,491	3,509	164,055	35,010	10,418	225,483
Revenue Return	-	-	-	-	5,279	5,279
Shares repurchased during the year	(332)	332	(5,256)	-	-	(5,256)
Dividends on Ordinary Shares	-	-	-	-	(4,532)	(4,532)
Capital Return	-	-	16,244	3,889	-	20,133
<b>Net Assets at 30 November 2006</b>	<b>12,159</b>	<b>3,841</b>	<b>175,043</b>	<b>38,899</b>	<b>11,165</b>	<b>241,107</b>
Net Assets at 30 November 2006	12,159	3,841	175,043	38,899	11,165	241,107
Revenue Return	-	-	-	-	6,184	6,184
Shares repurchased during the year	(303)	303	(5,483)	-	-	(5,483)
Dividends on Ordinary Shares	-	-	-	-	(4,855)	(4,855)
Capital Return	-	-	27,652	7,214	-	34,866
<b>Net Assets at 30 November 2007</b>	<b>11,856</b>	<b>4,144</b>	<b>197,212</b>	<b>46,113</b>	<b>12,494</b>	<b>271,819</b>

Unaudited preliminary results for the year ended 30 November 2007 were approved for immediate release as undernoted:

**CASH FLOW STATEMENT**  
**For the year ended 30 November 2007**

	<b>2007</b> <b>£'000s</b>	<b>2007</b> <b>£'000s</b>	<b>2006</b> <b>£'000s</b>
<b>Net cash inflow from operating activities</b>		8,181	6,506
<b>Servicing of Finance</b>			
Interest paid	(4,671)		(4,720)
Dividends paid on Preference Stock	(22)		(22)
<b>Net cash outflow from servicing of finance</b>		(4,693)	(4,742)
<b>Capital expenditure and financial investment</b>			
Purchase of fixed asset investments	(168,006)		(154,031)
Sale of fixed asset investments	178,671		160,776
<b>Net cash inflow from capital expenditure and financial investments</b>		10,665	6,745
<b>Equity dividends paid</b>		(4,855)	(4,532)
<b>Net cash inflow before financing</b>		9,298	3,977
<b>Financing</b>			
Repurchase of Ordinary Shares for cancellation		(5,483)	(5,254)
<b>Increase (Decrease) in cash</b>		3,815	(1,277)

## Note 1

The return per Ordinary Share is based on a weighted average number of shares in issue of 48,010,277 (30 November 2006: 49,167,696).

## Note 2

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

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

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 £593,260 (30 November 2006: £511,656) and transaction costs on sales which amounted to £211,890 (30 November 2006: £256,132).

## 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 paid on Ordinary Shares in respect of earnings for each year are as follows:

	<b>Year to 30 November 2007 £'000s</b>	<b>Year to 30 November 2006 £'000s</b>
Final dividend 5.70p paid 23 March 2007 (2006 - 5.20p)	2,753	2,576
Interim dividend 4.40p paid 23 August 2007 (2006 - 4.00p)	2,102	1,956
	<u>4,855</u>	<u>4,532</u>

The above dividend payments are after the adjustment for dividends proposed but not paid following share buy backs.

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>Year to 30 November 2007 £'000s</b>	<b>Year to 30 November 2006 £'000s</b>
Final dividend 6.3p payable 25 March 2008 (2007 - 5.70p)	<u>2,988</u>	<u>2,772</u>

The proposed and final dividend above is based on the number of shares in issue at the year end. However, the dividend payable 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 year end.

## **Note 5**

The announcement is prepared on the basis of the accounting policies as stated in the previous year's financial statements. The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 30 November 2007 or 30 November 2006. The financial information for the year ended 30 November 2006 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors' 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. The statutory accounts for the year ended 30 November 2007 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The audit report on the full financial statements has yet to be signed.

## **Note 6**

The increase in the Company's benchmark index of 6.3% over the year to 30 November 2007 is composed as follows:

60% FTSE All-Share Index 5.2%  
40% FTSE World Index, ex-UK in sterling 8.0%

## **Note 7**

The annual report will be sent to shareholders in mid February 2008 and will be available to members of the public from the Company's registered office at 155 Bishopsgate, London, EC2M 3AD.

For further information, please contact:

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