

Finsbury Technology Trust PLC

Annual Report
for the year ended 30 November 2003



CLOSE FINSBURY
DIFFERENT BY DESIGN

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COMPANY SUMMARY

Company Policy and Investment Objective

Finsbury Technology Trust PLC invests principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth. Performance is measured against the Morgan Stanley Capital International World Index (sterling adjusted without dividends reinvested).

It is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts). The Company does not, at the time of this report, have any holdings in an investment company of any sort, the directors do not currently envisage circumstances in which it is likely to do so in future.

Dividends

The investments in the Company's portfolio typically provide little, if any, income. No dividend has been declared in respect of the year ended 30 November 2003 (2002: nil) and it is unlikely that any dividend will be paid in the foreseeable future.

Corporate Details

Capital structure The Company has 27,615,312 Ordinary shares of 25p in issue.

Continuation Vote Shareholders will have the opportunity to vote at the Annual General Meeting in 2006 whether to continue the Company and thereafter at five yearly intervals.

Management Details

Investment Manager and Company Secretary Close Finsbury Asset Management Limited is a specialist investment management house with over £500m funds under management. It is a wholly owned subsidiary of Close Brothers Group plc. Details of the terms and the fee paid to the Investment Manager can be found in the Report of the Directors on page 14. The Investment Manager is authorised and regulated by the Financial Services Authority.

Investment Adviser Rebourne Technology Investment Management Limited is a subsidiary of Close Brothers Group plc in which various Rebourne employees have minority interests. Rebourne specialises exclusively in technology and biotechnology. Details of the terms and the fee paid to the Investment Adviser can be found in the Report of the Directors on page 14. The Investment Adviser is authorised and regulated by the Financial Services Authority.



FINANCIAL HIGHLIGHTS

	30 November 2003	30 November 2002	% change
Net Assets	£68.2m	£49.8m	+36.9
Net Asset Value per share	246.8p	180.3p	+36.9
Share Price	210.0p	171.0p	+22.8
Discount	14.9%	5.2%	-
MSCI World Index (sterling adjusted without dividends reinvested)	1,362	1,286	+5.9

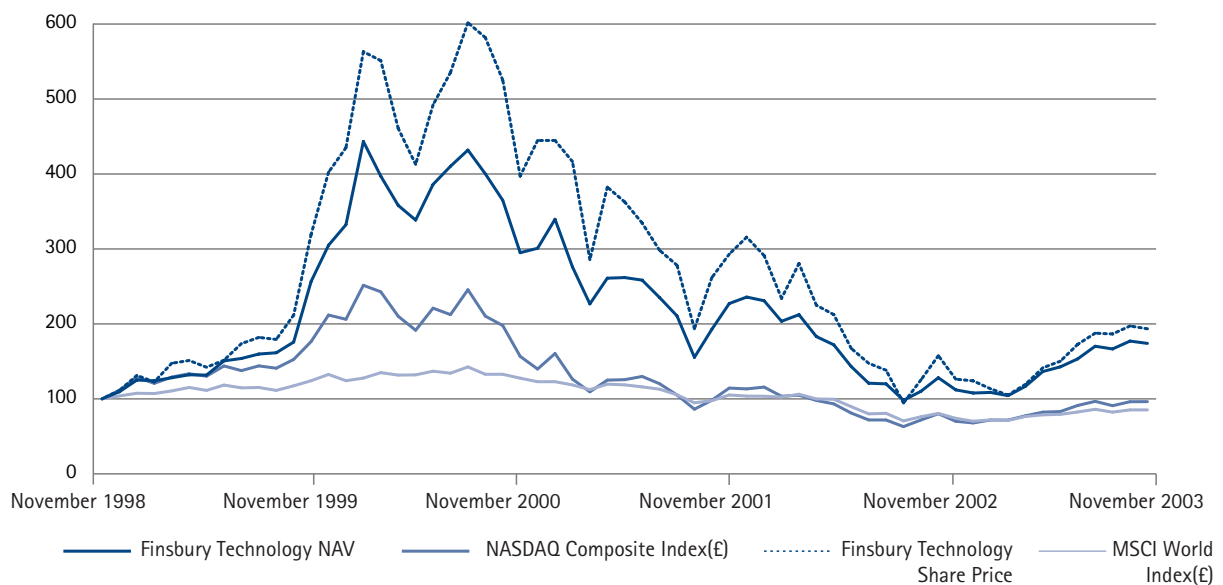
PERFORMANCE SUMMARY

Financial Record

	30 November 1998	30 November 1999	30 November 2000	30 November 2001	30 November 2002	30 November 2003
Shareholders' Funds	£37.6m	£96.5m	£112.2m	£88.8m	£49.8m	£68.2m
Net Asset Value per Share	141.6p	363.4p	417.7p	321.7p	180.3p	246.8p
Share Price	108.5p	346.5p	431.0p	318.0p	171.0p	210.0p
Discount/(Premium)	23.4%	4.7%	(3.2%)	1.2%	5.2%	14.9%
MSCI World Index*	1,596	1,983	2,037	1,679	1,286	1,362

*sterling adjusted without dividends reinvested

PERFORMANCE GRAPH



Figures rebased to 100 as at 30 November 1998
Source: Close Finsbury Asset Management Limited



CHAIRMAN'S STATEMENT

Results

In the year ended 30 November 2003, the net asset value per share rose by 36.9% from 180.3p to 246.8p. This compares with an increase of 19.8% in the NASDAQ Composite Index (sterling adjusted) and of 5.9% in the MSCI World Index, which is our benchmark index.

During the year ended 30 November 2003, the Company's share price rose by 22.8% from 171.0p to 210.0p.

Statement of Total Return

The Statement of Total Return is set out on page 26. The total return per share for the year was 66.5p (2002: deficit of 141.4p) made up of a revenue deficit of 2.8p (2002: deficit of 2.9p) and a capital return of 69.3p (2002: deficit of 138.5p).

Dividends

The investments making up the Company's investment portfolio typically provide a very low yield. No dividend has been declared in respect of the year ended 30 November 2003 (2002: nil) and it is unlikely that a dividend will be paid for the foreseeable future.

Corporate Governance and The Board

A number of changes to the corporate governance requirements for listed companies generally, and to the rules governing investment companies in particular, have been announced in recent months. The Board is continuing to review its structure, composition and procedures and will make such changes as are necessary to comply with best practice, while ensuring that the directors continue to represent the skills and experience necessary to lead the Company effectively.

Outlook

It is pleasing to note that the technology sector worldwide has recovered considerably from an extremely depressed state. This could leave markets prone to periodic bouts of profit taking as investors remember the troubles of recent years. Despite this risk, I think that there is clear evidence developing that there is renewed growth and the promise of many new technologies is moving much closer to mass deployment. I therefore anticipate that there will be considerable growth in the sector in the years ahead and I continue to be optimistic about the prospects for this Company.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT, on 27 April 2004 at 12.00 noon and I hope as many shareholders as possible will be able to attend. Representatives of our investment adviser, Reabourne Technology Investment Management Limited, will make a presentation after the meeting. A map showing the location of 10 Crown Place can be found at the back of this Annual Report.

Bryan Lenygon

Chairman

3 March 2004



THE BOARD

Director	Bryan Lenygon M.A., LL.B., F.C.A., F.C.I.S., A.T.I.I., Barrister	Paul Gaunt, B.Sc(Econ)	Dr Chris Martin, DPhil, FICHEM
Current Employment	Self-employed	Self-employed	Chief Executive Officer of Sciona Limited, a genomic personalised health company
Relevant Experience	After qualifying as a chartered accountant he joined Turner & Newall Limited and subsequently The British Petroleum Company Limited. He joined Gartmore Investment Limited, a fund management company in 1971, being called to the Bar in 1976. He retired from Gartmore Investment Limited in 1988	30 years experience in the investment industry, former Senior Investment Manager and an Assistant General Manager of the Equitable	Experience in venture capital funding for technology companies
Length of service and age	Aged 71. Served on the Board as Chairman since 7 November 1995	Aged 54. Served on the Board since 7 November 1995	Aged 45. Joined the Board on 7 March 2003
Committee membership	Audit Nominations Remuneration	Nominations Remuneration	Audit Nominations Remuneration
All other public company directorships	Aberdeen Convertible Income Trust PLC* City Natural Resources High Yield Trust PLC* Small Companies Dividend Trust PLC* Chelverton Growth Trust PLC* INVESCO Asia Trust PLC*	Finsbury Worldwide Pharmaceutical Trust PLC* Finsbury Life Sciences Investment Trust PLC* Pan Asia Special Opportunities Fund Korea Special Opportunities Fund	Spirogen Limited Cascade Fund Management Limited
Employment by the Manager	None	None	None
Other connections with Trust or Manager	None	None	None
Shared directorships with any commercial company	None	Finsbury Life Sciences Investment Trust PLC* Finsbury Worldwide Pharmaceutical Trust PLC*	None
Employment in company investments over 1%	None	None	None

*Investment trust



Dr David Potter, CBE

David Quysner, MA(Cantab)

Anthony Townsend, MA(Cantab)

Chairman of Psion PLC

Chairman of Abingworth Management Limited

Self-employed

23 years as entrepreneur, Chief Executive and Chairman in the technology sector. Experience on many technology boards and venture funds

Over 30 years experience in venture capital fund management and of managing investments in technology companies in both the USA and the UK

Active city career since 1969, and since 1988 specialising in investment trusts. Chairman of The Association of Investment Trust Companies 2001-03

Aged 60. Served on the Board since 7 November 1995

Aged 57. Joined the Board on 7 March 2003

Aged 56. Served on the Board since 7 November 1995

Audit
Nominations
Remuneration

Audit
Nominations
Remuneration

Nominations
Remuneration

Psion PLC
Symbian Ltd
Bank of England

Comino Group plc
Daniel Stewart Securities plc
Enterprise Capital PLC*
Quester VCT 3 plc*
ANGLE plc

Finsbury Growth Trust PLC*
Finsbury Life Sciences Investment Trust PLC*
Finsbury Worldwide Pharmaceutical Trust PLC*
Brit Insurance Holdings PLC
British and American Investment Trust PLC*
Gartmore Balanced Assets Trust PLC*
The Zero Preference Growth Trust PLC*

None

None

Executive Director from 1988 to August 1999

None

None

Non-executive Chairman of Reabourne Technology Investment Management Limited
Consultant to Close Asset Management Holdings Limited

None

None

Finsbury Life Sciences Investment Trust PLC*
Finsbury Worldwide Pharmaceutical Trust PLC*

Psion PLC

None

None



INVESTMENT ADVISER'S REVIEW

After a very difficult period it is pleasing to report that the Company had a good year, with the net asset value rising by 36.9% to £68.2m. Trading conditions remained difficult for most of the year but share prices started to recover once investors felt comfortable that their prices had fully discounted the bad news and that there was no further deterioration in the outlook. Encouragingly, the recovery was broad based with smaller capitalisation shares and biotechnology companies participating.

Sector Overview

There were few new issues in the year and the key catalyst in the recovery was a realisation that there was no further deterioration in the outlook. However, those companies who focused on the consumer saw good growth as an abundance of cheap money allowed consumers to spend freely. There were also a number of consumer products such as digital cameras, MP3 players and DVD players, which became affordable.

By contrast, businesses kept a tight control on expenditure and with the possible exception of security, IT budgets remained generally flat. Investors had however, already anticipated this. Conditions in the telecommunications industry remained subdued but the decline in sales was significantly less than generally expected and the shares of the equipment vendors performed well, as investors began to realise that these had been oversold. The year saw the first launch of a third generation cellular network in the UK although there were some teething problems as would be expected of a major new technology. Mobile phone sales considerably exceeded expectations as a result of a strong upgrade cycle driven by new features such as cameras and as Asian sales, most noticeably in China, continued to be strong.

Computer sales remained fairly flat, although by the end of the period there were early signs that the long awaited PC upgrade cycle was beginning to occur. Storage continued to be a difficult area as competition intensified, although there was good volume growth.

Semiconductors grew strongly, pricing returned to more normal levels and supply rose to match demand, because the inventory overhang had been mainly absorbed.

Biotechnology shares had a good year, benefiting from a more favorable regulatory environment. Several important new drugs, such as Velcade, were approved and sales of marketed drugs rose strongly. The pharmaceutical companies also showed renewed interest in the sector, with some major acquisitions such as Pfizer buying Esperion and there were also a number of new partnering deals.

In summary, while business conditions were not wonderful, there were early signs of improvement.

The Portfolio

The USA

Most of our US stocks contributed during the period, although the gains were dampened by the effect of the US dollar depreciating against sterling. The best performing stock was **Chordiant**, which saw a few large orders for its customer relationship management software. We have taken some profits, although we are hopeful of further gains as the company benefits from its IBM partnership. **Take Two Interactive** also performed strongly as a result of strong sales of its games software. The results of games software companies can be extremely fickle and we have substantially lightened this holding. **Applied Materials**, **Vishay** and **Orbotech** all performed strongly, benefiting from a stronger demand for electronics.

Our strategy has been to invest for the long term and while this has generally paid off, it was particularly disappointing to see **Imany** continue to miss forecasts and we have sold our position. **Globespan** and **Borland**, which had both performed relatively well last year, proved to be laggards this year. Globespan has since announced a merger with Connexant and our holding in Borland is under constant review.

This has been a year of little activity in our US portfolio. There has however been a considerable increase in business confidence recently and many US companies are likely to benefit from the weakness of the dollar.

Asia

Our Asian stocks also contributed during the period. Our long-term positions in **TSMC** and **Samsung** benefited as leading edge companies from a recovery in semiconductor demand. Shares in **Siliconware Precision Industries**



INVESTMENT ADVISER'S REVIEW (continued)

Co., which were bought, during the year, also benefited from the same trend. **Nitto Denko**, which makes components for LCD panels, was also a strong performer. Asia continues to be the manufacturing centre for the technology sector and as such it is hard to find many companies with a sustainable competitive advantage. However China shows strong signs of emerging as a technology powerhouse and we are monitoring events there closely. During the year we bought and sold shares in a Chinese internet company, **Sina.com** and we also invested in **DMX**, which is involved in providing services for the build out of digital based services in China.

Europe

Our European shares had a sparkling period. The star performer was **Filtronic**, which benefited from a realisation that its base business was highly profitable, and expectations that it would sign some customers for its Gallium Arsenide facility. **Gresham** also performed exceptionally well as some major banks started to sign up for its real time Nostro system. **Imagination Technology** and **Sci Entertainment** benefited from strong results and good recoveries were seen at **Photo Me** and **Superscape**. During the period we increased our investment in **Micronic Laser** in anticipation of improved orders for their mask generation equipment, which is used by the semiconductor industry; this proved to be beneficial. The main disappointment was **Soitec**, which suffered from delays in the roll out of products from customers using their silicon on insulator technology. We are becoming increasingly convinced that this is the leading company in its field as its main competitor **Ibis** seems to falter and we are considering topping up this holding.

Biotechnology

We are pleased to report that our Biotechnology shares had a good year. There was a much more favourable environment as the FDA commissioner **McLennan** took a much more pragmatic approach to new drug approvals and sales of marketed drugs grew strongly. The sector had been so depressed that we had been able to invest in companies with late stage products at attractive valuations and this proved rewarding. **Actelion** performed strongly as sales of Tracleer, a product to treat pulmonary arterial hypertension grew strongly. **Corvas** was acquired by **Dendreon** for shares which we sold after a sharp rise, following data on its lead product which was taken to be encouraging by the market. This holding has now been sold. Other strong performers were **ICOS** (a newly marketed PDE5 inhibitor for the treatment of impotence), **Genprobe** (a diagnosis company), **Cerep** (a medicinal chemistry service company), **Evotec** (another medicinal chemistry service company) and **Dyax** (antibody technologies), which had been unfairly penalised in the bear market. The main disappointment was **Provalis** where sales of its glucose-monitoring test were below expectations. This position has been reduced.

The Outlook

The tremendous recovery has led to a debate as to whether the good times are returning to the sector or whether this is just another bubble, which will prove costly to anyone investing in the sector. Share prices look expensive in relation to consensus forecast earnings, although share prices remain considerably below their peaks with the Nasdaq at the time of writing still 67% off its peak and still only 49% above the depressed levels seen after the tragedy of September 11. The recovery is still not confirmed and analyst's forecasts still assume only modest growth. Investors still appear to be somewhat sceptical with very few new public offerings and a cautious uptake of those that have occurred. Undoubtedly, a recovery in business conditions is factored into many share prices, but in our opinion the key question is whether the true potential that is likely to be achieved is reflected in the forecasts and valuations. The profitability of most technology and biotechnology companies is hugely geared to revenues. We think that many investors and commentators are considerably underestimating the impact of many of the trends that are occurring and that the sales and profitability of many companies in the sector will considerably exceed expectations over the next few years.

To conclude, the recovery needs to continue if technology shares are to perform well. There will inevitably be data points over the year ahead that will bring this into question, causing some volatility in the sector. However we think that many of the factors that caused the excitement in technology shares in the bubble period are now becoming reality and that while some of the more mature companies may fully reflect the recovery, there are many orphaned stocks which are very well positioned. The technology market is now truly global and in our opinion investors are overlooking many attractive companies outside the US. We currently have more investment ideas than cash and remain fully invested.

Michael Bourne/Jeremy Gleeson

Reabourne Technology Investment Management Limited, Investment Adviser

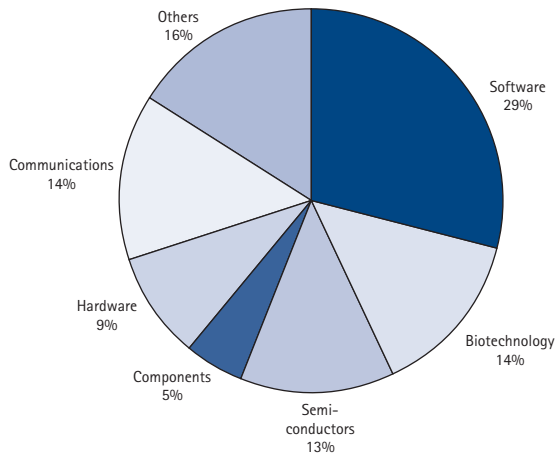
Close Finsbury Asset Management Limited, Investment Manager



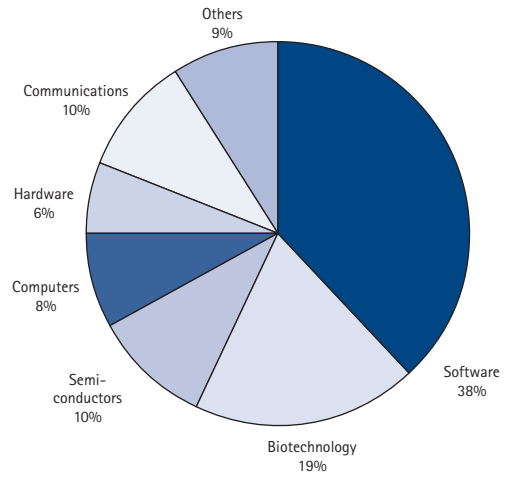
ANALYSIS OF PORTFOLIO

Sector Analysis

2003

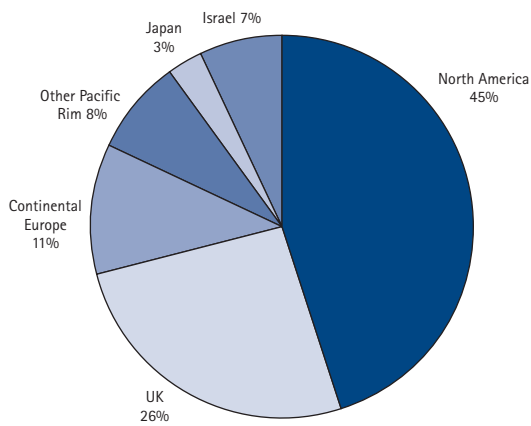


2002

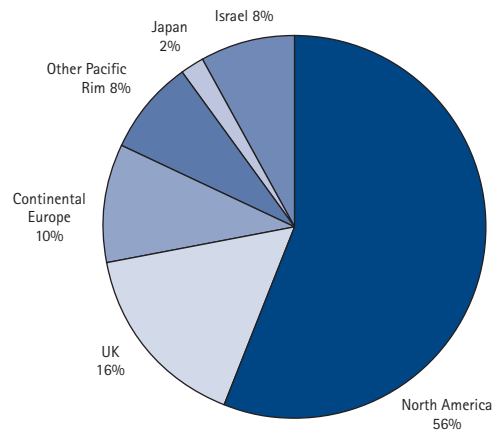


Geographic Analysis

2003



2002





LARGEST INVESTMENTS

The 70 largest investment as at 30 November 2003 were:

Investment	Sector	Country	Market value £000	% of investments
Filtronic	Communications	UK	2,512	3.5
Gresham Computing	Software	UK	2,155	3.0
Tecnomatix Technologies	Design	Israel	2,149	3.0
Digital River	Internet	USA	1,686	2.4
Take Two Interactive Software	Software	USA	1,663	2.3
Samsung Electronics	Hardware	S Korea	1,632	2.3
Vishay Intertech	Components	USA	1,570	2.2
Superscape	Software	UK	1,541	2.2
Photo-Me International	Hardware	UK	1,483	2.1
AIT Group	Software	UK	1,427	2.0
Top 10 investments			17,818	25.0
Taiwan Semiconductor	Semiconductors	Taiwan	1,397	2.0
Verisign	Internet	USA	1,287	1.8
Utstarcom	Communications	USA	1,219	1.7
Nitto	Other	Japan	1,158	1.6
Citrix Systems Inc	Software	USA	1,131	1.6
Applied Materials	Semiconductors	USA	1,045	1.5
Psion	Software	UK	1,023	1.5
Imagination Technologies	Electronics (other)	UK	1,007	1.4
Pervasive Software	Software	USA	1,003	1.4
Netscreen Technologies	Software	USA	996	1.4
Top 20 investments			29,084	40.9
Xilinx Inc	Semiconductors	USA	971	1.4
Ciena Corporation	Communications	USA	970	1.4
Cisco	Communications	USA	962	1.4
Mamut	Software	Norway	956	1.3
ASM International	Semiconductors	Netherlands	955	1.3
Borland Software	Software	USA	948	1.3
Melexis	Components	Belgium	940	1.3
Chordiant Software	Software	USA	914	1.3
Network Associates	Other	USA	872	1.2
Cytoc Corporation	Biotechnology	USA	869	1.2
Top 30 investments			38,441	54.0



LARGEST INVESTMENTS (continued)

The 70 largest investment as at 30 November 2003 (continued) were:

Investment	Sector	Country	Market value £000	% of investments
Orbotech	Hardware	Israel	863	1.2
Intelligent Environments	Software	UK	839	1.2
ICOS	Biotechnology	USA	828	1.2
Innovision Res & Technology	Other	UK	800	1.1
Ascential Software	Software	USA	772	1.1
Nichicon	Components	Japan	771	1.1
Teva Pharmarmaceutical	Biotechnology	Israel	770	1.1
Ceragon Networks	Communications	Israel	751	1.1
Marimba	Internet	USA	747	1.0
Manpower Software	Software	UK	746	1.0
Top 40 investments			46,328	65.1
Agere Systems	Semiconductor	USA	705	1.0
Vanco	Communications	UK	683	0.9
Dicom Group	Hardware	Germany	645	0.9
Ceva	Semiconductor	USA	641	0.9
Bede	Semiconductor	UK	621	0.9
Eidos	Software	UK	617	0.9
Micronic Laser System	Semiconductor	Sweden	607	0.9
BEA Systems	Software	USA	606	0.9
Pharmaceutical Product Development	Biotechnology	USA	604	0.8
Dyax	Biotechnology	USA	597	0.8
Top 50 investments			52,654	74.0
Siliconware Precision	Semiconductor	Taiwan	583	0.8
Spirent	Communications	UK	581	0.8
Parsytec Pattern	Software	Germany	574	0.8
Vicuron Pharmaceutical	Biotechnology	USA	560	0.8
DoubleClick	Internet	USA	555	0.8
Actelion	Biotechnology	Switzerland	553	0.8
@Road	Communications	USA	549	0.8
Wind River System	Design	USA	545	0.7
DeCode	Biotechnology	Iceland	516	0.7
First Consulting	Software	USA	484	0.7
Top 60 investments			58,154	81.7



The 70 largest investment as at 30 November 2003 (continued) were:

Investment	Sector	Country	Market value £000	% of investments
NXT PLC	Hardware	UK	475	0.7
Parametric Tech	Design	USA	453	0.6
Biacore International	Biotechnology	Sweden	437	0.6
Elec & Eltek International	Hardware	Singapore	430	0.6
Globespan	Semiconductor	USA	424	0.6
Prometic Life Science	Biotechnology	Canada	423	0.6
Soitec	Semiconductor	France	422	0.6
Evotec Biosystems	Biotechnology	Germany	409	0.6
Zoran Corp	Semiconductor	USA	406	0.6
Amdocs	Communications	USA	393	0.5
Top 70 investments			62,426	87.7
42 other* investments			8,762	12.3
Total investments			71,188	100.0

*Includes the following unquoted stocks: Xantrex Technology, Microdose, Gentia, Marcher Diagnostics and Photoelectron
All of the above investments are equities unless otherwise stated

PORTFOLIO ANALYSIS

as at 30 November 2003

	£000	%
Listed on recognised stock exchange	70,299	98.8
Unquoted Investments	525	0.7
Convertibles	364	0.5
Total investments	71,188	100.0



INVESTMENT ADVISER PROFILE

Investment Philosophy

Selective stock-picking and early stage investment form the two corner stones of Reabourne's investment philosophy. Reabourne believes that these principles deliver higher returns over the long term.

Stock Picking

Portfolios are constructed on a bottom-up basis, where stocks are selected primarily with regard to their individual merits, rather than a top-down basis, which subordinates stock selection to the implementation of macro-judgements of industry trends and the achievement of index derived sector distribution targets. The sector and country distributions that result from this process are monitored only as a risk control mechanism.

Early Stage Investment

In the stock selection process a particular priority is given to identifying newer, leading-edge technology companies, with good management, and investing in them at an early stage. This inevitably involves investment in small end micro capitalisation issues, with the increased risks that this implies, but experience suggests that, if risks are diversified and the selection process backed up by appropriate expertise, the greater long term returns will fully justify this approach. Details of the investment process and the credentials for the investment team are set out below.

Investment Process

Using the scientific, business and financial experience within Reabourne, the investment process involves an initial assessment of the following in relation to each company in which investment is proposed:

- (i) the scientific trends within the scientific technology area:
- (ii) the stage(s) of development of that technology; and
- (iii) the growth potential and market size for the applications of that technology.

Following this assessment, Reabourne identifies the universe of companies involved in the development of the relevant technology. In respect of potential investee companies, Reabourne seeks to:

- (i) assess the research and development programme of the company on a scientific basis. Its soundness is verified by Reabourne's in-house expertise and cross-referenced to academic research and/or the company's peer group within the research field. In addition, further cross-referencing is undertaken, where appropriate, with customers, suppliers, competitors and partners;
- (ii) assess the competitive positioning of the company and barriers to entry in the industry which may not necessarily be directly related to technologies (e.g. secured access to suppliers, exclusivity of partnership, customer base, brand name, access to capital markets);
- (iii) identify the existing and future revenue and profit drivers and to test the financial forecasts derived from the company's business development against the market expectations for the potential of the technology in which the company is engaged; and
- (iv) assess the quality of the management team and its level of interest in minority shareholders; Reabourne usually recommends investing in companies only where it has met the members of the management team.



The Reabourne Team

Reabourne has a multi-disciplined team of experts with considerable experience in a range of sectors. The team has a balance of scientific, business and technical skills. Portfolio management is conducted using a team approach under the direction of Michael Bourne. As well as conducting fundamental analysis, members of the team regularly meet with senior executives and scientific, research and development executives of investee and potential investee companies. The team includes:

Michael Bourne BA, A.C.A

Michael Bourne, aged 45, founded Reabourne in 1995. He was formerly a Director of Henderson Investment Management, a division of Henderson Administration Group Plc. From 1988 to 1992 Michael was the fund manager of Prolific Technology Unit Trust which won Micropal awards in 1991 and 1992. Michael oversees the investment process for Reabourne products, which have won multiple awards.

Jeremy Gleeson M.Sc., CFA

Jeremy Gleeson, aged 30, has been with Reabourne since 1997 after gaining a degree in Mathematics from Cardiff University and a Master of Science in Systems Engineering. Whilst at Reabourne Jeremy has focused on global technology companies. Jeremy is a CFA charterholder.

Huaizheng Peng M.D Ph.D.

Dr Huaizheng Peng, aged 41, joined Reabourne in 1999. He previously practised as a Doctor of Medicine having received his degree from Hunan Medical University in China and a PhD from University College London Medical School. While at UCL, Dr Peng was a lecturer in molecular pathology.

Graham Morton BEc. DipFin Man. A.C.A.

Graham Morton, aged 49, a chartered accountant, joined Reabourne in 1999 as an investment manager. He was formerly chief executive officer of the European operation of Burdett Buckridge and Young and from 1982 to 1989 a partner of the Australian stockbroker, Bain and Company.

Richard Müller M.Sc.

Richard Müller, aged 33, joined Reabourne in October 2001 after he gained a degree in international securities, investment and banking from The Business School for Financial Markets (ISMA) at the University of Reading. Previously he was a technology analyst at JP Morgan and HSBC in South Africa.

Stuart Jackaman BA, CFA

Stuart Jackaman, aged 29, joined Reabourne in March 2000, gained a degree in mathematics from Pembroke College Oxford in 1996. His primary role is systems development and portfolio manager support.

Laurent Faure

Laurent Faure, aged 40, joined Reabourne in September 2002 and previously spent 15 years in investment banking, specialising in the US technology and healthcare sectors. At Reabourne his focus is order execution and risk management.



REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 30 November 2003.

Status and Activities

During the year under review the Company has continued to conduct its affairs so as to qualify as an investment company, as defined under Section 266 of the Companies Act 1985, and an investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988. Inland Revenue approval of the Company's status as an investment trust has been received for all years up to and including the year ended 30 November 2002. This is however subject to review should there be any enquiry under Corporate Tax Self Assessment. The Directors are of the opinion that the Company has subsequently directed its affairs so as to enable it to continue to obtain Inland Revenue approval as an investment company.

There has been no significant change in the activities of the Company during the year and the Directors anticipate that the Company will continue to operate in the same manner during the current year.

The Company currently manages its affairs so as to be a fully qualifying investment trust for ISA purposes. As a result, under current UK legislation, the shares qualify for investment in the stocks and shares component of a non-CAT Standard ISA up to the full annual subscription limit (currently £7,000 in the tax years ending 5 April 2006 for maxi-account ISAs and £3,000 for mini-account ISAs). The Company's shares are fully qualifying for inclusion in an existing general PEP. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA and PEP products.

Results and Dividends

The results attributable to shareholders for the year and the transfer from reserves are shown on page 26. The directors do not recommend the payment of a dividend (2002: nil).

Fixed Asset Investments

The market value of the Company's investments, at 30 November 2003 was £71.2m (2002: £50.1m). Taking these investments at this valuation, the net assets attributable to each Ordinary share amounted to 246.8p at 30 November 2003 (2002: 180.3p).

Management

Investment Management Agreement: investment management services are provided by Close Finsbury Asset Management Limited ("the Investment Manager"). The Investment Manager is a wholly owned subsidiary of Close Brothers Group PLC. The Investment Manager is appointed to manage the investment fund, to advise the Company in relation to the investment of the fund and to provide administrative, secretarial and other services to the Company. Details of the fees paid to the Investment Manager can be found in note 3 on page 31. Either party giving notice of not less than 24 months may terminate the Investment Management Agreement. The Investment Manager has delegated, under the Investment Advisory Agreement, to the Investment Adviser the management of the investment fund.

Investment Advisory Agreement: investment advisory services are provided by Reabourne Technology Investment Management Limited ("the Investment Adviser"). The Investment Adviser is a subsidiary company of Close Brothers Group plc in which various Reabourne employees have minority interests. Details of the fees paid to the Investment Adviser can be found in note 3 on page 31. The Investment Advisory Agreement may be terminated by either party giving notice of not less than 24 months. The Investment Adviser under the terms of the Agreement provides inter alia the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the investment manager in relation to trends, market movements and other matters which may affect the investment policy of the Company.



Administrative and Secretarial Services Agreement: administrative and company secretarial services are provided by Close Finsbury Asset Management Limited (“the Company Secretary”). With effect from 1 June 2002 the Company Secretary was entitled to a fee of £50,000 per annum, such amount to be increased annually in line with the Retail Price Index. The Administrative and Secretarial Services Agreement may be terminated by either party giving notice of not less than 12 months. The Company Secretary under the terms of the Agreement provides inter alia the following services:

- administrative services to such extent and from such dates as the board may determine;
- maintaining adequate books of account and record in respect of Company dealing, investments, transactions, dividends and other income, the revenue account, balance sheet and cash books and statements;
- preparation and despatch of the audited annual and unaudited interim report and accounts; and
- attending to general tax affairs where necessary.

The continuing appointment of Close Finsbury Asset Management Limited as Manager and Rebourne Technology Investment Management Limited as Investment Adviser, under the terms described above, was agreed at a meeting of the Management Engagement Committee held on 2 March 2004 and was subsequently approved by the full Board.

The Board considers this is in the interests of shareholders as a whole for the following reasons:

- the quality and depth of experience of the investment management and investment advisory team that Close Finsbury Asset Management and Rebourne allocates to the management of the Company and its assets;
- the overall reputation and resources, including company secretarial and administrative support, provided by Close Finsbury Asset Management and Rebourne; and
- the continuity of marketing the Share Plan, PEP and ISA products that Close Finsbury Asset Management Limited provides for shareholders.

The Board will be reviewing the terms of the management and advisory agreements and details of the revised terms agreed will be advised in the Annual Report for the year ending 30 November 2004 being the last year prior to the continuation vote which will be put to shareholders at the Annual General Meeting in 2006.

Directors

The members of the Board, who served throughout the year, are detailed on pages 4 and 5 and are as follows:

Bryan Lenygon (Chairman)
Paul Gaunt
David Potter
Anthony Townsend
David Quysner (*appointed 7 March 2003*)
Chris Martin (*appointed 7 March 2003*)

Under the Articles of Association David Potter and Anthony Townsend retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting in accordance with the AITC Code of Corporate Governance, Bryan Lenygon, being over 70 years of age also offers himself for re-election at the Annual General Meeting.

The independent directors (other than those seeking re-election), approve the nominations of the re-election of directors. The Board considers that there is a balance of skills and experience within the Board and that all the current directors contribute effectively and that all have skills and experience which is relevant to the leadership and direction of the Company.

Anthony Townsend is a non-executive director but is not considered to be independent. Mr Townsend is also a director of Finsbury Growth Trust PLC, Finsbury Life Sciences Investment Trust PLC and Finsbury Worldwide Pharmaceutical Trust PLC, all of which are managed by Close Finsbury Asset Management, Investment Manager to the Company. Additionally Mr Townsend is Chairman of the Investment Adviser and provides a consultancy service to Close Brothers Group PLC, the parent company of the Investment Manager.



REPORT OF THE DIRECTORS (continued)

David Potter and Bryan Lenygon are non-executive directors and are considered to be independent.

Directors Interests

The interests of the Directors and their families in the Company at 30 November 2003 were as set out below:

	Ordinary shares of 25p each	
	30 November 2003	30 November 2002
Bryan Lenygon	–	–
Paul Gaunt	–	–
David Potter	5,000	5,000
Anthony Townsend	204,908	202,110
David Quysner	5,592	–
Chris Martin	–	–

No change in the Directors' interests has occurred to the date of this report. None of the Directors were granted or exercised rights over shares during the year.

None of the Directors, with the exception of Anthony Townsend, had an interest in any contracts (including service contracts) with the Company. Anthony Townsend is Chairman of Reabourne, the Investment Adviser to the Company, and is therefore deemed to have an interest in the Investment Advisory Agreement.

Meeting Attendance

The number of meetings held during the year of the Board and its Committees, and each directors attendance level is shown below:

Type and number of meetings held in 2003:	Board (4)	Audit
		Committee (2)
Bryan Lenygon	4	2
Paul Gaunt	2	N/A
David Potter	4	2
Anthony Townsend	4	N/A
David Quysner	3*	1*
Chris Martin	3*	1*

* Non-attended meetings were held prior to appointment.

All of the directors attended the Annual General Meeting held on 2 April 2003.

Substantial Shareholdings

As at 2 March 2004 the Company had been informed of the following interests in the Ordinary shares of the Company which exceeded 3% of the issued share capital of that class:

Registered Holder	Beneficial Holder	Number of shares	% of shares
The Bank of New York (Nominees) Ltd	Merchant Investors Assurance Co	1,983,707	7.18
State Street Nominees Ltd	Scottish & English Investments Ltd	1,800,000	6.52
Vidacos Nominees Ltd	World Trust Fund	1,210,000	4.38
BNP Paribas Arbitrage SNC	BNP Paribas Arbitrage SNC	850,000	3.08



Creditors' Payment Policy

While the Company does not follow a formal code, it is the Company's continuing policy to pay amounts due to creditors as and when they become due. As at 30 November 2003, the Company did not have any trade creditors (2002: nil).

Ethical Policy

The Company's investment objective is to invest principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth. The Directors believe that the Company would be in breach of its fiduciary duties to shareholders if investment decisions were based on ethical or environmental considerations. However, it is considered that the high growth technology companies in which the portfolio invests tend to meet a broad range of ethical considerations.

Auditors

On 3 May 2003 RSM Robson Rhodes transferred their business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, called RSM Robson Rhodes LLP. The Directors have treated the appointment of RSM Robson Rhodes as extending to RSM Robson Rhodes LLP.

RSM Robson Rhodes LLP have expressed their willingness to continue to act as Auditors to the Company and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the return of the Company for that period. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The financial statements are published on the www.closefinsbury.com website, which is a website maintained by the Company's Investment Manager, Close Finsbury Asset Management Limited ("Close Finsbury"). The maintenance and integrity of the website maintained by Close Finsbury or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Close Finsbury. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to information contained in the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction



REPORT OF THE DIRECTORS (continued)

Corporate Governance

A formal statement on Corporate Governance and the Company's compliance with the various codes of practice is set out on pages 21 to 23.

Annual General Meeting

The formal Notice of Annual General Meeting is set out on pages 40 and 42.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

(a) Authority to allot shares

Resolution 7 in the Notice of the Annual General Meeting gives the Directors authority to allot new shares, otherwise than by a pro rata issue to existing shareholders, up to an aggregate nominal amount of £345,191 representing 1,380,765 Ordinary shares of 25p each, such amount being equivalent to 5% of the present issued share capital. As such issues would only be made at prices greater than the Net Asset Value per share ("NAV") they increase the assets underlying each share and spread administrative expenses, other than those charged as a percentage of assets, over a greater number of shares. If passed, this authority will remain in place until the next Annual General Meeting.

(b) Disapplication of pre-emption rights

Resolution 8 in the Notice of the Annual General Meeting seeks shareholder approval for the disapplication of pre-emption rights in respect of a) the allotment of shares or the sale by the Company of shares held by it in treasury – see below ("treasury shares"), pursuant to a rights issue or a sale equivalent to a rights issue b) the allotment (other than as part of a rights issue) of shares or the sale of treasury shares for cash up to an aggregate nominal value of £345,191. No such allotment will be made at less than the NAV per share (as determined in the absolute discretion of the Directors). However, Ordinary shares held in treasury may be resold by the Company at a discount to such NAV provided that such shares are resold by the Company at a lower discount to NAV than the discount at which they were repurchased by the Company.

(c) Authority to repurchase shares

Resolution 9 in the Notice of the Annual General Meeting seeks shareholder approval for the Company to have the power to repurchase its own Ordinary shares. The Board believes that the ability of the Company to purchase its own shares in the market will potentially benefit all shareholders of the Company. The repurchase of shares at a discount to the underlying NAV would enhance the NAV of the remaining shares.

At the Annual General Meeting the Company will seek shareholder approval to repurchase up to 4,139,535 Ordinary shares, representing approximately 14.99% of the Company's issued share capital (the maximum permitted under the Listing Rules) at a price that is not less than 25p a share (the nominal value of each share) and not more than 105% of the average of the middle market quotations for the five business days preceding the day of purchase. The authority being sought will last until the date of the next Annual General Meeting or, if less a period of 15 months. The decision as to whether to repurchase any shares will be at the absolute discretion of the Board. Shares repurchased under this authority may either be held by the Company in treasury for resale up to a maximum of 10% of the issued Ordinary shares or cancelled.

By order of the Board

Close Finsbury Asset Management Limited

Company Secretary

23 March 2004



DIRECTORS' REMUNERATION REPORT

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985 (Directors Remuneration Regulations 2002), in respect of the year ended 30 November 2003. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 24 and 25.

Remuneration Committee

The Company has six non-executive directors. The Board as a whole fulfils the function of a Remuneration Committee. The Board has appointed the Company Secretary, Close Finsbury Asset Management Limited, to provide advice when the Directors consider the level of directors' fees.

The Board has not received independent advice or services in respect of its consideration of the directors' remuneration. The Board carried out a review of the level of Directors' fees during the year in relation to fees paid to the boards of other investment trust companies, and concluded that the amounts should remain unchanged for the present.

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure (Ordinary shares), and have a similar investment objective (technology companies).

It is intended that this policy will continue for the year ending 30 November 2004 and subsequent years. The fees for the non-executive directors are determined within the limits set out in the Company's Articles and Association, the maximum aggregate amount being £100,000. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The Company, in respect of the directors, holds directors' and officers liability insurance cover.

Directors are authorised to seek any information they require from any Company officer and to obtain expert advice from the Company's external auditors, professional advisers or otherwise, and to take independent professional advice and to request any officer or adviser as they see fit, and at the expense of the Company to attend meetings of the Board in order to obtain such information or advice.

Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Fees 2003 £000	Fees 2002 £000
Bryan Lenygon (Chairman of the Board)	18	18
Paul Gaunt	12	12
David Potter	12	12
Anthony Townsend	12	12
David Quysner (appointed 7 March 2003)	9	–
Chris Martin (appointed 7 March 2003)	9	–
Richard Hoare (retired 26 April 2002)	–	5
	72	59

No payments of Directors' fees were made to third parties.



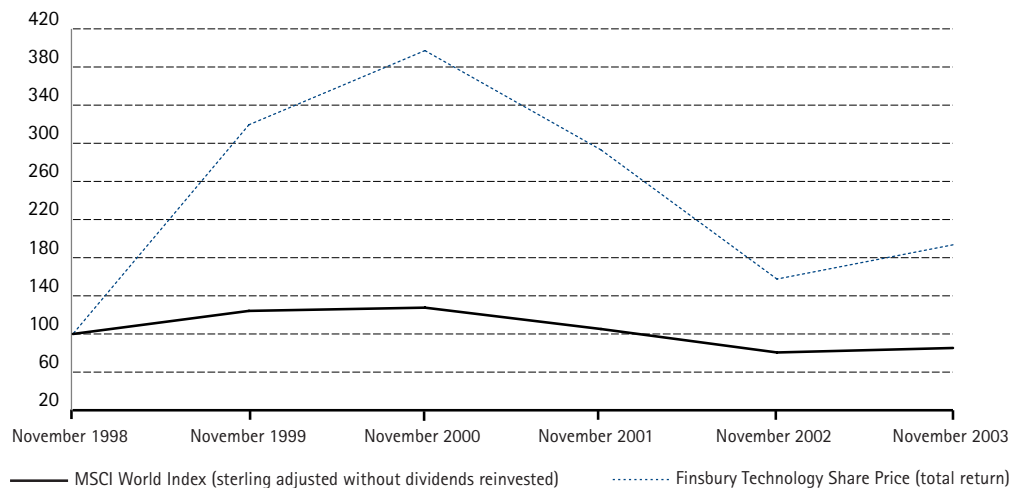
DIRECTORS' REMUNERATION REPORT (continued)

Directors' Service Contracts

It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to re-election at the first annual general meeting after their appointment, and at least every three years thereafter. The terms also provide that a Director may resign by notice in writing to the Board at any time and may be removed without notice and that compensation will not be due on leaving office. The Company's policy is for the directors to be remunerated in the form of fees payable quarterly in arrears, to the director personally or to a specified third party.

Your Company's Performance

The graph set out below compares the total shareholder return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the MSCI World Index is calculated. This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Approval

The Directors' Remuneration Report on pages 19 and 20 was approved by the Board of Directors on 3 March 2004 and signed on its behalf by Bryan Lenygon (Chairman).



CORPORATE GOVERNANCE

The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code (the “Combined Code”).

The Combined Code on Corporate Governance issued by the London Stock Exchange in 1998 was in force throughout the year under review. The Financial Reporting Council issued a revised Combined Code on Corporate Governance in July 2003 (the “revised Code”) which is effective for financial years beginning on or after 1 November 2003. In addition, the Association of Investment Trust Companies in July 2003 issued the AITC Code of Corporate Governance (the “AITC Code”).

The Company is committed to high standards of corporate governance and the Board attaches importance to the matters set out in the Code and applies its principles. However, as an investment trust company, most of the Company’s day to day responsibilities are delegated to third parties and the directors are all non-executive. Thus not all the provisions of the Code are directly applicable to the Company. To ensure that the appropriate level of corporate governance is attained, the Board has confirmed that arrangements are in place to enable compliance with Section 1 of the Combined Code, as required by Listing Rule 12.43A issued by the Financial Services Authority.

The Board is in the course of reviewing and applying the additional requirements of the revised code but this statement refers specifically to the Code in force during the year under review. The Board is satisfied that unless otherwise stated the Company complies with the principles of the AITC Code.

The Board considers that the Company has complied with the provisions of Section 1 of the Combined Code throughout the year ended 30 November 2003, other than those it believes are not appropriate to an investment trust company as detailed in this statement.

Internal Control

The Directors are responsible for overseeing the effectiveness of the internal control systems for the Company, which are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which are issued for publication is reliable, and that the assets of the Company are safeguarded. Such a system of internal control is designed to manage rather than eliminate the risks of failure to achieve the Company’s business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Combined Code also requires the Directors to review the effectiveness of the Company’s internal controls. The Directors, through the procedures outlined below, have kept the effectiveness of the Company’s internal controls under review throughout the period covered by these financial statements and up to the date of approval of the Annual Report and Financial Statements. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review. This accords with the guidance in “Internal Control – Guidance for Directors on the Combined Code” (the “Turnbull Report”).

The Board recognises its ultimate responsibilities for the Company’s system of internal controls and for monitoring its effectiveness. It receives regular reports on all aspects of internal control (including financial, operational and compliance control, risk management and relationships with external service providers). It is believed that an appropriate framework is in place to meet the requirements of the Combined Code.

The Company does not have an internal audit department. The Company does not have any employees and all of the Company’s management and administrative functions are delegated to independent third parties and it is therefore felt there is no need for the Company to have an internal audit facility. However this need is reviewed periodically.



CORPORATE GOVERNANCE (continued)

Principles of the Combined Code

Directors

The Board currently consists of six members, all of whom are non-executive. The Board considers that all of the Directors are independent with the exception of Mr Anthony Townsend who is Chairman of the Investment Adviser, a director to three other investment trusts managed by the Investment Manager and was until August 1999 a director of a holding company of the Investment Manager, and Mr Paul Gaunt who is a director of two other investment trusts managed by the Investment Manager. The directors biographical details set out on pages 4 and 5 demonstrate a breadth of investment, technological, commercial and professional experience with an international perspective.

The Chairman of the Company is an independent director. There is no position of Chief Executive Officer and the Board believes that the appointment of a senior independent director is not appropriate for a Board which has only non-executive directors. The Board considers that all the directors have different qualities and areas of expertise on which they may lead when issues arise. Accordingly, concerns can be conveyed to any one of them.

The Board meets at least on a quarterly basis and at other times as necessary. The Board is responsible for the important aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy and the review of investment performance and investment policy. The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services which includes safeguarding of the assets, and the day-to-day accounting and company secretarial requirements. Each of these contracts is only entered into after proper consideration of the quality and cost of services.

A full report is received from the Investment Adviser at each quarterly meeting on the investment holdings and performance. In the light of these reports, the Board gives direction to the Investment Adviser as to the investment objectives and guidelines. The Investment Adviser takes decisions as to the purchase and sale of individual investments. The Investment Manager ensures that all directors receive, in a timely manner, all relevant management, regulatory and financial information.

Representatives of the Manager and Adviser attend each Board meeting, enabling the directors to seek clarification on specific issues or to probe further on matters of concern. The Board has formalised arrangements under which Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

There is a formal schedule of matters reserved for the decision of the Board and there is an agreed procedure for directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense. The directors have access to the advice and services of the corporate company secretary, through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed.

When a director is appointed he or she is offered an induction seminar which is held by the Investment Manager. Directors are also provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the Board as they arise.

Board Committees

Audit Committee

The Company's Audit Committee meets at least twice per year and is composed of the independent directors of the Board. The non-independent directors may be invited to attend meetings by the Chairman of the Committee. The Audit Committee is responsible for the review of the annual report and the interim report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them. The Audit Committee meets representatives of the Investment Manager and its Compliance Officer who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate. The Company's external Auditors also attend this Committee at its request and report on their work



procedures, the quality and effectiveness of the Company's accounting records and their findings in relation to the Company's statutory audit.

Management Engagement Committee

The Management Engagement Committee comprises of the independent directors of the Board. The non-independent directors may be invited to attend meetings of the committee.

The Management Engagement Committee is responsible for the regular review of the terms of the management and advisory contracts with the Investment Manager and Investment Adviser and for making recommendations to the Board in respect of such contracts.

Nominations Committee

The Board as a whole fulfils the function of a Nominations Committee. The Nominations Committee is responsible for making recommendations on the appointment of new directors. Each director is invited to submit nominations and external advisers may be used to identify potential candidates. Directors are not appointed for specified terms, but are subject to re-election, in accordance with the Company's Articles of Association. New directors stand for election at the first Annual General Meeting following their appointment and as agreed by the Board at every third Annual General Meeting thereafter.

Remuneration Committee

The Board as a whole fulfils the function of a Remuneration Committee. The level of Directors' fees is reviewed on a regular basis relative to other comparable companies and in the light of Directors' responsibilities. Details of the fees paid to the directors in the year under review are detailed in the Directors Remuneration Report on pages 19 and 20.

Relations with Shareholders

The Company has regular contact with its institutional shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. The Chairman of the Board who is also the Chairman of the Audit Committee chairs the Annual General Meeting. Details of the proxy votes received in respect of each resolution are made available to shareholders at the meeting. The Investment Adviser attends to give a presentation to the meeting. The Company has adopted a nominee share code which is set out on page 41.

Accountability and Audit

The directors' statement of responsibilities in respect of the accounts is set out on page 17. The report of the auditors is set out on pages 24 and 25. The Board has delegated contractually to external agencies, including the Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial and administration requirements and the registration services.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required.

The Manager has established an internal control framework to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Manager's compliance and risk department on an ongoing basis.

Going Concern

The directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Voting Powers

The Board has delegated to the Investment Adviser the power to vote the shares of individual investments held by the Company, matters of a controversial nature are discussed with the Board as and when necessary.



REPORT OF THE INDEPENDENT AUDITORS

to the Shareholders of Finsbury Technology Trust PLC

We have audited the financial statements on pages 26 to 39. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority. We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Investment Advisers Review, the Corporate Governance Statement and the Performance Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.



Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2003 and of its net revenue loss, total return and cashflow for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes LLP

Chartered Accountants and Registered Auditors

England

3 March 2004



STATEMENT OF TOTAL RETURN

incorporating the revenue account for the year ended 30 November 2003

	Notes	2003 Revenue £000	2003 Capital £000	2003 Total £000	2002 Revenue £000	2002 Capital £000	2002 Total £000
Gains/(losses) on investments	9	–	20,940	20,940	–	(38,213)	(38,213)
Exchange losses on currency balances		–	(204)	(204)	–	(55)	(55)
Income	2	273	–	273	327	–	327
Investment management fee	3	(627)	(1,583)	(2,210)	(666)	–	(666)
Other expenses	4, 5	(377)	–	(377)	(427)	–	(427)
Net (loss)/return before finance costs and taxation		(731)	19,153	18,422	(766)	(38,268)	(39,034)
Interest payable and similar charges	6	(31)	–	(31)	(12)	–	(12)
(Loss)/return on ordinary activities before taxation		(762)	19,153	18,391	(778)	(38,268)	(39,046)
Taxation on ordinary activities	7	(22)	–	(22)	(11)	–	(11)
Transfer (from)/to reserves		(784)	19,153	18,369	(789)	(38,268)	(39,057)
(Loss)/return per Ordinary share	8	(2.8p)	69.3p	66.5p	(2.9p)	(138.5p)	(141.4p)

The Revenue column of this statement is the revenue account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

The accompanying notes are an integral part of this statement.



BALANCE SHEET

as at 30 November 2003

	Notes	2003 £000	2002 £000
Fixed asset investments	9	71,188	50,053
Current assets			
Debtors	10	285	315
Cash at bank		24	704
		309	1,019
Creditors			
Amounts falling due within one year	11	(3,340)	(1,284)
Net current liabilities		(3,031)	(265)
Net assets		68,157	49,788
Capital and reserves			
Called up share capital	12	6,904	6,904
Share premium account	13	23,488	23,488
Capital reserve – realised	13	45,868	58,264
Capital reserve – unrealised	13	(1,451)	(33,000)
Revenue reserve	13	(6,652)	(5,868)
Total shareholders' funds	15	68,157	49,788
Net asset value per Ordinary share	14	246.8p	180.3p

The financial statements on pages 26 to 39 were approved by the Board of Directors on 3 March 2004 and were signed on its behalf by:

Bryan Lenygon
Chairman

The accompanying notes are an integral part of this statement.



CASH FLOW STATEMENT

for the year ended 30 November 2003

	<i>Notes</i>	2003 £000	2002 £000
Net cash (outflow)/inflow from operating activities	17	(741)	1,494
Servicing of finance			
Bank overdraft and loan interest paid		(31)	(12)
Taxation			
Tax recovered		1	–
Financial investment			
Purchases of investments		(28,860)	(25,998)
Sales of investments		28,016	25,046
Net cash outflow from financial investments		(844)	(952)
Financing			
Drawdown of loans		1,100	–
Net cash inflow from financing		1,100	–
(Decrease)/increase in cash		(515)	530
Reconciliation of net cash flow to movement in net (debt)/funds			
(Decrease)/increase in cash as above		(515)	530
Cash inflow from drawdown of loan		(1,100)	–
Exchange movements		(204)	(55)
Movement in net (debt)/funds		(1,819)	475
Net funds at 1 December		704	229
Net (debt)/funds at 30 November	18	(1,115)	704

The accompanying notes are an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these accounts, are set out below.

(a) Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and with the Statement of Recommended Practice (“SORP”) ‘Financial Statements of Investment Trust Companies’, issued by the Association of Investment Trust Companies in December 1995.

(b) Investment held as Fixed Assets

The value of fixed asset investments are stated in the accounts on the following basis:

- (i) Listed investments are stated at closing middle market prices on recognised stock exchanges.
- (ii) Investments quoted on the Alternative Investment Market of the London Stock Exchange are stated at closing middle market prices.
- (iii) Unquoted investments are stated at Directors’ valuation, which is based upon information made available by the investee company.

(c) Investment Income

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company’s right to receive payment is established.

Underwriting commission is recognised as income in so far as it relates to shares not required to be taken up. Where a proportion of the shares underwritten is required to be taken up the same proportion of the commission received is treated as a deduction from the cost of the shares taken up, with the balance taken to the revenue account. Income from Investment in fixed income securities is recognised on an accruals basis.

(d) Expenditure and Finance Costs

All expenses are accounted for on an accruals basis. Expenses (including the periodic investment management fees) are charged through the revenue account except as follows:

- (i) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment;
- (ii) expenses may be charged to realised capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and
- (iii) performance related investment management fees and the related irrecoverable VAT are charged to realised capital reserve. The expenses are charged to capital as it is expected that virtually all of the Company’s investment returns will come from capital appreciation.

(e) Taxation

Provision is made if necessary for taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

Any tax relief obtained in respect of performance fees is reflected in “Capital reserve – realised” and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of those capital expenses.



NOTES TO THE FINANCIAL STATEMENTS (continued)

(f) Foreign Currencies

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve or in the revenue account, depending if the gain or loss is of a capital or revenue nature respectively.

(g) Financial Instruments

The Company has not utilised any derivative instruments during the year under review, and has taken advantage of the exemption allowed under Financial Reporting Standard 13 and excluded short term debtors and creditors from disclosures under financial instruments where allowed (see note 16).

(h) Reserves

Capital reserves – Realised

The following are taken to this reserve:

- gains and losses on the realisation of investments,
- realised exchange differences of a capital nature,
- expenses charged to this reserve in accordance with the above policies,
- any element of unrealised loss on the revaluation of an investment which is considered to be a permanent diminution in value.

Capital reserves – Unrealised

The following are taken to this reserve:

- increase and decreases in the valuation of investments held at the year end,
- unrealised exchange differences of a capital nature.

2. Income

	2003 £000	2002 £000
Income from investments		
Dividends:		
– UK listed	46	31
– Overseas listed	145	95
Fixed interest:		
– UK listed	8	33
– Fixed interest reinvested	–	119
– Overseas listed	38	39
– Scrip dividends	20	–
	257	317
Interest receivable and other income		
– Deposit interest	5	9
– Underwriting commission	11	1
	16	10
Total income	273	327



3. Investment Management Fees

	Revenue 2003 £000	Capital 2003 £000	Total 2003 £000	Revenue 2002 £000	Capital 2002 £000	Total 2002 £000
Periodic fee	589	–	589	607	–	607
Performance fee	–	1,488	1,488	–	–	–
Irrecoverable VAT thereon	38	95	133	59	–	59
	627	1,583	2,210	666	–	666

The Company's investment manager is Close Finsbury Asset Management Limited ('the Investment Manager') and its investment adviser is Reabourne Technology Investment Management Limited ('the Investment Adviser'). The Investment Manager receives a Periodic Fee, payable quarterly in arrears, at an annual rate of 1 per cent of the valuation of the Company's portfolio (including uninvested cash). It is also entitled to (i) an Annual Performance Fee, calculated at the date to which the Company makes up audited accounts, of 10 per cent of the amount the Net Asset Value has exceeded the Net Asset Value in the previous audited accounts as increased by the greater of 10 per cent or LIBOR plus 2 per cent, and (ii) a Long Term Performance Fee, payable every five years, calculated as 10 per cent of the amount the Net Asset Value has outperformed the Morgan Stanley Capital International World Index (sterling adjusted without dividends reinvested). The next Long Term Performance Fee is due to crystallise on 30 November 2005. The Investment Adviser is entitled to receive from the Investment Manager one half of the Periodic Fee and three quarters of the Annual Performance Fee and the Long Term Performance Fee. In addition to the investment management fees above, the Company also obtains secretarial services from the Investment Manager; the fees in respect of these services are dealt with in other expenses (note 5).

4. Directors' Emoluments

The Directors fees paid during the year amounted to £72,000 (2002: £59,000). Details of the amounts paid to Directors are included in the Directors Remuneration Report on pages 19 and 20.

5. Other Expenses

	2003 £000	2002 £000
Administrative and secretarial services	51	28
Auditors' remuneration for audit services	15	14
Auditors' remuneration for non-audit services	4	2
Irrecoverable VAT	8	32
Marketing	47	73
Printing	43	40
Other expenses	137	179
	305	368

Details of the administrative and secretarial services fee may be found in the Report of the Directors on page 15.



NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Interest Payable and Similar Charges

	2003 £000	2002 £000
Bank interest	31	12

7. Taxation Charge on Ordinary Activities

	2003 £000	2002 £000
Overseas tax suffered	30	21
Overseas taxation recoverable	(8)	(9)
Tax credits on French dividend income	–	(1)
	22	11

Factors affecting current tax charge for the year

The tax charged for the period is higher than the standard rate of corporation tax in the UK for a large company (30%). The difference is explained below.

	2003 £000	2002 £000
Net loss on ordinary activities before taxation	(762)	(778)
Corporation tax at 30%	(229)	(233)
<i>Effects of:</i>		
Non-taxable UK dividends	(14)	(9)
Non-taxable stock dividends	(6)	–
Withholding tax written off net of tax relief	18	9
Tax credits on French dividend income	–	(1)
Performance fee charged to capital	(475)	–
Excess expenses for which no tax relief is available	695	197
Disallowable expenses	33	48
Current tax charge for the year	22	11

The Company has not recognised as a deferred tax asset any tax value attributable to excess management expenses of £7,555,000 (2002: £6,861,000). These expenses will only be utilised if the Company were to have profits chargeable to corporation tax in the future.



8. (Loss)/return per Ordinary share

	Revenue 2003 £000	Capital 2003 £000	Total 2003 £000	Revenue 2002 £000	Capital 2002 £000	Total 2002 £000
(Loss)/return per Ordinary share	(2.8p)	69.3p	66.5p	(2.9p)	(138.5p)	(141.4p)

Revenue loss per Ordinary share is based upon the loss attributable to ordinary shareholders of £784,000 (2002: £789,000) and 27,615,312 (2002: 27,615,312) Ordinary shares being the weighted average number of shares in issue during the year.

Capital return per Ordinary share is based upon net capital returns attributable to Ordinary shareholders of £19,153,000 (2002: losses of £38,268,000) and 27,615,312 (2002: 27,615,312) Ordinary shares being the weighted average number of shares in issue during the year.

9. Fixed Asset Investments

	Listed £000	AIM £000	Unquoted £000	2003 Total £000
Cost at 1 December 2002	75,725	3,560	3,768	83,053
Opening unrealised depreciation	(28,122)	(2,307)	(2,571)	(33,000)
Valuation at 1 December 2002	47,603	1,253	1,197	50,053
<i>Movements in the year:</i>				
Purchases at cost	27,751	400	30	28,181
Sales – proceeds	(27,918)	(68)	–	(27,986)
realised losses on sales	(5,160)	(76)	–	(5,236)
Permanent diminution in value	(2,910)	–	(2,463)	(5,373)
Movement in unrealised depreciation	27,914	1,874	1,761	31,549
Valuation at 30 November 2003	67,280	3,383	525	71,188
Cost at 30 November 2003	70,398	3,816	3,798	78,012
Closing unrealised depreciation	(208)	(433)	(810)	(1,451)
Closing provision for permanent diminution in value	(2,910)	–	(2,463)	(5,373)
	67,280	3,383	525	71,188



NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Fixed Asset Investments (continued)

Listed investments include convertible bonds and loan notes with a value of £364,000 (2002: £603,000).

	2003 £000
Gains on investments:	
Realised losses based on historical cost	(5,236)
Add: amount recognised as unrealised losses in the previous year	8,583
Realised gains based on carrying value at 30 November 2002	3,347
Decrease in unrealised depreciation	17,593
Gains on investments	20,940

10. Debtors

	2003 £000	2002 £000
Securities sold for future settlement	233	263
Taxation recoverable	20	13
Other debtors	18	14
Prepayments and accrued income	14	25
	285	315

11. Creditors

Amounts falling due within one year

	2003 £000	2002 £000
Bank loan	1,100	–
Bank overdraft	39	–
Securities purchased for future settlement	322	1,021
Other creditors and accruals	1,879	263
	3,340	1,284

12. Share Capital

	2003 £000	2002 £000
Authorised:		
60,000,000 Ordinary shares of 25p	15,000	15,000
Allotted, issued and fully paid:		
27,615,312 Ordinary shares of 25p (2002: 27,615,312)	6,904	6,904



13. Share Premium and Other Reserves

	Share Premium Account £000	Capital Reserve realised £000	Capital Reserve unrealised £000	Revenue Reserve £000
Balance as at 1 December 2002	23,488	58,264	(33,000)	(5,868)
Revenue deficit	–	–	–	(784)
Realised gains on investments	–	3,347	–	–
Transfer on disposal of investments	–	(8,583)	8,583	–
Decrease in unrealised depreciation on investments	–	–	17,593	–
Movement in permanent diminution in value	–	(5,373)	5,373	–
Performance fee charged to capital (including irrecoverable VAT thereon)	–	(1,583)	–	–
Exchange movements	–	(204)	–	–
Balance as at 30 November 2003	23,488	45,868	(1,451)	(6,652)

14. Net Asset Value per Ordinary share

	2003 pence	2002 pence
Net asset value per Ordinary share	246.8p	180.3p

The net asset value per Ordinary share is based on the net assets attributable to equity shareholders of £68,157,000 (2002: £49,788,000) and on 27,615,312 (2002: 27,615,312) Ordinary shares in issue at 30 November 2003.

15. Movement in Shareholders' Funds

	2003 £000	2002 £000
Total recognised gains/(losses) for the year	18,369	(39,057)
Opening shareholders' funds	49,788	88,845
Closing shareholders' funds	68,157	49,788



NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments

Background

The Company's financial instruments comprise securities, cash balances, and debtors and creditors that arise from its operations, e.g., in respect of sales and purchases awaiting settlement and debtors for accrued income. The numerical disclosures below, exclude short-term debtors and creditors.

The Company has little exposure to credit and cash flow risk. Fixed asset investments in the portfolio are subject to liquidity risk. This risk is taken into account by the Directors and Investment Manager when making their investment decisions. The principal risks the Company faces in its portfolio management activities are:

- market price risks i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement,
- foreign currency risk,
- interest rate risk.

The Investment Manager's policies for managing these risks are summarised below and have been applied throughout the year.

Financial assets

	Floating rate cash balances 2003 £000	Fixed interest investments 2003 £000	Non-interest bearing investments 2003 £000	Total 2003 £000	Floating rate cash balances 2002 £000	Fixed interest investments 2002 £000	Non-interest bearing investments 2002 £000	Total 2002 £000
Sterling	–	–	18,783	18,783	543	–	7,947	8,490
US Dollars	–	364	40,382	40,746	–	1,187	30,008	31,195
Euros	–	–	3,758	3,758	–	142	2,813	2,955
Norwegian Krone	–	–	956	956	–	–	615	615
Swedish Kronar	–	–	1,337	1,337	–	–	721	721
Swiss Francs	–	–	553	553	–	–	–	–
Canadian Dollars	21	–	423	444	–	–	2,046	2,046
Australian Dollars	–	–	308	308	–	–	32	32
Hong Kong Dollars	–	–	356	356	–	–	–	–
Japanese Yen	–	–	1,929	1,929	–	–	1,102	1,102
Korean Won	–	–	739	739	–	–	2,568	2,568
Singapore Dollars	–	–	645	645	–	–	–	–
Taiwan Dollars	3	–	655	658	161	–	872	1,033
	24	364	70,824	71,212	704	1,329	48,724	50,757

Financial assets

	Fixed rate financial assets in £000 2003	Weighted average interest % 2003	Period for which interest is fixed 2003	Fixed rate financial assets in £000 2002	Weighted average interest % 2002	Period for which interest is fixed 2002
US Dollar Fixed Interest	364	3.85	4.22	1,187	6.88	2.79
Euro Fixed Interest	–	–	–	142	15.45	3.99
	364	3.85	4.22	1,329	7.80	2.92



16. Financial instruments (continued)

Foreign Currency Risk

A proportion of the Company's portfolio is invested in overseas securities and their sterling value may be significantly affected by movements in foreign exchange rates. The Company does not normally hedge against foreign currency movements affecting the value of the investment portfolio, but takes account of this risk when making investment decisions.

Currency exposure

	Overseas investments 2003 £000	Net monetary assets/ (liabilities) 2003 £000	Total currency exposure 2003 £000	Overseas investments 2002 £000	Net monetary assets/ (liabilities) 2002 £000	Total currency exposure 2002 £000
US Dollars	40,382	542	40,924	31,195	640	31,835
Euros	3,758	20	3,778	2,955	(66)	2,889
Norwegian Krone	956	–	956	615	–	615
Swedish Kronar	1,337	–	1,337	721	–	721
Swiss Francs	553	–	553	–	–	–
Canadian Dollars	423	77	500	2,046	–	2,046
Australian Dollars	308	–	308	32	–	32
Hong Kong Dollars	356	–	356	–	–	–
Japanese Yen	1,929	7	1,936	1,102	1	1,103
Korean Won	739	–	739	2,568	(46)	2,522
Singapore Dollars	645	–	645	–	–	–
Taiwan Dollars	655	3	658	872	161	1,033
	52,041	649	52,690	42,106	690	42,796

Interest Rate Risk

Interest rate risk is managed by the utilisation of borrowing facilities via short term loans.

Market Price Risk

By the nature of its activities, the Company's investments are exposed to market price fluctuations. Further information on the investment portfolio and investment policy is set out in the Investment Adviser's Review.

Use of Derivatives

It is not the Company's policy to enter into derivative contracts.

Financial Liabilities

At the year-end the Company had an unsecured borrowing facility of £2,000,000 with Allied Irish Banks plc. Interest is charged at LIBOR plus 0.6% per annum. The interest period is agreed at the time of drawing. The facility with Allied Irish Banks plc is for an indefinite period. Any loans made to the Company under the Allied Irish Banks plc facility are repayable on demand. At the year end the loan facility utilised was £1.1 million (2002: nil) and the bank overdraft amounted to £39,000 (2002: nil). see note 11.

Primary Financial Instruments

All financial assets and liabilities of the Company are shown at fair value.



NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Reconciliation of operating revenue to net cash (outflow)/inflow from operating activities

	2003 £000	2002 £000
Net loss before interest payable and taxation	(731)	(766)
Decrease in accrued income and prepayments	11	36
(Increase)/decrease in other debtors	(4)	407
Repayment of intercompany loan	–	2,043
Increase/(decrease) in other creditors and accruals	1,616	(86)
Performance fee charged to capital	(1,583)	–
Fixed interest income reinvested	–	(119)
Tax on investment income	(30)	(21)
Scrip dividends included in investment income	(20)	–
Net cash (outflow)/inflow from operating activities	(741)	1,494

18. Analysis of changes in net funds

	At 1 December 2002 £000	Cash flow £000	Exchange movements £000	At 30 November 2003 £000
Cash at bank less bank overdrafts	704	(515)	(204)	(15)
Debts falling due within one year	–	(1,100)	–	(1,100)
	704	(1,615)	(204)	(1,115)

19. Related parties

Details of the relationship between the Company and Close Finsbury Asset Management Limited and Reabourne Technology Investments Management Limited is described in the Report of the Directors. The periodic management fee payable to Close Finsbury Asset Management Limited for the year-ended 30 November 2003 was £589,000 excluding VAT (2002: £607,000) of which £177,000 (2002: £126,000) was outstanding at the year-end. The annual performance fee payable to Close Finsbury Asset Management Limited for the year ended 30 November 2003 was £1,488,000, excluding VAT (2002: nil) of which £1,488,000 (2002: nil) was outstanding at the year-end. The next long term performance fee payable to Close Finsbury Asset Management Limited will crystallise on 30 November 2005. The administrative and secretarial services fee payable to Close Finsbury Asset Management Limited for the year ended 30 November 2003 was £51,000 excluding VAT (2002: £28,000) of which nil (2002: £15,000) was outstanding at the year-end. Details of the periodic management fee, annual performance fee, long term performance fee and administrative and secretarial services fee can be found in the Report of the Directors on page 15, note 3 on page 31 and note 5 on page 31.



20. Substantial interests

The Company holds interests in 3% or more of any class of capital in the following companies:

Company	Shares held	% of issued share capital	Market value £000
Manpower	3,427,950	7.8%	746
Intelligent Environments	10,012,301	7.2%	839
Mamut	1,870,000	5.6%	956
AIT Group	2,439,091	5.3%	1,427
OneclickHR	2,493,400	4.3%	269
Superscape	4,972,353	4.0%	1,541
Bede	2,200,000	3.9%	621



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Finsbury Technology Trust PLC will be held at 10 Crown Place, London EC2A 4FT on 27 April 2004 at 12.00 noon, for the following purposes:

Ordinary Business

- 1 To receive and consider the audited accounts and the Report of the Directors for the year ended 30 November 2003.
- 2 To re-elect Bryan Lenygon as a Director of the Company.
- 3 To re-elect Dr David Potter, who retires by rotation, as a Director of the Company.
- 4 To re-elect Anthony Townsend, who retires by rotation, as a Director of the Company.
- 5 To re-appoint the Auditors and to authorise the Directors to determine the remuneration of the Auditors.
- 6 THAT the Directors' Remuneration Report be, and is hereby approved.

Special Business

To consider, and if thought fit, pass the following resolutions, which will be proposed as special resolutions:

Authority to allot shares

- 7 THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to a maximum aggregate nominal amount of £345,191 (being 5% of the issued share capital at 23 March 2004) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Disapplication of pre-emption rights

- 8 THAT in substitution of all existing powers the Directors be and are hereby generally empowered pursuant to Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by resolution 7 above as if sub-section (1) of Section 89 of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of Section 94 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 162a of the Act) ("treasury shares"), for cash as if Section 89(1) of the Act did not apply to any such sale provided that this power shall be limited to the allotment of equity securities and the sale of treasury shares:
 - (a) the allotment of equity securities whether by way of a rights issue, open offer or otherwise in favour of the Ordinary shareholders where the equity securities respectively attributable to the interests of the Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £345,191 (representing 1,380,765 Ordinary shares of 25p each, such amount being equivalent to 5% of the present issued share capital)



and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Board may allot equity securities or sell treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired. No allotment or sale at less than the net asset value (as determined in the absolute discretion of the Directors) per share shall be made.

Authority to Repurchase Ordinary Shares

9 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make one or more market purchases (within the meaning of section 163(3) of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") provided that:

- (a) the maximum aggregate number of Ordinary shares authorised to be purchased is 4,139,535 (representing approximately 14.99 per cent. of the issued Ordinary share capital of the Company at the date of the meeting at which this resolution is proposed);
- (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary share is 25p;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary share is purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2005 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and
- (e) the Company may make a contract to purchase Ordinary shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Ordinary shares in pursuance of any such contract.

By order of the Board

10 Crown Place
London EC2A 4FT

Close Finsbury Asset Management Limited
Company Secretary
23 March 2004

Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Investors who hold shares through the Close Finsbury Savings Scheme, PEP or ISA receive all shareholder communications and a letter of direction is provided to facilitate voting at general meetings of the Company.



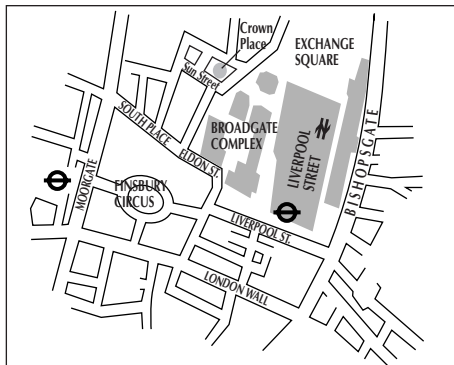
NOTICE OF THE ANNUAL GENERAL MEETING (continued)

Notes

- 1 A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- 2 A form of proxy is provided. To be effective, a form of proxy must be completed, signed and lodged with the registrar not later than 48 hours before the time for holding the meeting. Deposit of a form or proxy will not preclude a member from attending the meeting and voting in person.
- 3 No director has a service contract with the Company.
- 4 Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the Company has specified that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 12 noon on 25 April 2004. Changes to entries on the register of members after 12 noon on that date shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Location of Annual General Meeting

to be held at 10 Crown Place, London EC2A 4FT on 27 April 2004 at 12 noon.



SHAREHOLDER ANALYSIS

as at 30 November

	2003 number of shares	2003 % of issued share capital	2002 number of shares	2002 % of issued share capital
Private Individuals	2,856,320	10.4	2,958,989	10.7
Nominee Companies*	21,624,526	78.3	21,931,760	79.4
Banks and Bank Nominees	2,327,870	8.4	2,294,535	8.3
Pension Funds	20,790	0.1	17,686	0.1
Other Institutions, Investment Funds and Companies	785,806	2.8	412,342	1.5
Total shares in issue	27,615,312	100.0	27,615,312	100.0
*includes				
Close Finsbury Savings Scheme	1,606,969	5.8	1,462,708	5.3
Close Finsbury PEP and ISA clients	1,255,103	4.5	1,203,032	4.4



COMPANY INFORMATION

Directors

Bryan Lenygon, Chairman
Paul Gaunt
Dr Chris Martin
Dr David Potter
David Quysner
Anthony Townsend

Company Secretary

Close Finsbury Asset Management Limited
10 Crown Place
London EC2A 4FT

Registered Office

10 Crown Place
London EC2A 4FT
Telephone: 020 7426 4000

Company Registration Number

3117355 (Registered in England)

Investment Manager

Close Finsbury Asset Management Limited
10 Crown Place, London EC2A 4FT
Authorised and regulated by the Financial Services
Authority

Investment Adviser

Rebourne Technology Investment Management Ltd
4 Crown Place
London EC2A 4BT

Auditors

RSM Robson Rhodes LLP
186 City Road
London EC1V 2NU

Stockbrokers

Cazenove & Co
12 Tokenhouse Yard
London EC2R 7AN

Disability Act

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita IRG plc, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 020 8639 2062. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.

Registrars

Capita IRG plc
The Registry, 34 Beckenham Road,
Beckenham, Kent BR3 4TU.
Telephone: 0870 162 3100
Facsimile: 020 8639 2342
E-Mail: ssd@capitaregistrars.com

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

Close Finsbury ISA, Savings Scheme and PEP

3 Finsbury Avenue
London EC2M 2NB

Investor Helpline: 0800 169 6968*
Professional Advisors Helpline: 020 7426 4372
E-Mail: info@closefinsbury.com

*calls to this number are recorded for monitoring purposes

Please contact the Close Finsbury Helpline to obtain information and literature concerning the Company or other Close Finsbury investment trusts, or if you have a query concerning a Close Finsbury ISA, Savings Scheme or PEP account.

Online investment and account management is available for the Close Finsbury ISA, Savings Scheme and PEP at www.closefinsbury.com

Share Price Listings

The price of your shares can be found in various publications including the Financial Times under the heading Investment Companies and in the Daily Telegraph under the heading Investment Trusts.

The Company's net asset value per share is announced daily and is available daily on the Close Finsbury website at www.closefinsbury.com and on the TrustNet website at www.trustnet.com

The London Stock Exchange Daily Official List (SEDOL) code is 0339072



GLOSSARY OF TERMS

Investment Trust Terms

Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities for which the Company is responsible. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply for the shares.

Discount/Premium

A description of the situation when the share price is lower than the NAV per share. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage (%) of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium and the percentage is commonly shown prefixed with a minus sign.

Gearing

Also known as leverage, particularly in the USA. Gearing is the process whereby capital growth (and conversely any capital depreciation) and income to the ordinary shareholders of the Company are boosted by borrowings, which provide some scope for additional investment but which carry a fixed liability. The return on this extra investment minus the cost of borrowing the money gives the shareholder an enhanced or geared profit or loss.

Initial Public Offering (IPO)

The initial offer by a company of shares to be quoted on a stock exchange. Often known as a flotation.

Potential Gearing

The directors may choose to arrange a loan facility (or draw down a loan) which is less than the amount they are able to draw under the terms of the Prospectus. This is usually due to the market conditions. Potential gearing is the amount currently available for the Company to use by way of loan already arranged.

Actual Gearing

Actual gearing is the term used to describe the amount of available loan facility that has been invested in the stock market and is not being held in cash.

INVESTING THROUGH CLOSE FINSBURY

The Close Finsbury Range

Close Finsbury Asset Management Limited, which is a member of the Close Brothers Group plc, is a specialist investment house managing the following investment trusts:

Finsbury Technology Trust PLC invests principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth.

Close Finsbury EuroTech Trust PLC invests primarily in the equity securities of quoted European technology companies with the aim of achieving long-term capital growth.

Finsbury Growth Trust PLC invests in the shares of larger UK companies with the objective of achieving capital growth and providing a total return in excess of that of the FTSE All-Share Index.

Finsbury Life Sciences Investment Trust PLC invests in life science companies based in the UK, Western Europe (including Scandinavia) and Israel, with particular emphasis on biotechnology, with the aim of achieving long-term capital growth.

Finsbury Worldwide Pharmaceutical Trust PLC invests worldwide in pharmaceutical and biotechnology companies with the aim of achieving a high level of capital growth.

Private Investor Plans

Finsbury Technology Trust PLC and all the Close Finsbury investment trusts participate in the **Close Finsbury Individual Savings Account (ISA), the Close Finsbury Savings Scheme and the Close Finsbury PEP**. For full details of the investment schemes please contact the Investor Helpline on Freephone: 0800 169 6968*.

Online dealing and account management are available at www.closefinsbury.com

Should you require further copies of any Close Finsbury literature, again please call the Investor Helpline on Freephone: 0800 169 6968* or e-mail to info@closefinsbury.com

www.closefinsbury.com

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This page has been approved for the purposes of the Financial Services and Markets Act 2000 by Close Finsbury Asset Management Limited which is authorised and regulated by the Financial Services Authority.

