

30 September 2002

**EDINBURGH HIGH ZEROS 2005 PLC**

**INTERIM RESULTS FOR THE 6 MONTHS TO 31 AUGUST  
2002**

The objective of Edinburgh High Zeros 2005 plc is to provide holders of the listed zero dividend preference shares with a pre-determined capital entitlement in February 2005.

For further information please contact:

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## **EDINBURGH HIGH ZEROS 2005 PLC**

### **Chairman's Statement**

Edinburgh High Zeros 2005 and its holding company Edinburgh High Income Trust (EHIT) were incorporated on 15 October 1999. The group's objectives are to provide the ordinary shareholders of EHIT with a high level of income, together with the opportunity for capital and income growth and holders of the zero dividend preference shares of Edinburgh High Zeros 2005 with a pre-determined capital entitlement in 2005.

The zero dividend preference shares offer shareholders the prospect of capital growth which was equivalent to 8.3% per annum at the original issue price of 100p, but no right to income. This rate of capital growth means that the repayment value of a zero dividend preference share should eventually reach 151.75p on 28 February 2005.

The initial assets of the group at launch were £69.1m before issue expenses. On 8 December 1999, substantially all of the company's assets were transferred to EHIT, leaving a few small holdings in gilts and a loan note from EHIT with a value of £17.4m. In addition, EHIT has entered into a Subscription Agreement with the company, whereby EHIT will subscribe for such number of ordinary shares in the company to enable it to satisfy the final capital entitlement of the zero dividend preference shares on 28 February 2005. The performance of the investment portfolio held by EHIT is outlined in the chairman's statement.

As a result of market movements during the period under review, the cover for the zero dividend preference shares is shown below:

	31 August 2002	28 February 2002
Net asset value per ZDP share	121.9p	116.7p
ZDP share price	121.8p	186.5p
Group's net assets	£46.94m	£52.67m
Full capital entitlement of ZDP shares	£26.65m	£26.65m
Cover (before charges) times	1.76	1.98

**PROFIT AND LOSS ACCOUNT (unaudited)**

	Six months to 31 August 2002 £'000	Year to 28 February 2002 £'000	Six months to 31 August 2001 £'000
Investment income	<b>2</b>	<b>3</b>	<b>2</b>
Administrative expenses	(9)	(13)	(11)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(7)	(10)	(9)
Taxation	-	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(7)	(10)	(9)
NON EQUITY APPROPRIATIONS	(869)	(1,623)	(802)
RETAINED LOSS FOR THE PERIOD	(876)	(1,633)	(811)
EARNINGS PER ORDINARY SHARE	(24.13p)	(70.01p)	(42.39p)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (unaudited)**

	Six months to 31 August 2002 £'000	Year to 28 February 2002 £'000	Six months to 31 August 2001 £'000
Unrealised gain on investments	1	(1)	(1)
Capital gain for the period	1	(1)	(1)
Revenue losses for the period	(876)	(1,633)	(811)
Total recognized losses	(875)	(1,634)	(812)

**BALANCE SHEET (unaudited)**

	At 31 August 2002 £'000	At 28 February 2002 £'000	At 31 August 2001 £'000
<b>FIXED ASSETS</b>			
Investments	52	52	52
<b>CURRENT ASSETS</b>			
Cash at bank	2	-	-
Debtors – amounts due within one year	21,956	21,030	20,159
	21,958	21,030	20,159
<b>CREDITORS:</b> Amounts falling due within one year	58	48	46
<b>NET CURRENT ASSETS</b>	21,900	20,982	20,113
	21,952	21,034	20,165
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4,554	3,630	2,760
Share premium account	17,469	17,469	17,469
Non-distributable capital reserve	(37)	(38)	(38)
Profit and loss accounts	(34)	(27)	(26)
	21,952	21,034	20,165
<b>Shareholders' funds:</b>			
- Equity	173	124	76
- Non-equity	21,779	20,910	20,089
	21,952	21,034	20,165
<b>Adjusted net asset value per non-equity share</b>	<b>121.93p</b>	<b>116.67p</b>	<b>111.71p</b>

## CASHFLOW STATEMENT (unaudited)

	Six months to 31 August 2002 £'000	Six months to 31 August 2001 £'000	Year to 28 February 2002 £'000
<b>Loss on ordinary activities</b>	(7)	(9)	(10)
Increase in accrued income	(1)	-	(1)
Increase in creditors	10	9	11
<b>Net cash inflow from operating activities</b>	2	-	-
Increase in cash	2	1	-

### Notes:

- 1 The statement of total return, balance sheet and cashflow statement set out above do not represent full accounts in accordance with Section 240 of the Companies Act 1985. The accounts have been prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'. The same accounting policies have been applied in preparing the accounts throughout the period
- 2 The interim report will be posted to shareholders on 10 October 2002 and copies will be available at the head office of the Secretary - Edinburgh Fund Managers plc, Donaldson House, 97 Haymarket Terrace, Edinburgh EH12 5HD.
3. There will be no interim dividend payable.

*Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise. Investors may not get back the amount they originally invested*

for Edinburgh High Zeros 2005 plc,  
Edinburgh Fund Managers plc, SECRETARY

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