JPMorgan Fleming
Asset Management

The Fleming Technology Trust plc

Capital growth from investment in the global technology sector

Annual Report & Accounts • Year ended 31st May 2001

Objective

Capital growth from investment in the global technology sector.

Policies

To invest in a high-growth, broad based, global technology portfolio.

The Fleming

Technology

Trust plc

Financial Highlights for the year to 31st May

Per Ordinary Share	***2001***	*2000*	*% Change*
Net asset value	**257.9p**	433.4p	-40.5
Share price	**261.5p**	341.0p	-23.3

Annual General Meeting

The Annual General Meeting of the Company will be held at 2.30 pm on 3rd October 2001 at 10 Aldermanbury, London EC2V 7RF.

Contents

Chairman's Statement

This has been an extremely difficult period for technology shares in all major stock markets with an overinflated technology bubble leading to the severe hangovers occasioned by the subsequent earnings warnings and rapid rise in hardware inventory levels.

Such volatility is not unfamiliar at times when a particular sector captures the public imagination. When investors lose their sense of perspective, unrealistic expectations tend eventually to deflate into unwarranted pessimism, and we have seen much such behaviour in the period under review here. This should not, however, be allowed to obscure the positive outlook for the technology sector in the longer term. Growth in the world economy has been propelled by technological developments of one kind or another for three centuries or more and we have no reason to believe that this is about to change. On the contrary, new technologies continue to be developed which have potentially huge economic implications and, for this reason, a specialist technology fund continues to be an archetypal growth investment, albeit sometimes a volatile one.

In the face of this rather manic-depressive market behaviour, our Manager has adhered to objective criteria in selecting the stocks that make up the portfolio and this disciplined approach has, I believe, resulted in our being well placed to benefit from the eventual resumption of a more normal pattern of growth in the technology sector.

Benchmark

When the Company was formed the Board and J.P. Morgan Fleming Asset Management (UK) Limited chose to measure the performance of the Company initially against the MSCI World Index. At this time the Board considered that there were too many varied definitions of technology sub-sectors currently in use for there to be one global sector index which could be expected, with any certainty, to be and remain a relevant benchmark. This has remained the case and the MSCI world index has proved not to be very relevant to the Company, but unfortunately there is still no widely recognised global technology index. We will continue to seek a more appropriate benchmark but, in the absence of one, the fund's performance is measured internally against the peer group, NASDAQ, European Technology indices and externally against the MSCI World Index.

Performance (in sterling terms)

Over the year to end May 2001, the NAV of the technology portfolio was down 40.5%. In the US, the NASDAQ was down 34.3%, and in the UK the FTSE Techmark 100 index was down 38.1%. The broader global market, as measured by the MSCI World index, fell 10.5%. In addition, it is useful to highlight the performance of comparable global technology funds available to UK investors. The median fund in this peer group fell 44.8%. The fixed income portfolio continues to fulfil its purpose of servicing the preference shares.

Share Buy Back

At last year's Annual General Meeting it was proposed that the Directors of the Company be authorised to make market purchases of Ordinary shares and Preference shares, and following class meetings of the Ordinary shareholders and Preference shareholders on 10th November 2000, the necessary sanction was obtained for the Directors to repurchase the Company's shares. We are pleased to announce that between 6th December 2000 and 15th March 2001, 1.6m Preference shares were repurchased, which equals 9.7% of the issued Preference share capital and 4.6% of the total issued share capital of the Company. The Directors believe that it is in the best interests of the Company for this authority to repurchase Ordinary shares and Preference shares to be renewed at the forthcoming AGM and urge shareholders to vote in favour of these resolutions.

Directors

I shall be retiring as Chairman at the Annual General Meeting and I am very pleased that John de Blocq van Kuffeler has agreed to take over the Chairmanship.

Changes in the Management of the Company

Following the acquisition of Robert Fleming Holdings Limited by The Chase Manhattan Corporation ('Chase') on 1st August 2000, Chase merged with JPMorgan to form JPMorgan Chase & Co. The merger became effective on 2nd January 2001, thus establishing a financial services company with leadership positions in many global financial markets. The asset management business of Chase Fleming and JPMorgan have been integrated to form JPMorgan Fleming Asset Management which is proving to be an extremely powerful combination.

Your Board does not expect any change in the manner in which the Company's investments are managed as a result of the changes in ownership of the manager.

Annual General Meeting

This year's Annual General Meeting will take place at 2.30 pm on Wednesday 3rd October 2001 at 10 Aldermanbury, London EC2V 7RF. The formal business of the meeting will be followed by a presentation by the Investment Manager, after which shareholders will be able to meet the Board and representatives of JPMorgan Fleming Asset Management. The Directors look forward to meeting as many shareholders as are able to attend.

Paddy Linaker
Chairman

31st July 2001

Company Performance

Summary of Results

	2001	*2000*	*% change*
Assets *at 31st May*			
Total net assets (£'000)	**63,120**	97,262	**-35.1**
Ordinary Shares *at 31st May*			
Attributable net assets (£'000)	**47,775**	80,269	**-40.5**
Net asset value per share	**257.9p**	433.4p	**-40.5**
Share price	**261.5p**	341.0p	**-23.3**
Premium/(discount) of ordinary share price to net asset value			
– with preference shares at par	**1.4%**	(21.3)%	
– with preference shares valued at market price	**14.6%**	(15.3)%	
Preference Shares *at 31st May*			
Market price	**135.8p**	133.5p	**+1.7**
Units *at 31st May*			
(100 preference shares and 9 ordinary shares)			
Unit price	**£155.00**	£165.50	**-6.3**
Dividends per unit	**£13.00**	£13.09	**-0.7**
Revenue *for the year ended 31st May*			
Gross revenue (£'000)	**2,645**	2,745	**-3.6**
Earnings per ordinary share	**(1.06)p**	0.28p	**—**
Dividends per ordinary share	**—**	1.00p	**—**
Dividends per preference share	**13.00p**	13.00p	**—**
Total Expense Ratio[1]	**0.61%**	0.73%	

[1]Management fees and all other operating expenses (including tax relief, where allowable, but excluding interest payments) expressed as a percentage of average net assets over the year.

Investment Manager's Report

As this report is being written, it would be hard to find an investor of equity markets who has not been affected by the significant falls in global technology, media and telecom stocks over the past year. After rising 47% in the year ending May 2000, NASDAQ – the US technology index indicative of global technology sentiment – was down 34.3% in the year ending May 2001. Following the sharp gains in 1999 and early 2000, technology and related stocks were sold off due to a combination of factors. The principal factor was valuation. Stocks had become priced for a perfect outcome, and too much capital had been allocated to entrepreneurs with poor business models, particularly in e-commerce. In turn many established companies were forced to rapidly build internet-based businesses as the hype surrounding the internet convinced them of the need to defend against this perceived threat. This expansion, combined with the very large Y2K spending that occurred, created a bubble in technology and telecom capital expenditure. The weakness that affected the US economy from the middle of 2000, combined with slow growth in Europe, and a still difficult economic situation in Japan, subsequently brought about a particularly sharp slowdown in the global technology and telecom sectors.

The unfolding picture was very clearly that of a cyclical sector entering a downtrend, but companies (both the suppliers and users of technology) had ignored the cyclicality of the sector in 1998-2000 and this resulted in excess capacity in some sectors, such as semiconductors, and bloated inventories in others, such as telecom equipment. Against this background, through much of 2000 and early 2001, company managements and analysts found it difficult to pinpoint a floor in profit forecasts or identify a positive turn in sentiment.

From an investor's point of view the excessive optimism relating to the technology sector evident in 1999 had turned into excessive pessimism, perhaps signalling an over-reaction on the downside as the NASDAQ index reached a low point of 1638 in early April. Since then we have seen a substantial, even if cautious, bounce in technology stocks. It is evident that the Federal Reserve is likely to continue with its sequence of interest rate cuts that began in early 2001 to revive US consumer and business expenditure. We expect the easing of interest rates to provide support to the US and global markets in the latter half of 2001 and into 2002.

There are also encouraging signs that companies are beginning to write off excess inventory and goodwill, to restructure workforces and manufacturing capacity, and re-align business models to a focus on sustainable earnings. We are confident that the pain being suffered now by these companies will position them well to achieve more normal, yet robust earnings growth in 2002 and 2003.

Portfolio Strategy

In selecting stocks for your portfolio we have actively searched for companies with visible cashflows or earnings (or at least a well-defined path to profitability) that are either leaders in their sector globally or dominate an important niche in technology. We still find the best such companies in the US and this explains our overweight position in the region relative to the benchmark MSCI World Index. We are underweight in Europe which is dominated by telecom services and telecom equipment stocks that remain under pressure from the excesses of wireless telephony related capital expansion and overbuilding of core fixed line networks. We see value in Japanese and Pacific stocks, particularly in the semiconductor and electronics components stocks, and this explains our overweight position in the region.

Investment Manager's Report *continued*

Within the computer hardware sector, the market for PCs remains difficult, while server stocks are likely to do better once the over-investment of recent years is unwound. Storage remains a robust sector although valuations are demanding. We believe that the attractively valued electronic manufacturing service stocks are a diversified way of capturing the underlying growth in the hardware sector as the trend towards outsourcing of manufacturing is well entrenched amongst hardware companies. Within the semiconductor sector, we are biased towards value stocks, as these are likely to participate in any recovery, while being unlikely to weaken significantly from current levels.

Software and software service stocks provide more defensive business models as they do not have to deal with inventory issues in a slowing economy, but the stocks remain volatile and expensive. We invest in this sector using a "basket" approach, more recently focussing on companies that help cut costs for enterprises and also those that provide software that efficiently integrates the array of software applications commonly found in modern corporations.

In the telecom equipment sector, valuations remain depressed but fundamentals are unlikely to improve soon and we prefer to stay underweight in the sector. In telecom services, we have increased our exposure to traditional telecom operators. We remain optimistic on the long term prospects of the wireless sector but await a stabilisation in their balance sheets and early signs of success in the roll out of new generation of mobile services. In biotechnology and healthcare, we have adopted a more defensive stance by increasing the focus on companies with strong earnings growth and products in the late stage of the pipeline. We remain optimistic about the use of new technologies in healthcare but are more cautious on the valuations that the market would be willing to pay for companies that operate in the fields of genomics and drug discovery tools.

It is fair to say that over the last year there has been no place to hide within technology related sectors. Biotechnology and healthcare sectors have done better on account of offering more dependable earnings but even here the high valuations have been questioned. In the midst of this turmoil we have selectively added stocks that fit our selection criteria and feel the portfolio is well positioned to capture a revival in technology markets.

Sandeep Bhargava 31st July 2001

Features of the Portfolio

◀ EMC

VALUE (£'000): 1,334
% OF TECHNOLOGY PORTFOLIO: 2.9

Leader in business critical data storage market.

◀ ORACLE

VALUE (£'000): 1,111
% OF TECHNOLOGY PORTFOLIO: 2.5

Broad based provider of enterprise software solutions.

▶ Microsoft

VALUE (£'000): 1,086
% OF TECHNOLOGY PORTFOLIO: 2.4

Global leader of software applications and internet products.

▲ IBM

VALUE (£'000): 1,227
% OF TECHNOLOGY PORTFOLIO: 2.7

Core provider of enterprise hardware and software solutions.

▶ FLEXTRONICS

VALUE (£'000): 1,029
% OF TECHNOLOGY PORTFOLIO: 2.3

Leading provider of outsourced electronic manufacturing services.

▲ Nokia

VALUE (£'000): 1,326
% OF TECHNOLOGY PORTFOLIO: 2.9

Market share gainer in wireless handsets and infrastructure.

Ten Largest Technology Investments

at 31st May 2001

Company	*Sector*	*Market Value £'000*	*% of total assets*
AOL Time Warner	Media	**1,940**	**2.4**
Leading position in content and delivery of electronic and print media			
EMC	IT/Telecom Hardware	**1,334**	**1.6**
Leader in business critical data storage market			
Nokia	IT/Telecom Hardware	**1,326**	**1.6**
Market share gainer in wireless handsets and infrastructure			
IBM	IT/Telecom Hardware	**1,227**	**1.5**
Core provider of enterprise hardware and software solutions			
Vodafone	Telecom	**1,178**	**1.4**
Global leader in consolidation of mobile phone networks			
Taiwan Semiconductor	Semiconductor	**1,145**	**1.4**
Leading low cost supplier of integrated circuits			
Oracle	Software	**1,111**	**1.3**
Broad based provider of enterprise software solutions			
Microsoft	Software	**1,086**	**1.3**
Global leader of software applications and internet products			
SBC Communications	Telecom	**1,030**	**1.3**
US leader in data and voice communications			
Flextronics	IT/Telecom Hardware	**1,029**	**1.3**
Leading provider of outsourced electronic manufacturing services			
Total		**12,406**	**15.1**

Investment Trust Information

Investment Activity

during the year ended 31st May 2001

	Value at 31st May 2000 £'000	*Purchases £'000*	*Sales £'000*	*Changes in value £'000*	*Value at 31st May 2001 £'000*
North America	42,290	43,262	35,229	(21,294)	**29,029**
Continental Europe	10,526	6,287	6,779	(5,463)	**4,571**
UK	8,891	2,392	8,401	(611)	**2,271**
Japan	7,729	3,453	3,887	(2,407)	**4,888**
Far East ex Japan	2,546	7,804	4,208	(1,763)	**4,379**
Fixed Income Portfolio[1]	19,634	13,857	2,117	2,291	**33,665**
	91,616	77,055	60,621	(29,247)	**78,803**

[1]*The fixed income portfolio has been established to meet the obligations of the dividend entitlement of the preference shares.*

Analysis of Technology Portfolio

at 31st May 2001

Assets	*2001* %	*2000* %
IT/Telecom Hardware	32.2	31.5
Telecom	17.5	21.9
Software/IT Services	17.3	19.9
Semiconductors	14.4	11.1
Media	9.9	7.6
Biotechnology/Healthcare	7.7	7.5
Other	1.0	0.5

Portfolio	%
North America	64.3
Japan	10.8
Continental Europe	10.1
Far East ex Japan	9.7
United Kingdom	5.1

Financial Record and Analysis of Shareholders

Financial Record[1]

Year to 31st May[2]	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	***2001***
Net assets (£ million)	58.66	60.05	57.67	62.23	62.62	72.77	81.67	104.85	106.44	97.26	**63.12**
Market price per ordinary share (p)	186.0	178.0	165.0	200.0	179.0	201.0	231.5	404.0	391.5	341.0	**261.5**
Net asset value per ordinary share (p)	273.0	278.5	260.9	285.0	286.2	307.2	349.2[4]	474.4	482.9	433.4	**257.9**
Earnings per ordinary share (p)	11.36	10.65	7.77	6.83	4.11	4.09	1.74	2.17	2.00	0.28	**(1.06)**
Dividends per ordinary share (p)	7.37	7.60	7.60	2.00[3]	2.10[3]	2.45[3]	2.70	2.85	3.00	1.00	**–**
Dividends per preference share (p)	10.5	11.2	11.9	12.6	13.3	13.3	13.3	13.15[5]	13.0	13.0	**13.0**
Market price per preference share (p)	144.0	153.0	158.0	168.0	156.0	155.5	163.8	159.0	171.5	133.5	**135.8**

[1]Prior to March 2000 the Company was The Fleming Geared Growth Investment Trust plc and invested in a broadly based portfolio of quoted UK securities.

[2]The year-end of the Company for 1992 and years prior to this was 30th May.

[3]In addition a special dividend was declared (1994: 2.0p, 1995: 0.9p, 1996: 2.0p).

[4]Adjusted to take account of the capital reconstruction.

[5]The dividend on the preference shares was reduced from 13.3% p.a. to 13.0% p.a. as part of the reconstruction which took place in October 1997.

Analysis of Shareholders

at 31st May 2001

Class of shareholder	Number of Ordinary shares held	%
Pension Funds	979,514	5.3
Insurance Companies	4,465,173	24.1
Investment Trusts	232,500	1.3
Unit Trusts	1,448,355	7.8
Other Institutions	2,393,584	12.9
Total Institutions	**9,519,126**	**51.4**
Named individuals		
Individuals in the Investment Trust Share Plan	729,295	3.9
Individuals in the Investment Trust Pension Plan	305,598	1.7
Individuals in the Investment Trust Personal Equity Plan	212,180	1.1
Individuals in the Investment Trust Individual Savings Account	279,855	1.5
Individuals investing through Fleming Managed Growth plc	441,365	2.4
Individuals investing through Fleming Managed Income plc	18,336	0.1
Retail investors held directly or through bank and broker nominee accounts	7,016,601	37.9
Total Individuals	**9,003,230**	**48.6**
Total shares in issue	**18,522,356**	**100.0**

List of Investments – Technology Por

at 31st May 2001

North America

Company	Market Value £'000	% of Technology Portfolio
USA		
AOL Time Warner	1,940	4.3
EMC	1,334	2.9
IBM	1,227	2.7
Oracle	1,111	2.5
Microsoft	1,086	2.4
SBC Communications	1,030	2.3
Agere Systems	958	2.1
Cisco Systems	917	2.0
Siebel Systems	887	2.0
Sprint PCS	859	1.9
Qualcomm	842	1.9
Sprint	836	1.8
Time Warner Telecom	832	1.8
General Motors	756	1.7
Genentech	704	1.6
Viacom	698	1.5
Compaq Computer	619	1.4
Sun Microsystems	617	1.4
Solectron	607	1.3
Motorola	591	1.3
Veritas Software	566	1.2
KPMG Consulting	509	1.1
Analog Devices	502	1.1
Pharmacia	496	1.1
Bristol-Myers Squibb	491	1.1
Amgen	490	1.1
Verisign	457	1.0
Texas Instruments	452	1.0
Xilinx	436	1.0
BEA Systems	379	0.8
Global Crossing	368	0.8
Level 3 Communication	347	0.8
Broadcom	328	0.7
Cognizant	287	0.6
Palm	278	0.6
Juniper Networks	269	0.6
Laboratory Corp of America	252	0.6
i2 Technologies	268	0.6
ONI Systems	262	0.6
Sycamore Networks	237	0.5
Millennium Pharmaceutical	210	0.5
Portal Software	207	0.5
Nextel	190	0.4
Applera – Applied Biosystems	178	0.4
Exelixis	175	0.4
Exodus Communications	140	0.3
Circuit City Stores	123	0.3
Akamai Technologies	120	0.3
Commerce One	118	0.3
Novoste	118	0.3
Total	**27,704**	**61.4**

Company	Market Value £'000	% of Technology Portfolio
Canada		
Nortel Networks	872	1.9
Ballard Power Systems	453	1.0
Total	**1,325**	**2.9**
Total North America	**29,029**	**64.3**

United Kingdom

Company	Market Value £'000	% of Technology Portfolio
Vodafone	1,178	2.6
Cambridge Antibody	253	0.6
Autonomy	208	0.5
Energis	201	0.4
Shire Pharmaceuticals	185	0.4
Celltech	162	0.4
Baltimore Technology	84	0.2
Total	**2,271**	**5.1**
Total United Kingdom	**2,271**	**5.1**

Japan

Company	Market Value £'000	% of Technology Portfolio
Canon	1,005	2.2
Rohm	932	2.1
Murata Manufacturing	841	1.8
NTT Docomo	810	1.8
Fuji Television Network	489	1.1
Sony	440	1.0
Nippon Telegraph & Telephone	371	0.8
Total	**4,888**	**10.8**
Total Japan	**4,888**	**10.8**

...ents – Technology Portfolio

	Market Value £'000	% of Technology Portfolio
...inental Europe		
...nd		
...a	1,326	2.9
...era	404	0.9
Total	**1,730**	**3.8**
France		
Cap Gemini	484	1.1
Dassault Systems	460	1.0
Infovista	376	0.9
Alcatel	371	0.8
Total	**1,691**	**3.8**
Sweden		
Ericsson	365	0.8
Total	**365**	**0.8**
Holland		
Kon Philips Electronics	785	1.7
Total	**785**	**1.7**
Total Continental Europe	**4,571**	**10.1**

Company	Market Value £'000	% of Technology Portfolio
Far East ex Japan		
Korea		
Samsung Electronics	874	1.9
Total	**874**	**1.9**
Hong Kong		
China Unicom	409	0.9
Total	**409**	**0.9**
Singapore		
Flextronics	1,029	2.3
Total	**1,029**	**2.3**
Taiwan		
Taiwan Semiconductor	1,145	2.5
United Microelectronics	922	2.1
Total	**2,067**	**4.6**
Total Far East ex Japan	**4,379**	**9.7**
Total Technology Portfolio	**45,138**	**100.0**

List of Investments – Fixed Income Portfolio

at 31st May 2001

Company	Market Value £'000	% of Fixed Income Portfolio
Royal Bank of Scotland	17,351	51.6
European Investment Bank	9,282	27.6
Sunamerica	677	2.0
Slough Estates	662	2.0
Peel Holdings	650	1.9
Gallaher	648	1.9
Telewest Communication	620	1.8
HCA – The Health	606	1.8
De Beer Centenary	585	1.7
TI Group	503	1.5
Cattles	491	1.5
Energis	449	1.3
British Sky Broadcasting	405	1.2
Doncasters	377	1.1
Harsco Finance	359	1.1
Total	**33,665**	**100.0**
Total Fixed Income Portfolio	**33,665**	**100.0**

Board of Directors

Paddy Linaker (Chairman)*†

Aged 67

He was formerly chief executive of M&G Group plc and is currently a director of a number of companies including The Wolverhampton & Dudley Breweries plc and The Fleming Mercantile Investment Trust plc. He joined the Board and was appointed Chairman in 1997.

Julian G. Tregoning

Aged 54

He is Director of Marketing & Sales for Mellon Trust in London, having been with the Flemings Group for over 30 years. He is a past President of the European Federation of Investment Funds and Companies (FEFSI) and a past chairman of the Association of Unit Trusts and Investment Funds (AUTIF). He joined the Board in 1991.

John P. de Blocq van Kuffeler, FCA*

Aged 52

He is Executive Chairman of Provident Financial plc and Chairman of Finsbury Smaller Quoted Companies Trust plc. He joined the Board in 1997.

Robin W. I. Lodge*

Aged 57

He is Chairman of the DCS Group plc, Tenet Systems and the Lanner Group. He joined the Board in July 2000.

†Chairman of Audit Committee
**Member of Audit Committee*

The Fleming Technology Trust plc

Directors' Report & Accounts • Year ended 31st May 2001

Report of the Directors

Business of the Company

The Company is an investment company, within the meaning of Section 266, Companies Act 1985, and carries on business as an investment trust. It was approved by the Inland Revenue as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31st May 1999. In the opinion of the Directors the Company has subsequently conducted its affairs so that it should continue to qualify. The Company will continue to seek approval under Section 842 of the Income and Corporation Taxes Act 1988 each year. However, under Corporation Tax Self Assessment which applies to accounting periods ended after 30th June 1999 the Inland Revenue is no longer obliged to give written approval. Instead, the Inland Revenue has twelve months after the return filing date in which to give notice that it intends to enquire into the return but if no such notice is given then approval may be assumed to have been obtained. The Company is not a close company for taxation purposes.

A review of the Company's activities and prospects is given in the Chairman's statement on pages 2 and 3 and in the Investment Manager's report on pages 5 and 6. No important events affecting the Company have occurred since 31st May 2001.

Accounts

The accounts of the Company for the financial year ended 31st May 2001 are shown on pages 23 to 33.

Going Concern

After making enquiries, the Directors consider that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the preparation of the accounts.

Payment Policy

It is the Company's payment policy to obtain the best terms for all business and therefore there is no consistent policy as to the terms used. In general, the Company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. As at 31st May 2001, the Company had no outstanding trade creditors.

Directors

The Directors of the Company at the end of the year, together with their beneficial interests in the shares of the Company, are shown below:

	31st May 2001	1st June 2000 or date of appointment
Mr L E Linaker	4,760	4,760
Mr J G Tregoning	26,033	26,030
Mr J P de Blocq van Kuffeler	580	580
Mr R W I Lodge	–	–

Other than as disclosed above, no changes in the above holdings have been recorded to the date of this report. Mr R W I Lodge was appointed as a Director on 20th July 2000. The Directors retiring by rotation are Mr J P de Blocq van Kuffeler and Mr J G Tregoning. Both are eligible and will be seeking re-election by Shareholders at the Annual General Meeting. Mr L E Linaker will also retire from the Board at the Annual General Meeting and is not seeking re-election.

During the year an insurance policy has been maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties.

Management

As a result of an internal reorganisation within Flemings, the management agreement was transferred from Fleming Investment Trust Management Limited ('FITM') to Fleming Investment Management Limited ('FIM') on 31st May 2000. With effect from 1st June 2000 FITM resigned as Company Secretary and FIM was appointed in its stead. With effect from 5th September 2000 the name of FIM was changed to Chase Fleming Asset Management (UK) Limited ('CFAM'). Following the merger between Chase Manhattan and JP Morgan which became effective on 2nd January 2001, CFAM changed its name to J.P. Morgan Fleming Asset Management (UK) Limited ('JPMFAM'), with effect from 14th May 2001. JPMFAM is a wholly-owned subsidiary of JPMorgan Chase & Co. which, through other subsidiaries, also provides banking, dealing and custodian services to the Company.

Management Fee

The Manager and Secretary is employed under a contract which is subject to one year's notice of termination. The fee is calculated and paid monthly in arrears and is charged at a rate of 0.5% per annum of the Company's total assets less current liabilities. A performance-related fee is also payable from 1st June 2000. This is calculated as 10% of the amount by which the change in the total assets less current liabilities, over the year to 31st May 2001, is greater than the notional increase in total assets less current liabilities over the period (found by applying the aggregate of the relevant percentage change of the MSCI World Index during the period and 2% to the total assets less current liabilities as at 1st June 2001).

The performance fee will only be paid if there has been a positive return and is capped at a maximum of 1% of total assets less current liabilities in any financial year. There is no performance fee payable for the year to 31st May 2001.

Notifiable Share Interests

As at the date of this report the Company had been notified of the following interests in its ordinary shares:

Shareholder	Number of shares held	%
United Assurance Plc	1,850,000	10.0
Allianz UK Ltd	1,730,725	9.3
JPMorgan Chase & Co[1]	1,620,927	8.7
Included is Chase Nominees Ltd	1,005,666	5.4
Friends Ivory & Sime	802,500	4.3
Royal London Asset Management	785,000	4.2
Refuge Assurance	725,000	3.9
Standard Life Investments	650,102	3.5
Henderson Crosthwaite Limited	568,044	3.1

[1]*Non-beneficial and held on behalf of various clients.*

Existing authorities for issue of ordinary shares

At the extraordinary general meeting of the Company held on 22nd March 2000 the Directors of the Company were authorised to allot all of the 5,477,644 unissued ordinary shares of 50 pence each in the Company, representing approximately 30% of the present issued ordinary share capital. The Directors were also authorised to make issues of ordinary shares for cash otherwise than by a pro rata issue to existing shareholders of no more than 926,100 ordinary shares, representing approximately 5% of the present issued ordinary share capital. These authorities both expire on 22nd March 2005.

Proposed authority for repurchase of ordinary shares and preference shares

The Company's authority to repurchase ordinary shares of 50 pence each in the capital of the Company ("ordinary shares") and 13% cumulative preference shares of £1 each in the capital of the Company ("preference shares") in the market, which was granted to the Company at last year's annual general meeting held on 27th September 2000, will expire at the conclusion of this year's annual general meeting.

Report of the Directors *continued*

As special business, therefore, at the Annual General Meeting it is proposed that the Directors of the Company should, again, be authorised to make market purchases of its ordinary shares and preference shares. Resolutions 5 and 6 are each being proposed as a special resolution and, since the exercise of the authorities proposed to be granted to the Directors of the Company pursuant to Resolutions 5 and 6 will constitute a variation of the rights attaching to the preference shares, both the holders of the preference shares and the holders of the ordinary shares will be entitled to vote on these Resolutions. Resolutions 5 and 6 will also be subject to the consent of the holders of the ordinary shares and the preference shares at separate class meetings due to be held immediately before the Annual General Meeting as described further below.

Resolution 5 seeks authority for the Directors to purchase up to 2,776,501 ordinary shares representing approximately 14.99% of the current issued ordinary share capital of the Company at a price of no less than 50 pence (being the nominal value of an ordinary share) and no more than a premium of 5% to the average mid-market price of an ordinary share for the five business days prior to any such purchase (the *maximum permitted under the Listing Rules of the Financial Services Authority*).

Resolution 6 seeks authority for the Directors to purchase up to 2,300,293 preference shares representing approximately 14.99% of the current issued preference share capital of the Company at a price of no less than £1 and no more than a premium of 5% to the average mid-market price of a preference share for the five business days prior to any such purchase.

Exercise of authorities

Issue of ordinary shares

The Directors wish to retain the flexibility to issue new ordinary shares to existing and potential new investors (such as investors in the Fleming Savings Plans). Such further issues of ordinary shares will only take place at prices greater than the net asset value per ordinary share. The Directors consider that an issue of ordinary shares in these circumstances would benefit ordinary shareholders in providing an increase to net asset value per ordinary share and from spreading both the fixed administrative expenses and the effective cost of the dividends due in respect of the preference shares over a larger number of ordinary shares. Preference shareholders should also benefit from an increase in the total assets of the Company.

Repurchase of ordinary and preference shares

In addition to issuing shares the Directors also wish to give the Company even more flexibility by obtaining authority to make market purchases of both its ordinary shares and preference shares. Ordinary shares and/or preference shares will only be repurchased in the market if the Directors believe such purchases to be in all shareholders' interests.

In particular, any repurchase of ordinary shares will only be made at a discount to NAV and therefore any ordinary shares repurchased and cancelled would enhance the NAV of the remaining shares. Clearly any repurchase and cancellation of ordinary shares would reduce the asset cover of the preference shares in issue which, as at 31st May 2001, was 4.1 times covered. The authority does not permit the Directors to repurchase ordinary shares if to do so would reduce the level of cover on the preference shares to less than 5 times.

Currently the preference shares are standing at a premium to their balance sheet value and therefore any repurchase at today's value will reduce the underlying NAV of the ordinary shares. Despite this reduction in NAV the Directors believe that it is in the best interests of the ordinary shareholders to buy back the preference shares. This is because the requirement to service the 13% preference coupon has resulted in the creation of a separate portfolio of high yielding securities and the size of this separate portfolio could be reduced if the number of preference shares in issue was reduced. The Directors would only exercise their authority to repurchase the preference shares provided that their Gross Redemption Yield at the buy-in price was higher than the cost of alternative funding.

Separate general meetings of ordinary shareholders and preference shareholders

As the exercise by the Directors of the Company of the authorities proposed to be granted to them pursuant to Resolutions 5 and 6 will constitute a variation of the rights attaching to the preference shares and the ordinary shares, separate class meetings of each class of shareholder have been convened for 2nd October 2001 (or if the meetings are adjourned on the basis that there is not a quorum of holders of the ordinary or preference shares present in person or by proxy, the adjourned meeting will be held at 10 Aldermanbury, London EC2V 7RF on 3rd October 2001 at 2.00 pm and 2.05 pm respectively). A resolution will be proposed at each separate class meeting to sanction the authorities to make market purchases of the ordinary shares and the preference shares proposed to be granted to the Directors of the Company by the passing of Resolutions 5 and 6. Notices convening these separate meetings are set out on pages 36 and 37.

Directors' recommendation

The Directors consider that it is in the best interests of the Company and its shareholders as a whole to approve the proposed authorities for market purchases of the Company's ordinary shares and preference shares, and to vote in favour of the resolutions at the Annual General Meeting and separate general meetings of ordinary shareholders and preference shareholders.

Corporate Governance

To ensure the appropriate level of corporate governance, the Board has put in place arrangements which it believes are suitable for an investment trust and enable the Company to comply with the Principles of Good Governance and Code of Best Practice (the 'Combined Code'), published by the Committee on Corporate Governance in June 1998. The Board considers that the Company has complied with the provisions of Section 1 of the Combined Code throughout the accounting period ended 31st May 2001 (except as detailed below), and the following describes how the relevant principles of governance are applied to the Company.

The Board

The Board consists solely of non-executive Directors, the majority of whom are independent of the Company's Manager. Accordingly, the Board does not believe that it is necessary to appoint a senior independent Director.

The Company's Articles of Association state that at least one third of the Directors retire by rotation at each Annual General Meeting, thus ensuring that all Directors submit themselves for re-election at least every three years.

A management agreement between the Company and JPMFAM sets out matters over which the Manager has authority. All other matters are reserved for the approval of the Board.

The Board meets on at least four occasions each year and between these meetings there is regular contact with the Manager who provides the Board with appropriate and timely management information. JPMFAM also provides company secretarial advice and services. The Directors also have access, where necessary, in the furtherance of their duties, to independent professional advice at the expense of the Company.

Board Committees

The Board as a whole fulfils the function of the Nomination Committee which meets when necessary to select and propose suitable candidates for appointment to the Board. The Board as a whole also fulfils the function of the Remuneration Committee.

To ensure its independence from the Manager, the Audit Committee excludes from membership all Directors who are employed by, or who are former employees of, JPMFAM or any of its subsidiaries or associated companies. The Audit Committee meets at least twice each year.

The Committee reviews the terms of the management agreement and examines the effectiveness of the Company's internal control systems, receives information from the Manager's compliance department and also reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditors.

Report of the Directors *continued*

Directors' Remuneration
In the year under review the Chairman's fee was £13,000 and the fee for each of the other Directors was £10,000. In aggregate, the fee must not exceed £75,000. Any increase in the aggregate amount requires both Board and shareholder approval.

Relations with Shareholders
At the Company's Annual General Meeting, the Directors and representatives of the Manager are available in person to meet and answer shareholders' questions. In addition, a presentation is given by the Investment Manager who reviews the Company's activities. During the year the Corporate Brokers, the Investment Manager and JPMFAM hold regular discussions with institutional shareholders. The Directors are made fully aware of these views and responses are tailored as necessary. The Chairman and Directors make themselves available as and when required to address shareholders' queries.

Accountability and Audit
The Directors' responsibilities in respect of the Accounts are set out on page 21.

Internal Control
The Combined Code requires the Directors at least annually to review the effectiveness of the Company's system of internal control and to report to shareholders that they have done so. This has extended the previous requirement which focused on internal financial controls, and now encompasses a review of all controls which the Board has identified as including business, financial, operational, compliance and risk management.

The Directors are responsible for the Company's system of internal control, which is designed to safeguard the Company's assets, maintain proper accounting records and ensure that information used within the business, or published, is reliable. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material mis-statement or loss.

Since investment management, custody of assets and administrative services are provided to the Company by JPMFAM and its associates, the Company's system of internal control mainly comprises monitoring the services provided by JPMFAM, and its associates, including the operating controls established by them, to ensure they meet the Company's business objectives.

The key elements designed to provide effective internal control are as follows:

Financial Reporting – Regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, transactions analysis and performance comparisons.

Management Agreement – Appointment of a manager regulated by IMRO and a custodian regulated by the SFA, whose responsibilities are clearly defined in a written agreement.

Management Systems – Inclusion in the Manager's system of internal control of organisation agreements which clearly define the lines of responsibility, delegated authority, control procedures and systems, are monitored by JPMFAM's Compliance Department, which regularly monitors compliance with IMRO rules.

Investment Strategy – Authorisation and monitoring of the Company's investment strategy and exposure limits by the Board.

The Board keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key operating controls of the Manager and its associates as follows:

- the Board, through the Audit Committee, reviews the terms of the management agreement and receives regular reports from JPMFAM's Compliance Department;
- the Board reviews the report on the internal controls and the operations of its custodian, Chase Manhattan, which is independently audited; and
- the Board reviews every six months a report on the internal controls and operations of JPMFAM, which is independently reported on.

By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the year ended 31st May 2001.

Socially Responsible Investment

The following, which has been reviewed by the Board, is an abridged version of JPMFAM's policy statement on socially responsible investment:

Unless instructed otherwise, we believe it is our primary duty to act in the best financial interest of our clients and to achieve good financial returns consistent with an acceptable level of risk in the management of our clients' investments. A company run in the long-term interests of its shareholders with the objective of enhancing shareholder value over time will need to manage effectively relationships with its employees, suppliers and customers, to behave ethically and to have regard to the environment and society as a whole. In our pursuit of good financial returns for our clients, our investment managers take account of these and all other factors affecting the valuation of the companies in which they are currently invested or considering investment on behalf of clients.

Auditors

On 28th June 2001, Ernst & Young, the Company's auditor transferred its entire business to Ernst & Young LLP, a Limited Liability Partnership incorporated under the Limited Liability Partnership Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001.

The resolution to reappoint Ernst & Young LLP as the Company auditor will be put to the forthcoming AGM.

By order of the Board
J.P. Morgan Fleming Asset Management (UK) Limited,
Secretary
H A Lowe
23rd August 2001

Directors' Responsibilities in Respect of the Accounts

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the year and of the revenue for the year. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts 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.

Auditors' Report

Auditors' Report to the Shareholders of The Fleming Technology Trust plc.

We have audited the accounts on pages 23 to 33 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 26.

Respective Responsibilities of Directors and Auditors
The Directors are responsible for preparing the Annual Report. As described on page 21, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on pages 19, 20 and 21 reflect the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of either the Company's corporate governance procedures or its risk and control procedures.

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

Basis of Audit Opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts are free from material mis-statement, 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 accounts.

Opinion
In our opinion the accounts give a true and fair view of the affairs of the Company as at 31st May 2001 and of its revenue for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG LLP
Registered Auditor

Ernst & Young LLP

London, 23rd August 2001

Statement of Total Return

for the year ended 31st May 2001

	Notes	2001 *Revenue* *£'000*	2001 *Capital* *£'000*	2001 *Total* *£'000*	2000 *Revenue* *£'000*	2000 *Capital* *£'000*	2000 *Total* *£'000*
Realised (losses)/gains on investments	8	–	(8,050)	(8,050)	–	4,164	4,164
Net change in unrealised appreciation	8	–	(21,197)	(21,197)	–	(12,046)	(12,046)
Net gains/(losses) on currency transactions	13	–	60	60	–	(87)	(87)
Unrealised currency loss on USD loan	13	–	(1,026)	(1,026)	–	–	–
Expenses re capital restructuring		–	–	–	–	(678)	(678)
Other capital credits	13	–	20	20	–	–	–
Income from investments	1	2,313	–	2,313	2,600	–	2,600
Other income	1	332	–	332	145	–	145
Gross return		2,645	(30,193)	(27,548)	2,745	(8,647)	(5,902)
Management fee	2	(151)	(459)	(610)	(157)	(473)	(630)
Other administrative expenses	3	(204)	–	(204)	(231)	–	(231)
Interest payable	4	(2)	(1,274)	(1,276)	(15)	–	(15)
Return before taxation		2,288	(31,926)	(29,638)	2,342	(9,120)	(6,778)
Taxation	5	(383)	365	(18)	(81)	75	(6)
Return after taxation		1,905	(31,561)	(29,656)	2,261	(9,045)	(6,784)
Dividends on preference shares	6	(2,102)	–	(2,102)	(2,209)	–	(2,209)
Return attributable to ordinary shareholders		(197)	(31,561)	(31,758)	52	(9,045)	(8,993)
Dividends on ordinary shares	6						
Dividend paid		–	–	–	(185)	–	(185)
Transfer from reserves		(197)	(31,561)	(31,758)	(133)	(9,045)	(9,178)
Return per ordinary share	7	(1.06)p	(170.40)p	(171.46)p	0.28p	(48.83)p	(48.55)p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year. The revenue column of this statement is the profit and loss account of the Company.

The notes on pages 26 to 33 form part of these accounts.

Balance Sheet

at 31st May 2001

	Notes	2001 £'000	2000 £'000
ASSETS EMPLOYED			
Fixed assets			
Investments at valuation	8	**78,803**	91,616
Current assets			
Debtors	9	**1,925**	787
Cash and short-term deposits		**3,721**	6,564
		5,646	7,351
Creditors			
Amounts falling due within one year	10	**(2,323)**	(1,705)
Net current assets		**3,323**	5,646
Total assets less current liabilities		**82,126**	97,262
Creditors			
Amount falling due after more than one year	11	**(19,006)**	–
		63,120	97,262
FINANCED BY			
Capital and reserves			
Share capital	12	**24,606**	26,254
Share premium account	13	**7,224**	7,224
Capital redemption reserve	13	**1,648**	–
Capital reserve – realised	13	**53,315**	72,396
Capital reserve – unrealised	13	**(25,909)**	(11,045)
Revenue reserve	13	**2,236**	2,433
Total capital and reserves		**63,120**	97,262
Attributable to			
13.0% cumulative preference shareholders' funds		**15,345**	16,993
Ordinary shareholders' funds		**47,775**	80,269
Total shareholders' funds		**63,120**	97,262
Net asset value per share	14		
Ordinary shares		**257.9p**	433.4p
Preference shares		***100.0p***	*100.0p*

The accounts on pages 23 to 33 were approved by the Directors on 23rd August 2001 and are signed on their behalf by:

J P de Blocq van Kuffeler
Director

The notes on pages 26 to 33 form part of these accounts.

Cash Flow Statement

for the year ended 31st May 2001

	Note 16	2001 £'000	2000 £'000
Operating activities			
Cash received from investments		**2,159**	2,478
Deposit interest received		**332**	147
Underwriting commission received		**–**	1
Management fee paid		**(569)**	(630)
Directors' fees paid		**(45)**	(43)
Other cash payments		**(160)**	(166)
Net cash inflow from operating activities		**1,717**	1,787
Returns on investments and servicing of finance			
Interest paid		**(734)**	(15)
Preference dividends paid		**(2,102)**	(3,314)
Net cash outflow from returns on investments and servicing of finance		**(2,836)**	(3,329)
Taxation			
Tax recovered		**12**	56
Total tax recovered		**12**	56
Capital expenditure and financial investment			
Purchases of investments		**(76,262)**	(139,424)
Sales of investments		**59,607**	148,680
Other capital credits		**20**	–
Net cash (outflow)/inflow from capital expenditure and financial investment		**(16,635)**	9,256
Equity dividends paid			
Dividends paid on ordinary shares		**–**	(555)
Total equity dividends paid		**–**	(555)
Net cash (outflow)/inflow before financing		**(17,742)**	7,215
Financing			
Expenses paid in connection with capitalisation issue		**–**	(678)
Drawdown of long-term loan		**17,980**	–
Buy back of preference shares		**(2,384)**	–
Changes in short term loan		**(757)**	114
Net cash inflow/(outflow) from financing		**14,839**	(564)
(Decrease)/increase in cash for the year		**(2,903)**	6,651

The notes on pages 26 to 33 form part of these accounts.

Notes to the Accounts

at 31st May 2001

A SUMMARY OF THE PRINCIPAL ACCOUNTING POLICIES, ALL OF WHICH HAVE BEEN APPLIED CONSISTENTLY THROUGHOUT THE YEAR, IS SET OUT BELOW:

i. Basis of accounting

The accounts have been prepared under the historic cost convention, modified to include the revaluation of investments. The accounts have been prepared in accordance with applicable accounting standards and unless otherwise stated the Statement of Recommended Practice "Financial statements of investment trust companies" ("SORP").

ii. Valuation of investments

Listed investments are valued at middle market prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value.

Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to capital reserve – realised, and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve – unrealised.

iii. Income

Dividends from equity shares are included in the revenue account on an ex-dividend basis.

Franked dividends are accounted for net of any tax credits.

Income from preference shares are included in the revenue account on an ex-dividend basis. This is not in compliance with the SORP.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in capital reserves – unrealised.

Interest receivable on fixed interest stocks, deposit interest and interest payable is recognised in the revenue account on an accruals basis.

iv. Finance costs

Finance costs are accounted for on an accruals basis and in accordance with the provisions of Financial Reporting Standard 4 "Capital Instruments." Finance costs of the long term US dollar loan are allocated 100% to capital reserve – realised, on the basis that there is a direct relationship between these costs and expected capital returns from the portfolio.

v. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included in the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the proceeds of the investment;
- the management fee has been allocated 75% to capital reserve – realised and 25% to the revenue account, in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company.

vi. Taxation

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.

vii. Capital reserve

Capital reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- expenses, together with the related taxation effect, charged to this reserve in accordance with the above policies.

Capital reserve – unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year-end.

viii. Foreign currency

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract.

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 – realised or in the revenue account depending on whether the gain or loss is of a capital or revenue nature respectively.

Where the Company has entered into forward exchange contracts to hedge its exposure to foreign currencies, the difference between the value of the contract at the contract rate and the forward rate ruling at the balance sheet date is included as an exchange gain or loss in capital reserve – unrealised.

	2001 £'000	2000 £'000
1. Income		
Income from investments		
Franked investment income	**1,171**	2,218
UK interest	**1,013**	261
Overseas dividends	**129**	43
Overseas interest	**—**	33
Scrip dividends	**—**	45
	2,313	2,600
Other income		
Deposit interest	**332**	144
Underwriting commission	**—**	1
	332	145
Total income	**2,645**	2,745
Total income comprises:		
Dividends from investments	**1,300**	2,306
Interest from investments	**1,013**	294
Other income	**332**	145
Total income	**2,645**	2,745
Analysis of income from investments:		
Listed UK	**2,184**	2,524
Listed overseas	**129**	76
	2,313	2,600

	2001 Revenue £'000	2001 Capital £'000	2001 Total £'000	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000
2. Management fee						
Management fee	**129**	**385**	**514**	134	403	537
Irrecoverable VAT thereon	**22**	**74**	**96**	23	70	93
	151	**459**	**610**	157	473	630
3. Other administrative expenses						
Other management expenses	**130**	**—**	**130**	156	—	156
Directors' fees[1]	**45**	**—**	**45**	43	—	43
Auditors' remuneration[2]	**9**	**—**	**9**	9	—	9
Irrecoverable VAT	**20**	**—**	**20**	23	—	23
	204	**—**	**204**	231	—	231

[1]The Chairman is paid at the rate of £13,000 per annum (2000: £13,000) and other Directors at the rate of £10,000 per annum each (2000: £10,000). The total Directors' fees of £44,974 (2000: £43,000) comprise £24,974 (2000: £33,000) in respect of aggregate emoluments paid to Directors and £20,000 (2000: £10,000) paid to a third party for making available the services of two of the Directors (2000: one Director).

[2]In addition £1,000 (2000: £1,000) was paid to the Auditors in respect of non-audit services. This amount forms part of other management expenses.

Notes to the Accounts *continued*

	2001 Revenue £'000	2001 Capital £'000	2001 Total £'000	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000
4. Interest payable						
Interest on bank loans and overdraft	**2**	**—**	**2**	15	—	15
On USD fixed loan	**—**	**1,274**	**1,274**	—	—	—
	2	**1,274**	**1,276**	15	—	15
5. Taxation						
Overseas taxation	**21**	**—**	**21**	6	—	6
Tax credit relating to overseas taxation	**(3)**	**—**	**(3)**	—	—	—
Tax relief on expenses charged to capital reserve	**365**	**(365)**	**—**	75	(75)	—
	383	**(365)**	**18**	81	(75)	6

		2001 £'000	2000 £'000

6. Dividends

Holders of preference shares are entitled, in priority to any payment of dividend on any other class of shares, to a fixed cumulative preferential dividend of 13.0p (net) for the remaining life of the Company. Preference shareholders are only entitled to vote upon any resolution at a general meeting which would amend their rights, wind-up the Company or reduce its share capital.

		2001 £'000	2000 £'000
Dividends on preference shares			
November – paid	6.50p (2000: 6.50p)	**1,104**	1,104
May – paid	6.50p (2000: 6.50p)	**998**	1,105
	13.00p (2000: 13.00p)	**2,102**	2,209
Dividends on ordinary shares			
February – paid	Nil (2000: 1.00p)	**—**	185
	Nil (2000: 1.00p)	**—**	185

7. Return per ordinary share

The return per ordinary share is based on 18,522,356 ordinary shares, being the weighted average number of ordinary shares in issue during the year (2000: same), and on the figures shown below.

	2001 Revenue £'000	2001 Capital £'000	2001 Total £'000	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000
Return after taxation	**1,905**	**(31,561)**	**(29,656)**	2,261	(9,045)	(6,784)
Dividends on preference shares	**(2,102)**	**—**	**(2,102)**	(2,209)	—	(2,209)
	(197)	**(31,561)**	**(31,758)**	52	(9,045)	(8,993)
Return per ordinary share	**(1.06)p**	**(170.40)p**	**(171.46)p**	0.28p	(48.83)p	(48.55)p

	2001 £'000	2000 £'000
8. Investments		
Investments listed on a recognised investment exchange	78,803	91,616

	Listed in UK £'000	Listed overseas £'000	Total £'000
Opening book cost	25,621	77,040	102,661
Opening unrealised appreciation/(depreciation)	2,904	(13,949)	(11,045)
Opening valuation	28,525	63,091	91,616
Movements in the year:			
Purchases at cost	4,872	72,183	77,055
Sales – proceeds	(9,171)	(51,450)	(60,621)
– realised gains/(losses) on sales	418	(8,468)	(8,050)
Increase in unrealised appreciation/(depreciation)	669	(21,866)	(21,197)
	25,313	53,490	78,803
Closing book cost	23,410	80,276	103,686
Closing unrealised appreciation/(depreciation)	1,903	(26,786)	(24,883)
	25,313	53,490	78,803

During the year, £7,359,000 of the prior year unrealised depreciation was transferred to realised as disclosed in note 13.

	2001 £'000	2000 £'000
9. Debtors		
Securities sold for future settlement	1,256	242
Income tax recoverable	187	10
Dividends and interest receivable	476	532
Foreign tax recoverable	6	3
	1,925	787

	2001 £'000	2000 £'000
10. Creditors		
Amounts falling due within one year:		
Securities purchased for future settlement	1,681	888
Other creditors	100	60
Short term bank loan	–	757
Interest on USD fixed loan	542	–
	2,323	1,705

Notes to the Accounts *continued*

	2001 £'000	2000 £'000
11. Creditors		
Amounts falling due after more than one year:		
USD loan at Allied Irish Bank plc of $27,000,000		
expiring 11th July 2005 at a fixed rate of 7.61% per annum	19,006	–
	19,006	–

	2001 £'000	2000 £'000
12. Share capital		
Authorised:		
18,000,000 13.0% cumulative preference shares of £1 each	18,000	18,000
24,000,000 ordinary shares of 50p each	12,000	12,000
	30,000	30,000
Issued and fully paid:		
13.0% cumulative preference shares in issue at		
Opening balance of 16,993,099 shares (2000: same)	16,993	16,993
Repurchase of 1,647,580 shares (2000: nil)	(1,648)	–
Closing balance of 15,345,519 shares (2000: 16,993,099 shares)	15,345	16,993
Ordinary shares of 50p each:		
In issue at beginning and end of year (18,522,356 shares)	9,261	9,261
Total issued and fully-paid at end of year	24,606	26,254

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000
13. Reserves					
Beginning of year	7,224	–	72,396	(11,045)	2,433
Unrealised loss on USD loan	–	–	–	(1,026)	–
Net gains on currency transactions	–	–	60	–	–
Realised losses on investments	–	–	(8,050)	–	–
Unrealised losses now realised	–	–	(7,359)	7,359	–
Increase in unrealised depreciation	–	–	–	(21,197)	–
Repurchase of preference shares	–	1,648	(2,384)	–	–
Finance costs charged to capital	–	–	(1,274)	–	–
Expenses charged to capital	–	–	(459)	–	–
Tax relief on management fee and					
finance costs charged to capital	–	–	365	–	–
Other capital credits	–	–	20	–	–
Revenue deficit	–	–	–	–	(197)
	7,224	1,648	53,315	(25,909)	2,236

14. Net asset value per share

The net asset value per share at the year end is as follows:

	Net asset value per share attributable		*Net asset values attributable*	
	2001	*2000*	***2001***	*2000*
	p	*p*	***£'000***	*£'000*
Ordinary shares	**257.9**	433.4	**47,775**	80,269
Preference shares	**100.0**	100.0	**15,345**	16,993

The movements during the year of the assets attributable to each class of share were as follows:

	Ordinary shares £'000	***Preference shares £'000***	***Total £'000***
Total net assets attributable at beginning of year	**80,269**	**16,993**	**97,262**
Total recognised (losses)/gains for the year	**(31,758)**	**2,102**	**(29,656)**
Dividends appropriated in the year	**–**	**(2,102)**	**(2,102)**
Repurchase of preference shares	**(736)**	**(1,648)**	**(2,384)**
Total net assets attributable at end of year	**47,775**	**15,345**	**63,120**

	2001 £'000	*2000 £'000*
15. Reconciliation of movements in shareholders' funds		
Opening shareholders' funds	**97,262**	106,440
Total recognised losses for the year	**(29,656)**	(6,784)
Dividends on preference shares	**(2,102)**	(2,209)
Dividends on ordinary shares	**–**	(185)
Repurchase of preference shares	**(2,384)**	–
Closing shareholders' funds	**63,120**	97,262

	2001 £'000	*2000 £'000*
16. Cash flow statement		
Reconciliation of revenue to net cash inflow from operating activities:		
Income before interest payable and taxation	**2,290**	2,357
Scrip dividends received as income	**–**	(45)
Decrease/(increase) in accrued income	**56**	(63)
Decrease in other debtors	**–**	4
Increase in other creditors	**40**	22
Tax on unfranked income	**(210)**	(15)
Expenses charged to capital	**(459)**	(473)
	1,717	1,787
Reconciliation of net cash flow to movement in net debt:		
(Decrease)/increase in cash for the year	**(2,903)**	6,651
Cash inflow from change in debt	**(17,223)**	(114)
Change in net debt resulting from cash flows	**(20,126)**	6,537
Effect of changes in foreign exchange rates	**(966)**	(87)
Movement in net funds for the year	**(21,092)**	6,450
Net funds/(debt) at beginning of the year	**5,807**	(643)
Closing net (debt)/funds	**(15,285)**	5,807

Analysis of net funds

	As at 1st June 2000 £'000	*Cash flow £'000*	*Exchange movement £'000*	***As at 31st May 2001 £'000***
Cash at bank and in hand	6,564	(2,903)	60	**3,721**
Debt due within one year	(757)	757	—	**—**
Debt due after more than one year	—	(17,980)	(1,026)	**(19,006)**
	5,807	(20,126)	(966)	**(15,285)**

17. Transactions with JPMorgan Fleming

Details of the management contract are set out on page 17. The terms make allowance for the exclusion of management charges on investments held in funds managed by J.P. Morgan Fleming Asset Management (UK) Limited (JPMFAM). No such investments were held during the year. The management fee paid to JPMFAM for the year can be found in note 2, page 27. JPMFAM was also paid £54,990 for the marketing of 'wrapper' products (2000: £44,388).

JPMFAM carries out some of its dealing transactions through other group subsidiaries. These transactions are carried out at arm's length. A minimal amount of commission was paid during the year and the preceding year. The Company has been informed that certain of its dealing transactions may be subject to soft commission arrangements.

The Company had a loan facility and current deposit account with Robert Fleming & Co. Limited which were utilised during the year. Interest paid to Robert Fleming & Co. Limited during the year was £122 (2000: £14,766).

18. Financial Instruments

The Company's financial instruments comprise:

- investments including equity and non-equity shares with international exposure. These are held in accordance with the Company's investment objective and policies.
- short-term debtors, creditors and immaterial cash amounts arising directly from its operations.
- bank loan denominated in US dollar for which the main purpose is to raise finance for the Company's operations.

As an investment trust, the Company invests in securities for the long term. Accordingly it is, and has been throughout the year under review, the Company's policy that no short term trading in investments or other financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments is market price risk which incorporates both foreign currency and interest rate risk. The Board's policies for managing these risks are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Board meets at least four times a year to consider the asset allocation of the portfolio and as part of its reviews considers the risk associated with particular countries or industry sectors. The Manager has responsibility for monitoring the existing portfolio selected in accordance with overall asset allocation parameters described above and seeks to ensure that individual stocks also meet the risk/reward profile that is acceptable.

Foreign currency risk

The income and capital value of the Company's investments can be significantly affected by exchange rate movements as the majority of the Company's assets and income are denominated in currencies other than sterling which is the Company's reporting currency.

The Board has identified three principal areas where foreign currency risk could impact the Company:

– Movements in rates affecting the value of investments;

– Movements in rates affecting short term timing differences; and

– Movements in rates affecting the income received.

The Company does not currently hedge the sterling value of investments that are priced in other currencies.

The Company may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date an investment is bought or sold and the date when settlement of the transaction occurs.

Liquidity risk

The Company's assets comprise mainly realisable securities, which can be sold to meet funding requirements if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

Currency exposures

The following is an analysis of the Company's net assets by currency at 31st May 2001.

	2001	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*	***2001***	*2000*
	US £m	*US £m*	***JPY £m***	*JPY £m*	***Euro £m***	*Euro £m*	***Other £m***	*Other £m*	***Total £m***	*Total £m*
Investments	**28.3**	39.4	**4.9**	7.7	**9.3**	7.6	**11.2**	8.4	**53.7**	63.1
Net current assets	**2.5**	(0.2)	**0.2**	–	**–**	0.2	**–**	–	**2.7**	–
Long term loans	**(19.0)**	–	**–**	–	**–**	–	**–**	–	**(19.0)**	–
Financial instruments outstanding at year end	**11.8**	39.2	**5.1**	7.7	**9.3**	7.8	**11.2**	8.4	**37.4**	63.1

Interest rate risk profile of financial assets

The majority of the Company's financial assets are equity shares or other investments which neither pay interest nor have a maturity date. However, the portfolio does contain certain investments which exhibit one or both of these characteristics. The interest rate profile of such investments at 31st May is:

	Sterling 2001 £'m	*Sterling 2000 £'m*
Fixed rate investments	**33.7**	18.6

The interest rate, on a weighted average basis, is 8.03% (2000: 8.8%). The average period for which the interest rate is fixed is 11 years.

Non-equity shares

The Company has issued 16,993,099 100 pence cumulative preference shares with an effective rate of interest of 13% per annum. The shares are denominated in Sterling and will be redeemed in November 2010.

1,697,580 preference shares were repurchased during the year, resulting in an outstanding total of 15,345,519 as at 31st May 2001.

Fair value of financial instruments

Financial assets and liabilities are included in the balance sheet at values which represent fair values except in respect of the item disclosed below. Market values have been used to determine the fair value of the cumulative preference shares. The fair value of the loan has been calculated by estimating the breakage cost.

	Accounts value 2001 £'m	*Accounts value 2000 £'m*	***Fair value 2001 £'m***	*Fair value 2000 £'m*
Cumulative preference shares	**15.0**	17.0	**20.8**	22.7
US loan at Allied Irish Bank of $27,000,000 at 7.61%	**19.0**	–	**20.9**	–
	34.0	17.0	**41.7**	22.7

Notice of Meeting

Notice is hereby given that the sixteenth Annual General Meeting of The Fleming Technology Trust plc will be held at 10 Aldermanbury, London EC2V 7RF at 2.30 pm on 3rd October 2001 for the following purposes:

1 To receive and adopt the Directors' report, the annual accounts and the auditors' report for the year ended 31st May 2001.

2 To re-elect Mr J P de Blocq van Kuffeler a Director of the Company.

3 To re-elect Mr J G Tregoning a Director of the Company.

4 To re-appoint Ernst & Young LLP as auditors to the Company and to authorise the Directors to agree their remuneration.

Special Business:
To consider the following resolutions which will be proposed as special resolutions:

5 THAT
subject to the passing of the extraordinary resolutions set out in the notices each dated 2nd October 2001 convening separate general meetings of the holders of the ordinary shares of 50 pence each in the capital of the Company (**"ordinary shares"**) and the holders of the 13.0 per cent. cumulative preference shares of £1 each in the capital of the Company (**"preference shares"**) at the respective separate general meetings of holders of ordinary shares and preference shares or any adjournment thereof, the Company generally be and is hereby authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of the said Act) of its issued ordinary shares.

PROVIDED ALWAYS THAT

(i) the maximum number of ordinary shares hereby authorised to be purchased is 2,776,501 (representing 14.99% of the Company's issued ordinary share capital);

(ii) the minimum price which may be paid for such shares is 50p per share;

(iii) the maximum price (exclusive of expenses) which may be paid for such shares shall be 5% above the average of the middle market quotations taken from the Daily Official List of the London Stock Exchange plc for the five business days before the purchase is made;

(iv) the Company shall only purchase ordinary shares under the authority hereby conferred to the extent that, immediately following the purchase of ordinary shares by the Company, the ratio of net assets of the Company (determined on the basis of the most recent published net asset value of the Company (whether audited or unaudited)) to the amount which would be payable to the holders of preference shares on a return of assets on the winding-up of the Company would not be less than 5:1;

(v) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2002 and the date which is eighteen months after the date on which this resolution is passed;

(vi) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

6 THAT

subject to the passing of the extraordinary resolutions set out in the notices each dated 2nd October 2001 convening separate general meetings of the holders of the ordinary shares of 50 pence each in the capital of the Company (**"ordinary shares"**) and the holders of the 13.0 per cent. cumulative preference shares of £1 each in the capital of the Company (**"preference shares"**) at the respective separate general meetings of holders of ordinary shares and preference shares or any adjournment thereof, the Company generally be and is hereby authorised for the purpose of Section 166 of the Companies Act 1985 to make market purchases (as defined in Section 163 of the said Act) of preference shares.

PROVIDED ALWAYS THAT

(i) the maximum number of preference shares hereby authorised to be purchased is 2,300,293 (representing 14.99% of the Company's issued preference share capital);

(ii) the minimum price which may be paid for such shares is £1 per share;

(iii) the maximum price (exclusive of expenses) which may be paid for such shares shall be 5% above the average of the middle market quotations taken from the Daily Official List of the London Stock Exchange plc for the five business days before the purchase is made;

(iv) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2002 and the date which is eighteen months after the date on which this resolution is passed;

(v) the Company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

By order of the Board
J.P. Morgan Fleming Asset Management (UK) Limited,
Secretary
23rd August 2001

Notes

1 Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the above meeting is 2.30 pm on 1st October 2001 or, in the event that the annual general meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting. Changes to entries on the register of members after 2.30 pm on 1st October 2001 or, in the event that the annual general meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the annual general meeting.

2 Any member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him; and such proxy need not be a member. The lodging of a form of proxy does not prevent a member from attending and voting if they so wish.

3 Any instrument appointing a proxy, to be valid, must be lodged, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, at the Company's transfer office at the Registrar, being Lloyds TSB Registrars, at Reference 1085, The Causeway, Worthing, West Sussex BN99 6DA not less than 48 hours before the time fixed for the meeting.

4 Entry to the annual general meeting will be restricted to holders of ordinary shares, with guests only by prior agreement.

5 In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

Notice of Meeting

NOTICE is hereby given that a Separate General Meeting of the holders of ordinary shares of 50p each in the capital of the Company ("ordinary shares") will be held at 10 Aldermanbury, London EC2V 7RF on 2nd October 2001 at 2.00 pm for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution:

Extraordinary Resolution

THAT, sanction be and is given to the passing by the Company in general meeting of the resolutions numbered 5 and 6 set out in the notice convening an Annual General Meeting of the Company on 3rd October 2001 at 2.30 pm and to all modifications, abrogation and variations of the special rights attaching to the ordinary shares of 50p each in the capital of the Company made or deemed to be made by the same.

If this meeting should be adjourned on the basis that there is not a quorum of holders of the ordinary shares present in person or by proxy, the adjourned meeting will be held at 10 Aldermanbury, London EC2V 7RF on 3rd October 2001 at 2.20 pm.

By Order of the Board
J.P. Morgan Fleming Asset Management (UK) Ltd
Secretary
23rd August 2001

Notes

1 Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the time by which a person must be entered *on the register of members in order to have the right to attend or vote at the above meeting is 2.00 pm on 30th September* 2001 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting. Changes to entries on the register of members after 2.00 pm on 30th September 2001 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the meeting.

2 Any member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him; and such proxy need not be a member. The lodging of a form of proxy does not prevent a member from attending and voting if they so wish.

3 Any instrument appointing a proxy, to be valid, must be lodged, together with the power of attorney or other authority, if any, under which it is signed or notarially certified or an office copy thereof, at the Company's transfer office at the office of the Registrar being Lloyds TSB Registrars, at Reference 1085, The Causeway, Worthing, West Sussex BN99 6DA not less than 48 hours before the time fixed for the meeting.

4 Entry to the meeting will be restricted to holders of ordinary shares, with guests only by prior agreement.

5 The quorum at the separate general meeting of holders of ordinary shares is two persons present holding or representing by proxy at least one third in nominal value of the issued share capital of the ordinary shares. If within five minutes from the time appointed for the meeting a quorum is not present, then the meeting of holders of ordinary shares shall be adjourned to 2.20 pm on 3rd October 2001. The quorum for such adjourned meeting of holders of ordinary shares is any holder of ordinary shares present either in person or by proxy.

6 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant holding.

Notice of Meeting

NOTICE is hereby given that a Separate General Meeting of the holders of 13.0 per cent. cumulative preference shares of £1 each in the capital of the Company ("preference shares") will be held at 10 Aldermanbury, London EC2V 7RF on 2nd October 2001 at 2.05 pm (or as soon thereafter as the Separate General Meeting of holders of ordinary shares of 50p each in the capital of the Company convened for 2.05 pm on the same day and at the same place shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution:

Extraordinary Resolution

THAT, sanction be and is given to the passing by the Company in general meeting of the resolutions numbered 5 and 6 set out in the notice convening an Annual General Meeting of the Company on 3rd October 2001 at 2.30 pm and to all modifications, abrogation and variations of the special rights attaching to the preference shares of £1 each in the capital of the Company made or deemed to be made by the same.

If this meeting should be adjourned on the basis that there is not a quorum of holders of the preference shares present in person or by proxy, the adjourned meeting will be held at 10 Aldermanbury, London EC2V 7RF on 3rd October 2001 at 2.25 pm.

By Order of the Board
J.P. Morgan Fleming Asset Management (UK) Ltd
Secretary
23rd August 2001

Notes

1 Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the above meeting is 2.05 pm on 30th September 2001 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting. Changes to entries on the register of members after 2.05 pm on 30th September 2001 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the meeting.

2 Any member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him; and such proxy need not be a member. The lodging of a form of proxy does not prevent a member from attending and voting if they so wish.

3 Any instrument appointing a proxy, to be valid, must be lodged, together with the power of attorney or other authority, if any, under which it is signed or notarially certified or an office copy thereof, at the Company's transfer office at the office of the Registrar being Lloyds TSB Registrars, at Reference 1085, The Causeway, Worthing, West Sussex BN99 6DA not less than 48 hours before the time fixed for the meeting.

4 Entry to the meeting will be restricted to holders of preference shares, with guests only by prior agreement.

5 The quorum at the separate general meeting of holders of preference shares is two persons present holding or representing by proxy at least one third in nominal value of the issued share capital of the preference shares. If within five minutes from the time appointed for the meeting a quorum is not present, then the meeting of holders of preference shares shall be adjourned to 2.25 pm on 3rd October 2001. The quorum for such adjourned meeting of holders of preference shares is any holder of preference shares present either in person or by proxy.

6 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant holding.

Information about the Company

History

Your Company was incorporated on 3rd April 1984 as Save & Prosper Return of Assets Investment Trust Plc. It had a split capital structure and was due to be wound up between 2008/10. The £29.2m which was raised was invested in fixed proportions in three specialised unit trusts managed by Save & Prosper.

In June 1993 the Company was reorganised, changing its name to The Fleming Geared Income & Assets Investment Trust plc and adopting an investment objective of growth of income and capital from investment in the UK through a split capital structure.

In November 1997 the Company was further reorganised. The split capital structure was removed, the winding-up date was fixed at 30th November 2010 and the name of the Company was changed to *The Fleming Geared Growth Investment Trust plc.*

In March 2000 the Company was again reorganised and the Company's investment objective was changed to capital growth from global investment in the applied science and technology sectors. The name of the Company was changed to The Fleming Applied Science and Technology Trust plc.
In September 2001 the name of the Company was changed to the current form.

Financial Calendar

Financial year end	31st May
Half year results announced	January
Full year results announced	July
Annual General Meeting	September
Dividends on ordinary shares	none expected
Dividends on preference shares	31st May, 30th November

Company Number

1805708

Market Information

The Company's shares are listed on the London Stock Exchange. The market price of the ordinary shares are shown daily in the Financial Times, The Times, The Daily Telegraph, The Independent, the Herald and on the Fleming Internet site at www.jpmorganfleming.co.uk/its. The market price of the preference shares are shown daily in the Financial Times, The Times and The Daily Telegraph. The market price of the Units can be obtained by phoning the Fleming Helpline on 0500 500 324.

Share Transactions

The shares may be dealt in directly through a stockbroker or through a professional adviser acting on an investor's behalf. They may also be purchased and held through the Investment Trust Share Plan, ISA and Pension Account.

AI TC The Company is a member of The Association of Investment Trust Companies.

Investing through JPMorgan Fleming

JPMorgan Fleming has a range of "wrapper" products available which enable investors to purchase Fleming investment trusts as follows:

Share Plan

The Investment Trust Share Plan is a savings plan allowing investments in any of the Fleming investment trusts, as shown below. The minimum investment is £50 per month or a lump sum of £500. There is a 1% transaction charge (plus 0.5% Government stamp duty) on all purchases, with a maximum charge of £50 for each transaction in each trust.

Individual Savings Account ('ISA')

Tax-free savings in any of the Fleming investment trusts through either a mini or a maxi stocks and shares component ISA. Under current legislation, investments grow free of income and capital gains tax. The minimum investment is £100 per month per trust or a lump sum of £1,000 per trust subject to the overall annual allowances.

Personal Equity Plan ('PEP') Transfer

Available to investors with existing PEPs with other providers who would like to consolidate their investments. Under current legislation investments grow free of all income and capital gains tax. The minimum transfer value is £1,000 per trust.

The Range of Fleming Investment Trusts

Fleming American
Capital growth from North American investments

Fleming Asian
Capital growth from Asian investments, excluding Japan

Fleming Chinese
Capital growth from 'Greater China' investments

Fleming Claverhouse
Capital and income growth from UK investments

Fleming Continental European
Capital growth from Continental European investments

Fleming Emerging Markets
Capital growth from emerging markets worldwide

Fleming European Fledgeling
Capital growth from smaller Continental European companies

Fleming Income & Capital
Income and capital growth from UK investments through a split-capital structure

Fleming Income & Growth
Income and capital growth from higher-yielding investments through a split-capital structure. Invests in equities and fixed interest securities.

Fleming Indian
Capital growth from investment in India

Fleming Japanese
Capital growth from Japanese investments

Fleming Japanese Smaller Companies
Capital growth through investment in small and medium-sized Japanese companies

Fleming Managed Growth
Long-term capital growth from investing in the range of investment trusts managed by JPMorgan Fleming.

Fleming Managed Income
Growth of income with potential of long-term capital growth from investing in JPMorgan Fleming managed funds and fixed income securities

Fleming Mercantile
Capital growth from a portfolio of medium and smaller UK companies

Fleming Mid Cap
Capital growth from medium-sized UK companies

Fleming Overseas
Capital growth from overseas markets

Fleming Smaller Companies
Capital growth from UK smaller companies

Fleming Technology
Capital growth from investment in the global technology sector

Fleming US Discovery
Capital growth from investing in US micro cap companies

Fleming Worldwide Income
High income with capital growth through a split-capital structure from a portfolio of equities and bonds with international exposure

Contact Details

Manager, Secretary and Company's Registered Office

J.P. Morgan Fleming Asset Management (UK) Limited

Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ
Telephone number: 020 7742 6000
Please contact Hilary Lowe for company secretarial and administrative matters.

Auditor

Ernst & Young LLP

Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Registrars

Lloyds TSB Registrars

Reference 1085, The Causeway, Worthing, West Sussex, BN99 6DA.
Telephone number: 0870 600 3984
Notifications of changes of address and enquiries regarding certificates or dividend cheques should be made in writing to the Registrar, quoting reference 1085.
Registered shareholders can obtain further details on their holdings on the internet by visiting www.shareview.co.uk

JPMorgan Fleming Brochureline

Freephone 0800 40 30 30 (8.00 am to 6.00 pm Monday to Friday, 9.00 am to 5.00 pm weekends).
Please use this service to order ISA, PEP Transfer, Pension Account or Share Plan literature and/or annual reports of the Fleming investment trusts.

JPMorgan Fleming Helpline

Freephone 0500 500 324 or 01708 776851 (8.00 am to 6.00 pm Monday to Friday).
Please use this service if you have any general queries about the Fleming investment trusts or any other JPMorgan Fleming products.

Account Queries

If you have an account query and your Fleming investment trust shares are held in one of the Fleming "wrapper" products please call:

The Investment Trust Share Plan, ISA and PEP	**Freephone 0500 500 324** or 01708 776851
Investment Trust Pension Account	**Freephone 0800 413 176** or 01722 414 888

You can visit the Fleming investment trusts web site at

www.jpmorganfleming.com/its

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