

# FINSBURY TECHNOLOGY TRUST PLC

3117355



## Annual Report

Year Ended 30 November 2002

## Investment Objective

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 Net Index (sterling adjusted without dividends reinvested).

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## Financial Highlights

	30 November 2002	30 November 2001	% change
Net assets	<b>£49.8m</b>	£88.8m	-43.9
Net Asset Value per share	<b>180.3p</b>	321.7p	-43.9
Share Price	<b>171.0p</b>	318.0p	-46.2
Discount/(premium)	<b>5.2%</b>	1.2%	-
MSCI World Net Index (total return)	<b>1,286</b>	1,679	-23.4

## Company Summary

### 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 2002 (2001: 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** Close Finsbury Asset Management Limited is a specialist investment management house with over £400m under investment trust management. It is a wholly owned subsidiary of Close Brothers Group plc. Details of the fee paid to the Investment Manager can be found in the Report of the Directors on page 18. The Investment Manager is regulated by the Financial Services Authority.

**Investment Adviser** Reabourne Technology Investment Management Limited, a subsidiary of Close Brothers Group plc in which Michael Bourne and Dr Andrew Clark have a significant interest. Reabourne specialises exclusively in technology and biotechnology. Details of the fee paid to the Investment Adviser can be found in the Report of the Directors on page 18. The Investment Adviser is regulated by the Financial Services Authority.

**Company Secretary** Close Finsbury Asset Management Limited, a wholly owned subsidiary of Close Brothers Group plc. Details of the fee paid to the Company Secretary can be found in the Report of the Directors on page 18.

## Performance Summary

### Financial Record

	30 November 1997	30 November 1998	30 November 1999	30 November 2000	30 November 2001	30 November 2002
Shareholders' Funds	£32.7m	£37.6m	£96.5m	£112.2m	£88.8m	<b>£49.8m</b>
Net Asset Value per share	123.1p	141.6p	363.4p	417.7p	321.7p	<b>180.3p</b>
Share Price	115.0p	108.5p	346.5p	431.0p	318.0p	<b>171.0p</b>
Discount/(Premium)	6.6%	23.4%	4.7%	(3.2%)	1.2%	<b>5.2%</b>
MSCI World Net Index (total return)	1,320	1,596	1,983	2,037	1,679	<b>1,286</b>

### Performance Graph

Source: Close Finsbury Asset Management Limited

## Chairman's Statement

### Results

In the year ended 30 November 2002, the net asset value per share fell by 43.9% from 321.7p to 180.3p. This compares with a decline of 28.7% in the NASDAQ Composite Index (sterling adjusted) and of 23.4% in the MSCI World Net Index, which is our benchmark index.

During the year ended 30 November 2002, the Company's share price fell by 46.2% from 318p to 171p. This resulted in the share price standing at a 5.2% discount to the net asset value at 30 November 2002. Since the end of the year there have been further declines in the technology sector and equities generally. On 4 March 2003 the net asset value per share was 151.4p and the share price was 123.5p, a discount to net asset value of 18.4%.

### Statement of Total Return

The Statement of Total Return is set out on page 27. The total deficit per share for the year was 141.4p (2001: deficit of 95.8p) made up of a revenue deficit of 2.9p (2001: 4.2p) and a capital deficit of 138.5p (2001: deficit of 91.6p).

### Dividends

The investments making up the Company's investment portfolio typically provide a very low yield. No dividend has been declared in respect of the year ended 30 November 2002 (2001: nil) and it is unlikely that a dividend will be paid for the foreseeable future.

### Outlook

In these uncertain times it is difficult to predict when markets will recover, particularly following the corporate scandals in the US and the continuing political uncertainty over potential military action in the Middle East.

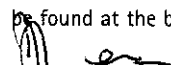
Your Board maintains a policy of being fully invested in technology shares as set out in the original investment mandate and continues to be confident that in the long-term this strategy is appropriate to providing enhanced shareholder value.

### The Board

I am pleased to announce that Mr Chris Martin and Mr David Quysner have joined the Board as non-executive directors with effect from today, brief details of whom are given on pages 16 and 17. We welcome the knowledge and expertise that they will bring to the issues facing your Company and I hope that you will vote for their re-election at the forthcoming Annual General Meeting.

### Annual General Meeting

The Annual General Meeting will be held at 10 Crown Place, London EC2, on 2 April 2003 at 12.00 noon and I hope as many shareholders as possible will be able to attend. Our investment adviser, Michael Bourne, will make a presentation after the meeting. A map showing the location of 10 Crown Place can be found at the back of this Annual Report.



Bryan Lenygon  
Chairman

7 March 2003

## Investment Adviser's Review

### Market Overview

2002 has been the worst year that we have known in 16 years as technology investors, with all sub-sectors of technology suffering significant falls. The rally experienced in the last quarter of 2001 petered out in early January after which the sector spiralled down. Accounting scandals and most noticeably the demise of WorldCom unsettled investors and sentiment worsened as the potential for war in the Middle East increased. By about mid year we thought that most of the bad news had been factored into share prices.

Unfortunately this proved to be premature as the September quarter turned out to be very weak and companies assumed the worst for the fourth quarter; setting expectations at very low levels. In times of economic stress, biotechnology shares often do well as they are not economically sensitive and they provide an alternative investment opportunity for growth-orientated investors. However, the Imclone scandal and disappointing clinical results on a number of late-stage products caused the biotechnology sector to suffer equally badly.

Overall, the technology industry offered nothing significantly new in 2002 that could attract further money from investors who were already suffering badly.

### Portfolio

In a bad year, the losers within a portfolio outnumber the gainers. The big loss was in Peregrine Systems which filed for Chapter 11 (receivership). This company had some world class businesses, but filed accounts that falsely showed the company to be solvent. The company has still not filed accounts for the year ended March 2002 so it is not possible to determine whether there will be a recovery on this investment.

We also lost out in SOITEC which provides leading edge technology for next generation semiconductors. This stock suffered from the partial loss of a patent suit and a delay in the launch of the next generation microprocessor from AMD which was expected to be a material contributor to earnings. We think that the patent issue is not that serious and that this company continues to be well positioned for the future. Losses were suffered in Pace Microtechnology which disappointingly failed to sell its set top boxes in a material way in the US. We decided to cut our losses and sell this investment. The stock has continued to be weak since.

#### **Borland Software**

Borland Software Corp.

is a leading provider of technology used to develop, deploy and integrate software applications. Delivering best-in-class technology solutions dedicated to interoperability, Borland allows enterprises of all sizes to move into Web based computing while leveraging legacy systems. From the Fortune 1000 to the Borland Developer Network comprised of millions of developers around the world, Borland provides customers the freedom to develop applications, deploy them anywhere, and integrate and manage them across the enterprise. Borland solutions enable organizations to increase productivity and deliver higher performance projects faster and on budget, while lowering total cost of ownership. Borland has continued to grow profitably during the year. It has recently made two acquisitions which give it the potential to grow at an accelerated rate.

#### **Take 2 Interactive Software**

Provides software games mainly for the

PlayStation 2. It has grown tremendously this

year benefiting both the growth in the industry as well as its top selling title Grand Theft Auto Vice City. Despite being one of our top performing stocks, it is still on a price to earnings multiple of approximately 15 times earnings.

## Investment Adviser's Review *(continued)*

Our holding in Tecnomatix fell significantly in the year although the company signed some new customers and returned to profitability. Revenues suffered as a result of both lower volumes and lower margins on the more mature product lines. We still think that this company is well positioned for the future.

Overall, of our ten biggest losers, we think that taking a long-term view, seven will still be well positioned when the a more positive tone returns to equity markets.

Despite such an awful year there have been a few winners. Our patience in Take Two Interactive was well rewarded as its major game product proved to be one of the best selling titles of all time. We took some profits on this investment because it had become too large in relation to the overall portfolio, but we still think that the company is significantly undervalued.

The other big winner in the portfolio was Samsung Electronics which benefited from its leading position in memory and flat panel displays as well as an emerging market presence in mobile phones.

### Strategy

Our investment approach has been and continues to be fundamentally based. We meet with the management teams of numerous technology companies and from this we form an overview of trends in the technology sector. We are focused on trying to find investments where at the time of investment the valuation is low relative to that which can be achieved and where we consider that the probability of success is high. Our bias is towards small and medium capitalisation stocks as, over time, these outperform and we feel better able to find market inefficiencies in this group of companies. We are not an index tracking trust and we do not try to emulate other funds.

### Outlook

At the time of writing, there is a general feeling of gloom amongst equity investors. There are concerns about world wide economic growth, war in the Middle East and also about the prospects for the technology industry. After three down years, investors are naturally concerned as to when, if ever, money can be made out of equities. Companies are also extremely concerned about business prospects and are finding it very difficult to close significant deals. They are also acutely aware of how difficult it is to raise equity finance

#### **X/NET ASSOCIATES, INC.**

##### **Network Associates**

Network Associates has continued to grow benefiting from strong sales of its security software. It has recently bought in the minority share subsidiary Macafee.com which should enable it to grow more rapidly in the anti virus consumer market. It also has potential to grow more rapidly in Europe following a re focusing of it sales efforts there.

#### **Samsung Electronics**

Is a global electronics manufacturer based in

South Korea. Although the price of DRAM and TFT LCD Panels were volatile, in 2001 the company continued to gain market share in handsets and delivered very strong financial performance.

## Investment Adviser's Review *(continued)*

given the current depressed state of the markets. All these issues would naturally make, and are making, most investors shy away from the technology sector.

The above factors all sound incredibly gloomy but the best long-term investments are usually made into good companies at a time when other investors are not interested. Although the news may seem bad, we remain firm believers in the future of technology and there are some encouraging signs on the horizon. A sense of realism has spread throughout the technology industry with the result that many companies have taken action to bring their operating costs in line with current levels of business. This should mean an improvement in profitability even if there is no economic recovery. Many companies have also guided investors to expect slow growth on the assumption that business conditions are going to continue to be very weak. This should mean that unless economies deteriorate even further, there are more likely to be pleasant surprises. In the fourth quarter of 2002, most companies have either met or exceeded earnings expectations, even though absolute business conditions have been pretty anaemic. During such difficult times, many businesses have deferred investment in new technologies. They have also spent considerable time evaluating which technologies to buy because some of their historic investments have proven to be disappointing as they were made in great haste without proper due diligence. A lot of technology that has been deployed is now close to being out-dated and will need to be renewed. For example, there are 180 million PCs which are over four years old and as such are not able to run the more recent software offerings from Microsoft. In tough times for the technology industry, growth can often best be achieved by creating new products. We have a number of investments in the portfolio such as Borland, which provides software development tools, Windriver, which provides software building blocks and Xilinx, which provides highly functional and flexible semiconductors which can be used as new products are rolled out.

We anticipate an increase in business as research and development efforts start to pick up again. We continue to be believers in the digital broadband evolution and are nearing the point in time when these technologies enter reality. In the US, telecommunication companies have been reluctant to invest in new technologies because the established carriers have been forced to offer their facilities to newer competitive entrants at a subsidised rate meaning that they are actually helping them. There now looks as if there is going to be a change in the regulation which means that they will be able to charge a market rate for these new services and thus derive for themselves the benefit of these investments. Many of the newer entrants and cable companies are financially stretched and this has meant that there are now early signs of a healthier pricing environment in telecommunications, resulting in higher profitability and perhaps freeing up some money for future investments. We are also nearing that time where the technologies necessary for broadband wireless are coming together and it is likely that in 2003 the benefits of this service will become more apparent. We have recently invested in a Taiwanese company called HTC which makes highly functional communicators for companies such as Compaq, Orange and MM02. Finally, the economic woes of the world are prompting stimulatory fiscal and monetary policies to be adopted and these could result in a healthier economic outlook towards the end of the year. The semiconductor industry has suffered one of its worst downturns ever because of weak end demand and inventory de-stocking and any pick-up in the economy would be likely to have a dramatic effect on earnings. All in all we think that the outlook for the technology sector in 2003 is not nearly as bleak as consensus and that given the depressed valuations of many of these stocks, there is potential for reasonable appreciation, subject to there being interest in equities.

The biotechnology industry, whilst not directly linked to the market forces which influence the technology sector, is nonetheless greatly affected by prevailing market sentiment. 2002 was the year in which many of the promises issued in the boom times came due for payment. The industry badly under-delivered. As a

## Investment Adviser's Review *(continued)*

result, the leading biotechnology indices declined in excess of 40% over the course of the year. However, we believe that much of this decline was not justified by fundamentals and that many products which failed to gain approval in 2002 were not permanently refused but delayed pending further information for the regulator. As a result we expect a number of these products to be approved in 2003 and believe that the fundamentals of the biotechnology industry remain intact. It should be remembered that once a product is approved in biotechnology, the chances of being rapidly leapfrogged by a competitor are very much smaller than in other areas of technology development.

There is a consensus view that the technology industry will be dominated by a few giant companies. We think that this may be the case for maturer areas such as computers, standard software, mainstream telecommunications equipment and semiconductors. However, there will be many opportunities for smaller companies to innovate as technology diversifies into many different fields. Importantly we think that technology will become increasingly personalised to individual requirements as the products of technology make this increasingly feasible. The number and breadth of these opportunities are likely to be far too numerous for them to be the province of bigger companies. There is currently very little research published on the smaller companies because it is not economic for the big brokerage firms to research them. In our opinion, many of these are significantly under-valued and we currently see more opportunities than we have cash available in this field.

The final positive indicator that we see for the technology industry is that there are early signs of consolidation. For example, Rational Software that was held by the fund was recently bought by IBM. There are a number of companies selling for little more than their asset value and we think that there is little risk in following their example.

To summarise, while we are not forecasting a return to boom conditions, we think that the near term outlook is not as gloomy as consensus. There is still a lot to look forward to in the technology age and we think that over the long-term, investors in this sector will be well rewarded.

**Michael Bourne/Jeremy Gleeson**

**Close Finsbury Asset Management Limited, *Investment Manager***

**Rebourne Technology Investment Management Limited, *Investment Adviser***

## Analysis of Portfolio

### Sector Analysis

2002

2001

### Geographic Analysis

2002

2001

## Largest Investments

The 50 largest investment as at 30 November 2002 were:

Investment	Sector	Market value £000	% of investments
Borland Software	Software	3,061	6.1
Samsung Electronics	Computers	2,075	4.1
Take Two Interactive Software	Software	2,047	4.1
Network Associates	Software	1,925	3.9
Tecnomatix Technologies	Software	1,737	3.5
Prometic Life Sciences	Biotechnology	1,533	3.1
Varian Medical System	Medical Devices <i>(other)</i>	1,200	2.4
Digital River	Internet <i>(other)</i>	1,169	2.3
Vishay Intertech	Computers	1,167	2.3
Taiwan Semiconductor	Semiconductors	1,167	2.3
<b>Top 10 investments</b>		<b>17,081</b>	<b>34.1</b>
Xilinx	Semiconductors	1,140	2.3
Applied Materials	Semiconductors	1,084	2.2
Filtronic	Communications	1,055	2.1
Sherwood International	Software	1,033	2.1
Teva Pharmaceuticals	Biotechnology	1,016	2.0
Advanced Fibre Communications	Communications	894	1.8
Melexis	Computers	862	1.7
ASM	Semiconductors	826	1.6
Ciena Corporation	Communications	760	1.5
Citrix Systems	Software	755	1.5
<b>Top 20 investments</b>		<b>26,506</b>	<b>52.9</b>
Cytoc Corporation	Biotechnology	746	1.5
Photoelectron (Debenture)*	Biotechnology	727	1.5
Biacore International	Biotechnology	721	1.4
Superscape	Software	716	1.4
Cisco	Communications	700	1.4
First Consulting	Software	693	1.4
Orbotech	Hardware	691	1.4
Sony Corporation	Hardware	691	1.4
Pharmaceutical Product	Biotechnology	674	1.4
Mamut	Software	615	1.2
<b>Top 30 investments</b>		<b>33,480</b>	<b>66.9</b>

## Largest Investments *(continued)*

The 50 largest investment as at 30 November 2002 (continued) were:

Investment	Sector	Market value £000	% of investments
Pervasive Software	Software	608	1.2
Rational Software	Software	606	1.2
Wind River System	Software	561	1.1
Soitec	Semiconductors	528	1.1
Systems Union Group	Software	470	1.0
Psion	Software	454	0.9
AIT Group	Hardware	441	0.9
Manpower Software	Software	416	0.8
Ascential Software	Software	409	0.8
Avant Immunotherapeutics	Biotechnology	407	0.8
<b>Top 40 investments</b>		<b>38,380</b>	<b>76.7</b>
Crucell	Biotechnology	391	0.8
Thermo Group	Biotechnology	388	0.8
Chordiant Software	Software	387	0.8
Dicom Group	Hardware	370	0.7
Biosearch Italia	Biotechnology	361	0.7
Xantrex Technology*	Energy	351	0.7
High Tech Computer	Hardware	349	0.7
Isoft Group	Biotechnology	344	0.7
Ciphergen Biosystems	Biotechnology	336	0.7
Globespan	Semiconductors	330	0.6
<b>Top 50 investments</b>		<b>41,987</b>	<b>83.9</b>
<b>54 other investments</b>		<b>8,066</b>	<b>16.1</b>
<b>Total investments</b>		<b>50,053</b>	<b>100.0</b>

All of the above investments are equities unless otherwise stated

\*Unquoted investments

## Investment Adviser Profile

### **Investment Philosophy**

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

#### *Stock Picking*

Portfolios are constructed on a bottom-up basis, where stocks are selected primarily with regard to their individual merits, rather than a top-down basis, which sub-ordinates 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 the Reabourne team, 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 test the financial forecast 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**

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

#### *Michael Bourne BA, A.C.A*

Michael Bourne, aged 44, founded Reabourne in 1995. He was formerly director of Henderson Investment Management, a division of Henderson Administration Group plc, where his responsibilities included joint fund management of two top performing funds, namely HTR Global Technology Unit Trust and TR Technology PLC. Previously (from 1988 to lead 1992) he was the fund manager of Prolific Technology Unit Trust which won Micropal awards in 1991 and 1992. He is the lead manager of Finsbury Technology Trust plc.

#### *Andrew Clark Ph.D.*

Dr Andrew Clark, aged 43, jointly founded Reabourne with Michael Bourne. He was formerly a biotechnology and pharmaceutical analyst with Barings Securities Limited. Previously he was with Smith Newcourt Securities Limited (from 1991 to 1994) providing quantitative support and technical information for the Japanese derivatives desk, and prior to that he was a postdoctoral research fellow at Oxford University.

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

Graham Morton, aged 48, 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 was a partner of the Australian stockbroker, Bain and Company.

#### *Jeremy Gleeson M.Sc.*

Jeremy Gleeson, aged 29, has been with Reabourne since 1997 after gaining a Master of Science in Systems Engineering. Whilst at Reabourne he has focused on global technology companies.

#### *Huaizheng Peng M.D Ph.D.*

Dr Huaizheng Peng, aged 40, joined Reabourne in 1999 as an investment analyst specialising in global biotechnology companies. He previously practised as a doctor of medicine and as a lecturer in molecular pathology at University College, London.

## Shareholder Analysis

	As at 30 November 2002		As at 30 November 2001	
	number of shares	% holding	number of shares	% holding
Pension funds	1,548,800	5.6	204,918	0.7
Insurance companies	3,736,100	13.5	2,135,824	7.7
Investment funds	329,700	1.2	827,907	3.0
Other institutions	4,790,600	17.4	5,074,113	18.4
<b>Total institutions</b>	<b>10,405,200</b>	<b>37.8</b>	<b>8,242,762</b>	<b>29.8</b>
Close Finsbury Savings Scheme	1,462,700	5.3	1,214,733	4.4
Close Finsbury ISA	917,000	3.3	761,717	2.8
Close Finsbury PEP	286,000	1.0	288,047	1.0
Other private investors	14,500,000	52.5	17,108,053	62.0
<b>Total individuals</b>	<b>17,165,700</b>	<b>62.2</b>	<b>19,372,550</b>	<b>70.2</b>
<b>Total shares in issue</b>	<b>27,615,312</b>	<b>100.0</b>	<b>27,615,312</b>	<b>100.0</b>

## Shareholder Information

### Investment Manager

Close Finsbury Asset Management Limited  
12 Appold Street  
London EC2A 2AW

Please contact Close Finsbury to obtain information and literature concerning the Company or the other Finsbury investment trusts.

### Registrars

Capita Registrars  
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.

### Close Finsbury ISA, Savings Scheme & PEP

Close Finsbury Asset Management Limited  
3 Finsbury Avenue  
London EC2M 2NB  
Freephone: 0800 169 6968

Please contact Close Finsbury Asset Management Limited if you have a query concerning a Close Finsbury ISA, Savings Scheme or PEP account.

### Professional Advisers Helpline

Telephone: 020 7426 4372  
Email: [info@closefinsbury.com](mailto:info@closefinsbury.com)  
Website: [www.closefinsbury.com](http://www.closefinsbury.com)

### Online Investment

Now available at:  
[www.closefinsbury.com](http://www.closefinsbury.com)

### Share Price Listings

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

In addition, share price information can be found under the following:

	Code:
<i>Bloomberg</i>	
Ordinary shares	FTT LN
<i>Reuters</i>	
Ordinary shares	FTT.L
<i>SEAO</i>	
Ordinary shares	FTT

### Internet Addresses

Close Finsbury	<a href="http://www.closefinsbury.com">www.closefinsbury.com</a>
TrustNet	<a href="http://www.Trustnet.co.uk">www.Trustnet.co.uk</a>

### Financial Calendar

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

## Directors and Company Information

Director	<b>Bryan Lenyon</b>	<b>Paul Gaunt</b>	<b>Chris Martin</b>
<b>Current Employment</b>	Self-employed	Self-employed	Chief Executive Officer of Sciona Limited, a genomic personalised health company
<b>Relevant Experience</b>	After qualifying as a chartered accountant he joined Turner & Newall Limited and subsequently The British Petroleum Company Limited. He joined Gartmore Investment Limited, a fund management company in 1971, being called to the Bar in 1976. He retired from Gartmore Investment Limited in 1988	30 years experience in the investment industry, former Senior Investment Manager and an Assistant General Manager of the Equitable	Experience in venture capital funding for technology companies
<b>Length of service and age</b>	Aged 70. Served on the Board as Chairman since 7 November 1995	Aged 53. Served on the Board since 7 November 1995	Aged 44. Joined the Board on 7 March 2003
<b>All other public company directorships</b>	Aberdeen Latin American Investment Trust PLC* Aberdeen Convertible Income Trust PLC* BFS Small Companies Dividend Trust PLC* Chelverton Growth Trust PLC* Geared Income Investment Trust PLC* INVESCO Asia Trust PLC*	Finsbury Worldwide Pharmaceutical Trust PLC* Finsbury Life Sciences Investment Trust PLC* Numis Corporation PLC Pan Asia Special Opportunities Fund Korea Special Opportunities Fund	Spirogen Limited Cascade Fund Management Limited
<b>Employment by the Manager</b>	None	None	None
<b>Other connections with Trust or manager</b>	None	None	None
<b>Shared directorships with any commercial company</b>	None	Finsbury Life Sciences Investment Trust PLC* Finsbury Worldwide Pharmaceutical Trust PLC*	None
<b>Employment in company investments over 1%</b>	None	None	None

\*Investment trust

### Investment Manager

Close Finsbury Asset Management Limited  
(a member of the Close Brothers Group)  
12 Appold Street  
London EC2A 2AW

### Investment Adviser

Rebourne Technology Investment Management Limited  
(a member of the Close Brothers Group)  
12 Appold Street  
London EC2A 2AW

### Secretary

Close Finsbury Asset Management Limited  
(a member of the Close Brothers Group)  
12 Appold Street  
London EC2A 2AW

## Directors and Company Information *(continued)*

<p><b>David Potter</b> Chairman of Symbian Ltd</p> <p>23 years as entrepreneur, Chief Executive and Chairman in the technology sector. Experience on many technology boards and venture funds</p>	<p><b>David Quysner</b> Chairman of Abingworth Management Limited</p> <p>Over 30 years experience in venture capital fund management and of managing investments in technology companies in both the USA and the UK</p>	<p><b>Anthony Townsend</b> Self-employed</p> <p>Active city career since 1969, and since 1988 specialising in investment trusts. Chairman of The Association of Investment Trust Companies</p>
<p>Aged 59. Served on the Board since 7 November 1995</p> <p>Psion PLC</p>	<p>Aged 56. Joined the Board on 7 March 2003</p> <p>Chiltern Invadex Holdings plc Comino Group plc Daniel Stewart Securities plc Enterprise Capital PLC* Quester VCT 3 plc*</p>	<p>Aged 55. Served on the Board since 7 November 1995</p> <p>Finsbury Growth Trust PLC* Finsbury Life Sciences Investment Trust PLC* Finsbury Smaller Quoted Companies Trust PLC* Finsbury Worldwide Pharmaceutical Trust PLC* BRiT Insurance Holdings PLC British and American Investment Trust PLC* Gartmore Balanced Assets Trust PLC* The Zero Preference Growth Trust PLC*</p>
<p>None</p>	<p>None</p>	<p>Executive Director from 1988 to August 1999</p>
<p>None</p>	<p>None</p>	<p>Non-executive Chairman of Reabourne Technology Management Limited Consultant to Close Asset Management Holdings Limited</p>
<p>None</p>	<p>None</p>	<p>Finsbury Life Sciences Investment Trust PLC* Finsbury Worldwide Pharmaceutical Trust PLC*</p>
<p>None</p>	<p>None</p>	<p>None</p>

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**Company Number**

3117355

**Registered Office**

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

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

## Report of the Directors

The Directors present their report and the financial statements for the year ended 30 November 2002.

### Status and Activities

During the year under review the Company has continued to conduct its affairs so as to qualify as an investment company, as defined under Section 266 of the Companies Act 1985, and an investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988. 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. The Company has received written certification from the Inland Revenue as an investment trust for all years up to and including the year ended 30 November 2001.

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

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

### Results and Dividends

The results attributable to shareholders for the year and the transfer from reserves are shown on page 27. The directors do not recommend the payment of a dividend (2001: nil).

### Fixed Asset Investments

The market value of the Company's investments, at 30 November 2002 was £50.1m (2001: £86.6m). Taking these investments at this valuation, the net assets attributable to each Ordinary share amounted to 180.3p at 30 November 2002 (2001: 321.7p).

### Management

*Investment Management Agreement:* 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. Details of the fees paid to the Investment Manager can be found in note 3 on page 32. 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 subsidiary company of Close Brothers Group plc in which Michael Bourne and Dr Andrew Clark have a significant interest. Details of the fees paid to the Investment Adviser can be found in note 3 on page 27. The Investment Advisory Agreement may be terminated by either party giving notice of not less than 24 months.

*Administrative and Secretarial Services Agreement:* administrative and company secretarial services are provided by Close Finsbury Asset Management Limited ("Company Secretary"). By agreement between the parties no fee was paid to the Company Secretary in respect of the period 1 December 2000 to 31 May 2002. With effect from 1 June 2002 the Company Secretary was entitled to a fee of £55,000 per annum, such amount to be increased annually in line with the Retail Price Index. The Administrative and Secretarial Services Agreement may be terminated by either party giving notice of not less than 12 months.

## Report of the Directors *(continued)*

### Directors

The members of the Board, who served throughout the year, are as follows:

Bryan Lenygon  
 Paul Gaunt  
 Richard Hoare *(retired 26 April 2002)*  
 David Potter  
 Anthony Townsend

Under the Articles of Association Paul Gaunt and Bryan Lenygon retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. In addition, Chris Martin and David Quysner were appointed to the Board on 7 March 2003 and offer themselves for re-election at the forthcoming Annual General Meeting.

The interests of the Directors and their families in the Company at 30 November 2002 were as set out below.

	Ordinary shares of 25p each	
	30 November 2002	1 December 2001
Bryan Lenygon	–	–
Paul Gaunt	–	–
David Potter	5,000	5,000
Anthony Townsend	202,110	200,000

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.

### Substantial Shareholdings

At the date of this report 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.

	Number of shares	% of shares
Close Finsbury Saving Plans	2,752,252	9.9
Merchant Investors Assurance Co.	2,052,227	7.4
Scottish & English Investors Limited	1,800,000	6.5
World Trust Fund	1,210,725	4.4

### 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 2002, the Company did not have any trade creditors (2001: 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.

## Report of the Directors *(continued)*

### **Auditors**

RSM Robson Rhodes 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](http://www.closefinsbury.com) website, which is a website maintained by the Company's Investment Manager, Close Finsbury Asset Management Limited ("Close Finsbury"). The maintenance and integrity of the website maintained by Close Finsbury or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Close Finsbury. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to 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**

The Board has carried out a full review of the principles of good governance and the code of best practice (the 'Combined Code'). 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.

### **Compliance with the Combined Code**

The Board considers that the Company has complied with the provisions of Section 1 of the Combined Code throughout the year ended 30 November 2002, other than those it believes are not appropriate to an investment trust company (as detailed below under Principles of the Code).

## Report of the Directors *(continued)*

### **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 the 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 can provide only reasonable and not absolute assurance against material mis-statement 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. All 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.

### **Principles of the Combined Code**

#### *(a) Directors*

The Board consists of four members, all of whom are non-executive. The Board considers that all of the Directors are independent save Anthony Townsend who is Chairman of the Investment Adviser and was until August 1999 a director of a holding company of the Investment Manager. 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.

The Directors meet as a Board regularly on a quarterly basis and at other times as necessary. The Board is responsible for investment policy and has a schedule of 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 includes safeguarding of the assets, and the day-to-day accounting and company secretarial requirements. Each of these contracts is only entered into after proper consideration of the quality and cost of services.

A full report is received from the Investment Adviser at the quarterly meetings on the investment holdings and performance. In the light of these reports, the Board gives directions to the Investment Adviser as to the investment objectives and guidelines.

## Report of the Directors *(continued)*

The Board has formalised arrangements under which Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense.

The Board as a whole fulfils the function of a nomination committee. The Company's Articles of Association require newly appointed Directors to submit themselves for re-election by shareholders at the next Annual General Meeting and due to the nature of such resolutions, 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 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 Company's Audit Committee is comprised of the whole Board. The Audit Committee meets representatives of the Investment Manager and its Compliance Officer who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate. The Company's external Auditors also attend this Committee at its request and report on their work procedures, the quality and effectiveness of the Company's accounting records and their findings in relation to the Company's statutory audit. The responsibilities of the Audit Committee include review of the internal controls, accounting policies, financial statements, the management contract and the appointment and remuneration of the Auditors.

## **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 8 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 £345,191 representing 1,380,764 Ordinary shares of 25p each, such amount being equivalent to 5% of the present issued share capital. As such issues would only be made at prices greater than the Net Asset Value per share ("NAV") they increase the assets underlying each share and spread administrative expenses, other than those charged as a percentage of assets, over a greater number of shares. This authority will remain in place until the next Annual General Meeting.

### *(b) Disapplication of pre-emption rights*

Resolution 9 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 pursuant to a rights issue or b) the allotment (other than as part of a rights issue) of shares for cash up to a nominal value of £345,191.

## Report of the Directors *(continued)*

*(c) Authority to repurchase shares*

Resolution 10 in the Notice of the Annual General Meeting seeks shareholder approval for the Company to have the power to repurchase its 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 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% above 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. The decision as to whether to repurchase any shares will be at the absolute discretion of the Board.

By order of the Board  
Close Finsbury Asset Management Limited  
Secretary

10 March 2003



## Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985, which applies for the first time for this financial year. An ordinary resolution for the approval of this report will be put to the members at the forthcoming annual general meeting.

The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 25 and 26.

### Remuneration Committee

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

The Board carried out a review of the level of Directors' fees during the year, 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 2003 and subsequent years.

The fees for the non-executive directors are determined within the limits set out in the Company's Articles and Association, and they 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 after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

### Your Company's Performance

The graph set out on page 3 compares 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 kinds and number as those by reference to which the MSCI World Net Index (total return) is calculated. This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.

### Directors' Emoluments for the Year (audited)

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

	Fees 2002 £000	Fees 2001 £000
Bryan Lenygon (Chairman of the Board)	18	18
Paul Gaunt	12	12
Richard Hoare ( <i>retired 26 April 2002</i> )	5	12
David Potter	12	12
Anthony Townsend	12	12
	<b>59</b>	<b>66</b>

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

### Approval

The Directors' Remuneration Report on page 24 was approved by the Board of Directors on 7 March 2003 and signed on its behalf by Bryan Lenygon (*Chairman*).

## Report of the Independent Auditors

to the Shareholders of Finsbury Technology Trust PLC

We have audited the financial statements on pages 27 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 auditor's 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 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 Report of the Directors 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 and other members of the Group is not disclosed.

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

We read the information contained in the Annual Report 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. Our responsibilities do not extend to any information outside the Annual Report.

### **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' 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' 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 Director's Remuneration Report to be audited.

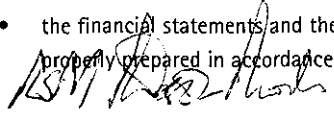
## Report of the Independent Auditors *(continued)*

to the Shareholders of Finsbury Technology Trust PLC

### 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 2002 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**

Chartered Accountants and Registered Auditors  
186 City Road, London EC1V 2NU, England  
7 March 2003

## Statement of Total Return

incorporating the revenue account for the year ended 30 November 2002

	Notes	2002			Restated*		
		Revenue £000	Capital £000	Total £000	2001 Revenue £000	2001 Capital £000	2001 Total £000
Losses on investments	9	-	(38,213)	(38,213)	-	(24,646)	(24,646)
Exchange losses on currency balances		-	(55)	(55)	-	(216)	(216)
Income	2	327	-	327	431	-	431
Investment management fee	3	(666)	-	(666)	(972)	(99)	(1,071)
Other expenses	4, 5	(427)	-	(427)	(452)	-	(452)
<b>Net loss before finance costs and taxation</b>		<b>(766)</b>	<b>(38,268)</b>	<b>(39,034)</b>	<b>(993)</b>	<b>(24,961)</b>	<b>(25,954)</b>
Interest payable and similar charges	6	(12)	-	(12)	(134)	-	(134)
<b>Loss on ordinary activities before taxation</b>		<b>(778)</b>	<b>(38,268)</b>	<b>(39,046)</b>	<b>(1,127)</b>	<b>(24,961)</b>	<b>(26,088)</b>
Taxation on ordinary activities	7	(11)	-	(11)	(12)	-	(12)
<b>Loss on ordinary activities after taxation</b>		<b>(789)</b>	<b>(38,268)</b>	<b>(39,057)</b>	<b>(1,139)</b>	<b>(24,961)</b>	<b>(26,100)</b>
Dividends on Ordinary shares		-	-	-	-	-	-
<b>Transfer from reserves</b>		<b>(789)</b>	<b>(38,268)</b>	<b>(39,057)</b>	<b>(1,139)</b>	<b>(24,961)</b>	<b>(26,100)</b>
<b>Loss per Ordinary share</b>	<b>8</b>	<b>(2.9p)</b>	<b>(138.5p)</b>	<b>(141.4p)</b>	<b>(4.2p)</b>	<b>(91.6p)</b>	<b>(95.8p)</b>

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.

\*Restated to exclude subsidiary company (see note 1 on page 30).

*The accompanying notes are an integral part of this statement.*

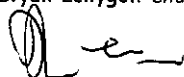
## Balance Sheet

as at 30 November 2002

	Notes	2002 £000	2001 £000
<b>Fixed assets investments</b>	9	<b>50,053</b>	86,621
<b>Current assets</b>			
Debtors	10	315	3,961
Cash at bank		704	229
		<b>1,019</b>	4,190
<b>Creditors</b>			
Amounts falling due within one year	11	<b>(1,284)</b>	(1,966)
<b>Net current (liabilities)/assets</b>		<b>(265)</b>	2,224
<b>Net assets</b>		<b>49,788</b>	88,845
<b>Capital and reserves</b>			
Called up share capital	12	6,904	6,904
Share premium account	13	23,488	23,488
Capital reserve – realised	13	58,264	70,538
Capital reserve – unrealised	13	<b>(33,000)</b>	(7,006)
Revenue reserve	13	<b>(5,868)</b>	(5,079)
<b>Total shareholders' funds</b>	15	<b>49,788</b>	88,845
Net asset value per Ordinary share	14	<b>180.3p</b>	321.7p

The financial statements on pages 27 to 39 were approved by the Board of Directors on 7 March 2003 and were signed on its behalf by:

**Bryan Lenygon** *Chairman*



*The accompanying notes are an integral part of this statement.*

## Cash Flow Statement

for the year ended 30 November 2002

	<i>Notes</i>	2002 £000	Restated* 2001 £000
<b>Net cash inflow/(outflow) from operating activities</b>	<i>17</i>	<b>1,494</b>	<b>(12,408)</b>
<b>Servicing of finance</b>			
Bank overdraft and loan interest paid		(12)	(134)
<b>Taxation</b>			
Tax recovered		-	6
<b>Financial investment</b>			
Purchases of investments		(25,998)	(45,579)
Sales of investments		25,046	57,018
<b>Net cash (outflow)/inflow from financial investments</b>		<b>(952)</b>	<b>11,439</b>
<b>Financing</b>			
Repayment of loans		-	(3,143)
Issue of ordinary shares		-	2,734
<b>Net cash outflow from financing</b>		<b>-</b>	<b>(409)</b>
<b>Increase/(decrease) in cash</b>		<b>530</b>	<b>(1,506)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash as above		530	(1,506)
Cash outflow from repayment of loan		-	3,143
Exchange movements		(55)	(216)
Movement in net funds		475	1,421
Net funds/(debt) at 1 December		229	(1,192)
<b>Net funds at 30 November</b>	<i>18</i>	<b>704</b>	<b>229</b>

\*Restated to exclude subsidiary company (see note 1 on page 30).

*The accompanying notes are an integral part of this statement.*

## Notes to the Financial Statements

### 1. Accounting Policies

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The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these accounts, are set out below. All of the Company's operations are of a continuing nature.

#### *(a) Accounting Convention*

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

#### *(b) Basis of Consolidation*

The Company's wholly owned subsidiary, Fintech Investments Limited, was placed into members voluntary (solvent) liquidation on 11 November 2002. As a result the Company no longer prepares group accounts. Comparative information has been provided for the Company only.

#### *(c) Investment held as Fixed Assets*

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

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

#### *(d) Investment Income*

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Underwriting commission is recognised as income in so far as it relates to shares not required to be taken up. Where a proportion of the shares underwritten is required to be taken up the same proportion of the commission received is treated as a deduction from the cost of the shares taken up, with the balance taken to the revenue account. Income from investment on fixed income securities is recognised on an accruals basis.

#### *(e) Expenditure and Finance Costs*

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

- (i) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment;
- (ii) expenses may be charged to realised capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;
- (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.

## Notes to the Financial Statements *(continued)*

### *(f) 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. Previously under Statement of Standard Accounting Practise 15, provision for deferred taxation was necessary only to the extent that it was probable that the tax would be payable in the foreseeable future.

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.

### *(g) Foreign Currencies*

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

### *(h) 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).

### *(i) 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.

#### Capital reserves – Unrealised

The following are taken to this reserve:

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

Notes to the Financial Statements *(continued)***2. Income**

	2002 £000	Restated* 2001 £000
<b>Income from investments</b>		
Dividends:		
- UK listed	31	72
- Overseas listed	95	75
Fixed interest:		
- UK listed	33	-
- Fixed interest reinvested	119	143
- Overseas listed	39	72
	<b>317</b>	<b>362</b>
<b>Interest receivable and other income</b>		
- Deposit interest	9	61
- Underwriting commission	1	8
	<b>10</b>	<b>69</b>
<b>Total income</b>	<b>327</b>	<b>431</b>

\*Restated to exclude subsidiary company (see note 1 on page 30).

**3. Investment Management Fees**

	Revenue 2002 £000	Capital 2002 £000	Total 2002 £000	Revenue 2001 £000	Capital 2001 £000	Total 2001 £000
Periodic fee	607	-	607	905	-	905
Irrecoverable VAT thereon	59	-	59	67	99	166
	<b>666</b>	<b>-</b>	<b>666</b>	<b>972</b>	<b>99</b>	<b>1,071</b>

The Company's investment manager is Close Finsbury Asset Management Limited ('the Investment Manager') and its investment adviser is Rebourne 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). They are also entitled to (i) an Annual Performance Fee, calculated at the date of 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 Net 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).

## Notes to the Financial Statements *(continued)*

### 4. Directors' Emoluments

The Directors received the following fees during the year:

	2002 £000	2001 £000
Bryan Lenygon ( <i>Chairman</i> )	18	18
Paul Gaunt	12	12
Richard Hoare*	5	12
David Potter	12	12
Anthony Townsend	12	12
	<b>59</b>	<b>66</b>

\*Retired 26 April 2002

Other than disclosed above, none of the Directors received any salary, benefit, bonus or pension contributions (2001: nil). All of the Directors fees were charged to the revenue account.

### 5. Other Expenses

	2002 £000	2001 £000
Administrative and secretarial services	28	-
Auditors' remuneration for audit services	14	14
Non-audit services	2	-
Irrecoverable VAT	32	39
Marketing	73	72
Printing	40	65
Other expenses	179	196
	<b>368</b>	<b>386</b>

Details of the administrative and secretarial services fee may be found in the Report of the Directors on page 18.

### 6. Interest Payable and Similar Charges

	2002 £000	2001 £000
Bank interest	12	134

## Notes to the Financial Statements *(continued)*

### 7. Taxation Charge on Ordinary Activities

	2002 £000	2001 £000
Overseas tax suffered	21	18
Overseas taxation recoverable	(9)	(6)
Tax credits on French dividend income	(1)	-
	11	12

#### Factors affecting current tax charge for the year

The tax assessed 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.

	2002 £000	2001 £000
Net loss on ordinary activities before taxation	(778)	(1,127)
Corporation tax at 30%	(233)	(338)
<i>Effects of:</i>		
Non-taxable UK dividends	(9)	(22)
Withholding tax written off net of tax relief	9	9
Tax credits on French dividend income	(1)	-
Excess expenses not utilised	197	324
Disallowable expenses	48	39
<b>Current tax charge for the year</b>	<b>11</b>	<b>12</b>

The Company has not recognised deferred tax assets of £6,861,000 (2001: £6,664,000) arising as a result of excess management expenses. These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

### 8. Loss per Ordinary share

				Restated*		
	Revenue 2002 £000	Capital 2002 £000	Total 2002 £000	Revenue 2001 £000	Capital 2001 £000	Total 2001 £000
Loss per Ordinary share	(2.9p)	(138.5p)	(141.4p)	(4.2p)	(91.6p)	(95.8p)

\*Restated to exclude subsidiary company (see note 1 on page 30).

Revenue loss per Ordinary share is based upon the loss attributable to ordinary shareholders of £789,000 (2001: £1,139,000) and 27,615,312 (2001: 27,240,312) Ordinary shares being the weighted average in issue during the year.

Capital loss per Ordinary share is based upon net capital losses attributable to Ordinary shareholders of £38,268,000 (2001: losses of £24,961,000) and 27,615,312 (2001: 27,240,312) Ordinary shares being the weighted average in issue during the year.

Notes to the Financial Statements *(continued)***9. Fixed Asset Investments**

	Listed £000	AIM £000	Unquoted £000	2002 Total £000
Cost at 1 December 2001	85,580	2,771	3,649	<b>92,000</b>
Unrealised depreciation at 1 December 2001	(3,086)	(851)	(1,442)	<b>(5,379)*</b>
Valuation at 1 December 2001	82,494	1,920	2,207	<b>86,621</b>
<i>Movements in the year:</i>				
Purchases at cost	24,134	1,268	119	<b>25,521</b>
Sales – proceeds	(23,772)	(104)	–	<b>(23,876)</b>
realised losses on sales	(10,217)	(375)	–	<b>(10,592)</b>
Movements in unrealised depreciation	(25,036)	(1,456)	(1,129)	<b>(27,621)</b>
<b>Valuation at 30 November 2002</b>	<b>47,603</b>	<b>1,253</b>	<b>1,197</b>	<b>50,053</b>
Cost at 30 November 2002	75,725	3,560	3,768	<b>83,053</b>
Unrealised depreciation at 30 November 2002	(28,122)	(2,307)	(2,571)	<b>(33,000)</b>
	<b>47,603</b>	<b>1,253</b>	<b>1,197</b>	<b>50,053</b>

Listed investments include convertible bonds and loan notes with a value of £603,000 (2001: £947,000).

**Losses on investments:**

Realised losses based on historical cost	<b>(10,592)</b>
Add: amount recognised as unrealised losses in the previous year	<b>2,360</b>
Realised losses based on carrying value at 30 November 2001	<b>(8,232)</b>
Increase in unrealised depreciation	<b>(29,981)</b>
<b>Losses on investments</b>	<b>(38,213)</b>

\*Reconciles to the unrealised brought forward capital reserve of £7.0m (see note 13) by deducting the inter-company loan of £1.6m written off to that reserve in the prior year.

**10. Debtors**

	2002 £000	2001 £000
Due from subsidiary undertaking (see note 1 on page 30)	–	2,043
Securities sold for future settlement	263	1,433
Taxation recoverable	13	3
Other debtors	14	421
Prepayments and accrued income	25	61
	<b>315</b>	<b>3,961</b>

Notes to the Financial Statements *(continued)***11. Creditors**

Amounts falling due within one year	2002 £000	2001 £000
Securities purchased for future settlement	1,021	1,617
Other creditors and accruals	263	349
	<b>1,284</b>	<b>1,966</b>

**12. Share Capital**

	2002 £000	2001 £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 (2001: 27,615,312)	6,904	6,904

**13. Share Premium and Other Reserves**

	Share Premium Account £000	Capital Reserve realised £000	Capital Reserve unrealised £000	Revenue Reserve £000
Balance as at 1 December 2001	23,488	70,538	(7,006)	(5,079)
Revenue deficit	-	-	-	(789)
Realised losses on investments	-	(8,232)	-	-
Transfer on disposal of investments	-	(2,360)	2,360	-
Increase in unrealised depreciation on investments	-	-	(29,981)	-
Liquidation of subsidiary undertaking	-	(1,627)	1,627	-
Exchange movements	-	(55)	-	-
Balance as at 30 November 2002	23,488	58,264	(33,000)	(5,868)

**14. Net Asset Value per Ordinary share**

	2002 pence	2001 pence
Net asset value per Ordinary share	<b>180.3p</b>	321.7

The net asset value per Ordinary share is based on the net assets attributable to equity shareholders of £49,788,000 (2001: £88,845,000) and on 27,615,312 (2001: 27,615,312) Ordinary shares in issue at 30 November 2002.

## Notes to the Financial Statements *(continued)*

### 15. Movement in Shareholders' Funds

	2002 £000	2001 £000
Total recognised losses for the year	(39,057)	(26,100)
Issue of shares	–	2,734
Opening shareholders' funds	88,845	112,211
Closing shareholders' funds	49,788	88,845

### 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 fund managers when making their investment decisions. The principal risks the Company 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	Fixed	Non-interest	Total	Floating	Fixed	Non-interest	Total
	rate cash	interest	bearing		rate cash	interest	bearing	
	balances	investments	investments	2002	balances	investments	investments	2001
	2002	2002	2002	2002	2001	2001	2001	2001
	£000	£000	£000	£000	£000	£000	£000	£000
Sterling	543	–	7,947	8,490	300	–	14,976	15,276
US Dollars	–	1,187	30,008	31,195	–	1,852	48,301	50,153
Euros	–	142	2,813	2,955	(251)	293	10,826	10,868
Norwegian Kroner	–	–	615	615	–	–	954	954
Swedish Krona	–	–	721	721	–	–	–	–
Canadian Dollars	–	–	2,046	2,046	–	–	3,593	3,593
Australian Dollars	–	–	32	32	–	–	138	138
Hong Kong Dollars	–	–	–	–	–	–	48	48
Japanese Yen	–	–	1,102	1,102	–	–	1,561	1,561
Korean Won	–	–	2,568	2,568	–	–	1,417	1,417
Taiwan Dollars	161	–	872	1,033	180	–	2,662	2,842
	704	1,329	48,724	50,757	229	2,145	84,476	86,850

## Notes to the Financial Statements *(continued)*

### 16. Financial Instruments *(continued)*

#### Financial assets

	Fixed rate financial assets in £000 2002	Weighted average interest % 2002	Period for which interest is fixed 2002	Fixed rate financial assets in £000 2001	Weighted average interest % 2001	Period for which interest is fixed 2001
US Dollar Fixed Interest	1,187	6.88	2.79	1,852	7.21	3.49
Euro Fixed Interest	142	15.45	3.99	293	-	4.99
	<b>1,329</b>	<b>7.80</b>	<b>2.92</b>	<b>2,145</b>	<b>6.23</b>	<b>3.69</b>

#### 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 2002 £000	Net monetary assets/ (liabilities) 2002 £000	Total currency exposure 2002 £000	Overseas investments 2001 £000	Net monetary assets/ (liabilities) 2001 £000	Total currency exposure 2001 £000
US Dollars	31,195	640	31,835	50,153	(254)	49,899
Euros	2,955	(66)	2,889	11,119	(248)	10,871
Norwegian Kroner	615	-	615	954	-	954
Swedish Kroner	721	-	721	-	-	-
Canadian Dollars	2,046	-	2,046	3,593	-	3,593
Australian Dollars	32	-	32	138	-	138
Hong Kong Dollars	-	-	-	48	-	48
Japanese Yen	1,102	1	1,103	1,561	1	1,562
Korean Won	2,568	(46)	2,522	1,417	-	1,417
Taiwan Dollars	872	161	1,033	2,662	180	2,842
	<b>42,106</b>	<b>690</b>	<b>42,796</b>	<b>71,645</b>	<b>(321)</b>	<b>71,324</b>

#### 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 £10,000,000 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. The Company had no financial liabilities as at 30 November 2002 (2001: nil) that bore any interest risk. Any loans made to the Company under the Allied Irish Banks plc facility are repayable on demand.

#### 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

	2002 £000	2001 £000
Net loss before interest payable and taxation	(766)	(993)
Decrease in accrued income	36	61
Decrease/(increase) in other debtors	407	(1,292)
Repayment of intercompany loan	2,043	-
Decrease in other creditors	(86)	(9,924)
Investment management fees charged to capital	-	(99)
Fixed interest income reinvested	(119)	(143)
Tax on investment income	(21)	(18)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,494</b>	<b>(12,408)</b>

### 18. Analysis of changes in net funds

	At 1 December 2001 £000	Cash flow £000	Exchange movements £000	At 30 November 2002 £000
Cash at bank	229	530	(55)	704

### 19. Related parties

Details of the relationship between the Company and Close Finsbury Asset Management Limited and Rebourne Technology Investments Management Limited is described in the Report of the Directors. The periodic management fee payable to Close Finsbury Asset Management Limited for the year-ended 30 November 2002 was £607,000 excluding VAT (2001: £905,000) of which £126,000 (2001: £217,000) was outstanding at the year-end. There was no Annual Performance Fee paid in the years ended 30 November 2002 or 2001. 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 2002 was £28,000 excluding VAT (2001: £(2,000)) of which £15,000 excluding VAT (2001: £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 page 18, note 3 on page 32 and note 5 on page 33.

### 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
AIT Group	839,091	3.4	441
Gentia Software*	285,688	3.0	14
Intelligent Environments	10,012,301	7.3	325
Manpower Software	4,267,950	9.6	416
OneclickHR	2,493,400	4.5	224
Superscape VR	4,092,353	4.7	716

#### \*Unquoted investment

None of these investments are considered significant in the context of these accounts.

## 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 EC2 on 2 April 2003 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 2002.
- 2 To re-elect Paul Gaunt, who retires by rotation, a Director of the Company for a term not to extend beyond the third Annual General Meeting following.
- 3 To re-elect Bryan Lenygon, who retires by rotation, a Director of the Company for a term not to extend beyond the third Annual General Meeting following.
- 4 To re-elect Chris Martin, a Director of the Company for a term not to extend beyond the third Annual General Meeting following.
- 5 To re-elect David Quysner, a Director of the Company for a term not to extend beyond the third Annual General Meeting following.
- 6 To re-appoint the Auditors.
- 7 To authorise the Directors to determine the remuneration of the Auditors.

### Special Business

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

#### Authority to allot shares

- 8 THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities within the meaning of that section up to a maximum aggregate nominal amount of £345,191 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

- 9 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 on them 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 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) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities for cash up to an aggregate nominal value of £345,191 and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired. No allotment at less than the net asset value (as determined in the absolute discretion of the Directors) per share shall be made.

### Authority to Repurchase Ordinary Shares

- 10 THAT the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of Ordinary shares of 25p 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 which may be paid for an Ordinary share is 25p;
  - (c) the maximum price (excluding expenses of such purchase) which may be paid for an Ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary share is purchased;
  - (d) this authority expires at the conclusion of the Annual General Meeting of the Company to be held in 2004 or within 15 months from the date of the passing of this resolution whichever is earlier; and
  - (e) the Company may make a contract to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary shares in pursuance of any such contract.

By order of the Board



Close Finsbury Asset Management Limited

Secretary

10 March 2003

12 Appold Street  
London EC2A 2AW

## Notice of the Annual General Meeting *(continued)*

### Notes

- 1 A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- 2 A form of proxy is provided. To be effective, a form of proxy must be completed, signed and lodged with the registrar not later than 48 hours before the time for holding the meeting. Deposit of a form or proxy will not preclude a member from attending the meeting and voting in person.
- 3 No director has a service contract with the Company.
- 4 Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the Company has specified that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 12 noon on 31 March 2003. Changes to entries on the register of members after 12 noon on that date shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### Location of Annual General Meeting

*to be held at 10 Crown Place, London EC2 on  
2 April 2003 at 12 noon.*

## Glossary of Terms

### Investment Trust Terms

#### Net Asset Value (NAV)

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

#### Discount/Premium

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

#### Gearing

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

#### Initial Public Offering (IPO)

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

#### Potential Gearing

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

#### Actual Gearing

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

### Technology Terms

#### FDA

The Food and Drug Administration, the governmental agency that regulates drug licencing in the US.

#### GPRS

General Packet Radio Service. A data transmission technique for digital wireless transmission that improves the overall appearance of graphics.

#### Mimetic Ligands

A molecule used to bind proteins. Can be used to help identify, purify and treat proteins.

## Investing Through Close Finsbury

### **The Close Finsbury Range**

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

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

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

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

**Finsbury Life Sciences Investment Trust PLC** which invests in life science companies based in the UK, Continental Europe and Israel, with particular emphasis on biotechnology, with the aim of achieving long term capital growth.

**Finsbury Smaller Quoted Companies Trust PLC** which invests in smaller UK quoted companies to achieve a high level of total return.

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

### **Private Investor Plans**

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

Close Finsbury now offers on-line dealing and account management at [www.closefinsbury.com](http://www.closefinsbury.com).

Should you require copies of any Close Finsbury literature, again please call our Investor Helpline on 0800 169 6968 or e-mail to [info@closefinsbury.com](mailto:info@closefinsbury.com)  
[www.closefinsbury.com](http://www.closefinsbury.com)

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