Finsbury Technology Trust PLC
Annual Report

for the year ended 30 November 2004

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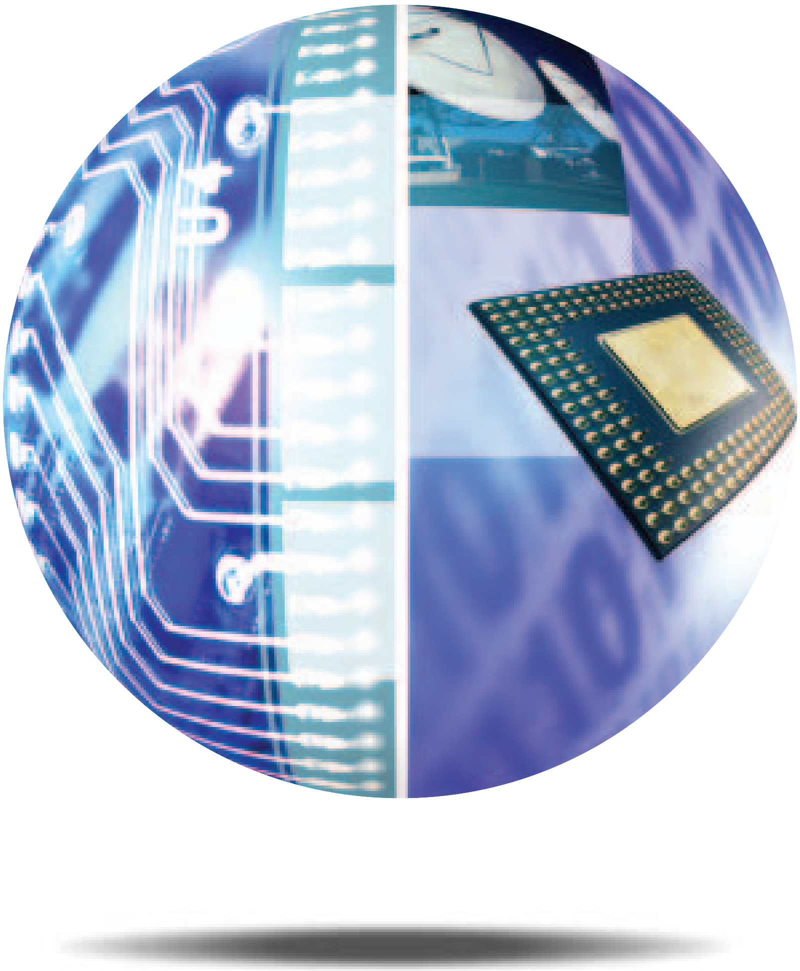


DIFFERENT BY DESIGN

CLOSE FINSBURY

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 ("MSCI") 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 and 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 2004 (2003: 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	The Investment Manager and Company Secretary is Close Finsbury Asset Management Limited, a specialist investment management house with over £600m of funds under management. It is a wholly owned subsidiary of Close Brothers Group plc. The Investment Manager is authorised and regulated by the Financial Services Authority.
Investment Adviser	The Investment Adviser is Reabourne Technology Investment Management Limited, which became a wholly owned subsidiary of Close Brothers Group plc in July 2004. Reabourne specialises exclusively in technology and biotechnology. The Investment Adviser is authorised and regulated by the Financial Services Authority.
	Details of the principal terms of the Investment Management and Investment Advisory Agreements can be found in the Report of the Directors on pages 14 and 15. Details of the fees paid to the Investment Manager and Investment Adviser can be found in the Notes to the Financial Statements on page 31.

CONTENTS

The Company is a member of the Association of Investment Trust Companies.

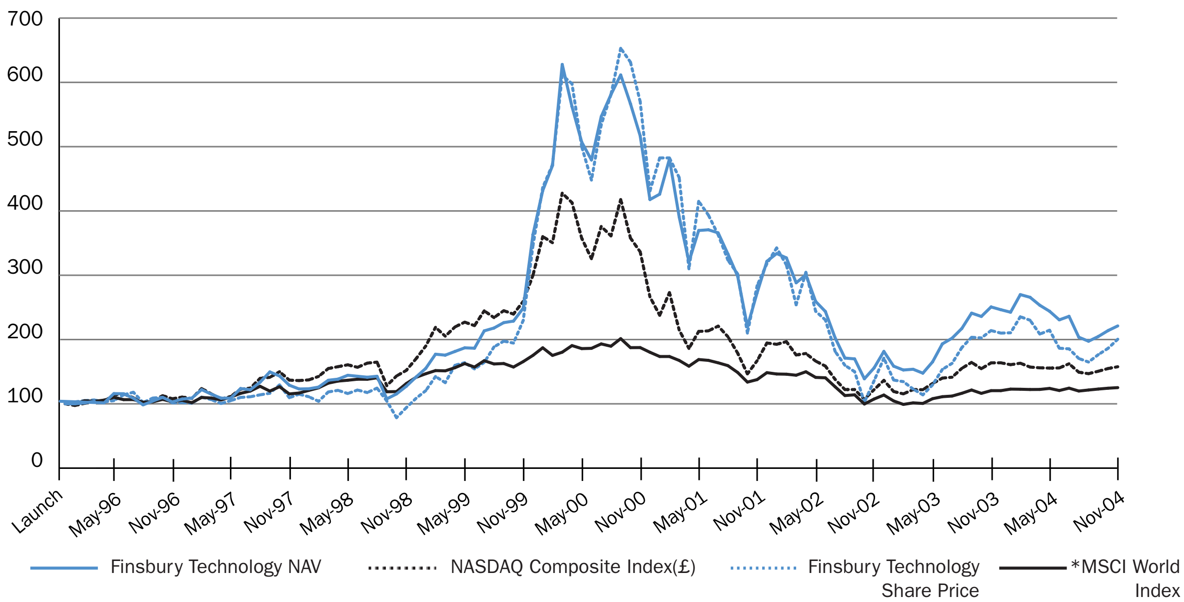
FINANCIAL HIGHLIGHTS

	30 November 2003	**30 November 2004**	% change
Net Assets	£68.2m	**£61.1m**	-10.4
Net Asset Value per share	246.8p	**221.1p**	-10.4
Share Price	210.0p	**200.5p**	-4.5
Discount	14.9%	**9.3%**	N/A
*MSCI World Index (sterling adjusted without dividends reinvested)	1,362	**1,415**	+3.9

FIVE YEAR PERFORMANCE SUMMARY

	30 November 2000	30 November 2001	30 November 2002	30 November 2003	**30 November 2004**
Shareholders' Funds	£112.2m	£88.8m	£49.8m	£68.2m	**£61.1m**
Net Asset Value per Share	417.7p	321.7p	180.3p	246.8p	**221.1p**
Share Price	431.0p	318.0p	171.0p	210.0p	**200.5p**
Discount/(Premium)	(3.2%)	1.2%	5.2%	14.9%	**9.3%**
*MSCI World Index	2,037	1,679	1,286	1,362	**1,415**

PERFORMANCE GRAPH



*Morgan Stanley Capital International World Index (sterling adjusted without dividends reinvested).

Figures rebased to 100 at launch (December 1995)
Source: Close Finsbury Asset Management Limited

THE BOARD

Left to right: David Quysner (Chairman), Paul Gaunt, Dr Chris Martin, Dr David Potter and Anthony Townsend

David Quysner*^, MA (Cantab) (Chairman)

David Quysner, aged 58, joined the Board on 7 March 2003 and became Chairman on 28 April 2004. David has over 30 years' experience in venture capital fund management and of managing investments in technology companies in both the USA and UK. He is a former Chairman of the British Venture Capital Association and is currently Chairman of Abingworth Management Limited, Comino Group plc and Quester VCT 3 plc and a Director of several companies including Prelude Trust plc.

Paul Gaunt, B.Sc(Econ)

Paul Gaunt, aged 55, joined the Board on 7 November 1995. Paul has over 30 years' experience in the investment industry. He was formerly Senior Investment Manager and an Assistant General Manager of the Equitable Life Assurance Society. He is currently a Director of Finsbury Life Sciences Investment Trust PLC and Finsbury Worldwide Pharmaceutical Trust PLC, both of which are also managed by the Investment Manager to the Company.

Dr Chris Martin*, D.Phil, FIChemE

Dr Chris Martin, aged 46, joined the Board on 7 March 2003. Chris is currently the Chairman of Sciona Inc., a genomic personalised health company and has experience in venture capital funding for technology companies. He is also Chief Executive Officer of Spirogen Limited, and a Director of Cascade Fund Management Limited.

Dr David Potter*#, MA(Cantab), PhD(London), FREng, CBE

Dr David Potter, aged 61, joined the Board on 7 November 1995 and was appointed as Senior Independent Director on 19 October 2004. David is currently Chairman and a Director of Psion PLC, as well as a Director of the Bank of England. He has over 23 years experience as an entrepreneur, Chief Executive and Chairman in the technology sector, and experience on many technology boards and venture funds.

Anthony Townsend, MA (Cantab)

Anthony Townsend, aged 57, joined the Board on 7 November 1995. Anthony has spent over 35 years working in the City and was Chairman of The Association of Investment Trust Companies from 2001 to 2003. He is Chairman of iimia Investment Trust plc and British and American Investment Trust PLC and a Director of Brit Insurance Holdings PLC and F&C Smaller Companies PLC. He is also a Director of Finsbury Life Sciences Investment Trust PLC, Finsbury Growth & Income Trust PLC and Finsbury Worldwide Pharmaceutical Trust PLC, all of which are managed by the Investment Manager to the Company.

All Directors are Non-Executive
^ Chairman of the Audit, Nominations and the Remuneration Committees
* Member of the Audit, Nominations and Remuneration Committee
# Senior Independent Director

CHAIRMAN'S STATEMENT

Performance

In the year to 30 November 2004 the Company's net asset value ("NAV") per share fell by 10.4% from 246.8p to 221.1p. This compares with a decrease of 3.8% in the NASDAQ Composite Index (sterling adjusted) and an increase of 3.9% in the MSCI World Index (sterling adjusted without dividends reinvested), which is the Company's benchmark index.

The Company's underperformance compared with its benchmark index is disappointing. The principal contributory factors were an overweight position in the semi-conductor industry, which performed below expectations; weakness in particular securities in the biotechnology sector; and the adverse movement of the US dollar/sterling exchange rate. More than 50% of the Company's portfolio is denominated in the US dollar, which fell by more than 11% against sterling during the year. A detailed commentary on the performance of the investment portfolio is contained in the Investment Adviser's Review on pages 4 to 7.

The Company's share price fell by 4.5% from 210.0p to 200.5p during the year. The share price discount to net asset value per share narrowed from 14.9% to 9.3%.

Results and Dividend

The Statement of Total Return is set out on page 26. The total loss per share for the year was 25.7p (2003: return of 66.5p per share). This was made up of a revenue deficit of 3.2p per share (2003: deficit of 2.8p per share) and a capital loss of 22.5p per share (2003: return of 69.3p per share).

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 2004 (2003: Nil) and it is unlikely that a dividend will be paid for the foreseeable future.

Continuation Vote

The Company was floated in 1995 at an issue price of 100p per share, which compares with a net asset value of 221.1p at 30 November 2004. This represents compound annual growth in asset value during the period of approximately 9.3%.

The Company's Articles of Association provide that shareholders should have the opportunity to vote at the AGM in 2006 whether to continue the Company and the current financial year will be the last complete accounting period before that meeting. In anticipation of the continuation vote, your Board is conducting a thorough review of all aspects of the Company's affairs so as to be in a position to make an appropriate recommendation to shareholders.

Outlook

The year under review was one of difficulty within the technology market. However, your Board believes that there are considerable opportunities for achieving strong investment returns in this sector. The Company's policy of investing in smaller capitalisation technology stocks that are not well researched by others is a differentiated approach that we believe is capable of producing attractive returns for the long term investor.

Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2A 4FT, on 26 April 2005 at 12 noon. I hope that as many shareholders as possible will be able to attend. Representatives of our Investment Adviser, Reabourne Technology Investment Management Limited, will make a presentation to the meeting. A map showing the location for the AGM can be found on page 42 of this Annual Report.

David Quysner
Chairman
16 March 2005

INVESTMENT ADVISER'S REVIEW


Left to right: Michael Bourne and Jeremy Gleeson

Taking the year as a whole it is disappointing to report that the strong recovery seen last year has not continued. The net asset value per share fell during the year by 10.4%, which compares with a rise in the MSCI World Index of 3.9% and a fall in the Russell 2000 Technology Index of 10.9%. The Company has had a stated policy of not hedging its currency exposure and the 11.1% fall in the US dollar accounted for a significant percentage of the fall in the net asset value, as approximately 50-60% of the Company's investments are US dollar denominated. Other areas of particular weakness were smaller capitalisation stocks generally and semiconductor stocks where the SOXX (US semiconductor index) fell by 19.9%. 2004 turned out to be a year where value stocks outperformed growth stocks.

Sector Overview

Information technology spending continued to remain relatively subdued, although there was a very gradual increase over the year under review. The newly introduced Sarbanes Oxley legislation in the USA meant that many finance directors were focused on making sure that existing systems were functioning properly, rather than purchasing new productivity enhancing solutions.

The biggest area of underperformance in technology markets was the semiconductor sector, which saw a material downturn in business in the second half of the year. In our last annual report, we forecast the possibility of some volatility as investors remembered the problems of the past and we, along with many other investors in technology markets, mistook the initial sell off as being a reflection of this volatility, rather than a genuine downturn in business conditions. Throughout this period, the technology market continued to be quite healthy with a good upgrade cycle in PCs, an improved mobile phone market, reasonable industrial demand and some improvement in the communications market. The reasons for the prolonged weakness in the semiconductor sector were a lower rate of growth in the second half of the year in the Chinese market, which had an impact on overall global demand, together with a rapid rate of inventory rebalancing as customers reacted to a possible slowdown. It was and continues to be, our belief that this corrective phase will prove to be transitory, unless worldwide economic growth slows materially.

Sales within the telecommunications and network equipment sectors were much better than was expected, although business continued to be subdued as excess capacity was utilised. The wireless equipment segment saw a substantial pick up in business as 3G networks started to be deployed more widely. There also continued to be strong demand from the Chinese market in the first half of the year, although the rate of growth slowed in the second half which had an impact on overall global demand.

The sector of particular note was the Internet which saw increasing business momentum. The rapid adoption of broadband and efficient search engines has meant that Internet usage has grown steadily with a resulting increase in transactions. This has also increased the need for infrastructure and security solutions.

The biotechnology sector started the year well but tailed off rapidly. The bigger capitalisation stocks, with established and marketed products, outperformed the smaller companies. The companies which floated at the beginning of the year performed poorly, making it harder for unquoted companies to float. This meant that many of those companies which did float in the second half were valued prudently and as a result they performed better in the after market. Unfortunately many of these companies raised less money than planned and so they are likely to need further finance in the relatively near future. Some major new drugs were approved for marketing, although these were fewer than last year. The pharmaceutical industry continued to take an active interest in the sector as the threat from generics increased. Finally, the FDA (Food and Drug Administration) seemed to take a more conservative approach to new approvals due to the absence of a full time commissioner and some other well publicised safety concerns. Towards the end of the year safety issues also came to the fore as a result of some deaths of patients most noticeably those on Cox 2 inhibitors for pain relief.

INVESTMENT ADVISER'S REVIEW (continued)

The Portfolio

The US

Within the portfolio, the strong performers were the Internet related stocks. **Verisign** and **McAfee** both performed strongly as their infrastructure and security solutions benefited from the growth in the Internet. Verisign consistently beat estimates and its shares rose by 106%. Verisign has emerged as a key provider of infrastructure services to the internet and is leveraging this position by offering add on services, as well as moving into implementing areas such as RFID (Radio Frequency Identification Devices) and mobile infrastructure. McAfee shares rose by 92% as it refocused on its core security business and it signed some strategic distribution agreements in the consumer area, including a major deal with America On Line.

Wind River Systems performed strongly as demand for its embedded software grew over the period and it is also interesting to see that management have bought a significant number of shares recently. This market-leading producer of real time operating solutions has returned to profit under a new management team and it is a major beneficiary in the growth of connected devices and broadband.

Digital River continued to go from strength to strength and the investment in **Marimba** also yielded a good return when it was acquired by BMC. Finally, **Juniper Networks** bucked the trend in networking stocks as it grew significantly faster than the market by gaining market share, primarily at the expense of **Cisco**. Its revenues grew 90% for the year and net income and earnings per share grew substantially faster.

The underperforming sub-sector was the communication equipment stocks which had rallied towards the end of the previous year and, subsequently, fell back. The share price of **UTStarcom** fell significantly as the rate of growth in PAS phones (fixed wireless phones) fell at the same time as the number of competitive offerings increased. While the company had done a good job in diversifying globally and also moving into new fields such as 3G, DSL and Internet telephony, this was not enough to compensate for the loss of PAS business. The shares are now trading on approximately 8 times this years anticipated earnings, which we regard as good value in relation to the market and we continue to hold this position.

Ciena had been hit very hard by the collapse in the market for fibre optic communications. The company, which had raised a lot of capital in the good years, deployed this in making a number of acquisitions geared to providing applications focused communications network equipment. The shares performed poorly in the earlier part of the year due to weaker than expected sales in the first three quarters and investors' discomfort at the time taken by management to reduce the expense base. While it would be premature to say that a full turnaround is in place, the company performed more strongly than expected in the fourth quarter and we have added to our position in anticipation of a resumption in growth driven by a stronger order book and an uptick in the industry as operators upgrade and modernise their networks.

The final communications equipment disappointment was **Foundry Networks**, which reported weaker than expected sales from its Japanese and government businesses. The government business is notoriously irregular and we have added to our position as discussion with their partners and distributors lead us to believe that their competitive positioning is still good and that they expect some substantial new orders.

Asia

The performance from our Asian stocks was mixed during the year. On a positive note, we realised good gains in **LG Micron** and **Nitto Denko**, which benefited from increased sales of flat panel displays. Our semiconductor related stocks gave up some of their gains with **Samsung** ending with a small gain for the year and **TSMC** and **SPIL** falling. Losses were realised in **Autron** as sales of its surface mount equipment to Chinese manufacturers disappointed as the market growth slowed. We also realised losses in **Mtekvision** as it lost share to Taiwanese competitors due to a delay in a product launch.

We continue to monitor the Asian stocks carefully, but it is difficult to find companies with a sustainable competitive advantage, although there is no doubt that many companies, and in particular the Korean and Chinese companies are developing more sustainable businesses.

INVESTMENT ADVISER'S REVIEW (continued)

Europe

The European shares made good progress during the year as they consolidated the gains of the previous year. The best performing share was **Superscape**, which successfully leveraged its technology for delivering 3D images onto a mobile phone by signing numerous commercialisation deals with mobile phone companies, operators and content providers. **Mamut**, a Norwegian supplier of software to small businesses, also performed strongly as it continued to grow at 30% a year.

The biggest UK underperformer in the portfolio was **Filtronic**, which suffered from the appreciation of the dollar as well as price competition.

AIT also had a bad year as its legacy business declined more rapidly than expected. Encouragingly, the new products sold well and the company has now returned to profitability. We are very optimistic about the future for this company under its new management team.

Biotechnology

We had a disappointing year in biotechnology, although many of the companies performed in line or better than expectations. The biggest loss was in **Vicuron**, which suffered from a regulatory setback in its anti-fungal product. Although this product may well still get to market, the delay has opened a window of opportunity to competitive products and the holding has been sold. **Evotec** shares suffered because of a weak market for its services due to pressure on pharmaceutical companies' in-house research budgets. While its objective is to become a new drug development company, we think that this will be difficult to achieve and we have sold the position.

Icos shares fell on worries of slowing growth for its lead product and increased competition. We sold the shares because the risks are high and its out performance in prior periods had resulted in an expensive valuation when compared to alternative investments.

Prometic Life Sciences and **Cyprotex** were weak during the course of the year, despite both companies making good progress. Prometic signed several deals and also made good clinical progress in their drug enhancement programme. Cyprotex reported better than expected sales. In the case of illiquid shares such as these, the prices can fall significantly in the short term because of shareholders needing liquidity. The share prices of both companies have recovered since the year-end.

On a brighter note shares in **Dyax** performed strongly as the clinical trial for DX88 in phase II were resumed. This product is partnered with **Genzyme**, and is viewed by them as being material to their future success despite the fact they are a significantly bigger company. In addition, the company has a broad pipeline of products from its phage display technology.

Outlook

After a year of underperformance of overall stock markets by most technology shares, investor expectations are generally low. With the possible exception of the Alternative Investment Market, the new issue markets for technology companies remains subdued with the result that capital is being used sparingly. While there is excess capacity in some areas of semiconductors and communications, much of this is based on older technologies which will become increasingly less viable. Most major fields of technology are forecast to grow in 2005 which should mean that the excess capacity will be quickly absorbed resulting in an improved pricing environment and increased profitability.

The Company's investments are focused on those technologies that we believe have the potential to grow faster than the market. The fall out from the Internet induced boom had a major knock on effect on the technology industry as a whole as the Internet companies were themselves a considerable market for the sector. Now that many Internet companies are in themselves growing profitably, this should again provide a catalyst for the sector.

The increasing processing power of semiconductors and adoption of broadband and the internet are enabling technological advances to become increasingly personalised, resulting in the creation of many micro markets where many of the Company's investments are focused. Examples of these would be those companies building applications around mobile devices, and the infrastructure to manage and secure them. We also anticipate that businesses will start to increase their IT budgets for new productivity and business generating solutions.

INVESTMENT ADVISER'S REVIEW (continued)

Many of the opportunities discussed above are the domain of newer smaller capitalisation companies who have the agility to adapt to new opportunities. In our opinion many of these companies are under researched by the investment community as the increasing costs of regulation, the strict imposition of Chinese walls between corporate finance and broking and reduced brokerage commissions makes research coverage uneconomic. There is therefore the potential to find inefficiently priced shares with the potential for an upward revaluation when they reach such a size that they appeal to a wider audience. Following the fall out from the boom period, those companies that have survived tend to be the better managed and financed companies and they are well positioned to prosper in the years ahead.

Other News

During the year Reabourne, the technology adviser to the fund, became 100% owned by Close Brothers, with the result that the manager and the adviser are fully integrated within the same group of companies. This transaction has removed much of the administrative burden that fell on the Reabourne team as a result of running a separate business, freeing up more time to be spent on researching the Company's investments.

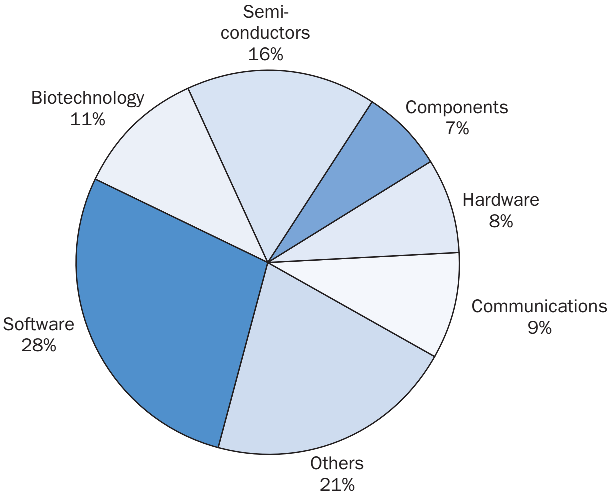
The Reabourne team has recently been strengthened by the recruitment of Howard Daldorph. Howard has joined as the Director of Marketing and his role will include marketing the Company to new classes of investors who had not been targeted historically. It is hoped that this will result in a reduction in the Company's discount to net asset value. An addition to the biotechnology team is also planned. In addition to these increased resources, the number of holdings in the Company's investment portfolio has been reduced and a further rationalisation is anticipated, although there is the intention to maintain a diversified portfolio because of the higher degree of risk inherent in technology markets.

Michael Bourne/Jeremy Gleeson
Reabourne Technology Investment Management Limited, *Investment Adviser*
Close Finsbury Asset Management Limited, *Investment Manager*
16 March 2005

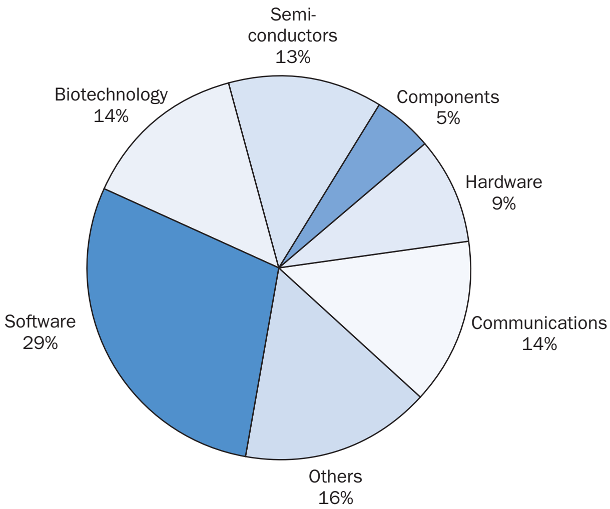
ANALYSIS OF PORTFOLIO

Sector Analysis

2004

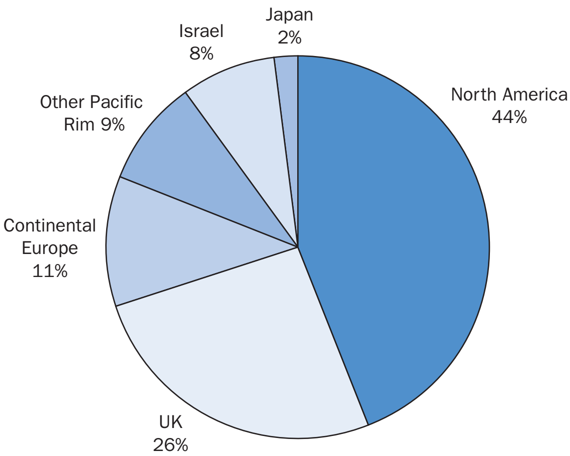


2003

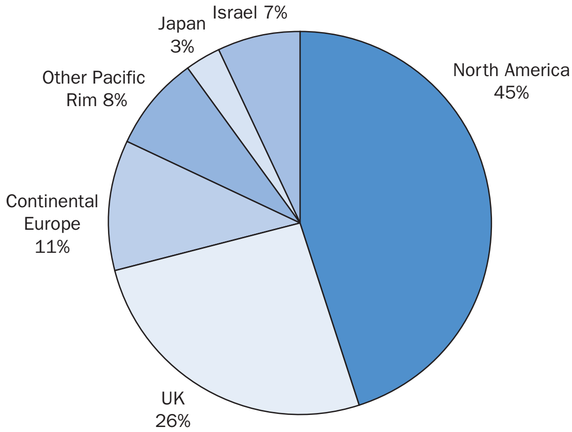


Geographic Analysis

2004



2003



INVESTMENTS

The top 70 investments as at 30 November 2004 were:

Investment	Sector	Country	Market value £000	% of investments
Digital River	Internet	USA	2,397	4.0
Superscape	Software	UK	2,317	3.8
Tecnomatix Technologies	Design	Israel	2,014	3.3
Verisign	Internet	USA	2,005	3.3
Gresham Computing	Software	UK	1,976	3.3
Samsung Electronics	Hardware	S Korea	1,553	2.6
Mamut	Software	Norway	1,467	2.4
Soitec	Semiconductors	France	1,382	2.3
Juniper Networks	Communications	USA	1,376	2.3
Photo-Me International	Hardware	UK	1,332	2.2
Top 10 investments			**17,819**	**29.5**
McAfee	Software	USA	1,132	1.9
Manpower Software	Software	UK	1,105	1.8
Infovista	Software	France	1,095	1.8
UK Treasury 4.5% 07/03/07	Gilt	UK	1,091	1.8
Imagination Technologies	Electronics (other)	UK	1,085	1.8
Taiwan Semiconductor	Semiconductors	Taiwan	1,085	1.8
Prometic Life Sciences	Biotechnology	Canada	1,074	1.8
Parametic Technology	Design	USA	1,023	1.7
Citrix Systems	Software	USA	1,001	1.7
Bede	Semiconductors	UK	991	1.6
Top 20 investments			**28,501**	**47.2**
Vishay Intertechnology	Components	USA	982	1.6
Melexis	Components	Belgium	973	1.6
Foundry Networks	Communication	USA	929	1.5
Wind River Systems	Design	USA	919	1.5
DSP Group	Biotechnology	Israel	870	1.5
Nichicon	Components	Japan	862	1.4
Dyax	Biotechnology	USA	858	1.4
AIT Group+	Software	UK	848	1.4
Sandisk	Semiconductor	USA	786	1.3
Framtidsfabriken	Internet	Sweden	782	1.3
Top 30 investments			**37,310**	**61.7**

INVESTMENTS (continued)

The top 70 investments as at 30 November 2004 were:

Investment	Sector	Country	Market value £000	% of investments
Pharmaceutical Product Development	Biotechnology	USA	771	1.3
Xilinx	Semiconductors	USA	726	1.2
ASM International	Semiconductors	Netherlands	722	1.2
Dicom	Hardware	UK	721	1.2
Ark Therapeutics	Biotechnology	UK	690	1.1
Vanco	Communications	UK	678	1.1
DMX Technologies	Software	USA	657	1.1
Applied Materials	Software	USA	644	1.1
Nordic Semiconductor	Semiconductors	Norway	631	1.0
Ciena Corporation	Communications	USA	631	1.0
Top 40 investments			**44,181**	**73.0**
Leadis Technology	Communications	USA	630	1.0
Orbotech	Hardware	Israel	626	1.0
Niku	Software	USA	621	1.0
Innovision Research and Technology+	Other	UK	618	1.0
Utstarcom	Communications	USA	612	1.0
Ascential Software	Software	USA	554	0.9
Intelligent Environments	Software	UK	547	0.9
Applied Films	Hardware	USA	544	0.9
Entergisul	Components	S Korea	529	0.9
Retalix	Software	Israel	529	0.9
Top 50 investments			**49,991**	**82.5**
Nepes	Components	S Korea	510	0.9
Ceragon Networks	Communications	Israel	495	0.8
Teva Pharmaceutical	Biotechnology	Israel	486	0.8
Pervasive Software	Software	USA	484	0.8
First Consulting	Software	USA	456	0.8
Siliconware Precision	Semiconductor	Taiwan	444	0.7
Zilog	Semiconductor	USA	437	0.7
Chordiant Software	Software	USA	436	0.7
Insignia Solutions	Software	UK	424	0.7
Xantrex	Biotechnology	Canada	418	0.7
Top 60 investments			**54,581**	**90.1**

INVESTMENTS (continued)

The top 70 investments as at 30 November 2004 were:

Investment	Sector	Country	Market value £000	% of investments
On Track Innovations	Hardware	Israel	418	0.7
Psivida	Biotechnology	Australia	418	0.7
Amcom Telecommunications	Communications	Australia	411	0.7
Microdose Technologies*	Biotechnology	USA	374	0.6
Parsytec Pattern	Software	Germany	328	0.6
Palatin Technologies	Biotechnology	USA	325	0.5
24/7 Real Media	Internet	USA	320	0.5
Comino Group	Software	UK	309	0.5
Cyprotex+	Biotechnology	UK	301	0.5
Jenoptik	Semiconductor	Germany	292	0.5
Top 70 investments			**58,077**	**95.9**
23# other investments			2,484	4.1
Total investments			**60,561**	**100.0**

+Stocks quoted on AIM (Alternative Investment Market)
*Unquoted investment
#Includes the following AIM investments: Advanced Medical Solutions, ID Data, Intelligent Environments, Manpower Software, OneClickHR and Screen; and includes the following unquoted investments: Gentia, Photoelectron and Marchfirst.

PORTFOLIO ANALYSIS

as at 30 November 2004

	£000	%
Listed on recognised stock exchange (including AIM)	60,187	99.4
Unquoted Investments	374	0.6
Total investments	**60,561**	**100.0**

INVESTMENT ADVISER PROFILE

Investment Philosophy

Selective stock-picking and early stage investment form the two cornerstones 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 with 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.

INVESTMENT ADVISER PROFILE (continued)

The Reabourne Team

From top and left to right: Graham Morton, Michael Bourne, Huaizheng Peng and Jeremy Gleeson

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. Those members of the team directly involved with the management of the Company's investments include:

Michael Bourne BA, A.C.A

Michael Bourne, aged 46, 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 31, 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 42, 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 50, 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.

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 30 November 2004.

Status and Activities

During the year under review the Company 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. 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 such. 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 2003. This is however subject to review should there be any enquiry under Corporation Tax Self Assessment.

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 up to and including 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 (2003: nil).

Fixed Asset Investments

The market value of the Company's investments, at 30 November 2004 was £60.6m (2003: £71.2m). Taking these investments at this valuation, the net assets attributable to each Ordinary share amounted to 221.1p at 30 November 2004 (2003: 246.8p).

Management

Investment Management Agreement:

Discretionary investment management services are provided by Close Finsbury Asset Management Limited ("Investment Manager"). The Investment Manager is a wholly owned subsidiary of Close Brothers Group plc. Full details of the fees paid to the Investment Manager can be found in note 3 on page 31.

The Investment Management Agreement may be terminated by either party giving notice of not less than 24 months.

Investment Advisory Agreement:

Investment advisory services are provided by Reabourne Technology Investment Management Limited ("Investment Adviser"). The Investment Adviser is a wholly owned subsidiary company of Close Brothers Group plc. 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:

The Investment Manager also provides secretarial and accounting services to the Company as the Company Secretary. The Company Secretary under the terms of the Agreement provides inter alia the following services:

REPORT OF THE DIRECTORS (continued)

- *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.*

With effect from 1 June 2002 the Company Secretary has been entitled to a fee of £50,000, plus VAT, 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.

Continuing Appointment of the Manager and Adviser:
The Board keeps under review the performance of the Investment Manager, Investment Adviser and Company Secretary and the continuing appointment of such was agreed at a meeting of the Management Engagement Committee held on 2 February 2005 and was subsequently ratified by the Board at a meeting held on 2 February 2005. The Board believe the appointment of the Investment Manager, Investment Adviser and Company Secretary, should continue for the foreseeable future but advise that in preparation for the continuation vote due in 2006 the Board are in the process of carrying out a rigorous review of all contracts and services of third parties to ensure that the Company is acting in the best interests of shareholders in order to meet their expectations for the future.

Directors

The members of the Board, all of whom are non-executive, who served during the year, are detailed on page 2 and are as follows:

David Quysner
Paul Gaunt
Chris Martin
David Potter
Anthony Townsend
Bryan Lenygon *(resigned from the Board on 19 July 2004)*

Under the Articles of Association Paul Gaunt retires by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Independence
The Combined Code on Corporate Governance issued in July 2003 (the "revised Code") discusses the circumstances under which a director may not be considered to be independent, including if the director holds cross-directorships or has significant links with other directors through involvement in other companies or bodies or has served on the board for more than nine years from the date of first election. The revised Code provides however for the Board to state its reasons if it determines that a director is independent notwithstanding the existence of circumstances that may appear to determine otherwise.

Messrs Gaunt and Townsend are not considered by the Board to be independent. This is because both Directors are also directors of Finsbury Life Sciences Investment Trust PLC and Finsbury Worldwide Pharmaceutical Trust PLC. Additionally, Mr Townsend is a director of Finsbury Growth & Income Trust PLC and provides a consultancy service to Close Asset Management Holdings Limited, the parent company of Close Finsbury Asset Management, the Investment Manager to the Company and was an executive director of the Investment Manager from 1988 to 1999 and a non-executive Chairman of Reabourne Technology Investment Management Limited, a subsidiary of Close Brothers Group, until November 2004. The three noted investment trusts are also managed by the Investment Manager to the Company. In addition Messrs Gaunt and Townsend have served on the Board for more than nine years from the date of their first election. Neither Paul Gaunt nor Anthony Townsend have any other connections with the Investment Manager or Investment Adviser and are not employed by any of the companies in which the Company holds an investment.

Dr Potter has also served on the Board for more than nine years from the date of first election. Nonetheless, the Board considers him to be independent in character and judgement and does not consider that the criterion of length of service should necessarily preclude him from being so considered. This position accords with the recommendation of the Association of Investment Trust Companies that a director may be viewed as being independent notwithstanding service that could be considerably more than nine years. Accordingly Dr Potter is considered by the Board to be independent.

Messrs Quysner and Martin, having been first elected to the Board in 2003 are considered by the revised Code and the Board to be independent.

In accordance with best practice, notwithstanding the determination by the Board of independence, all directors not considered by the revised Code to be independent will stand for re-election at the Annual General Meeting in 2005 and annually thereafter.

Board Evaluation

The Board carried out a full evaluation process in October 2004 and as a result of which considers that all the current Directors contribute effectively and that all have skills and experience, which are relevant to the leadership and direction of the Company. The Board therefore support the re-election of Messrs Gaunt, Townsend and Dr Potter.

Messrs Gaunt and Townsend have considerable financial, investment management and specifically investment trust experience and Messrs Martin, Potter and Quysner have a wealth of knowledge and experience in the technology sector and technology investment.

Directors' Interests

The interests of the Directors and their families in the Company at 30 November 2004 were as set out below:

	Ordinary shares of 25p each	
	30 November 2004	30 November 2003
David Quysner	**5,592**	5,592
Paul Gaunt	**–**	–
Dr Chris Martin	**3,113**	–
Dr David Potter	**5,000**	5,000
Anthony Townsend	**206,465**	204,908

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 had an interest in any contracts (including service contracts) with the Company.

Meeting Attendance

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

Type and number of meetings held in the year to 30 November 2004:	Board (5)	Audit Committee (2)	Nominations Committee (1)	Remuneration Committee (1)	Management Engagement Committee (1)
David Quysner	5	2	1	1	1
Paul Gaunt	5	n/a	n/a	n/a	n/a
Dr Chris Martin	5	2	1	1	1
Dr David Potter	4	1	1	1	–
Anthony Townsend	3	n/a	n/a	n/a	n/a
Bryan Lenygon*	4	2	–	–	1

* Bryan Lenygon resigned from the Board on 19 July 2004.

All of the Directors attended the Annual General Meeting held on 27 April 2004.

Directors' and Officers' Liability Insurance

The Company has put in place Directors and Officers Liability Insurance with cover of up to £1 million.

REPORT OF THE DIRECTORS (continued)

Substantial Shareholdings

As at 7 March 2005 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
Credit Suisse First Boston Nominees Limited	Laxey Partners	4,834,276	17.51
State Street Nominees Ltd	Scottish & English Investments Ltd	1,800,000	6.52
Vidacos Nominees Ltd	World Trust Fund	1,325,000	4.80

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 2004, the Company did not have any trade creditors (2003: 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.

Charitable and Political Donations

The Company has not in the past and does not intend in the future to make any charitable or political donations.

Auditors

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

REPORT OF THE DIRECTORS (continued)

responsibility for any changes that have occurred to 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.

Corporate Governance

A formal statement on Corporate Governance and the Company's compliance with the various codes of practice is set out on pages 19 to 21.

Annual General Meeting

The formal Notice of Annual General Meeting is set out on pages 40 and 41.

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 ("NAV") per share 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.

The Directors consider that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Directors unanimously recommend to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Close Finsbury Asset Management Limited
Company Secretary
16 March 2005

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").

Throughout the year under review the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2003 for periods commencing on or after 1 November 2003, was in force. In addition, the Association of Investment Trust Companies in July 2003 issued the AITC Code of Corporate Governance (the "AITC Code").

Application of the Principles of the Code

The Company is committed to high standards of corporate governance and the Board attaches importance to the matters set out in the Combined 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 Combined 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 considers that the Company has complied with the provisions, other than those it believes are not appropriate to an investment trust company, of Section 1 of the Combined Code throughout the year ended 30 November 2004, and the additional requirements of the AITC Code.

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 five members, all of whom are non-executive. The Directors' biographical details, set out on page 2, demonstrate a breadth of investment, commercial and professional experience with an international perspective.

The circumstances surrounding the independence of each director are given in the Report of the Directors on pages 15 and 16. The Chairman of the Company is an independent Director. Dr David Potter was appointed as the senior independent director in October 2004, but whilst the Board continues to consider Dr Potter an independent Director, this opinion is no longer reflected by the Combined Code due to length of service with the Company. Similarly, neither Anthony Townsend nor Paul Gaunt are independent due to external connections with the Investment Manager. Notwithstanding independence, 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 include safeguarding of the assets and the day-to-day accounting and company secretarial requirements. Each of these contracts was 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 Investment Manager and Investment Adviser attend each quarterly Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern. 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 briefing, which is organised 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. The Audit Committee is chaired by Mr David Quysner, and comprises all independent Directors; the non-independent directors are invited to attend when required by the Chairman. The Board acknowledge that the Chairman of the Board being a member of the Committee is a departure from the Combined Code but the Board believe that this is appropriate for the Committee at the present time. 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 audit procedures, the quality and effectiveness of the Company's accounting records and their findings in relation to the Company's statutory audit.

CORPORATE GOVERNANCE (continued)

Management Engagement Committee

The Management Engagement Committee meets at least once per year and is composed of the independent directors and, by invitation, the non-independent directors. 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 independent directors fulfil the function of a Nominations Committee, to which the non-independent directors may be invited to attend. The Nominations Committee is responsible for the Board appraisal process and for making recommendations on the appointment of new Directors. Where appropriate 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. In compliance with the Combined Code, non-independent Directors will stand for re-election at each Annual General Meeting.

Remuneration Committee

The independent directors fulfil the function of a Remuneration Committee, to which the non-independent directors may be invited to attend by the Chairman. 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 22 and 23.

Relations with Shareholders

The Company has regular contact with its institutional shareholders, particularly through the Investment Adviser. The Chairman also meets institutional shareholders from time to time. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. The full Board attends the Annual General Meeting and the Chairman of the Board 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 Investment 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 Investment 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 Investment Manager's compliance and risk department on an ongoing basis.

Exercise of Voting Powers

The Board has delegated authority to the Investment Adviser to vote the shares held by the Company through its nominee, The Bank of New York (Nominees) Limited. Such voting accords with current best practice whilst maintaining a primary focus on financial returns. The Investment Adviser may refer to the Board on any matters of a contentious nature.

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985 (the Regulations). 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 noted as such. The auditors' opinion is included in their report on pages 24 and 25.

Remuneration Committee

The Company has five non-executive directors. The independent directors fulfil the function of a Remuneration Committee to which the non-independent directors may be invited. 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 within its peer group, 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 2005 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.

Directors' Service Contracts

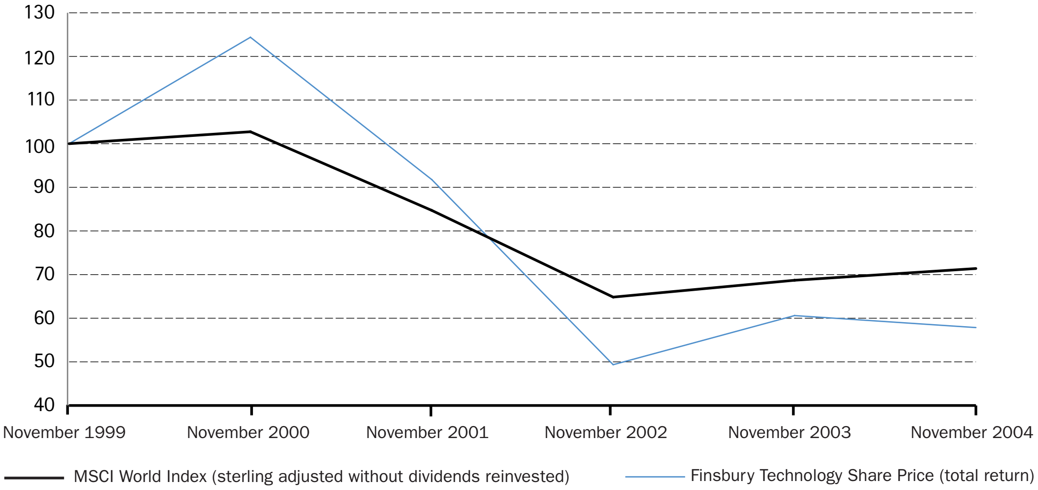
It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to re-election at the first annual general meeting after their appointment, and at least every three years thereafter. The terms also provide that 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 Regulations require a line graph be included in the Directors' Remuneration Report showing total shareholder return for each of the financial years in the relevant period (maximum of 5 years). The graph set out on page 23 compares, on a cumulative basis, the total 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 (the Company's stated benchmark) is calculated.

DIRECTORS' REMUNERATION REPORT (continued)

Total Shareholder Return for the five years to 30 November 2004



Figures have been rebased to 100 as at 30 November 1999
Source: Close Finsbury Asset Management Limited

Directors' Emoluments for the Year (audited)

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

	Fees 2004 £'000	Fees 2003 £'000
David Quysner*#	**16**	9
Paul Gaunt	**12**	12
Chris Martin*	**12**	9
David Potter	**12**	12
Anthony Townsend	**12**	12
Bryan Lenygon (former Chairman and Director)#	**10**	18
	74	72

*Appointed to the Board 7 March 2003

#Bryan Lenygon handed over the Chairmanship to David Quysner on 27 April 2004. Bryan Lenygon subsequently resigned from the Board on 19 July 2004.

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

Approval

The Directors' Remuneration Report on pages 22 and 23 was approved by the Board of Directors on 16 March 2005 and signed on its behalf by David Quysner (Chairman).

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 nine provisions of the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2003 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 Report of the Directors', the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Investment Advisers Review, the Corporate Governance Statement and the five year 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.

REPORT OF THE INDEPENDENT AUDITORS (continued)

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 2004 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
London, England
16 March 2005

SHAREHOLDER ANALYSIS

as at 30 November

	2004 number of shares	**2004 % of issued share capital**	2003 number of shares	2003 % of issued share capital
Private Individuals and Nominee Companies*	**25,035,281**	**90.7**	24,480,846	88.6
Other Institutions, Investment Funds, Companies, Banks and Bank Nominees	**2,580,031**	**9.3**	3,134,466	11.4
Total shares in issue	**27,615,312**	**100.0**	27,615,312	100.0
*includes				
Close Finsbury Savings Scheme	**1,542,387**	**5.6**	1,606,969	5.8
Other PEP and ISA clients	**1,199,420**	**4.3**	1,255,103	4.5

STATEMENT OF TOTAL RETURN

incorporating the revenue account for the year ended 30 November 2004

	Notes	**Revenue 2004 £'000**	**Capital 2004 £'000**	**Total 2004 £'000**	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
(Losses)/gains on investments	*9*	**–**	**(6,099)**	**(6,099)**	–	20,940	20,940
Exchange losses on currency balances		**–**	**(104)**	**(104)**	–	(204)	(204)
Income	*2*	**253**	**–**	**253**	273	–	273
Investment management fee	*3*	**(677)**	**–**	**(677)**	(627)	(1,583)	(2,210)
Other expenses	*4, 5*	**(417)**	**–**	**(417)**	(377)	–	(377)
Net (loss)/return before finance costs and taxation		**(841)**	**(6,203)**	**(7,044)**	(731)	19,153	18,422
Interest payable and similar charges	*6*	**(37)**	**–**	**(37)**	(31)	–	(31)
(Loss)/return on ordinary activities before taxation		**(878)**	**(6,203)**	**(7,081)**	(762)	19,153	18,391
Taxation on ordinary activities	*7*	**(23)**	**–**	**(23)**	(22)	–	(22)
Transfer (from)/to reserves		**(901)**	**(6,203)**	**(7,104)**	(784)	19,153	18,369
(Loss)/return per Ordinary share	*8*	**(3.2p)**	**(22.5p)**	**(25.7p)**	(2.8p)	69.3p	66.5p

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 2004

	Notes	**2004 £'000**	2003 £'000
Fixed asset investments	*9*	**60,561**	71,188
Current assets			
Debtors	*10*	**1,687**	285
Cash at bank		**722**	24
		2,409	309
Creditors			
Amounts falling due within one year	*11*	**(1,917)**	(3,340)
Net current assets/(liabilities)		**492**	(3,031)
Net assets		**61,053**	68,157
Capital and reserves			
Called up share capital	*12*	**6,904**	6,904
Share premium account	*13*	**23,488**	23,488
Capital reserve – realised	*13*	**43,555**	45,868
Capital reserve – unrealised	*13*	**(5,341)**	(1,451)
Revenue reserve	*13*	**(7,553)**	(6,652)
Total shareholders' funds	*15*	**61,053**	68,157
Net asset value per Ordinary share	*14*	**221.1p**	246.8p

The financial statements on pages 26 to 39 were approved by the Board of Directors on 16 March 2005 and were signed on its behalf by:

David Quysner
Chairman

The accompanying notes are an integral part of this statement.

CASH FLOW STATEMENT

for the year ended 30 November 2004

	Notes	2004 £'000	2003 £'000
Net cash outflow from operating activities	*17*	**(2,528)**	(741)
Servicing of finance			
Bank overdraft and loan interest paid		**(37)**	(31)
Taxation			
Tax recovered		**12**	1
Financial investment			
Purchases of investments		**(26,054)**	(28,860)
Sales of investments		**30,548**	28,016
Net cash inflow/(outflow) from financial investments		**4,494**	(844)
Financing			
(Repayment)/drawdown of loans		**(1,100)**	1,100
Net cash (outflow)/inflow from financing		**(1,100)**	1,100
Increase/(decrease) in cash		**841**	(515)
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash as above		**841**	(515)
Cash outflow/(inflow) from financing		**1,100**	(1,100)
Exchange movements		**(104)**	(204)
Movement in net funds/(debt)		**1,837**	(1,819)
Net (debt)/funds at 1 December		**(1,115)**	704
Net funds/(debt) at 30 November	*18*	**722**	(1,115)

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 and in the preceding year in the preparation of these accounts, are set out below:

(a) Accounting Convention

The financial statements 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 in January 2003.

(b) Investments 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 investments 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 are 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 the 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:

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

2. Income

	2004 £'000	2003 £'000
Income from investments		
Dividends:		
– UK listed	**38**	46
– Overseas listed	**115**	145
Fixed interest:		
– UK listed	**23**	8
– Overseas listed	**5**	38
– Scrip dividends	**40**	20
	221	257
Interest receivable and other income		
– Deposit interest	**12**	5
– Underwriting commission	**20**	11
	32	16
Total income	**253**	273

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Investment Management Fees

	Revenue 2004 £'000	**Capital 2004 £'000**	**Total 2004 £'000**	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
Periodic fee	**640**	**–**	**640**	589	–	589
Performance fee	**–**	**–**	**–**	–	1,488	1,488
Irrecoverable VAT thereon	**37**	**–**	**37**	38	95	133
	677	**–**	**677**	627	1,583	2,210

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 £74,000 (2003: £72,000). Details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 22 and 23.

5. Other Expenses

	2004 £'000	2003 £'000
Administrative and secretarial services	**52**	51
Auditors' remuneration for audit services	**17**	15
Auditors' remuneration for non-audit services	**–**	4
Irrecoverable VAT	**12**	8
Marketing	**65**	47
Printing	**40**	43
Other expenses	**157**	137
	343	305

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

	2004 £'000	2003 £'000
Bank interest	**37**	31

7. Taxation Charge on Ordinary Activities

	2004 £'000	2003 £'000
Overseas tax suffered	**23**	30
Overseas taxation recoverable	**–**	(8)
	23	22

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.

	2004 £'000	2003 £'000
Net loss on ordinary activities before taxation	**(878)**	(762)
Corporation tax at 30%	**(264)**	(229)
Effects of:		
Non-taxable UK dividends	**(11)**	(14)
Non-taxable stock dividends	**(12)**	(6)
Withholding tax written off net of tax relief	**23**	18
Performance fee charged to capital	**–**	(475)
Excess expenses for which no tax relief is available	**248**	695
Disallowable expenses	**39**	33
Current tax charge for the year	**23**	22

The Company has not recognised as a deferred tax asset £7,834,000 (2003: £7,555,000) arising as a result of having unutilised management expenses and unused double tax relief. These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. (Loss)/return per Ordinary share

	Revenue 2004 £'000	Capital 2004 £'000	Total 2004 £'000	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
(Loss)/return per Ordinary share	**(3.2p)**	**(22.5p)**	**(25.7p)**	(2.8p)	69.3p	66.5p

Revenue loss per Ordinary share is based upon the loss attributable to ordinary shareholders of £901,000 (2003: £784,000) and 27,615,312 (2003: 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 loss attributable to Ordinary shareholders of £6,203,000 (2003: return of £19,153,000) and 27,615,312 (2003: 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	Unlisted £'000	2004 Total £'000
Cost at 1 December 2003	70,398	3,816	3,798	**78,012**
Opening unrealised depreciation	(208)	(433)	(810)	**(1,451)**
Opening provision for permanent impairment	(2,910)	–	(2,463)	**(5,373)**
Valuation at 1 December 2003	67,280	3,383	525	**71,188**
Movements in the year:				
Reclassification of investments	356	180	(536)	**–**
Purchases at cost	26,683	724	–	**27,407**
Sales – proceeds	(31,522)	(413)	–	**(31,935)**
realised losses on sales	(1,667)	147	(300)	**(1,820)**
Permanent diminution in value	(689)	–	300	**(389)**
Movement in unrealised depreciation	(2,889)	(1,386)	385	**(3,890)**
Valuation at 30 November 2004	57,552	2,635	374	**60,561**
Cost at 30 November 2004	64,248	4,454	2,962	**71,664**
Closing unrealised depreciation	(3,097)	(1,819)	(425)	**(5,341)**
Closing provision for permanent diminution in value	(3,599)	–	(2,163)	**(5,762)**
	57,552	2,635	374	**60,561**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Fixed Asset Investments (continued)

Listed investments include convertible bonds and loan notes with a value of nil (2003: £364,000).

	2004 £'000
Losses on investments:	
Realised losses based on historical cost	**(1,820)**
Add: amount recognised as unrealised profit in the previous year	**(1,300)**
Realised gains based on carrying value at 30 November 2003	**(3,120)**
Increase in unrealised depreciation	**(2,979)**
Losses on investments	**(6,099)**

10. Debtors

	2004 £'000	2003 £'000
Securities sold for future settlement	**1,620**	233
Taxation recoverable	**8**	20
Other debtors	**29**	18
Prepayments and accrued income	**30**	14
	1,687	285

11. Creditors

Amounts falling due within one year

	2004 £'000	2003 £'000
Bank loan	**–**	1,100
Bank overdraft	**–**	39
Securities purchased for future settlement	**1,636**	322
Other creditors and accruals	**281**	1,879
	1,917	3,340

12. Share Capital

	2004 £'000	2003 £'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 (2003: 27,615,312)	**6,904**	6,904

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2003	23,488	45,868	(1,451)	(6,652)
Revenue deficit	–	–	–	(901)
Realised losses on investments	–	(3,120)	–	–
Transfer on disposal of investments	–	1,300	(1,300)	–
Increase in unrealised depreciation on investments	–	–	(2,979)	–
Movement in permanent diminution in value	–	(389)	389	–
Performance fee charged to capital				
(including irrecoverable VAT thereon)	–	–	–	–
Exchange movements	–	(104)	–	–
Balance as at 30 November 2004	**23,488**	**43,555**	**(5,341)**	**(7,553)**

14. Net Asset Value per Ordinary share

	2004 pence	2003 pence
Net asset value per Ordinary share	**221.1p**	246.8p

The net asset value per Ordinary share is based on the net assets attributable to equity shareholders of £61,053,000 (2003: £68,157,000) and on 27,615,312 (2003: 27,615,312) Ordinary shares in issue at 30 November 2004.

15. Movement in Shareholders' Funds

	2004 £'000	2003 £'000
Total recognised (losses)/gains for the year	**(7,104)**	18,369
Opening shareholders' funds	**68,157**	49,788
Closing shareholders' funds	**61,053**	68,157

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 2004 £'000	**Fixed interest investments 2004 £'000**	**Non-interest bearing investments 2004 £'000**	**Total 2004 £'000**	Floating rate cash balances 2003 £'000	Fixed interest investments 2003 £'000	Non-interest bearing investments 2003 £'000	Total 2003 £'000
Sterling	**722**	**1,091**	**14,525**	**16,338**	–	–	18,783	18,783
US Dollars	**–**	**–**	**32,556**	**32,556**	–	364	40,382	40,746
Euros	**–**	**–**	**4,071**	**4,071**	–	–	3,758	3,758
Norwegian Kroner	**–**	**–**	**2,098**	**2,098**	–	–	956	956
Swedish Krona	**–**	**–**	**782**	**782**	–	–	1,337	1,337
Swiss Francs	**–**	**–**	**–**	**–**	–	–	553	553
Canadian Dollars	**–**	**–**	**1,492**	**1,492**	21	–	423	444
Australian Dollars	**–**	**–**	**829**	**829**	–	–	308	308
Hong Kong Dollars	**–**	**–**	**–**	**–**	–	–	356	356
Japanese Yen	**–**	**–**	**862**	**862**	–	–	1,929	1,929
South Korean Won	**–**	**–**	**1,039**	**1,039**	–	–	739	739
Singapore Dollars	**–**	**–**	**690**	**690**	–	–	645	645
Taiwan Dollars	**–**	**–**	**526**	**526**	3	–	655	658
	722	**1,091**	**59,470**	**61,283**	24	364	70,824	71,212

Financial assets

	Fixed rate financial assets 2004 £'000	**Weighted average interest 2004 %**	**Period for which interest is fixed 2004**	Fixed rate financial assets 2003 £'000	Weighted average interest 2003 %	Period for which interest is fixed 2003
US Dollar Fixed Interest	**–**	**–**	**–**	364	3.85	4.22
Sterling Fixed Interest	**1,091**	**4.50**	**3.27**	–	–	–
	1,091	**4.50**	**3.27**	364	3.85	4.22

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2004 £'000	**Net monetary assets 2004 £'000**	**Total currency exposure 2004 £'000**	Overseas investments 2003 £'000	Net monetary assets 2003 £'000	Total currency exposure 2003 £'000
US Dollars	**32,556**	**–**	**32,556**	40,382	542	40,924
Euros	**4,071**	**–**	**4,071**	3,758	20	3,778
Norwegian Kroner	**2,098**	**–**	**2,098**	956	–	956
Swedish Krona	**782**	**–**	**782**	1,337	–	1,337
Swiss Francs	**–**	**–**	**–**	553	–	553
Canadian Dollars	**1,492**	**–**	**1,492**	423	77	500
Australian Dollars	**829**	**–**	**829**	308	–	308
Hong Kong Dollars	**–**	**–**	**–**	356	–	356
Japanese Yen	**862**	**–**	**862**	1,929	7	1,936
South Korean Won	**1,039**	**–**	**1,039**	739	–	739
Singapore Dollars	**690**	**–**	**690**	645	–	645
Taiwan Dollars	**526**	**–**	**526**	655	3	658
	44,945	**–**	**44,945**	52,041	649	52,690

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 £Nil (2003: £1.1 million) and the bank overdraft amounted to £Nil (2003: £39,000). 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 from operating activities

	2004 £'000	2003 £'000
Net loss before interest payable and taxation	**(841)**	(731)
(Increase)/decrease in accrued income and prepayments	**(16)**	11
Increase in other debtors	**(11)**	(4)
(Decrease)/increase in other creditors and accruals	**(1,598)**	1,616
Performance fee charged to capital	**–**	(1,583)
Tax on investment income	**(23)**	(30)
Scrip dividends included in investment income	**(39)**	(20)
Net cash outflow from operating activities	**(2,528)**	(741)

18. Analysis of changes in net funds

	At 1 December 2003 £'000	Cash flow £'000	Exchange movements £'000	At 30 November 2004 £'000
Cash at bank less bank overdrafts	(15)	841	(104)	**722**
Debts falling due within one year	(1,100)	1,100	–	**–**
	(1,115)	1,941	(104)	**722**

19. Related parties

Details of the relationship between the Company and Close Finsbury Asset Management Limited and Reabourne Technology Investment Management Limited are described in the Report of the Directors. The periodic management fee payable to Close Finsbury Asset Management Limited for the year ended 30 November 2004 was £640,000 excluding VAT (2003: £589,000) of which £153,000 (2003: £177,000) was outstanding at the year end. The annual performance fee payable to Close Finsbury Asset Management Limited for the year ended 30 November 2004 was £Nil, excluding VAT (2003: £1,488,000) of which £Nil (2003: £1,488,000) 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 2004 was £52,000 excluding VAT (2003: £51,000) of which £13,000 (2003: nil) 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 pages 14 and 15, note 3 on page 31 and note 5 on page 31.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Software	3,427,950	7.71	1,006
Insignia Solutions	994,983	7.69	424
Intelligent Environments	9,112,301	6.21	547
Mamut	2,060,000	4.90	1,467
AIT Group	2,439,091	4.65	848
Bede	2,525,480	4.10	991
Superscape	4,372,353	3.55	2,317

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 26 April 2005 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 2004.

2 To re-elect Paul Gaunt, who retires by rotation, as a Director of the Company.

3 To re-elect Dr David Potter, as a Director of the Company.

4 To re-elect Anthony Townsend, as a Director of the Company.

5 To re-appoint RSM Robson Rhodes LLP as Auditors to the Company and to authorise the Directors to determine their remuneration.

6 To approve the Directors' Remuneration Report.

Special Business

To consider, and if thought fit, pass the following resolutions, of which resolutions 8 and 9 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 (representing 1,380,765 Ordinary shares of 25p each, such amount being equivalent to 5% of the present issued share capital) 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 issue of treasury shares:

(a) the offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of the Ordinary shares of 25p each in the Company ("Ordinary shares") 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

NOTICE OF THE ANNUAL GENERAL MEETING (continued)

(b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £345,191 or, if less, the number representing 5% of the issued Ordinary share capital of the Company at the date of the meeting at which this resolution is passed

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or 15 months from the date of passing of this resolution, whichever is the earlier, 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 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.

Authority to Repurchase Ordinary Shares

9 THAT the Company be 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 or, if less, the number representing 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% 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 earlier of, the conclusion of the Annual General Meeting of the Company to be held in 2006 or, 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
16 March 2005

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. Ordinary shareholders, proxies and authorised representatives of corporations which are Ordinary shareholders are entitled to attend the meeting. 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 24 April 2005. Changes to the 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.
2. A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote in their place. A proxy need not be a member of the Company.
3. 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 of proxy will not preclude a member from attending the meeting and voting in person.
4. If the meeting is adjourned to a time not more than 48 hours after the time applicable to the original meeting, the specified time noted about will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time with is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in such notice.
5. The register of directors' interests is available at the Company's registered office during normal business hours on any weekday and will be available for inspection at the above meeting. No Director has a service contract with the Company.

Location of Annual General Meeting

to be held at 10 Crown Place, London EC2A 4FT on
26 April 2005 at 12 noon.

COMPANY INFORMATION

Directors
David Quysner, Chairman
Paul Gaunt
Dr Chris Martin
Dr David Potter
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
Reabourne Technology Investment Management Limited
4 Crown Place
London EC2A 4BT
Authorised and regulated by the Financial Services Authority

Auditors
RSM Robson Rhodes LLP
186 City Road
London EC1V 2NU

Stockbrokers
Cazenove & Co
12 Tokenhouse Yard
London EC2R 7AN

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
Block C, Western House, Lynchwood Business Park,
Peterborough PE2 6BP

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

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.

GLOSSARY OF 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, e.g. money owed to other people. The NAV is also sometimes described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided buy 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 or Premium

A description of the situation when the share price is lower or higher than the NAV per share. The size of the discount or premium 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, if the share price is lower than the NAV per share, this situation is called a discount.

Total Assets

Total assets less current liabilities, before deducting prior charges.

Prior charges are defined as including all debentures, all loans and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Return

The methodology has been in place for the AITC database for over 20 years. Price Total Return involves reinvesting the net dividend in the month that the share price is declared ex dividend. The NAV Total Return involved reinvesting the same net dividend in the NAV of the Company on the date to which that dividend was earned, e.g. quarter end, half year to year end date.

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.

The Gearing of the Company is calculated by the total assets including all debt being used for investment purposes (irrespective of how long the debt has to run until repayment) divided by shareholders' funds. The actual Gearing of the Company is the total assets less all cash and fixed interest assets (excluding convertibles) divided by shareholders' funds.

Initial Public Offering ("IPO")

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

INVESTING WITH FINSBURY TECHNOLOGY TRUST PLC

There are a variety of ways you can buy shares in the Company. You have the choice of lump sum or regular savings within a Close Finsbury ISA or Savings Scheme. There is also a PEP transfer facility if you already hold a PEP. Alternatively you can buy shares direct through your stockbroker or bank.

Although the Company does not anticipate paying dividends, if you hold other shares within the Close Finsbury Schemes, you have the benefit of automatic income reinvestment, therefore compounding your returns.

The ***CLOSE FINSBURY ISA***
– enables investors to invest tax free up to £7,000 each year#

The ***CLOSE FINSBURY SAVINGS SCHEME***
– is open to lump sum investment or regular savings

A ***SAVING FOR CHILDREN*** facility
– is available within the Savings Scheme

Investment in the ISA and Savings Scheme can be made by lump sum from £1,000 or regular monthly savings from as little as £100 per month. Once invested, you can top up your Schemes at any time subject to a minimum of £100.

The ***CLOSE FINSBURY PEP TRANSFER***
– can be used to transfer the value of your existing PEP. A minimum of £1,000 can be invested in shares of the Company.

You can open an account and deal ***ONLINE*** for the ISA and Savings Scheme on the Close Finsbury website **www.closefinsbury.com**. Account management for all the Investment Schemes is also available on the website. This enables you to:

Access your account 24 hours a day	Amend your personal details
Obtain up-to-date valuations	Change Direct Debit details
View current and historic statements	Set up income payments
Purchase online by debit card	Sell online

To find out more either:

Phone: **0800 169 6968***

Click: **www.closefinsbury.com**

Email: **info@closefinsbury.com**

All of the Close Finsbury managed investment trusts are available within the Close Finsbury ISA, Savings Scheme or PEP. The range includes:

- **Close Finsbury EuroTech Trust PLC**
- **Finsbury Growth & Income Trust PLC**
- **Finsbury Life Sciences Investment Trust PLC**
- **Finsbury Technology Trust PLC**
- **Finsbury Worldwide Pharmaceutical Trust PLC**

until April 2006

*calls to this number are recorded for monitoring purposes

Close Finsbury Asset Management Limited is authorised and regulated by the Financial Services Authority

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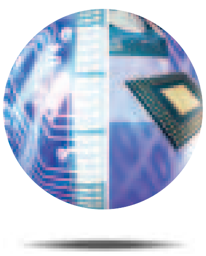

Finsbury Technology Trust PLC
10 Crown Place, London EC2A 4FT
www.closefinsbury.com info@closefinsbury.com