FINSBURY

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Finsbury Technology Trust PLC

Annual Report 30 November 1999

technology

Company Summary	1	Analysis of Investments	11	Balance Sheets	20
Performance Summary	2	Portfolio Analysis	12	Cash Flow Statement	21
Company Information	3	Report of the Directors	13	Notes to the Accounts	22
Chairman's Statement	4	Report of the Auditors	18	Notice of the Annual General Meeting	33
Review of Investments	6	Statement of Total Return	19	Shareholder Information	34
				Private Investor Plans	35

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

Performance is measured against the Morgan Stanley Capital International World Index (sterling adjusted without dividends reinvested).

Company Summary

Company Data as at 30 November 1999

Total Assets less Current Liabilities	Shareholders' Funds	Market Capitalisation
£103.4m	£96.5m	£92.0m
Net Asset Value per share	**Share Price**	**Discount**
363.4p	346.5p	4.7%

Corporate Details

Capital Structure	26,539,250 ordinary shares of 25p each.
Wind-up provisions	The Company will hold a vote on whether to continue as an investment trust in 2006.

Management Details

Investment Manager	The Trust's investment manager is Rea Brothers (Investment Management) Limited, a subsidiary of Close Brothers Group PLC. The Investment Manager is regulated by IMRO.
Investment Adviser	Reabourne Limited is a joint venture in which Michael Bourne, Dr Andrew Clark and Close Brothers are the principal shareholders. Reabourne specialises exclusively in the technology sector and provides advice to the Investment Manager in connection with the management of the Trust. Reabourne is regulated by IMRO.
Management agreements	The Investment Manager will receive an annual fee of 1% of the valuation of the portfolio (including uninvested cash). In addition, the Investment Manager is entitled to an annual performance fee of 10% of the amount by which NAV growth has exceeded the greater of 10% or LIBOR + 2% and a long term performance fee (calculated every 5 years) of 10% of the amount NAV has outperformed the Morgan Stanley Capital International World Index (sterling adjusted without dividends reinvested). The Investment Adviser is entitled to 50% of the annual fee and 75% of both the annual and long term performance fees. The investment management and investment advisory agreements are both terminable on 2 years notice
Company Secretary	Rea Brothers Limited, a subsidiary of Close Brothers Group PLC.
Administrative agreement	Administrative, company secretarial and accounting services are provided by the Company Secretary for an annual fee of 0.12% of the assets under management. The administration agreement is terminable on 12 months notice.

Performance Summary

Year-by-year performance

	Launch	1996	1997	1998	1999
Total Assets less Current Liabilities	£25.7m	£28.7m	£33.0m	£37.8m	£103.4m
Shareholders' Funds	£25.7m	£28.5m	£32.7m	£37.6m	£96.5m
Net Asset Value per share	97.0p	107.4p	123.1p	141.6p	363.4p
Share Price	100.0p	102.0p	115.0p	108.5p	346.5p
Discount/(premium)	(3.0%)	5.0%	6.6%	23.4%	4.7%
Dividend	N/A	—	—	—	—

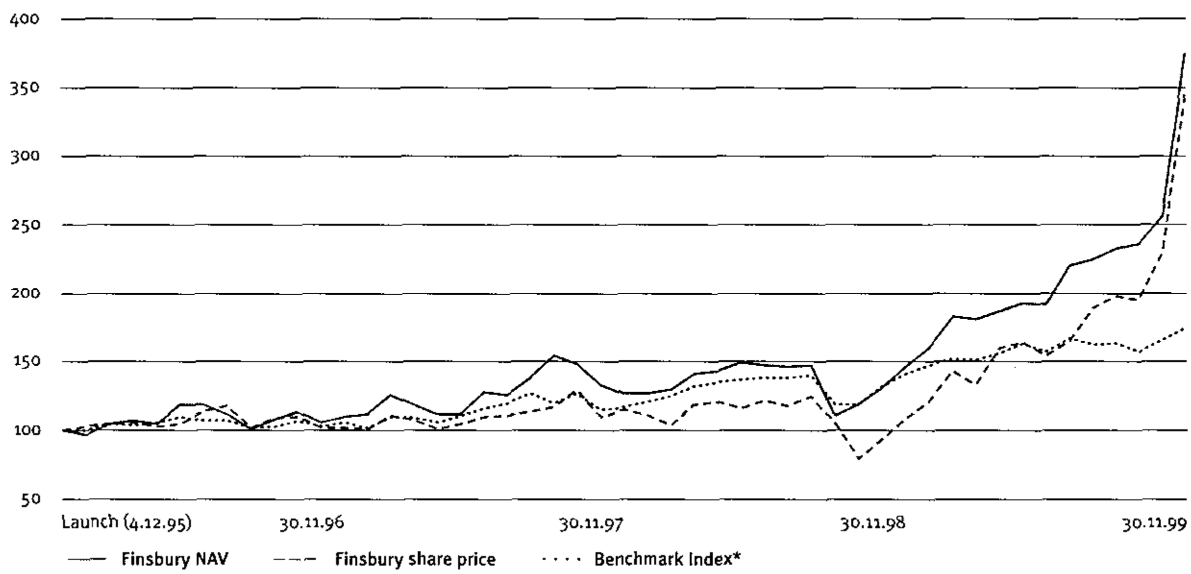
Cumulative performance

	Launch	1996	1997	1998	1999
Net Asset Value per share	100.0	110.7	126.9	146.0	374.6
Share Price	100.0	102.0	115.0	108.5	346.5
Benchmark Index*	100.0	105.5	116.8	141.2	175.4

Figures have been rebased to 100 at launch (4 December 1995)

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

Finsbury Technology Trust Net Asset Value per share and share price relative to the Benchmark Index*



Figures have been rebased to 100 at launch (4 December 1995)

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

Company Information

Directors
Bryan Norman Lenygon *Chairman*
Paul Gaunt
Richard Quintin Hoare
David Edwin Potter, CBE
John Anthony Victor Townsend

Bryan Lenygon
Bryan Lenygon is a chartered accountant and a barrister. He is a former director of Gartmore Investment Management Limited, and presently is chairman of Geared Income Investment Trust PLC and Aberdeen Latin American Investment Trust PLC and a director of a number of other investment trust companies.

Paul Gaunt
Paul Gaunt was the senior investment manager of The Equitable Life Assurance Society, a position he resigned from in June 1997 in order to pursue a number of private interests. He is a non executive director of a number of companies, including BRIT Insurance Holdings PLC, Finsbury Life Sciences Investment Trust PLC, Finsbury Worldwide Pharmaceutical Trust PLC and Raphael Zorn Hemsley PLC.

Richard Hoare
Richard Hoare has been a managing partner of the bankers, C Hoare & Co, since 1969. He is chairman of Bulldog Holdings Limited and The Bulldog Trust and is also a non executive director of SR Pan European Investment Trust PLC.

David Potter
David Potter, CBE is chairman of Psion PLC. He has been a non executive director of various British venture funds and is a visitor and adviser to a number of academic institutions.

Anthony Townsend
Anthony Townsend is chairman of Adam & Harvey Group PLC, a non executive director of BRIT Insurance Holdings PLC and a director of four further "Finsbury" and three other investment trust companies. He is also a Deputy Chairman of the Association of Investment Trust Companies.

Investment Managers
Rea Brothers (Investment Management) Limited
(A member of the Close Brothers Group)
12 Appold Street
London EC2A 2AW

Investment Advisers
Reabourne Limited
12 Appold Street
London EC2A 2AW

Secretary
Rea Brothers Limited
(A member of the Close Brothers Group)
12 Appold Street
London EC2A 2AW

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

Stockbrokers
Cazenove & Co
12 Tokenhouse Yard
London EC2R 7AN

Company Number
3117355

Registered Office
12 Appold Street
London EC2A 2AW

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

Chairman's Statement

Results

The year ended 30 November 1999 was a spectacular one for the Trust with the Net Asset Value per share ("NAV") rising from 141.6p to 363.4p, an increase of 156.6% over the year. In the same period, the benchmark index, the Morgan Stanley Capital International World Index (sterling adjusted without dividends reinvested), increased by 24.2%. Since the fund was launched in December 1995, the NAV has risen by 274.6% against a rise of 75.4% in the benchmark index. Shortly after the year end Standard & Poor's Micropal calculated that Finsbury Technology was the best performing investment trust over 3 years.

The Board has been concerned with the high level of discount between the Trust's NAV and the share price. It is pleasing to note that during the year the share price increased from 108.5p to 346.5p with the discount narrowing from 23.4% to 4.7%. On the day before this statement the published share price was at a premium to NAV.

Dividends

The companies within the Trust's portfolio typically provide a very low yield. No dividend has been declared in respect of the year ended 30 November 1999 (1998: nil) and it is unlikely that a dividend will be paid for the foreseeable future.

Review

During 1999 the technology sector was dominated by the continuing explosive growth of the internet. Whilst the internet provides enormous opportunities, we remain unconvinced by the valuations being placed on many companies. Our Investment Advisers take a fundamental approach to stock picking and focus on companies with good long term growth potential. We have therefore tended to avoid electronic retailers, which we believe will be open to significant competitive pressures, and have instead concentrated on companies which provide the infrastructure to the internet such as Cisco, Verity and Intelligent Environments.

After years of extensive research many biotechnology companies have either obtained approval for their products or are in late stage trials. These improved prospects have led to a re-rating of the sector in the US. In Europe the biotechnology rally started later and was less emphatic but many stocks have still seen impressive gains. Our most successful bioscience investment was Aortech which has now obtained FDA approval for its cardiac output monitoring device technology; its share price increased fivefold over the year. We believe that our other holdings in the sector, such as Celltech, Proteome and Teva, also have good prospects.

It is gratifying that many of the Trust's best performing investments over the year were based in the UK. Stellar performers included Aortech (up 503%), ARM Holdings (up 1,020%), Intelligent Environments (up 606%). Psion (up 443%) and Recognition Systems (up 4,113%).

The boom in technology has continued since the year end and at 31 January 2000, the Trust's NAV had risen to 470.5p.

Outlook

1999 was a remarkable year for the technology sector and in the first two months of 2000 there has continued to be strong performance. However the wall of money which has been invested in the sector has resulted in some indiscriminate buying and many stocks are on stratospheric valuations, which provide little, if any, cushioning against missed targets. Whilst there may be some volatility over the next year, we continue to believe the long term case for investing in the sector remains strong. The last century saw more technological advancement than any other in the history of mankind. With the internet still in its relative infancy (particularly in Europe), the growth of mobile communications, and the potentially stunning achievements of biotechnology, we have every reason to believe that the twenty-first century will be every bit as innovative as the twentieth.

Bryan Lenygon *Chairman*
24 February 2000

Review of Investments

This Trust was established to take advantage of the golden age of technology and we are pleased to report that 1999 has been the year where it has reaped exceptional returns. In an environment where traditional industries have been floundering and where inflationary pressures have been subdued, investors have focused on "New Age" companies whether they are in biotechnology or electronics.

We remind shareholders that technology is a high risk sector. We conduct as much fundamental research as we can to ensure that we produce a good return on capital, but in a sector growing so quickly we will make some mistakes.

There was a phenominal level of interest in the internet during 1999. Take, for example, Weather Action plc. This company performed so badly that its original business of long range weather forecasting based on the study of solar flares was returned to management with few assets remaining in the company except its stock market listing. A change of strategy was undertaken and its name was changed to InternetAction.Com. Along with many other internet stocks it suddenly attained superstar status although little has happened except the appointment of a reputedly impressive management team. This illustrates the insatiable appetite that investors have for blue sky stocks and we are worried that certain areas of the market are overheating.

Strategy

It is essential in times like this that we stick to the fundamental principles that we have used throughout the Trust's existence. We look to invest in high quality technology companies, which are normally investing significantly in research and development and which are at a discount to their long term potential value. We spend considerable time trying to assess the probability of success. We sometimes stay with our winners beyond fair value, because experience has shown that this is the right thing to do, but if they become substantially overvalued by our measures, or a disproportionately large percentage of the portfolio, we sell them or reduce our position size. The fund was set up to take advantage of the long term growth in technology and as such does not seek to trade short term stock market moves. We have an experienced team with a mixture of business and scientific skills who select the investments and while we feel certain fields of technology are substantially overrated, there are still considerable opportunities open to us.

In the years ahead we expect that the portfolio will continue to diversify away from the United States as new opportunities spread throughout the world. Hopefully we will have more UK companies to assess, especially with the interest in the sector being generated by Techmark, a new index for UK technology stocks. We are also applying more resources to structuring our own deals and looking at companies that are not in the immediate eye of most investors. Our recent investments in Gentia and Proteome Sciences are examples of these. Finally, after such a wonderful year we will inevitably have to dig deeper to find investments that meet our criteria although at the time of writing there are still plenty of opportunities available.

The Portfolio

1999 was a year when little went wrong for the Trust. Our worst performing stock has been Gresham Computing which suffered an unrealised loss of £327,000. This pales into insignificance when compared with our biggest winner, Recognition Systems, on which total gains amounted to £11.7m. After such a year we still feel that it is important to look at how we could have done better. We missed out on some opportunities in the telecommunications field, although these were mainly to be found in larger capitalisation stocks which are not the prime area of focus for this fund; we could have had better returns in biotechnology if we had invested more in the larger capitalised stocks; and there were many opportunities that could have been found in Japanese smaller companies. Finally, although the Trust has benefited substantially from internet infrastructure plays, we were premature in selling some of our portal plays such as Lycos and America Online.

The internet is the most important thing that has happened in our investment careers, but its main utility is as a distributor of information. E-tailing and retailing are now one industry and in the end most of the value of the brand is in the product or service that is bought or sold, not in the distributor. As search engines become more powerful, it will be that much easier for web users to find the product that they want, thus removing the need to use any one portal or E-tailer. Although they have fallen from their highs, we still feel that the difference in valuations between the E-tailers and retailers are unsustainable. The internet is resulting in an ever increasing amount of E-commerce, particularly in the business to business sector, and this, in our opinion, creates a huge opportunity for companies that provide the infrastructure to do this. Our approach is to invest in businesses which are either profitable, have a clear path to profitability, or which look as if they have a leading and sustainable position in the field. An example of this is Versign, which is positioned to be a trusted third party who ensures that E-commerce happens in a secure and verifiable way.

We have had a number of internet winners in the UK, most notably the Trust's largest position, Recognition Systems, whose campaign management software maximises the chance of making a sale to a potential customer visiting a web site. The shares of this company performed spectacularly last year but the market valuation is still small in relation to the opportunity. If the company can build on what is an extremely promising technological lead the shares have significant potential for further appreciation. We have also substantially added to our position in Superscape because we feel that a much strengthened management team can take advantage of what has always been a technology leadership position in 3D visualisation technology. The market potential is huge as every E-commerce site selling physical goods could use their software and we were very encouraged by our customer checks. Although the shares have performed well recently, the market valuation of approximately £160m is small in relation to the size of the potential market. Our shares in Intelligent Environments have also performed well and, although we have sold some of our holding, it remains a large position as the company continues to win more orders for its software which connects the internet to legacy systems.

Last year we commented on the tremendous opportunity in ARM. The shares have performed spectacularly this year, and while we think that this is a quality company with world class management, we think that the current valuation discounts total ownership of most of its main markets and so have sold our holdings. We have also reduced our position in another of our favourite holdings, Sherwood International, although we think that this has potential for substantial further appreciation as it emerges as a world class seller of software into the insurance industry. We may buy further shares in Sherwood if the share price weakens.

During the year the portfolio has also benefited from the performance of our European holdings. Our best

Review of Investments

performing European stock has been Dialog Semiconductor, a recent addition to the portfolio, which is benefiting from the strong demand for its semiconductors. International Quantum Epitaxy has seen ever increasing demand for its compound semiconductors which are used in high frequency mobile communications. We have also started positions in two German industrial automation companies, Parsytec and Jetter, both of which are performing well. Although industrial automation has been a tough area in which to make money historically, we believe that technology is beginning to emerge which could turn this into a mass market.

Tecnomatix, which is based in Israel, also operates in this field and, after a disappointing year in 1998, its business seems to be accelerating as it delivers more products linking the design process to the factory floor. We are also encouraged by the performance of another of our Israeli holdings, Amdocs, which provides billing software to mobile phone operators. These companies need complex billing systems in order to be able to offer differing rate plans to their customers and this technology can ultimately be used in other fields including the web.

In Asia we have concentrated on semiconductors and other electronic component production companies which are core competencies of the region. Our long held positions in Taiwan Semiconductor and Samsung performed well and we have recently increased our exposure to the region by establishing a position in Chartered Semiconductors. Our investments in Japanese smaller companies performed strongly and of the larger capitalised electronics companies our top pick has been Sony. We have held Sony since the Trust's inception and it has performed spectacularly. However this position is under review as the company has become quite cautious about its near term future and we believe that the competition from Sega in the computer games field might prove to be more challenging than the market expects. Legend, which is based in mainland China, has a superb technology infrastructure, and may dominate the domestic PC market in China.

Moving to the US, our best returns have come from semiconductor and semiconductor related investments such as our long term positions in Xilix, Intel and Applied Materials. Our communication stocks also performed well with the exception of Newbridge Networks. Newbridge disappointed as the growth in sales of its leading edge ATM switch failed to compensate for slowing sales of its TDM switch. Despite management turmoil we retained our investment as the technology was excellent. Since the year end the company has been acquired by Alcatel. We are also pleased to report that Corsair, which provides prepaid billing and fraud detection services to the mobile phone industry, seems to be recovering from a bad 1998 and since the year end we have added to this position.

Our software investments in the US have had a mixed performance. Peregrine, which provides asset management software, and Rational Software, which provides tools to support software development, both produced excellent results. Network Associates and Inprise, which were both brought as turnaround situations, also performed strongly. Two of our investments, Pervasive Software and Catalyst, suffered from a slow down in business as a result of delayed orders because of millennium related freezes on expenditure. We remain optimistic about the longer term prospects for both these companies as they have good management and products. Finally we have sold our entire position in EMC. EMC was an early investment of the Trust and was for some time our largest investment. It has been one of the Trust's greatest successes, but is now universally liked by investors at a time when some significant competitive threats are looming.

The biotechnology sector in the US underwent a significant re-rating during 1999 and this change in sentiment filtered across the Atlantic towards the end of the year. Our investments in Imclone, Celltech and Millennium proved to be particularly successful as institutional money focused on the superior growth potential of this sector when compared to the pharmaceutical industry. Genomics companies did particularly well as a result of the human genome being sequenced considerably faster than anticipated. This will provide significant opportunities for companies who can utilise this information in drug discovery such as Protein Design Labs and Celltech. Many earlier stage companies such as Creative Biomolecules have been ignored by the market. An example of this is Proteome Science, a world leader in proteomics, in which the fund has recently taken a material position. We continue to be impressed by the progress of Aortech which has been our biggest bioscience winner this year, benefiting from the progress made in the development of its continuous output heart monitor.

Outlook

Technology remains the focal point of tremendous growth and is spreading into areas which were almost inconceivable five years ago. This has resulted in superior performance and investors must continue to have a significant exposure or run the risk of material underperformance. In a low inflationary world, where technology is a key tool in restructuring traditional businesses, there are few other mainstream investment areas in the developed world which offer the same growth potential.

However the bull market in technology shares has now run for a decade resulting in tremendous wealth creation and this has been noticed by the investment community. We are repeatedly phoned by head hunters asking us if we can recommend good analysts for fund management groups, or brokerage houses desperate to improve on their technology capability and it is clear that there are not enough experienced people around. There have been a lot of fund launches and flotations recently and we are fearful that many of these are being done by people who have insufficient global experience of the sector and that there will be serious damage to investors wallets' as poor investments are needlessly made. We have been investors in the sector since the 1980's and remember all too well the hatred people felt towards it as a result of some fairly indiscriminate buying in 1983 and we hope that this will not happen again.

As we said earlier, 1999 was an exceptional year and we must work hard to build on our success. We have added significantly to our team and in particular our international capability as we see an ever increasing number of opportunities globally. We believe these additions to our team enable us to find long term investment opportunities ahead of most market participants.

We think the semiconductor industry will continue to produce good returns, particularly with the introduction of the next generation of microchips. The internet will provide opportunities for people to make money building its infrastructure and technology as a whole is going mobile. We remain optimistic about smaller companies, especially as changes in US accounting laws make it advantageous for larger companies to make acquisitions in the year ahead. The prospects of the biotechnology industry are extremely

Review of Investments

promising and we believe the sector is at the early stages of a long term bull market.

NASDAQ is a very unforgiving market for companies that stumble and we see a number of opportunities in businesses which have fallen from grace and yet have good technology and improved management teams. An example of this is Gentia, where the Trust has recently made a direct investment in the company, a deal which was initiated by our own team, rather than being sourced by a broker. Our global reach enables us to partner with our investee companies and we hope that we will continue to be able to make cross-border introductions for the benefit of investee companies.

One of the goals that we set out last year was to narrow the discount. We are pleased to report considerable progress on this front and we thank you our investors for enabling this to happen. We very much hope to see you at the AGM where we intend to make a presentation.

The road ahead is going to be full of pitfalls and regrettably we will stumble from time to time, but we are extremely confident that by focusing uniquely on the technology sector we will be able to deliver long term returns that compare favourably with most other investment vehicles invested predominantly in the developed world. The golden age of technology has much further to go and as it spreads even further into every day life, we look forward to reporting to you on further progress.

Michael Bourne/Andrew Clark
Reabourne Limited
Rea Brothers (Investment Management) Limited
24 February 2000

Michael Bourne was a director of Henderson Investment Management, where his responsibilities included the joint management of two top performing funds. Previously he was the fund manager of Prolific Technology Unit Trust which won Micropal awards in 1991 and 1992.

Dr Andrew Clark, who works with Michael Bourne in advising Finsbury, was formerly a biotechnology/pharmaceutical analyst with Barings Securities Limited and has held a post-doctoral research fellowship at the University of Oxford.

Analysis of Investments

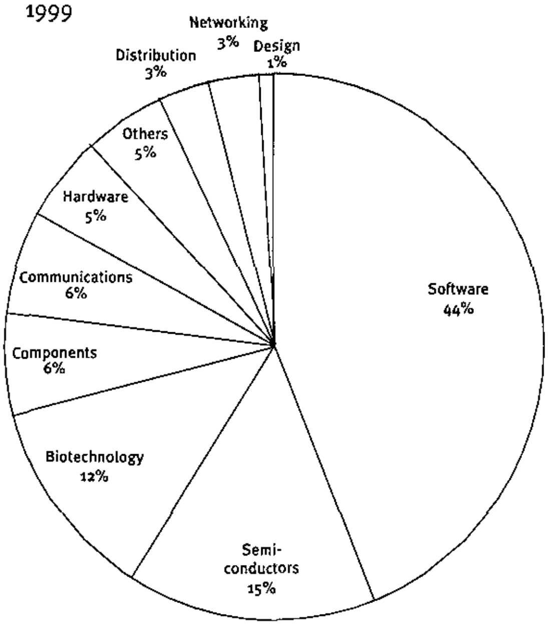
The investments of the Company at 30 November 1999 were as follows:

		Country	£000	Percentage of investments %
Recognition Systems Group	Software	UK	9,125	8.7%
Sherwood International	Software	UK	4,696	4.5%
Superscape VR	Software	UK	4,094	3.9%
ARM Holdings	Semiconductors	UK	3,080	3.0%
Intelligent Environments Group	Distribution	UK	2,885	2.8%
Psion	Hardware	UK	2,564	2.5%
Fibernet Group	Software	UK	2,391	2.3%
Tecnomatix	Software	USA	2,156	2.1%
Memory Corp (now DIG)	Semiconductors	UK	2,123	2.0%
Dialog Semiconductor	Semiconductors	Germany	2,121	2.0%
JSB Software Technologies	Software	UK	1,756	1.7%
Verisign	Software	USA	1,750	1.7%
Photo-Me International	Communications	UK	1,739	1.7%
Xilinx	Semiconductors	USA	1,686	1.6%
Rational Software	Software	USA	1,637	1.6%
Aortech International	Biotechnology	UK	1,606	1.5%
Vocalis Group	Software	UK	1,594	1.5%
International Quantum Epitaxy	Semiconductors	UK	1,587	1.5%
Vishay Intertechnology	Computers	USA	1,557	1.5%
Samsung Electronics	Computers	South Korea	1,546	1.5%
Peregrine Systems	Software	USA	1,538	1.5%
Ciena Corp	Communications	USA	1,517	1.5%
DII Group	Others	USA	1,506	1.4%
Verity	Semiconductors	USA	1,462	1.4%
Oneview.net	Software	UK	1,410	1.4%
Cisco Systems	Networking	USA	1,260	1.2%
Wind River Systems	Software	USA	1,212	1.2%
Amdocs	Communications	USA	1,186	1.1%
Legend Holdings	Hardware	Hong Kong	1,171	1.1%
Synopsys	Design	USA	1,159	1.1%
Intel Corp	Semiconductors	USA	1,156	1.1%
Antec Corp	Communications	USA	1,146	1.1%
Inprise Corp	Software	USA	1,114	1.1%
Thermo Group of Companies	Other	USA	1,016	1.0%
Celltech Group	Biotechnology	UK	986	0.9%
Avant Corp	Biotechnology	USA	981	0.9%
Applied Materials	Semiconductors	USA	918	0.9%
Parsytec Pattern	Software	Germany	890	0.9%
Newbridge Networks	Networking	USA	862	0.8%
Taiwan Semi-Conductor	Semiconductors	Taiwan	835	0.8%
81 other investments			29,291	28.0%
Total Investments			104,309	100.0%

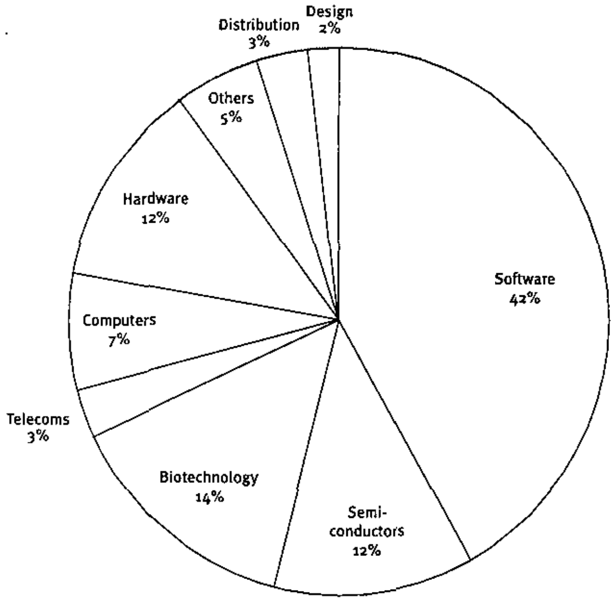
Portfolio Analysis

Sector Analysis

1999



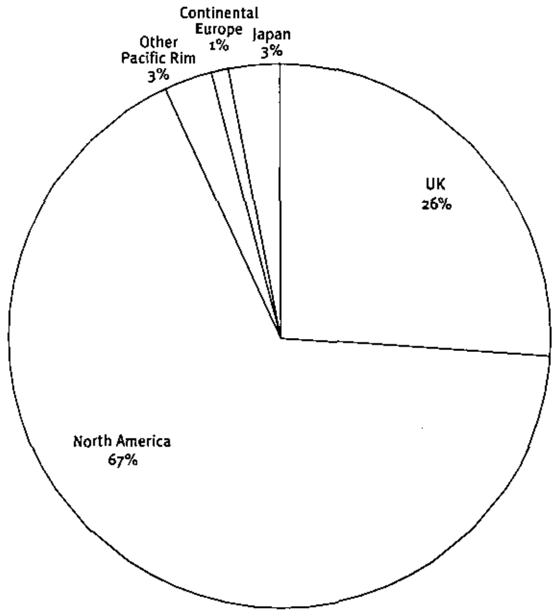
1998



Geographic Analysis

1999

1998



Report of the Directors

The Directors present their report and Statement of Accounts for the year ended 30 November 1999.

Status and Activities

During the year under review the Trust has operated as an investment company, as defined under Section 266 of the Companies Act 1985. It qualifies as an investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988 and Inland Revenue approval for such treatment has been given up to 30 November 1998. The Trust has subsequently directed its affairs so as to enable it to continue to obtain such approval.

Results and Dividends

The results attributable to shareholders for the year and the transfer to reserves are shown on page 19. The Directors do not recommend a dividend for the year (1998: nil).

Fixed Asset Investments

The market value of the Group's investments at 30 November 1999 was £104,309,000. Taking these investments at this valuation, the net assets attributable to each ordinary share amounted to 363.4p at 30 November 1999.

Management

Rea Brothers (Investment Management) Limited ("IML" or "Investment Manager") was appointed investment manager to the Trust with effect from 31 March 1999; prior to that date the Trust's investments were managed by Finsbury Asset Management Limited ("FAM"). Reabourne Limited ("Reabourne" or "Investment Adviser") provides investment advice to the Investment Manager. Details of the investment management and investment advisory fees paid by the Trust are shown in note 3.

Secretarial and administrative services are provided by Rea Brothers Limited ("RBL"). The Trust is charged quarterly in arrears at a rate of 0.12% per annum of assets under management in respect of these services.

IML, FAM and RBL are all wholly owned subsidiaries of Close Brothers Group PLC. Reabourne is a joint venture company in which Michael Bourne, Andrew Clark and Close Brothers are the principal shareholders.

Directors

The present members of the Board, all of whom who served throughout the year, are listed on page 3. Under the Articles of Association Anthony Townsend and Richard Hoare retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The interests of Directors and their families in the Company at 30 November 1999 were as set out below.

	Ordinary shares of 25p each	
	30 November 1999	30 November 1998
Bryan Lenygon	-	-
Paul Gaunt	-	-
Richard Hoare	**10,000**	10,000
David Potter (see below)	**50,000**	50,000
Anthony Townsend	**200,000**	200,000

Report of the Directors

Directors *continued*

No change in the Directors' interests has occurred to the date of this report. The interest of Mr Potter disclosed above includes 20,000 shares as a trustee and beneficiary of an Inland Revenue approved pension scheme.

None of the Directors had an interest in any contracts (including service contracts) with the Trust or its subsidiary.

Substantial Shareholdings

At the date of this report the Trust has been informed of the following interests in the ordinary voting shares of the Company which exceeded 3% of the issued share capital of that class.

	No. of shares	% of shares
Lazards Asset Management	4,215,000	15.87
The Equitable Life Assurance Society	2,500,000	9.43
Aegon UK plc	1,323,500	4.99
Merchant Investors Assurance Company Limited	1,053,557	3.97

Creditors Payment Policy

While the Trust does not follow a formal code, it is the Trust's continuing policy to pay amounts due to creditors as and when they become due. Payments relating to investment trades are made in accordance with the settlement practices of the relevant exchange. At 30 November 1999, the number of days trade (brokers) creditors was 2 (1998: 2).

Auditors

RSM Robson Rhodes, who changed their name from Robson Rhodes on 18 October 1999, have expressed their willingness to continue to act as auditors to the Trust and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Trust consist mainly of securities which are readily realisable.

Year 2000 Compliance

The Directors are not aware of any impact on the Trust of the advent of Year 2000. However, given the complexity of the issue it is not possible for any organisation to guarantee that no such problems will occur. No costs associated with this issue were incurred directly by the Trust.

Directors' Responsibilities

The Directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and the Group at the end of the financial year and of the profit or loss of the Group for that period. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the Directors are required to: (a) select suitable

Report of the Directors

accounting policies and apply them consistently; (b) make judgements and estimates that are reasonable and prudent; (c) state whether applicable accounting standards have been followed; and (d) prepare financial statements on a going concern basis unless it is inappropriate to assume the Trust will continue in business. The Directors confirm that the financial statements comply with the above requirements.

The Directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The Board has carried out a full review of the principles of good governance and the code of best practice ('the Combined Code') prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel. 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 London Stock Exchange.

Compliance with the Combined Code

Guidance issued to listed companies by the London Stock Exchange in December 1998 and September 1999 has confirmed that by complying with the existing arrangements on internal controls, a company's statement of compliance satisfies the requirements of the Combined Code. The Board therefore considers that the Trust has complied with the provisions of Section 1 of the Combined Code throughout the year ended 30 November 1999, other than those it believes are not appropriate to an investment trust company which has only non-executive directors. These relate to the appointment of nomination and remuneration committees (the Board as a whole fulfils these functions) and a senior independent director.
The Directors are responsible for overseeing the effectiveness of the internal financial control systems for the Group, which are designed to ensure that proper accounting records are maintained, that the financial information on which the business decisions are made and which are issued for publication is reliable, and that the assets of the Group are safeguarded. Such a system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

The Directors, through the procedures outlined above, have kept under review throughout the period covered by these financial statements the effectiveness of the system of internal financial control. However, in accordance with the guidance referred to previously, the Board will report to shareholders on the broader aspects of internal control for the Trust's financial year ending 30 November 2000.

Principles of the Combined Code

(a) Directors

The Board consists of five members, all of whom are non executive. All of the Board are independent of the Trust's Investment Manager save for Anthony Townsend who was a director of the Investment Manager's holding company until August 1999; in addition Mr Townsend is a current director of the Investment Adviser. The Board believes that the appointment of a senior independent director is not appropriate for a Board which has only non executive directors. There is no position of Chief Executive Officer.

Report of the Directors

The Directors meet as a Board quarterly and at other times as necessary. The Board is responsible for investment policy and has a schedule of investment matters reserved for the resolution of the Directors. 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 is only entered into after proper consideration of the quality and cost of services.

Full reports are received from the Investment Manager and Company Secretary at the quarterly meetings on the investment holdings and performance. In the light of these reports, the Board gives directions to the Investment Manager as to the investment objectives and guidelines. A report is received from the Company Secretary on a monthly basis on compliance with the statutory and regulatory requirements and with the investment guidelines.

The Board as a whole fulfils the function of a nomination committee. The Trust's Articles of Association require newly appointed Directors to submit themselves for election by shareholders at the next Annual General Meeting and Directors are subsequently subject to re-election at intervals of no more than three years.

(b) Remuneration
The Board as a whole fulfils the function of a remuneration committee and considers that the specific appointment of such a committee is not appropriate for an investment trust company. The level of Directors' fees is reviewed on a regular basis relative to other comparable companies and in the light of Directors' responsibilities.

(c) Relations with Shareholders
The Company, through the Investment Manager, has regular contact with its institutional shareholders. The Board supports the principle that the Annual General Meeting be used to communicate with private investors.

(d) Accountability and Audit
The Trust's Audit Committee, which comprises the whole Board, meets representatives of the Company Secretary and the Compliance Officer of the Investment Manager who report as to the proper conduct of business in accordance with the regulatory environment in which both the Trust and the Investment Manager operate. The Trust's Auditors also attend this Committee and report on their work procedures, the quality of the Trust's accounting records and their findings in relation to the Trust's statutory audit. The responsibilities of the Audit Committee include review of the internal financial controls, accounting policies, financial statements, the management contract, the Auditors' appointment and remuneration and the value of any unquoted investments.

Annual General Meeting

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

(a) Authority to issue shares for cash
Resolution 6 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, for cash up to an aggregate nominal amount of £331,741 representing 1,326,963 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 Net Asset Value per share ("NAV"), they increase the assets underlying each share and spread the administrative expenses, other than those charged as a percentage of assets, over a greater number of shares. This authority will remain in effect until the next Annual General Meeting.

Report of the Directors

(b) Authority to repurchase shares

Resolution 7 in the Notice of the Annual General Meeting seeks shareholder approval for the Trust to have the power to repurchase its ordinary shares. The Board believes that the ability of the Trust to purchase its own shares in the market will potentially benefit all shareholders of the Trust. The re-purchase of shares at a discount to the underlying NAV should enhance NAV on the remaining shares.

At the Annual General Meeting the Trust will therefore seek the authority to purchase up to 4,243,626 ordinary shares (representing 14.99%) of the Trust's issued share capital, the maximum permitted under the Listing Rules of the London Stock Exchange) at a price that is not less than 25p per share (the nominal value of each share) and not more than 5% above the average of the middle market quotations for the five business days preceding the day of purchase. The authority being sought, the full text of which may be found in Resolution 7 in the Notice of Annual General Meeting, will last until the date of the next Annual General Meeting. The decision as to whether the Trust repurchases any shares will be at the absolute discretion of the Board. Other than at times when an exemption has been granted by the London Stock Exchange, no shares will be repurchased during the two month period immediately preceeding the preliminary announcement of the Trust's annual and interim results or, if shorter, the period from the end of the relevant financial period up to and including the time of the relevant announcement.

(c) Amendment to Articles of Association

Resolution 8 in the Notice of the Annual General Meeting will alter the Company's Articles of Association to enable shares to be re-purchased out of the capital reserves fo the Company.

The Directors unanimously recommend to the shareholders that they vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Rea Brothers Limited *Secretary*

24 February 2000

12 Appold Street

London EC2A 2AW

Report of the Auditors

to the Shareholders of Finsbury Technology Trust PLC

We have audited the financial statements on pages 19 to 32 which have been prepared on the basis of the accounting policies set out on pages 22 to 23.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report, as described on page 14 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 Group, is not disclosed.

We review whether the corporate governance statement on page 15 and 16 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange 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 Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with 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. 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 November 1999 and of the Group's net revenue, total return and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes

Chartered Accountants and Registered Auditor

London

24 February 2000

Consolidated Statement of Total Return

(incorporating the revenue account for the year ended 30 November)

	Notes	**Revenue 1999 £000**	**Capital 1999 £000**	**Total 1999 £000**	Revenue 1998 £000	Capital 1998 £000	Total 1998 £000
Gains on investments	10	-	**73,293**	**73,293**	-	5,323	5,323
Exchange gains on currency balances		-	**24**	**24**	-	101	101
Income	2	**583**	-	**583**	239	-	239
Investment management fees	3	**(729)**	**(13,973)**	**(14,702)**	(380)	(17)	(397)
Other expenses	4	**(278)**	-	**(278)**	(203)	-	(203)
Net return before finance costs and taxation		**(424)**	**59,344**	**58,920**	(344)	5,407	5,063
Interest payable and similar charges	5	**(28)**	-	**(28)**	(137)	-	(137)
Return on ordinary activities before taxation		**(452)**	**59,344**	**58,892**	(481)	5,407	4,926
Taxation on ordinary activities	6	**(9)**	-	**(9)**	(18)	-	(18)
Return on ordinary activities after taxation		**(461)**	**59,344**	**58,883**	(499)	5,407	4,908
Dividends on ordinary shares		-	-	-	-	-	-
Transfer (from)/to reserves	15	**(461)**	**59,344**	**58,883**	(499)	5,407	4,908
Return per ordinary share - pence	7	**(1.7p)**	**223.6p**	**221.9p**	(1.9p)	20.4p	18.5p

The revenue column of this statement is the revenue account of the Group.

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 of the Group and of the Company

as at 30 November

	Notes	Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
Fixed asset investments					
Subsidiary undertaking	9	-	-	376	76
Other investments	10	104,309	37,385	104,309	37,385
		104,309	37,385	104,685	37,461
Current assets					
Debtors	11	1,495	884	1,345	928
Investments	12	6	125	-	-
Cash at bank		7,393	447	7,393	447
		8,894	1,456	8,738	1,375
Creditors					
Amounts falling due within one year	13	(9,840)	(1,088)	(10,060)	(1,083)
Net current liabilities		(946)	368	(1,322)	292
Total assets less current liabilities		103,363	37,753	103,363	37,753
Creditors					
Amounts falling due after more than one year	13	(6,908)	(181)	(6,908)	(181)
Net assets		96,455	37,572	96,455	37,572
Capital and reserves					
Called up share capital	14	6,635	6,635	6,635	6,635
Share premium account	15	19,095	19,095	19,095	19,095
Capital reserve - realised	15	19,059	10,763	19,059	10,763
Capital reserve - unrealised	15	53,230	2,182	53,606	2,258
Revenue reserve	15	(1,564)	(1,103)	(1,940)	(1,179)
Total shareholders' funds		96,455	37,572	96,455	37,572
Net asset value per ordinary share	16	363.4p	141.6p	363.4p	141.6p

The financial statements on pages 19 to 32 were approved by the Board of Directors on 24 February 2000 and were signed on its behalf by

Bryan Lenygon *Chairman*

The accompanying notes are an integral part of this statement.

Consolidated Cash Flow Statement

for the year ended 30 November

	Notes	1999 £000	1998 £000
Net cash outflow from operating activities	19	**(223)**	(541)
Servicing of finance			
Interest paid		**(28)**	(137)
Net cash outflow from servicing of finance		**(28)**	(137)
Taxation			
Taxation recovered		**5**	-
Total taxation recovered		**5**	-
Financial investment			
Purchases of investments		**(41,095)**	(21,208)
Sales of investments		**48,713**	21,788
Net cash inflow from financial investment		**7,618**	580
Equity dividends paid		**-**	-
Increase/(decrease) in cash	20	**7,372**	(98)

The accompanying notes are an integral part of this statement.

Notes to the Accounts

1 Accounting Policies

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

a) Accounting Convention

The accounts have been prepared under the historical cost convention, except where stated in c) below and in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'.

b) Basis of Consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiary undertaking made up to 30 November 1999.

In the Company's accounts, the investment in its subsidiary undertaking is stated at the net asset value as shown by the most recent accounts.

c) 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.

d) Investments held as Current Assets

Listed investments are stated individually at the lower of cost and market value.

e) 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.

Dividends and interest on investments in unlisted shares and securities are recognised when they become receivable.

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.

Notes to the Accounts

1 Accounting Policies *continued*

f) Expenses

All expenses are accounted for on an accruals basis. Expenses, excluding performance related investment management fees, are charged through the revenue account except as follows:

(i) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment;

(ii) expenses may be charged to realised capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;

(iii) performance related investment management fees and the related irrecoverable VAT are charged to realised capital reserve.

g) 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.

h) Foreign Currencies

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

i) Reserves

Capital reserves - Realised

The following are charged 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.

Capital reserves - Unrealised

The following are charged to this reserve:

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

Notes to the Accounts

2 Income

	Revenue 1999 £000	Revenue 1998 £000
Income from listed investments		
Franked dividends	59	62
Overseas dividends	49	55
	108	117
Other operating income		
Dealing profit	385	63
Underwriting income	26	12
Interest receivable	64	47
	475	122
Total income	583	239
Total income comprises:		
Dividends	108	117
Other income	475	122
	583	239

3 Investment management fees

	Revenue 1999 £000	Capital 1999 £000	Total 1999 £000	Revenue 1998 £000	Capital 1998 £000	Total 1998 £000
Periodic fee	687	-	687	364	-	364
Annual performance fee	-	6,828	6,828	-	165	165
Long term performance fee	-	6,328	6,328	-	(155)	(155)
Irrecoverable VAT thereon	42	817	859	16	7	23
	729	13,973	14,702	380	17	397

The accrual for the long term performance fee is calculated by reference to the net asset value of the Group at 30 November 1999. The actual amount payable by the Group is dependent upon the net asset value of the Group at the relevant calculation date, 30 November 2000.

Notes to the Accounts

3 Investment management fees *continued*

The Company's investment manager is Rea Brothers (Investment Management) Limited ('the Investment Manager') and its investment adviser is Reabourne Limited ('the Investment Adviser'). The contracts between the Company and the Investment Manager and between the Company and the Investment Adviser may be terminated by either party giving not less than 24 months written notice. 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). They are 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, 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 Investment Adviser is entitled to receive from the Investment Manager one half of each Periodic Fee and three quarters of each Annual Performance Fee and 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 4).

4 Other expenses

	Revenue 1999 Total £000	Revenue 1998 Total £000
Secretarial services	**84**	48
Directors' remuneration	**55**	55
Auditor's remuneration for audit services	**12**	9
Other expenses	**127**	91
	278	203

5 Interest payable and similar charges

	Revenue 1999 Total £000	Revenue 1998 Total £000
Bank interest	**28**	137

Notes to the Accounts

6 Taxation charge on ordinary activities

	Revenue 1999 Total £000	Revenue 1998 Total £000
Tax attributable to franked dividends	6	12
Overseas tax	3	6
	9	18

7 Return on ordinary shares (equity)

	Revenue 1999 pence	Capital 1999 pence	Total 1999 pence	Revenue 1998 pence	Capital 1998 pence	Total 1998 pence
Return per ordinary share	(1.7p)	223.6p	221.9p	(1.9p)	20.4p	18.5p

Revenue return per ordinary share is based upon revenue attributable to ordinary shareholders of £461,000 loss (1998 £499,000 loss) and 26,539,250 ordinary shares in issue throughout the year (1998: 26,539,250).

Capital return per ordinary share is based upon capital attributable to ordinary shareholders of £59,344,000 (1998: 5,407,000) and 26,539,250 ordinary shares in issue throughout the year (1998: 26,539,250).

8 Revenue attributable to shareholders

The return on ordinary activities after taxation dealt with in the accounts of the holding company is a loss of £761,000 (1998: loss £487,000). As permitted by Section 230(2) of the Companies Act 1985, no separate revenue account for the Company has been included in these accounts.

9 Subsidiary undertaking

The Company owns 100% of the ordinary share capital and voting rights of FinTech Limited, an investment dealing company, which is registered and operates in England.

	1999 £000	1998 £000
Shares at cost	-	-
Unrealised appreciation	376	76
	376	76

Notes to the Accounts

10 Fixed assets - investments

Other investments

	Listed £000	AIM £000	Unquoted £000	1999 Total £000
Cost at 1 December 1998	33,850	1,303	50	**35,203**
Unrealised appreciation at 1 December 1998	1,960	230	(8)	**2,182**
Valuation at 1 December 1998	35,810	1,533	42	**37,385**
Movements in the year:				
Purchases at cost	41,982	1,018	-	**43,000**
Sales - proceeds	(47,819)	(1,550)	-	**(49,369)**
- realised gains on sales	21,077	1,168	-	**22,245**
Movement in unrealised appreciation	45,851	5,211	(14)	**51,048**
Valuation at 30 November 1999	**96,901**	**7,380**	**28**	**104,309**
Cost at 30 November 1999	49,090	1,939	50	**51,079**
Unrealised appreciation at 30 November 1999	47,811	5,441	(22)	**53,230**
	96,901	**7,380**	**28**	**104,309**

Listed investments include convertible bonds and loan notes with a value of £486,000 (1998: £602,000). Listed investments include a holding in Superscape VR PLC with a value of £4,094,000 (1998: £209,000) which represents 3.6% of the issued share capital of that company.

Gains on investments:

Realised gains based on historical cost	**22,245**
Less: amount recognised as unrealised in the previous year	**(1,760)**
Realised gains based on carrying value at 30 November 1998	**20,485**
Increase in unrealised appreciation	**52,808**
Gains on investments	**73,293**

11 Debtors

	Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
Due from subsidiary undertakings	-	-	-	44
Securities sold for future settlement	**1,440**	784	**1,290**	784
Taxation recoverable	**1**	6	**1**	6
Other debtors	**20**	88	**20**	88
Prepayments and accrued income	**34**	6	**34**	6
	1,495	884	**1,345**	928

Notes to the Accounts

12 Investments held by subsidiary undertaking

	Group 1999 £000	Group 1998 £000
Listed investments at the lower of cost and market value	**6**	125
Listed investments at aggregate market value	**7**	207

13 Creditors

Amounts falling due within one year

	Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
Bank overdrafts	**-**	450	**-**	450
Securities purchased for future settlement	**2,220**	315	**2,171**	315
Due to subsidiary undertaking	**-**	-	**273**	-
Other creditors and accruals	**7,620**	323	**7,616**	318
	9,840	1,088	**10,060**	1,083

Amounts falling due after more than one year
(none of the amounts are interest bearing)

	Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
Long term performance fee due December 2000	**6,509**	181	**6,509**	181
Irrecoverable VAT thereon	**399**	-	**399**	-
	6,908	181	**6,908**	181

14 Share capital

	1999 £000	1998 £000
Authorised:		
60,000,000 Ordinary shares of 25p	**15,000**	15,000
Allotted, issued and fully paid:		
26,539,250 Ordinary shares of 25p	**6,635**	6,635

Notes to the Accounts

15 Reserves

	Share Premium Account £000	Capital Reserve realised £000	Capital Reserve unrealised £000	Revenue Reserve £000
Group				
Balance at 1 December 1998	19,095	10,763	2,182	(1,103)
Revenue deficit	-	-	-	(461)
Realised gains on investments	-	20,485	-	-
Transfer on disposal of investments	-	1,760	(1,760)	-
Increase in unrealised appreciation on investments	-	-	52,808	-
Performance fees	-	(13,973)	-	-
Exchange movements	-	24	-	-
Balance at 30 November 1999	**19,095**	**19,059**	**53,230**	**(1,564)**
Company				
Balance at 1 December 1998	19,095	10,763	2,258	(1,179)
Revenue deficit	-	-	-	(761)
Realised gains on investments	-	20,485	-	-
Transfer on disposal of investments	-	1,760	(1,760)	-
Increase in unrealised appreciation on investments	-	-	52,808	-
Performance fees	-	(13,973)	-	-
Exchange movements	-	24	-	-
Increase in value of subsidiary undertaking	-	-	300	-
Balance at 30 November 1999	**19,095**	**19,059**	**53,606**	**(1,940)**

16 Net asset value per ordinary share

	1999 pence	1998 pence
Net asset value per ordinary share	**363.4p**	141.6p

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £96,455,000 (1998: £37,572,000) and on 26,539,250 (1998: 26,539,250) ordinary shares in issue at 30 November 1999.

Notes to the Accounts

17 Movement in shareholders' funds

	1999 £000	1998 £000
Total recognised gains for the year	**58,883**	4,908
Dividends	-	-
Opening shareholders' funds	**37,572**	32,664
Closing shareholders' funds	**96,455**	37,572

18 Derivatives and other financial instruments

Background

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

The Group has little exposure to credit and cash flow risk. Fixed asset investments (other than listed investments) in the portfolio are subject to liquidity risk. This risk is taken into account by the Directors and fund managers when making their investment decisions. The principal risks the Group faces in its portfolio management activities are:

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

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 £000	Fixed interest investments £000	Non-interest bearing investments £000	Total £000
United Kingdom	7,225	-	46,608	53,833
North America	1	486	46,987	47,474
Other Pacific Rim	118	-	4,524	4,642
Continental Europe	49	-	2,921	2,970
Japan	-	-	2,374	2,374
South Africa	-	-	409	409
Balance at 30 November 1999	**7,393**	**486**	**103,823**	**111,702**

Floating rate cash balances are immediately accessible and receive interest at the Bank of New York daily treasury rate. The fixed interest bearing investments have a weighted average life of 5.8 years and a weighted average interest rate of 3.75% per annum. The non-interest bearing investments represent the equity element of the investment portfolio.

Notes to the Accounts

Policy

Foreign currency risk

A proportion of the Group's portfolio is invested in overseas securities and their sterling value may be significantly affected by movements in foreign exchange rates. The Group 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.

Interest rate risk

Interest rate risk is managed by the utilisation of borrowing facilities via short term loans. The Group had no borrowings at the year end.

Market price risk

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

Use of derivatives

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

Financial liabilities

The Group's financial liabilities at 30 November 1999 are represented by performance fees payable and irrecoverable VAT thereon, both of which are non-interest bearing. The Group had an undrawn borrowing facility of £5,000,000 with Robert Fleming & Co Limited.

Currency exposure

The currency denomination of the Group's financial assets and liabilities are shown above. Current assets and liabilities, which are excluded, are predominantly denominated in Sterling which is the functional currency of the Group.

Primary financial instruments

All financial assets and liabilities of the Group are shown at fair value, with the exception of the issued share capital.

Notes to the Accounts

19 Reconciliation of operating result to net cash flow from operating activities

	1999 £000	1998 £000
Net revenue return before finance costs and taxation	**(424)**	(344)
Increase in prepayments and accrued income	**(28)**	-
Decrease/(increase) in other debtors	**68**	(56)
Decrease in current asset investments	**119**	102
Increase/(decrease) in other creditors and accruals	**14,024**	(208)
Investment management fees charged to capital	**(13,973)**	(17)
Taxation charge on investment income	**(9)**	(18)
Net cash outflow from operating activities	**(223)**	(541)

20 Reconciliation of net cash flow movement to movement in net debt

	1999 £000	1998 £000
Movement in net debt resulting from cash flows	**7,372**	(98)
Exchange gains	**24**	101
Movement in net debt	**7,396**	3
Net debt at 1 December 1998	**(3)**	(6)
Net debt at 30 November 1999	**7,393**	(3)

Represented by:

	At 1 December 1998 £000	Cash flow £000	Exchange movements £000	At 30 November 1999 £000
Cash at bank	447	6,922	24	**7,393**
Bank overdrafts	(450)	450	-	**-**
Net debt	(3)	7,372	24	**7,393**

21 Related parties

Details of the relationship between the Company and Rea Brothers (Investment Management) Limited are disclosed in the Report of the Directors and in Note 3.

Notice of the Annual General Meeting

Notice is hereby given that an Annual General Meeting of Finsbury Technology Trust PLC will be held at Chartered Accountants Hall, Moorgate Place, London EC2P 2BJ on 25 April 2000 at 12.00 noon, for the following purposes:

Ordinary Business

1 To consider and adopt the audited accounts for the year ended 30 November 1999 and the Report of the Directors thereon.
2 Anthony Townsend retires as a Director by rotation and, being eligible, offers himself for re-election for a term not to extend beyond the third Annual General Meeting following.
3 Richard Hoare retires as a Director by rotation and, being eligible, offers himself for re-election for a term not to extend beyond the third Annual General Meeting following.
4 To re-appoint the Auditors.
5 To authorise the Directors to determine the remuneration of the Auditors.

Special Business

To consider and, if thought fit, to pass the following as special resolutions:

6 THAT

(i) the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot any relevant securities of the Company up to a maximum aggregate nominal amount of £331,741 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company 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.

(ii) the Directors be and are hereby 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) pursuant to the authority conferred on them in paragraph 6(i) above as if subsection (1) of Section 89 of the Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity shares in connection with a rights issue in favour of the ordinary shareholders where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions as the Directors may consider appropriate to deal with fractional entitlements or holders of shares outside the United Kingdom; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £331,741.

and that the authority conferred by this Resolution shall expire on the date of the next Annual General Meeting of the Company after passing of this Resolution, save that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require 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. No allotment at less than net asset value shall be made.

Authority to Repurchase the Ordinary Shares

7 THAT the Company be authorised to purchase up to an aggregate of 4,243,626 Ordinary shares of 25p each of the Company (or such a number of Ordinary shares as represents 14.99% of the Company's issued Ordinary share capital at the date of meeting, whichever is less) at a price (exclusive of expenses) which is:

(i) not less than 25p per share; and

(ii) not more than 5% above the average of the middle-market quotations (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding any such purchase;

and that the authority conferred by this Resolution shall expire on the date of the next Annual General Meeting (except in relation to the purchase of shares the contract for which was concluded before such date and which might be executed wholly or partly after such date).

Amendment to the Articles of Association

8 THAT the Articles of Association of the Company be altered by inserting in Article 137 after the words "(as defined in section 263 of the Companies Act 1985)" the words "otherwise than by way of redemption or purchase of the Companies own shares in accordance with section 160 or 162 of that act."

Notes

1 ***Appointment of Proxies*** A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, upon a poll, to vote instead of him/her. A proxy need not also be a member.
To be valid, the form proxy should be deposited at the office of the registrar of the Company not less than 48 hours before the time of the meeting. If an ordinary shareholder has completed a form of proxy this does not preclude him/her from attending and voting in person if he/she so wishes.

2 ***Attendance at Meeting*** Only shareholders, proxies and authorised representatives of corporations which are shareholders are entitled to attend the meeting. To be entitled to attend and vote at the meeting (and for the purpose of determination by the Company of the number of votes they may cast) shareholders' names must be entered on the register of members by 12 noon on 23 April 2000.

By order of the Board
Rea Brothers Limited *Secretary*
24 February 2000

12 Appold Street
London EC2A 2AW

Shareholder Information

Company Secretary
Rea Brothers Limited
12 Appold Street
London EC2A 2AW
Telephone: 020 7426 4000

Please contact the Company Secretary if you have a query concerning the Company's administration.

Investment Manager
Rea Brothers (Investment Management) Limited
12 Appold Street
London EC2A 2AW
Investor Helpline: 0990 502 017
Professional Advisers Helpline: 020 7426 4372
E-Mail: information@finsbury-asset.co.uk
Website: www.finsbury-asset.co.uk

Please contact the Investment Manager via the above details to obtain information and literature concerning the Finsbury investment trusts

Registrars
IRG plc
Balfour House
390/398 High Road
Ilford, Essex IG1 1NQ
Telephone: 020 8639 2000

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

Finsbury PEP & ISA
Bank of Scotland PEP & ISA Department
PO Box 17122, 600 Gorgie Road
Edinburgh EH11 3WA
Telephone: 0131 442 7777

Please contact the administrators if you have a query concerning a Finsbury PEP or ISA account.

Finsbury Investment Trust Savings Scheme
Lloyds TSB Registrars Scotland
117 Dundas Street
Edinburgh EH3 5ED
Telephone: 0870 606 0268

Please contact the administrators if you have a query concerning a Finsbury Savings Scheme account.

Financial Calendar

Company year end	30 November
Preliminary full year figures announced	25 February
Annual report sent to shareholders	March
Annual General Meeting held	25 April
Announcement of interim figures	July
Interim report sent to shareholders	July

Information about the Company
The Company's share price is quoted in the Daily Telegraph and the Financial Times. Further information about the Company can be found at the Finsbury (www.finsbury-asset.co.uk), Interactive Investor (www.iii.co.uk) and Trustnet (www.trustnet.co.uk) websites. The Company's net asset value per share is announced weekly and is available on the Finsbury website.

Private Investor Plans

Finsbury Technology Trust PLC and the six other Finsbury investment trusts participate in the **Finsbury Individual Savings Account (ISA)** and the **Finsbury Investment Trust Savings Scheme.**

The ISA features:

- No tax on income or capital gains from shares in the scheme
- Flexibility to invest in up to three Finsbury companies in any one tax year
- £100 minimum monthly contribution
- £1,000 minimum lump sum contribution
- No initial charge
- No annual management charge
- 1% dealing charge
- No exit charge
- Automatic reinvestment of dividends, if required

The Savings Scheme features:

- £50 minimum monthly contribution
- No dealing charges
- Automatic reinvestment of dividends, if required
- £500 minimum initial lump sum contribution
- No maximum contributions
- Flexibility to invest in any combination of the Finsbury companies

The Finsbury range:

- Finsbury Growth Trust PLC
- Finsbury Income & Growth Investment Trust PLC
- Finsbury Life Sciences Investment Trust PLC
- Finsbury Smaller Quoted Companies Trust PLC
- Finsbury Technology Trust PLC
- Finsbury Trust PLC
- Finsbury Worldwide Pharmaceutical Trust PLC

Should you require further copies of any Finsbury literature, please call our Investor Helpline on 0990 502 017
or e-mail to information@finsbury-asset.co.uk
Web Site address: http:\\www.finsbury-asset.co.uk

This page has been approved for the purposes of the Financial Services Act 1986 by
Rea Brothers (Investment Management) Limited which is regulated by IMRO.

FINSBURY

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