

News Release  
9 October 2002

**ELIT ZEROS 2008 PLC**  
**INTERIM RESULTS FOR THE SIX MONTHS TO 31 AUGUST 2001**

ELIT Zeros 2008 and its holding company Edinburgh Leveraged Income Trust (ELIT) managed by Edinburgh Fund Managers, is akin to a split capital investment trust but with no fixed life for the ordinary shares.

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*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.*

## **ELIT ZEROS 2008 PLC**

### **Chairman's Statement**

#### **Review of the period**

The performance of the investment portfolio held by ELIT during the six month period to 31 August 2002 is outlined in the ELIT chairman's statement. During the period the total assets of the group fell from £53.0 million to £22.5 million.

Since 31 August 2002 the value of the portfolio has continued to fall. The board has been in discussions with its bankers, Bank of Scotland, and with their support, a strategy has been agreed for the ongoing management of the company – details of which are provided in ELIT chairman's statement. It was agreed with Bank of Scotland on 6 September to repay £11.332m of the outstanding loan of the group along with associated breakage costs. The outstanding loan balance after repayment is now £10.35m.

As at 30 September 2002 the total assets of the group are £8.9 million and there are currently no assets attributable to the zero dividend preference shareholders.

Income receivable from investments will be used to service interest payments on the remainder of the loan and to finance the annual expenses of running the company. After servicing the debt and the annual running costs of the company all of the remaining income will be used to reduce the amount of principal due to Bank of Scotland.

The group assets are continuing to be managed so that zdp holders are positioned to benefit from any upturn in markets. However, the split capital market remains extremely depressed and any recovery is dependent on a sustained improvement in global equity markets.

	<b>31 August 2002</b>	<b>28 February 2002</b>
Group's net assets (£m)	0.8	25.6
Full capital entitlement of ZDP Shares in March 2008 (£m)	15.7	15.7
Cover before capital charges (times)	0.05	1.63

Richard Martin  
Chairman      9 October 2002

## ELIT ZEROS 2008 PLC

### PROFIT AND LOSS ACCOUNT (unaudited)

	Six months to 31 August 2002 £'000	Period 3 January to 28 February 2002 £'000	Six months to 31 August 2001 £'000
Investment income	2	8	7
Administrative expenses	(15)	(21)	(15)
Provision in respect of amount due from parent undertaking	(8,685)	-	-
Loss on ordinary activities before taxation	(8,698)	(13)	(8)
Taxation	-	-	-
Loss on ordinary activities after taxation	(8,698)	(13)	(8)
Non-equity appropriations	(415)	(1,560)	(1,169)
Retained loss for the period	(9,113)	(1,573)	(1,177)
Earnings per share	(548.07p)	(231.53p)	(2,353.73p)

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

	Six months to 31 August 2002 £'000	Period 3 January to 28 February 2002 £'000	Six months to 31 August 2001 £'000
Unrealised loss on investments	1	(1)	(1)
Capital loss for the period	1	(1)	(1)
Revenue loss for the period	(9,113)	(1,573)	(1,177)
Total recognised gains and losses	(9,112)	(1,574)	(1,178)

**BALANCE SHEET (unaudited)**

	At 31 August 2002 £'000	At 28 February 2002 £'000	At 31 August 2001 £'000
<b>Fixed assets</b>			
Investments	50	49	50
<b>Current assets</b>			
Debtors – amounts due within one year	793	9,294	8,903
Cash at bank	3	5	3
	796	9,299	8,906
<b>Creditors: Amount falling due within one year</b>	9	19	12
<b>Net current assets</b>	787	9,280	8,894
	837	9,329	8,944
<b>Capital and reserves</b>			
Called up share capital	1,764	1,560	1,169
Share premium	7,784	7,783	7,784
Non-distributable reserve	-	(1)	(1)
Profit and loss account	(8,711)	(13)	(8)
	837	9,329	8,944
<b>Shareholders' funds:</b>			
- Equity	(8,921)	(14)	(9)
- Non-equity	9,758	9,343	8,953
	837	9,329	8,944
Net asset value per non-equity share	9.23p	108.99p	104.44p

## CASHFLOW STATEMENT (unaudit)

	Six months to 31 August 2002 £'000	Period 3 January to 28 February 2002 £'000	Six months to 31 August 2001 £'000
Loss on ordinary activities before interest and taxation	(8,698)	(13)	(8)
Increase in accrued income	(1)	(1)	1
Decrease in amount due from parent undertaking	8,685	-	-
Increase in creditors	12	19	10
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>(2)</b>	<b>5</b>	<b>3</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of investments	-	(50)	(51)
Loan to Edinburgh Leveraged Income Trust	-	(134)	(134)
<b>MANAGEMENT OF LIQUID RESOURCES</b>	<b>-</b>	<b>148</b>	<b>148</b>
<b>FINANCING</b>			
Issue of preference shares	-	36	37
<b>DECREASE IN CASH</b>	<b>(2)</b>	<b>5</b>	<b>3</b>

### Notes :

1. The same accounting policies have been applied throughout the period.
2. There will be no interim dividend payable.
3. The net asset value per non-equity share of 9.23p (2002–108.99p) shown on the balance sheet reflects the rights of the non-equity shares under the Articles of Association. The shareholders' funds attributable to the non-equity share as calculated in accordance with Financial Reporting Standard 4 'Capital Instruments', equates to 113.83p (2002–108.99p). The difference between these figures relates to the provision on amounts due from the parent undertaking and is reconciled as shown below:

	31 August 2002 p	28 February 2002 p	31 August 2001 p
Non-equity shareholders' funds (Articles basis)	9.23	108.99	104.44
Provision on amount due from parent undertaking	104.60	—	—
Non-equity shareholders' funds (FRS 4 basis)	113.83	108.99	104.44

Net asset value per non-equity share is based on 8,572,213 (2002–8,572,213) shares in issue at the year end.

As referred to in note 7 of the accounts of Edinburgh Leveraged Income Trust, there is uncertainty in determining the realisable value of the highly geared investment trusts.

4. The statement of total return, balance sheet and cash flow statement do not represent full accounts in accordance with Section 240 of the Companies Act 1985.
5. Full accounts for the period to 28 February 2002 were submitted on 6 June 2002. The next set of statutory accounts will be prepared for the year to 28 February 2003.
6. The interim report will be posted to shareholders on 19 October 2002 and copies will be available at the registered office of the company - Donaldson House, 97 Haymarket Terrace, Edinburgh EH12 5HD.

For ELIT Zeros 2008 plc  
Edinburgh Fund Managers plc, SECRETARY

## **AUDITORS' REPORT**

### **INDEPENDENT REVIEW REPORT TO ELIT ZEROS 2008 PLC**

#### **Introduction**

We have been instructed by the company to review the financial information for the six months ended 31 August 2002 which comprises the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

#### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

#### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

#### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 August 2002.

**Ernst & Young LLP**

*Edinburgh* 9 October 2002