

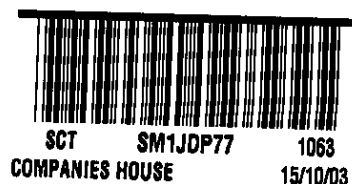
IVORY & SIME OPTIMUM INCOME TRUST PLC

(Registered Number 172158)

ACCOUNTS

FOR THE QUARTER

TO 31 AUGUST 2003



Ivory & Sime Optimum Income Trust plc

Statement of Total Return

	Notes	Quarter to 31 August 2003			Year to 31 May 2003		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Capital (losses)/gains on investments			3,764	3,764		(21,183)	(21,183)
Income	1	958	-	958	3,396	-	3,396
Investment management fee		(71)	(132)	(203)	(259)	(482)	(741)
Other expenses		(74)	-	(74)	(326)	(31)	(357)
Return on ordinary activities before taxation		<u>813</u>	<u>3,632</u>	<u>4,445</u>	<u>2,811</u>	<u>(21,696)</u>	<u>(18,885)</u>
Taxation	2	(9)	9	-	(45)	45	-
Return on ordinary activities after taxation		<u>804</u>	<u>3,641</u>	<u>4,445</u>	<u>2,766</u>	<u>(21,651)</u>	<u>(18,885)</u>
Appropriations in respect of Zero Dividend Preference Shares		-	(1,594)	(1,594)	-	(6,051)	(6,051)
Return attributable to equity shareholders		<u>804</u>	<u>2,047</u>	<u>2,851</u>	<u>2,766</u>	<u>(27,702)</u>	<u>(24,936)</u>
Dividend		(801)	-	(801)	(3,153)	-	(3,153)
Transfer from revenue reserve		<u>3</u>	<u>2,047</u>	<u>2,050</u>	<u>(387)</u>	<u>(27,702)</u>	<u>(28,089)</u>
Earnings per Ordinary Share		2.28p	5.81p	8.09p	7.85p	(78.65)p	(70.80)p
Dividend per Ordinary Share		2.275p			8.95p		

Ivory & Sime Optimum Income Trust plc

Balance Sheet

	Notes	As at 31 August 2003 £'000	As at 31 May 2003 £'000
FIXED ASSETS – INVESTMENTS			
Investments	3	80,155	75,079
CURRENT ASSETS			
Debtors	4	1,052	469
Cash at bank and on deposit		2,800	4,636
Creditors			
(amounts falling due within one year)	5	(1,237)	(1,058)
Net current assets		2,615	4,047
Total assets less current liabilities		82,770	79,126
CAPITAL AND RESERVES			
Ordinary shares	6	3,522	3,522
Zero dividend preference shares	6	35,224	35,224
Special distributable reserve	7	40,607	40,607
Capital reserve realised	8	(41,934)	(38,766)
Capital reserve unrealised	8	3,705	(1,510)
Redemption reserve	8	41,370	39,776
Revenue reserve	8	276	273
Shareholders' funds		82,770	79,126
Net Asset Value per Ordinary Share		10.69p	11.71p

Adamson Chambers

Director
October 2003

Ivory & Sime Optimum Income Trust plc

Cash Flow

	Quarter to 31 August 2003 £'000	Year to 31 May 2003 £'000
Net cash flow from operating activities	608	2,196
Financial investments	(1,643)	(2,665)
Equity dividend paid	(801)	(3,127)
	<u>(1,836)</u>	<u>(3,596)</u>
Decrease in cash	<u>(1,836)</u>	<u>(3,596)</u>
Reconciliation of net cash flow to movement in net funds.		
Changes in net funds resulting from cash flows	(1,836)	(3,596)
Net funds at 3 June 2002/2003	4,636	8,232
Net funds at 31 August/31 May 2003	<u>2,800</u>	<u>4,636</u>
Reconciliation of operating profit to net cash flow from operating activities		
Net return before taxation	813	2,811
Management fee charged to capital	(132)	(482)
Other expenses charged to capital	-	(31)
Changes in working capital and other non-cash items	(73)	(102)
Cash flow from operating activities	<u>608</u>	<u>2,196</u>

Ivory & Sime Optimum Income Trust plc

Accounting Policies

BASIS OF PREPARATION

The accounts are prepared under the historical cost convention modified to include revaluation of investments. The accounts are prepared in accordance with applicable accounting standards.

INVESTMENTS

Investments listed on the London Stock Exchange and are valued at middle market prices.

CAPITAL AND RESERVES

- | | | | |
|-----|-----------------------------------|---|--|
| (a) | Capital reserve realised | - | gains and losses on realisation of investments are dealt with in this reserve. |
| (b) | Capital reserve unrealised | - | increases and decreases in the valuation of investments held are dealt with in this reserve. |

INCOME

- (a) Dividends are recognised as income on the date that the related investments are marked ex-dividend. Income from fixed interest securities are included on an accruals basis.
- (b) Deposit interest is included on an accruals basis.

EXPENSES

Administrative expenses are dealt with on an accruals basis.

Ivory & Sime Optimum Income Trust plc

Quarter to
31 May 2003
£'000

Year to
31 May 2003
£'000

1. INCOME

Listed on the London Stock Exchange	929	3,213
Deposit interest	29	182
Underwriting commission	-	1
	<u>958</u>	<u>3,396</u>

2. TAXATION

Corporation tax	9	45
	<u>9</u>	<u>45</u>

3. FIXED ASSETS – INVESTMENTS

Cost at 31 May 2003	76,589
Additions at cost	5,324
Disposals at cost	(5,463)
Cost at 31 August 2003	<u>76,450</u>
Unrealised depreciation	3,705
Valuation at 31 August 2003	<u>80,155</u>

Investments listed on the London Stock Exchange	<u>80,155</u>
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Ivory & Sime Optimum Income Trust plc

Notes to the Accounts

	As at 31 August 2003 £'000	As at 31 May 2003 £'000
4. DEBTORS		
Accrued income	1,052	469
	<u>1,052</u>	<u>469</u>

5. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

Dividend	801	801
Other creditors	436	257
	<u>1,237</u>	<u>1,058</u>

6. SHARE CAPITAL

	Authorised		Allotted Issued And Fully Paid	
	Number	Nominal Value	Number	Nominal Value
Ordinary Shares of 10p	60,000,000	£6,000,000	35,223,639	£3,522,364
Zero Dividend Preference	60,000,000	£60,000,000	35,223,639	£35,223,639
Shares of 100p each		0		9

Ivory & Sime Optimum Income Trust plc

Notes to the Accounts

7. SPECIAL DISTRIBUTABLE RESERVE £'000

At 31 August 2003/31 May 2003 40,607

8. RESERVES

Capital reserve realised

At 31 May 2003 (38,766)

Loss on sale of investments during the period (1,451)

Management fees charged to capital (132)

Taxation 9

Transfer to redemption reserve (1,594)

At 31 August 2003 (41,934)

Capital reserve unrealised

At 31 May 2003 (1,510)

Appreciation of investments during the quarter 5,215

At 31 August 2003 3,705

Redemption Reserve

At 31 May 2003 39,776

Transfer from capital reserve realised 1,594

At 31 August 2003 41,370

Revenue Reserve

At 31 May 2003 273

Transfer from revenue account 3

At 31 August 2003 276
