

THE BRUNNER INVESTMENT TRUST PLC

**HALF-YEARLY FINANCIAL REPORT
For the six months ended 31 May 2008**

Highlights

- Earnings per ordinary share of 8.23p, up 17.7%.
- Dividend per share 4.8p, an increase of 9.1% (2007 – 4.4p).
- Net assets down 3.9%.

Interim Management Report

Net Asset Value

A summary of the results for the six months ended 31 May 2008 is set out below. The Net Asset Value attributable to each Ordinary Share at 31 May 2008 was 550.9p. This compares with 573.2p at 30 November 2007, a decrease of 3.9% over the period. The capital return on the benchmark index (60% FTSE All-Share, 40% FTSE World Index and from 26 March 2008, 50% FTSE All-Share, 50% FTSE World Index - £), was - 3.8% over the period.

Earnings

Earnings in the six months to 31 May 2008 were 8.23p per Ordinary Share (2007 – 6.99p).

Interim Dividend

The Board has declared an interim dividend of 4.8p net (2007 – 4.4p) per Ordinary Share payable on 27 August 2008 to holders on the Register of Members at the close of business on 25 July 2008.

Material events and transactions

In the six month period ended 31 May 2008 the following material events and transactions have taken place.

At the Annual General Meeting of the Company held on 20 March 2008, all the resolutions put to shareholders were passed.

Following shareholder approval at the AGM, the benchmark was changed from 60% FTSE All-Share, 40% FTSE World Index (ex UK Sterling) to 50% FTSE All-Share, 50% FTSE World Index (ex UK Sterling). This change was made with effect from 26 March 2008. At the time of writing approximately half of the invested portfolio is allocated to overseas equities.

During the period under review the Company purchased 160,000 Ordinary Shares for cancellation. In the period since 31 May 2008, a further 128,600 Ordinary Shares have been purchased for cancellation.

There were no related party transactions in the period.

Investment Review

The first six months of the Trust's financial year saw continuing stress in the world's financial systems and high levels of volatility.

In the early months of the year further difficulties emerged in the asset-backed securities markets, which also impacted on inter-bank lending, as it became clear that the scale of sub prime-related losses would be higher than initially feared. The Federal Reserve sponsored rescue of Bear Stearns prompted a rally from mid March onwards, as this action underlined the determination of the world's central banks to prevent any systemic failure of the banking system, and the recovery continued until the end of May.

An additional concern – the soaring cost of oil – also worsened during this period. The impact of emerging market demand on base metals prices has been very apparent in recent years, but the further sharp increase in oil prices and, more latterly, agricultural commodities will have a greater impact on inflation. Central bankers now have to face the unenviable prospect of controlling incipient inflation through interest rate policy whilst, at the same time, maintaining monetary and liquidity conditions appropriate to nursing the financial sector back to health and attempting to ward off recession.

In the face of these uncertainties, it was perhaps surprising that the world economy continued to grow, albeit modestly, in the first half. However, it has become increasingly clear across a range of indicators that conditions have deteriorated markedly in June. In the UK this has been evident in falling house prices and transactions, and falling retail sales and consumer confidence.

In portfolio terms the major positive contributors to performance during this period were the oil and gas producer Canadian Natural Resources Ltd and the agricultural and seed specialist Monsanto. On the negative side HBOS and Merck were weak. New holdings purchased during the period included Devon Energy Corporation, an oil and gas exploration company and Mosaic, which distributes fertilizers, predominantly in North America but also via its growing international arm. International Personal Finance (IPF), a London listed consumer credit company operating predominantly in Eastern Europe, was also purchased. IPF is well funded, has no exposure to US sub-prime customers or associated asset backed securities, and has attractive growth prospects.

Outlook

The continuing lack of stability in credit markets and rising inflation are likely to prevent any lasting return of confidence until either one or both have been resolved. It is possible to envisage lower oil prices as a number of emerging economies begin to reduce their unsustainable price subsidies, and higher prices in the developed world curtail demand. If this occurs in an environment where consumer spending remains relatively resilient, this will reduce the upward pressure on interest rates, and the current valuations of many companies will be seen to be attractive and overly depressed. However, if falling consumer confidence brings about a recession, the current problems of the financial sector will be compounded by increasing bad debts, and equity markets will suffer further from a down-grading of earnings expectations. In this environment your managers remain focussed on selecting those companies which are well placed to weather the current stormy conditions. Your managers remain convinced 'growth' shares will deliver better returns than 'value' shares as the world economy slows.

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 Report for the year ended 30 November 2007. These are set out in the Business Review beginning on page 23 of that Report, together with commentary on the Board's approach to mitigating the risks and uncertainties, under the following headings: Investment Activity and Strategy; Portfolio and Market; Accounting; Legal and Regulatory; Corporate Governance and Shareholder Relations; Operational; and Financial.

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 17 July 2008 and the above responsibility statement was signed on its behalf by the Chairman.

Keith Percy
Chairman

Enquiries:

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BRUNNER INVESTMENT TRUST plc
TOP 20 HOLDINGS AS AT 31 MAY 2008

Security Name	Market Value 31 May 2008 £'000s	% of Total Assets*	Principal Activity
4% Treasury Stock 2009	19,841	6.35	Gilt
Royal Dutch Shell "B" Shares	8,899	2.85	Oil & Gas Producers
BP	8,688	2.78	Oil & Gas Producers
HSBC	7,912	2.53	Banks
Vodafone Group	7,677	2.46	Mobile Telecommunications
Xstrata	6,355	2.03	Mining
GlaxoSmithKline	6,258	2.00	Pharmaceuticals & Biotechnology
Rio Tinto	5,493	1.76	Mining
Reed Elsevier	5,008	1.60	Media
BG	4,893	1.57	Oil & Gas Producers
Anglo American	4,557	1.46	Mining
BAE Systems	3,852	1.23	Aerospace & Defence
Unilever	3,718	1.19	Food Producers
Cobham	3,686	1.18	Aerospace & Defence
MAN	3,443	1.10	General Financial
Nestle	3,421	1.10	Consumer Goods
International Power	3,309	1.06	Electricity
Apple	3,018	0.97	Technology Hardware & Equipment
Shoppers Drug Mart	2,955	0.95	Food & Drug Retailers
Monsanto	2,952	0.95	Chemicals
	£115,935	37.12	

* Total assets are stated net of current liabilities

PORTFOLIO ANALYSIS AS AT 31 MAY 2008

	%
United Kingdom	44.36
North America	23.68
Europe	10.43
Japan	3.64
Pacific Basin	3.58
Latin America	0.63
Cash and fixed interest	13.68
Total	100.00

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2008

	Revenue £'000s	Capital £'000s	Total Return £'000s
			(Note 2)
Net losses on investments at fair value	-	(9,767)	(9,767)
Net gains on foreign currency	-	4	4
Income from investments	4,888	-	4,888
Other income	475	-	475
Investment management fee	(208)	(485)	(693)
Administrative expenses	(136)	(17)	(153)
Net return on ordinary activities before finance costs and taxation	5,019	(10,265)	(5,246)
Finance costs: interest payable and similar charges	(689)	(1,586)	(2,275)
Net return on ordinary activities before taxation	4,330	(11,851)	(7,521)
Taxation			
Overseas taxation	(192)	-	(192)
UK taxation	(245)	245	-
	(437)	245	(192)
Net return attributable to Ordinary Shareholders	3,893	(11,606)	(7,713)
Net return per Ordinary Share (Note 1) (basic and diluted)	8.23p	(24.53p)	(16.30p)

BALANCE SHEET

as at 31 May 2008

	£'000s
Investments held at fair value through profit or loss	290,914
Net current assets	21,397
Total Assets less Current Liabilities	312,311
Creditors: amount falling due after more than one year	(51,928)
Total Net Assets	260,383
Called up Share Capital	11,816
Capital Redemption Reserve	4,184
Capital Reserves: Realised	203,149
Unrealised	27,828
Revenue Reserve	13,406
Equity Shareholders' Funds	260,383
Net Asset Value per Ordinary Share	550.9p

The net asset value is based on 47,265,115 Ordinary Shares in issue

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the six months ended 31 May 2007

	Revenue £'000s	Capital £'000s	Total Return £'000s
			(Note 2)
Net gains on investments at fair value	-	34,073	34,073
Income from investments	4,545	-	4,545
Other income	297	-	297
Investment management fee	(244)	(569)	(813)
Administrative expenses	(135)	(5)	(140)
Net return on ordinary activities before finance costs and taxation	4,463	33,499	37,962
Finance costs: interest payable and similar charges	(704)	(1,584)	(2,288)
Net return on ordinary activities before taxation	3,759	31,915	35,674
Taxation			
Overseas taxation	(157)	-	(157)
UK taxation	(223)	223	-
	(380)	223	(157)
Net return attributable to Ordinary Shareholders	3,379	32,138	35,517
Net return per Ordinary Share (Note 1) (basic and diluted)	6.99p	66.51p	73.50p

BALANCE SHEET

as at 31 May 2007

	£'000s
Investments held at fair value through profit or loss	310,006
Net current assets	13,403
Total Assets less Current Liabilities	323,409
Creditors: amount falling due after more than one year	(52,132)
Total Net Assets	271,277
Called up Share Capital	12,011
Capital Redemption Reserve	3,989
Capital Reserves: Realised	183,195
Unrealised	60,292
Revenue Reserve	11,790
Equity Shareholders' Funds	271,277
Net Asset Value per Ordinary Share	564.6p

The net asset value is based on 48,045,261 Ordinary Shares in issue

SUMMARY OF UNAUDITED RESULTS

INCOME STATEMENT

for the year ended 30 November 2007

	Revenue £'000s	Capital £'000s	Total Return £'000s
			(Note 2)
Net gains on investments at fair value	-	38,714	38,714
Net losses on foreign currency	-	(2)	(2)
Income from investments	8,278	-	8,278
Other income	648	-	648
Investment management fee	(461)	(1,077)	(1,538)
Administrative expenses	(304)	(12)	(316)
Net return on ordinary activities before finance costs and taxation	8,161	37,623	45,784
Finance costs: interest payable and similar charges	(1,381)	(3,111)	(4,492)
Net return on ordinary activities before taxation	6,780	34,512	41,292
Taxation			
Overseas taxation	(242)	-	(242)
UK taxation	(354)	354	-
	(596)	354	(242)
Net return attributable to Ordinary Shareholders	6,184	34,866	41,050
Net return per Ordinary Share (Note 1) (basic and diluted)	12.88p	72.62p	85.50p

BALANCE SHEET

as at 30 November 2007

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

The net asset value is based on 47,425,115 Ordinary Shares in issue

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up 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 2008						
Net Assets at 30 November 2007	11,856	4,144	197,212	46,113	12,494	271,819
Revenue Return	-	-	-	-	3,893	3,893
Shares repurchased during the period	(40)	40	(742)	-	-	(742)
Dividends on Ordinary Shares	-	-	-	-	(2,981)	(2,981)
Capital Return	-	-	6,679	(18,285)	-	(11,606)
Net Assets at 31 May 2008	<u>11,816</u>	<u>4,184</u>	<u>203,149</u>	<u>27,828</u>	<u>13,406</u>	<u>260,383</u>
Six months ended 31 May 2007						
Net Assets at 30 November 2006	12,159	3,841	175,043	38,899	11,165	241,107
Revenue Return	-	-	-	-	3,379	3,379
Shares repurchased during the period	(148)	148	(2,593)	-	-	(2,593)
Dividends on Ordinary Shares	-	-	-	-	(2,754)	(2,754)
Capital Return	-	-	10,745	21,393	-	32,138
Net Assets at 31 May 2007	<u>12,011</u>	<u>3,989</u>	<u>183,195</u>	<u>60,292</u>	<u>11,790</u>	<u>271,277</u>
Year ended 30 November 2007						
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
Net Assets at 30 November 2007	<u>11,856</u>	<u>4,144</u>	<u>197,212</u>	<u>46,113</u>	<u>12,494</u>	<u>271,819</u>

SUMMARY OF UNAUDITED RESULTS
CASH FLOW STATEMENT

	Six Months ended 31 May 2008 £'000s	Six Months ended 31 May 2007 £'000s	Year ended 30 November 2007 £'000s
Net cash inflow from operating activities	4,763	3,178	8,181
Return on investments and servicing of finance			
Interest paid	(2,340)	(2,336)	(4,671)
Dividend paid on Preference Stock	(11)	(11)	(23)
Net cash outflow from servicing of finance	(2,351)	(2,347)	(4,694)
Capital expenditure and financial investment			
Purchases of fixed asset investments	(115,857)	(95,966)	(168,006)
Sales of fixed asset investments	119,675	98,982	178,672
Net cash inflow from capital expenditure and financial investment	3,818	3,016	10,666
Equity dividends paid	(2,981)	(2,753)	(4,855)
Net cash inflow before financing	3,249	1,094	9,298
Financing			
Purchase of Ordinary shares for cancellation	(744)	(2,589)	(5,483)
Increase (Decrease) in cash	2,505	(1,495)	3,815
Reconciliation of Return on Ordinary Activities before Taxation to Net Cash Flow from Operating Activities			
Net return on ordinary activities before taxation	(7,521)	35,674	41,292
Add: Net losses (gains) on investments at fair value	9,773	(34,073)	(38,739)
Add: Finance costs: interest payable and similar charges	2,275	2,288	4,492
Add: Special dividends credited to capital	714	-	1,600
Less: Overseas tax suffered	(192)	(157)	(242)
	5,049	3,732	8,403
Increase in debtors	(249)	(517)	(207)
Decrease in creditors	(37)	(37)	(15)
Net cash inflow from operating activities	4,763	3,178	8,181
Reconciliation of net cash flow to movement in net debt			
Net cash inflow (outflow)	2,505	(1,495)	3,815
Decrease in long term loans	62	59	201
Movement in net funds	2,567	(1,436)	4,016
Net debt brought forward	(33,200)	(37,216)	(37,216)
Net debt carried forward	(30,633)	(38,652)	(33,200)

NOTES

Note 1

The Returns per Ordinary Share have been calculated using a weighted average number of shares in issue of 47,319,705 (31 May 2007 – 48,324,168; 30 November 2007 – 48,010,277 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 £155,000 (31 May 2007– £208,000; 30 November 2007– £593,000) and transaction costs on sales which amounted to £94,000 (31 May 2007– £99,000; 30 November 2007– £212,000).

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

	Six months to 31 May 2008 £'000s	Six months to 31 May 2007 £'000s	Year to 30 November 2007 £'000s
Final dividend 6.30p paid 25 March 2008 (2007 - 5.70p)	2,981	2,753	2,753
Interim dividend 4.40p paid 23 August 2007	-	-	2,102
	<hr/> 2,981	<hr/> 2,753	<hr/> 4,855

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 to 31 May 2008 £'000s	Six months to 31 May 2007 £'000s	Year to 30 November 2007 £'000s
Interim dividend 4.8p payable 27 August 2008 (2007- 4.40p)	2,269	2,114	-
Final dividend 6.30p	-	-	2,988
	<hr/>	<hr/>	<hr/>

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 half yearly financial report has neither been audited nor reviewed by the Company's auditors. The financial information for the year ended 30 November 2007 has been extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies. 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.

In accordance with recently introduced changes to the UK's disclosure requirements for listed companies, the Company is now required to make limited additional and updated disclosures, mainly relating to the first and third quarters of the financial year. These Interim Management Statements will be 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 mid July 2008 and will be available to members of the public from the Company's registered office at 155 Bishopsgate, London EC2M 3AD.