

The Bankers Investment Trust PLC

Half Year Report to 30 April 2007



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Objectives

- To achieve long term asset growth in excess of the FTSE All-Share Index.
- To achieve regular dividend growth in excess of the increase in the Retail Prices Index.

Policy

- To achieve both these objectives by investing in a broadly diversified international portfolio of shares.
- To incentivise the manager according to performance, measured against a composite index.

Highlights

	(Unaudited) 30 April 2007	(Audited) 31 October 2006	% Change
Assets			
Net asset value per ordinary share (with debt at book value)	483.2p	442.5p	+9.2
Ordinary share mid-market price	425.0p	385.5p	+10.2
Discount (share price to net asset value)	12.0%	12.9%	
Total assets less current liabilities (£'000)	£584,903	£540,363	+8.2
Indices			
FTSE All-Share Index	3,355.60	3,140.47	+6.9
S&P 500 Composite Index	1,482.40	1,377.94	+2.6#
FTSE World Europe (ex UK) Index (£)	428.30	374.90	+14.2
TOPIX (Tokyo First Section Index)	1,701.00	1,617.42	-1.7#
FTSE World (ex UK) Index (£)	327.00	307.76	+6.3
50/50 FTSE All-Share/ FTSE World Index (ex UK) (£)	213.20	200.00	+6.6
# – £ adjusted			
	(Unaudited) Half year ended 30 April 2007	(Unaudited) Half year ended 30 April 2006	% Change
Revenue			
Gross revenue (£'000)	£7,213	£7,236	-0.3
Revenue return per ordinary share	4.86p	5.01p	-3.0

Chairman's Statement



Richard Brewster

Assets

The first half of our year has started well and it is pleasing to be able to report an increase in both the net asset value and share price. Equity markets have continued to rise, although the key driving force appears to be takeover activity rather than earnings growth. Only Japan has really disappointed in the period, while the best regions to invest in were the Far East and mainland Europe. Overall our net asset value per share rose by 9.2% during the period compared to a rise of 6.9% for the FTSE All-Share Index. Importantly the out-performance of the overall portfolio is being driven by both asset allocation, being the exposure to each region, and our selection of stocks within each region. I am delighted to be able to report that, once again, in the period every one of our regional portfolios out-performed its respective index.

The largest part of the portfolio remains invested in the UK, a market that continues to witness very strong bid activity. Despite UK interest rates rising, the yield on longer term debt remains at historically low levels and it is this cheap debt financing, combined with record private equity fund raisings that are driving a wave of mergers and acquisitions. We have resisted reinvesting the proceeds of recent bids back into the UK as the prospects in continental Europe appear better where a far less indebted consumer and lower inflationary pressures should lead to a more stable background for investing. The one dark cloud is the value of the euro against other major currencies; its recent strength, however, does not seem to be denting Europe's competitiveness in world markets.

The most buoyant equity market has been China, closely followed by the other Far Eastern stock markets. There seems little to stop China's inexorable economic growth ahead of its hosting the next Olympic Games, while the wider region is still benefiting from export growth to Europe and the US. Share prices have been boosted by very robust local investor demand as opposed to overseas buyers; in China over 300,000 new share-dealing accounts are opened daily and the total now exceeds 100 million. Such flows of money are supporting huge new fund raisings by Chinese companies and the risk of a bubble in share prices is rising rapidly. This market is still reliant on continuing growth in Western markets and even a modest slowdown may present significant difficulties. For these reasons our exposure to the Chinese market is limited to 0.19%.

A short lived market setback in late February now seems long forgotten, its cause initially blamed on a fall in Chinese share prices. It did, however, cause a sharp strengthening in the Japanese yen and highlighted the value of the Japanese currency and stock market. Subsequent economic data from Japan has remained mixed but most consumer related measures are still in a positive trend and we remain confident that value will eventually be proved. By contrast, in the US most measures of the health of the consumer are negative, with house prices falling and job creation slowing. The stock market seems to be shrugging off these concerns, buoyed principally by overseas operations producing record profits and a stabilisation in the value of the US dollar.

Revenue Return and Dividends

Dividends paid by the companies we invest in continue to show good increases. The stable period of economic growth we are experiencing is enabling many companies to improve profits, which in turn is leading to better distributions to shareholders. The favourable income outlook is global in its reach, from the Far East to the US, where tax changes are now favouring dividends over share buybacks. We must expect a slow down in dividend growth to come about at some point, as dividends cannot indefinitely rise faster than earnings. However the desire for income by investors is resulting in many more companies across the globe rethinking their distribution strategies and favouring lower dividend cover and hence higher dividends.

The revenue return per share was 3.0% lower than last year, at 4.86p per share, largely attributable to the lower gearing position of the Company which had reduced to 2.9% at the end of April 2007 as compared to 4.3% at 31 October 2006. However, the current retained revenues, which are available for distribution are approximately twice the current annual dividend for the Company. This is a strong position and gives us confidence when reviewing future distributions. Based upon our current estimates we are on target to pay the forecast minimum total dividend per share of 10.06p for the current year, an increase of 6.1%. The second interim dividend of 2.52p per ordinary share will be paid on 31 August 2007.

Outlook

The positive background of economic growth has yet to be tempered by the very real spectre of rising interest rates across every region; even Japan has finally raised its overnight rates for the first time since 1990. The tightening of interest rates is designed to fight inflation, which is rising on the back of higher energy and food prices. Much of the increase could be short lived but so far there is little sign of oil prices falling. Meanwhile an increasing proportion of the food crop is being

diverted into bio-fuel projects. It seems hard to imagine that interest rates can ease back in the short term, and in certain areas they may need to increase further.

The economic growth forecasts for the US remain uncertain. On balance, we believe that a further downturn in growth could combine with the fall in house prices to create a negative wealth effect. We are keeping the situation under careful review and any stock market shake out could allow us to increase our exposure to US equities.

Elsewhere in the world economic growth seems to be above trend and shows no sign of abating. Corporate profits in this context should continue to rise, albeit at a slower pace than in recent years, and will provide a solid backbone to share price valuations. These profits will also underpin further corporate takeovers and mergers which look inevitable given the huge fund raisings by private equity and the desire to invest these assets. It would not be a surprise to see another short term setback in share prices, but the long term prospects look fair and should reward investors with the patience to stay the course.

Richard Brewster
Chairman
21 June 2007

Consolidated Income Statement

for the half year ended 30 April 2007

	(Unaudited)		
	Half year ended 30 April 2007		
	Revenue return £'000	Capital return £'000	Total £'000
Investment income	7,014	–	7,014
Other operating income	199	–	199
Gains on investments held at fair value through profit or loss	–	50,212	50,212
Total income	7,213	50,212	57,425
Expenses			
Management fees	(546)	(294)	(840)
Provision for performance fee	–	(2,113)	(2,113)
Other expenses	(297)	–	(297)
Profit before finance costs and taxation	6,370	47,805	54,175
Finance costs	(343)	(800)	(1,143)
Profit before taxation	6,027	47,005	53,032
Taxation	(374)	165	(209)
Profit for the period	5,653	47,170	52,823
Earnings per ordinary share (note 2)	4.86p	40.56p	45.42p

The total columns of this statement represent the Group's Income Statement, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations. All income is attributable to the equity shareholders of The Bankers Investment Trust PLC. There are no minority interests.

(Unaudited) Half year ended 30 April 2006			(Audited) Year ended 31 October 2006		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
7,101	–	7,101	14,713	–	14,713
135	–	135	259	–	259
–	86,822	86,822	–	89,095	89,095
<u>7,236</u>	<u>86,822</u>	<u>94,058</u>	<u>14,972</u>	<u>89,095</u>	<u>104,067</u>
(370)	(328)	(698)	(929)	(498)	(1,427)
–	(947)	(947)	–	(959)	(959)
(322)	–	(322)	(632)	–	(632)
<u>6,544</u>	<u>85,547</u>	<u>92,091</u>	<u>13,411</u>	<u>87,638</u>	<u>101,049</u>
(451)	(1,052)	(1,503)	(838)	(1,956)	(2,794)
<u>6,093</u>	<u>84,495</u>	<u>90,588</u>	<u>12,573</u>	<u>85,682</u>	<u>98,255</u>
(180)	–	(180)	(673)	129	(544)
<u>5,913</u>	<u>84,495</u>	<u>90,408</u>	<u>11,900</u>	<u>85,811</u>	<u>97,711</u>
5.01p	71.53p	76.54p	10.13p	73.04p	83.17p

Consolidated Statement of Changes in Equity

for the half year ended 30 April 2007

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
Half year ended 30 April 2007 (Unaudited)						
Balance at 31 October 2006	29,115	452	11,095	448,547	26,154	515,363
Buy back of 579,316 ordinary shares	(145)	-	145	(2,416)	-	(2,416)
Net profit from ordinary activities after tax	-	-	-	47,170	5,653	52,823
Payment of 3rd interim dividend (2.52p) in respect of the year ended 31 October 2006	-	-	-	-	(2,935)	(2,935)
Payment of 4th interim dividend (2.52p) in respect of the year ended 31 October 2006	-	-	-	-	(2,932)	(2,932)
Balance at 30 April 2007	28,970	452	11,240	493,301	25,940	559,903
Half year ended 30 April 2006 (Unaudited)						
Balance at 31 October 2005	29,640	452	10,570	370,327	24,634	435,623
Buy back of 854,229 ordinary shares	(213)	-	213	(3,067)	-	(3,067)
Net profit from ordinary activities after tax	-	-	-	84,495	5,913	90,408
Payment of 3rd interim dividend (1.94p) in respect of the year ended 31 October 2005	-	-	-	-	(2,300)	(2,300)
Payment of final dividend (2.43p) in respect of the year ended 31 October 2005	-	-	-	-	(2,872)	(2,872)
Balance at 30 April 2006	29,427	452	10,783	451,755	25,375	517,792
Year ended 31 October 2006 (Audited)						
Balance at 31 October 2005	29,640	452	10,570	370,327	24,634	435,623
Buy back of 2,100,229 ordinary shares	(525)	-	525	(7,591)	-	(7,591)
Net profit from ordinary activities after tax	-	-	-	85,811	11,900	97,711
Payment of 3rd interim dividend (1.94p) in respect of the year ended 31 October 2005	-	-	-	-	(2,300)	(2,300)
Payment of final dividend (2.43p) in respect of the year ended 31 October 2005	-	-	-	-	(2,872)	(2,872)
Payment of 1st interim dividend (2.22p) in respect of the year ended 31 October 2006	-	-	-	-	(2,617)	(2,617)
Payment of 2nd interim dividend (2.22p) in respect of the year ended 31 October 2006	-	-	-	-	(2,591)	(2,591)
Balance at 31 October 2006	29,115	452	11,095	448,547	26,154	515,363

Consolidated Balance Sheet

as at 30 April 2007

	(Unaudited) 30 April 2007 £'000	(Unaudited) 30 April 2006 £'000	(Audited) 31 October 2006 £'000
Non-current assets			
Investments held at fair value through profit or loss	576,330	557,049	537,557
Current assets			
Cash and cash equivalents	7,971	1,243	2,936
Other receivables	4,066	9,896	1,115
	12,037	11,139	4,051
Total assets	588,367	568,188	541,608
Current liabilities			
Bank loans and overdrafts	–	(19,323)	(13)
Other payables	(3,464)	(4,773)	(1,232)
	(3,464)	(24,096)	(1,245)
Total assets less current liabilities	584,903	544,092	540,363
Non-current liabilities			
Debenture stocks	(25,000)	(26,300)	(25,000)
Net assets	559,903	517,792	515,363
Equity attributable to equity shareholders			
Called up share capital	28,970	29,427	29,115
Share premium account	452	452	452
Capital redemption reserve	11,240	10,783	11,095
Retained earnings			
Other capital reserves	493,301	451,755	448,547
Revenue reserve	25,940	25,375	26,154
Total equity	559,903	517,792	515,363
Net asset value per ordinary share (note 3)	483.2p	439.9p	442.5p

The accompanying notes are an integral part of the financial statements.

Consolidated Cash Flow Statement

for the half year ended 30 April 2007

	(Unaudited) Half year ended 30 April 2007 £'000	(Unaudited) Half year ended 30 April 2006 £'000	(Audited) Year ended 31 October 2006 £'000
Net profit before taxation	53,032	90,588	98,255
Add back interest paid	1,144	1,502	2,819
Less: gains on investments held at fair value through profit or loss	(50,212)	(86,822)	(89,095)
Net sales of trading stock	-	144	144
(Increase)/decrease in accrued income	(2,435)	(2,178)	94
(Increase)/decrease in other debtors	(71)	(101)	24
Increase in other payables	1,994	241	383
Net sales of investments	11,477	3,145	24,793
(Increase)/decrease in sales settlement debtor	(409)	(6,247)	52
Increase/(decrease) in purchase settlement creditor	-	1,995	(1,015)
Scrp dividends included in investment income	-	-	(74)
Net cash inflow from operating activities before interest and taxation	14,520	2,267	36,380
Interest paid	(1,144)	(1,502)	(2,819)
Taxation on investment income	(244)	(184)	(472)
Net cash inflow from operating activities	13,132	581	33,089
Financing activities			
Equity dividends paid	(5,867)	(5,172)	(10,380)
Purchase of ordinary shares	(2,178)	(2,455)	(7,643)
Drawdown/(repayment) of loans	-	5,657	(13,458)
Repurchase of debenture stock	-	-	(1,300)
Net cash used in financing	(8,045)	(1,970)	(32,781)
Increase/(decrease) in cash	5,087	(1,389)	308
Cash and cash equivalents at start of period	2,923	2,594	2,594
Realised (loss)/profit on foreign currency	(39)	36	21
Cash and cash equivalents at end of period	7,971	1,241	2,923

Notes

1. Accounting policies

The half year financial statements have been prepared on the basis of the accounting policies set out in the Group's financial statements for the year ended 31 October 2006.

2. Earnings per ordinary share

The earnings per ordinary share figure is based on the net profit for the half year of £52,823,000 (half year ended 30 April 2006: £90,408,000; year ended 31 October 2006: £97,711,000) and on 116,300,099 (half year ended 30 April 2006: 118,124,635; year ended 31 October 2006: 117,477,166) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The return per share detailed above can be further analysed between revenue and capital, as below.

	(Unaudited) Half year ended 30 April 2007 £'000	(Unaudited) Half year ended 30 April 2006 £'000	(Audited) Year ended 31 October 2006 £'000
Net revenue profit	5,653	5,913	11,900
Net capital profit	47,170	84,495	85,811
Profit for the period	<u>52,823</u>	<u>90,408</u>	<u>97,711</u>
Weighted average number of ordinary shares in issue during each period	116,300,099	118,124,635	117,477,166
	Pence	Pence	Pence
Revenue return per ordinary share	4.86	5.01	10.13
Capital return per ordinary share	40.56	71.53	73.04
Total earnings per ordinary share	<u>45.42</u>	<u>76.54</u>	<u>83.17</u>

3. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £559,903,000 (30 April 2006: £517,792,000; 31 October 2006: £515,363,000) and on 115,881,824 (30 April 2006: 117,707,140; 31 October 2006: 116,461,140), being the number of ordinary shares in issue at the period end.

Notes continued

4. Transaction costs

Purchase transaction costs for the half year ended 30 April 2007 were £170,000 (half year ended 30 April 2006: £156,000; year ended 31 October 2006: £317,000). These comprise mainly stamp duty and commissions. Sales transaction costs for the half year ended 30 April 2007 were £120,000 (half year ended 30 April 2006: £128,000; year ended 31 October 2006: £285,000).

5. Interim dividend

The directors have declared a second interim dividend of 2.52p (2006: 2.22p) net per ordinary share, payable on 31 August 2007 to shareholders registered on 27 July 2007. The shares will be quoted ex-dividend on 25 July 2007. A first interim dividend of 2.52p (2006: 2.22p) was paid on 31 May 2007.

6. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the half years ended 30 April 2007 and 2006 has not been audited. The information for the year ended 31 October 2006 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 2006 have been filed with the Registrar of Companies. The report of the auditors on those financial statements contained no qualification or statement under section 237(2) or (3) of the Companies Act 1985.

Largest Investments

at 30 April 2007

The 50 largest investments (convertibles and all classes of equity in any one company being treated as one investment) were as follows:

	Market value £'000		Market value £'000
BP	24,373	Impala Platinum	4,362
HSBC	15,962	Richemont	4,255
Royal Bank of Scotland	13,240	ICAP	4,240
GlaxoSmithKline	9,013	Mitsubishi UFJ Financial	4,163
Barclays	8,985	Aviva	3,965
Royal Dutch Shell	8,818	Dexia	3,938
Vodafone	8,307	Deutsche Postbank	3,898
Lloyds TSB	7,669	Christian Dior	3,894
British American Tobacco	6,313	Galliford Try	3,889
Rolls-Royce	5,993	BNP Paribas	3,858
Hunting	5,771	Allied Irish Banks	3,805
Tesco	5,689	Shire	3,803
Fresenius	5,448	Scottish & Southern Energy	3,758
Irish Life & Permanent	5,217	Orchid Developments	3,754
Man Group	5,209	BHP Billiton	3,748
BT	5,060	National Grid Transco	3,727
Unibail	4,883	Total	3,717
Codan	4,836	Anglo American	3,710
ENI	4,596	ICG Intermediate Capital	3,599
Kühne + Nagel	4,595	Nestlé	3,577
BG Group	4,571	Cranswick	3,513
Petroleo Brasileiro	4,549	Fisher (J)	3,443
Deutsche Post	4,398	Reckitt Benckiser	3,301
Inditex	4,398	QBE Insurance	3,285
AstraZeneca	4,384	Prudential	3,239

These investments total £276,718,000 which represents 48.0% of the portfolio.

Geographical Distribution

	Valuation of investments		Currency exposure of operational assets	
	30 April 2007 %	31 October 2006 %	30 April 2007 %	31 October 2006 %
UK	53.5	55.0	51.1	52.9
Europe	17.6	16.2	18.2	17.0
North America	12.0	11.8	12.8	12.4
Japan	8.1	8.6	8.4	9.0
Pacific (ex Japan)	6.2	6.2	6.8	6.5
Emerging Markets	2.6	2.2	2.7	2.2
	100.0	100.0	100.0	100.0

Investor Information

Directors*

Richard Brewster (Chairman)*
Francis Sumner** (Senior Independent Director)
Richard Burns*
Richard Killingbeck†*
James Morley††
David Thomas†

*All directors are also members of the Management Engagement Committee

††Chairman of the Audit Committee

†Member of the Audit Committee

*Member of the Nomination Committee

Investment Manager

Henderson Global Investors Limited, authorised and regulated by the Financial Services Authority, represented by Alex Crooke

Secretary

Henderson Secretarial Services Limited, represented by Wendy King FCIS

Registered Number

Registered as an investment company in England No. 26351C

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The London Stock Exchange Daily Official List (SEDOL) code is 0076700.

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There is a range of shareholder information online. You can check your holding and find practical help on transferring shares or updating your details at www.shareview.co.uk

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London EC2R 6DA

New Zealand Stockbrokers

First NZ Capital Securities,
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23-29 Albert Street,
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Auckland, New Zealand

Share Price/Performance

The market price of the Company's ordinary shares is published in the Financial Times and other leading newspapers. Share price and details of the Company's performance can also be found on the following websites:

www.bankersinvestmenttrust.com

www.henderson.com

Henderson ISA and PEPs

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Itshenderson (Share Plan/ISA/PEPs)

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