SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1998-03-27** | Period of Report: **1997-12-31**
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FILER

TECHNOLOGY FUNDING MEDICAL PARTNERS I L P	Mailing Address	Business Address
CIK:**893755**| IRS No.: **943166762** | State of Incorp.:**DE** | Fiscal Year End: **1231** Type: **10-K** | Act: **34** | File No.: **814-00124** | Film No.: **98576128**	*2000 ALAMEDA DE LAS PULGAS STE 250 SAN MATEO CA 94403*	*2000 ALAMEDA DE LAS PULGAS STE 250 SAN MATEO CA 94403 4153452200*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from N/A to N/A

Commission File No. 814-124

TECHNOLOGY FUNDING MEDICAL PARTNERS I, L.P.
(Exact name of Registrant as specified in its charter)

DELAWARE	94-3166762
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2000 Alameda de las Pulgas, Suite 250 San Mateo, California	94403
(Address of principal executive offices)	(Zip Code)

(650) 345-2200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: Limited Partnership Units

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

No active market for the units of limited partnership interests ("Units") exists, and therefore the market value of such Units cannot be determined.

Documents incorporated by reference: Portions of the Prospectus dated May 3, 1993, forming a part of Registration Statement No. 33-54002, as modified by Cumulative Supplement No. 4 dated January 4, 1995, filed pursuant to Rule 424(c) of the General Rules and

Regulations under the Securities Act of 1933 are incorporated by reference in Parts I and III hereof. Portions of the Prospectus of Technology Funding Venture Capital Fund VI, LLC, as revised January 22, 1998, forming a part of the December 5, 1997 Pre-effective Amendment No. 1 to the Form N-2 Registration Statement No. 333-23913 dated July 11, 1997, and incorporated by reference in part III hereof.

PART I

Item 1. BUSINESS

Technology Funding Medical Partners I, L.P. (the "Partnership") is a limited partnership organized under the laws of the State of Delaware on September 3, 1992, and was inactive until it commenced the sale of Units in May of 1993. The purpose of the Partnership is to make venture capital investments in emerging growth companies as described in the "Introductory Statement" and "Business of the Partnership" sections of the Prospectus dated May 3, 1993. The Partnership has elected to be a business development company under the Investment Company Act of 1940, as amended (the "Act"), and operates as a non-diversified investment company as that term is defined in the Act. Additional characteristics of the Partnership's business are discussed in the "Risk Factors" and "Conflicts of Interest" sections of the Prospectus, which sections are also incorporated herein by reference. The Partnership Agreement provides that the Partnership will terminate December 31, 2002, subject to the right of the Individual General Partners to extend the term for up to two additional two-year periods.

Item 2. PROPERTIES

The Registrant has no material physical properties.

Item 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the Registrant is party or of which any of its property is the subject, other than ordinary routine litigation incidental to the business of the Partnership.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of the holders of units of limited partnership interests ("Units") during 1997.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) There is no established public trading market for the Units.

(b) At December 31, 1997, there were 833 record holders of Units.

(c) The Registrant, being a partnership, does not pay dividends. Distributions of cash and securities, however, may be made to the partners in the Partnership pursuant to the Registrant's Partnership Agreement.

Item 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

For the Years Ended and As of December 31,

<S>	1997	1996	1995	1994	1993
Interest income	$ 73,349	178,979	245,800	132,394	16,706
Dividend income	136	--	--	--	--
Net operating loss	(480,820)	(410,597)	(328,499)	(188,769)	(113,431)
Net realized gain (loss) from sales of equity investments	1,168	(1,876)	--	--	--
Net realized loss	(479,652)	(412,473)	(328,499)	(188,769)	(113,431)
Change in net unrealized fair value of equity investments	1,101,284	377,961	(8,447)	--	--
Net income (loss)	621,632	(34,512)	(336,976)	(188,769)	(113,431)
Net realized loss per Unit	(6)	(5)	(4)	(4)	(12)
Total assets	6,646,391	6,019,828	6,057,701	4,876,769	2,597,416
Distributions declared	--	--	77,789	132,394	16,706
Distributions declared per Unit (1)	--	--	1	3	2

(1) Calculation is based on distributions declared to Limited Partners divided by weighted average number of Units outstanding during the year.

Refer to the financial statement notes entitled "Summary of Significant Accounting Policies" and "Allocation of Profits and Losses" for a description of the method of calculation of net realized income (loss) per Unit.
</TABLE>

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

During 1997, net cash used by operating activities totaled $478,611. The Partnership paid management fees of $145,380 to the Managing General Partners and paid related parties $263,204 for operating expenses. In addition, $31,804 was paid to the Individual General Partners as compensation for their services. The Partnership paid other operating expenses of $100,938 and received $62,715 in interest and dividend income. During 1997, the Partnership purchased $1,357,786 in

equity investments mostly in the biotechnology and medical/diagnostic equipment industries. At December 31, 1997, the Partnership was not committed to fund any additional investments.
Cash and cash equivalents at December 31, 1997, were $157,137. Future proceeds from investment sales, interest income earned on short-term investments and operating cash reserves along with Managing General Partners' support are expected to be adequate to fund Partnership operations through the next twelve months.

Results of Operations

1997 compared to 1996

Net income was $621,632 for 1997 compared to net loss of $34,512 in 1996. The increase to net income was primarily due to a $723,323 increase in the change in net unrealized fair value of equity investments. This change was partially offset by a $105,630 decrease in interest income.

The Partnership recorded an increase in equity investment unrealized fair value of $1,101,284 in 1997, compared to an increase of $377,961 in 1996. The 1997 increase was primarily attributable to increases in portfolio companies in the pharmaceuticals and biotechnology industries.

The Partnership recorded management fees of $158,597 for the years ended December 31, 1997 and 1996. Management fees are equal to two percent of total Limited Partner capital contributions for the first year of Partnership operations through the sixth year.

The Partnership recorded interest income of $73,349 and $178,979 for the years ended December 31, 1997 and 1996, respectively. The decrease was mainly due to lower cash and cash equivalents balances in 1997 resulting from new and follow-on investments.

Total operating expenses were $355,904 and $391,841 for 1997 and 1996, respectively. Included in 1997 operating expenses are the costs of the Partnership's relocation of its administrative and investor service operations to Santa Fe, New Mexico. As disclosed in Note 3 to the financial statements, a determination was made in 1996 that certain operational costs paid directly by the Partnership, which had previously been absorbed by the General Partners, were not subject to the 3% operational expense reimbursement limitation. Accordingly, $128,120 was reimbursed by the Partnership to the General Partners.

Given the inherent risk associated with the business of the Partnership, the future performance of the portfolio company investments may significantly impact future operations.

1996 compared to 1995

Net loss was $34,512 for 1996 compared to $336,976 in 1995. The decrease in net loss was primarily due to a $386,438 increase in change in net unrealized fair value of equity investments and a $45,537 decrease in management fees. These changes were partially offset by a $66,821 decrease in interest income and a $61,251 increase in total operating expenses.

The Partnership recorded an increase in equity investment fair value of $377,961 in 1996, compared to a decrease of $8,477 in 1995. The 1996 increase was primarily attributable to increases in portfolio companies in the pharmaceuticals industry, partially offset by decreases in the biotechnology industry.

The Partnership recorded management fees of $158,597 and $204,134 for the years ended December 31, 1996 and 1995, respectively. Management fees are equal to two percent of total Limited Partner capital contributions for the first year of Partnership operations through the sixth year. Pursuant to the Partnership Agreement, a full first year fee is paid to the Managing General Partners as each additional Limited Partner is admitted to the Partnership, regardless of the date the Limited Partner is admitted. Management fees were higher in 1995 due to Unit sales.

The Partnership recorded interest income of $178,979 and $245,800 for the years ended December 31, 1996 and 1995, respectively. The decrease was mainly due to lower cash and cash equivalents balances in 1996 resulting from new and follow-on investments.

Total operating expenses were $391,841 and $330,590 for 1996 and 1995, respectively. As disclosed in Note 3 to the financial statements, a determination was made in 1996 that certain operational costs paid directly by the Partnership, which had previously been absorbed by the General Partners, were not subject to the 3% operational expense reimbursement limitation. Accordingly, $128,120 was reimbursed by the Partnership. In 1995, operating cost allocations to the Partnership were reevaluated, resulting in $52,403 of additional expenses in 1995 of which $25,790 related to prior years. If the $25,790 had been recorded in prior years, operating expenses (before expenses absorbed by General Partners and expenses previously absorbed by General Partners of $128,120) would have been $317,731 and $382,758 for 1996 and 1995, respectively. The 1995 amount was higher due to the recognition of the $89,086 contingent liability at December 31, 1994, which was reflected in 1995 operating expenses based on additional Units sold in 1995.

The Year 2000

The Managing General Partner is currently reviewing the Partnership's information systems in anticipation of the potential computer software problems associated with the Year 2000. The Year 2000 issue exists because many computer software programs use only two digits to identify a year in the date field and were developed without considering the impact of the upcoming change in the century. The Managing General Partner currently expects to complete the necessary critical software conversion modifications in 1999, and does not anticipate any material adverse impact on the financial position or results of operations of the Partnership, as a result of the Year 2000 issue.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements of the Registrant are set forth in Item 14.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

As a partnership, the Registrant has no directors or executive officers. The Management Committee is responsible for the management and administration of the Partnership. The members of the Management Committee consist of three Individual General Partners and a representative from each of Technology Funding Ltd., a California limited partnership ("TFL"), and its wholly-owned subsidiary, Technology Funding Inc., a California corporation ("TFI"). TFL and TFI are the Managing General Partners. Information concerning the ownership of TFL and the business experience of the key officers of TFI and the partners of TFL is incorporated by reference from the sections entitled "Management of the Partnership - The Managing General Partners" and "Management of the Partnership - Key Personnel of the Managing General Partners" in the Prospectus as modified by Cumulative Supplement No. 4 dated January 4, 1996, which are incorporated herein by reference. Changes in this information that have occurred since the date of the Prospectus are included in the Technology Funding Venture Capital Fund VI, LLC Prospectus as revised January 22, 1998, forming a part of the December 5, 1997 Pre-effective Amendment No 1 to the Form N-2 Registration Statement No 333-23913 dated July 11, 1997, which are incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION

As a partnership, the Registrant has no officers or directors. In 1997, the Partnership incurred $158,597 in management fees. The fees are designed to compensate the Managing General Partners for General Partner Overhead incurred in performing management duties for the Partnership through December 31, 1997. General Partner Overhead (as defined in the Partnership Agreement) includes the General Partners' share of rent and utilities, and certain salaries and benefits paid by the Managing General Partners in performing their obligations to the Partnership. As compensation for their services, the Individual General Partners each receive $6,000 annually beginning on the Commencement Date, plus $1,000 for each attended meeting of the Individual General Partners, and related expenses. For the year ended December 31, 1997, $31,804 of such fees were paid.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Not applicable. No Limited Partner beneficially holds more than 5% of the aggregate number of Units held by all Limited Partners, and neither the General Partners nor any of their officers, directors or partners own any Units. The three Individual General Partners each own 20 Units. The Individual General Partners control the affairs of the Partnership pursuant to the Partnership Agreement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Registrant, or its investee companies, have engaged in no transactions with the General Partners or their officers and partners other than as described above, in the notes to the financial statements, or in the Partnership Agreement.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) List of Documents filed as part of this Annual Report on Form 10-K

(1) Financial Statements - the following financial statements are filed as a part of this Report:

- Independent Auditors' Report
- Balance Sheets as of December 31, 1997 and 1996
- Statements of Operations for the years ended December 31, 1997, 1996 and 1995
- Statements of Partners' Capital for the years ended December 31, 1997, 1996 and 1995
- Statements of Cash Flows for the years ended December 31, 1997, 1996 and 1995
- Notes to Financial Statements

(2) Financial Statement Schedules

All schedules have been omitted because they are not applicable or the required information is included in the financial statements or the notes thereto.

(3) Exhibits

Registrant's Amended and Restated Limited Partnership Agreement (incorporated by reference to Exhibit A to Registrant's Prospectus dated May 3, 1993, included in Registration Statement No. 33-54002 filed pursuant to Rule 424(b) of the General Rules

and Regulations under the Securities Act of
1933).

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Registrant during the year ended December 31, 1997.

(c) Financial Data Schedule for the year ended and as of December 31, 1997 (Exhibit 27).

INDEPENDENT AUDITORS' REPORT

The Partners
Technology Funding Medical Partners I, L.P.:

We have audited the accompanying balance sheets of Technology Funding Medical Partners I, L.P. (a Delaware limited partnership) as of December 31, 1997 and 1996, and the related statements of operations, partners' capital, and cash flows for each of the years in the three-year period ended December 31, 1997. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of certain securities owned, by correspondence with the individual investee companies, and a physical examination of those securities held by a safeguarding agent as of December 31, 1997 and 1996. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Technology Funding Medical Partners I, L.P. as of December 31, 1997 and 1996, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1997, in conformity with generally accepted accounting principles.

Albuquerque, New Mexico /S/KPMG Peat Marwick LLP
March 25, 1998

BALANCE SHEETS

<TABLE>
<CAPTION>
December 31,

<S> <C> <C>

	1997	1996
ASSETS		
Equity investments (cost basis of $5,011,218 and $3,649,974 in 1997 and 1996, respectively)	$6,481,986	4,019,458
Cash and cash equivalents	157,137	1,985,053
Organizational costs (net of accumulated amortization of $34,000 and $26,000 in 1997 and 1996, respectively)	6,000	14,000
Other assets	1,268	1,317
Total assets	$6,646,391	6,019,828
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable and accrued expenses	$ 29,213	27,548
Due to related parties	31,958	28,692
Total liabilities	61,171	56,240
Commitments and subsequent events (Notes 3, 5 and 8)		
Partners' capital:		
Limited Partners (Units outstanding of 79,716 for both 1997 and 1996)	5,127,957	5,602,813
General Partners	(13,505)	(8,709)
Net unrealized fair value increase from cost of equity investments	1,470,768	369,484
Total partners' capital	6,585,220	5,963,588
Total liabilities and partners' capital	$6,646,391	6,019,828

</TABLE>
See accompanying notes to financial statements.

<PAGE

STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

For the Years Ended December 31,

<S> <C> <C> <C>

	1997	1996	1995
Income:			
Interest income	$ 73,349	178,979	245,800
Dividend income	136	--	--

Total income	73,485	178,979	245,800
Costs and expenses:			
Management fees	158,597	158,597	204,134
Individual General Partners' compensation	31,804	31,138	31,575
Amortization of organizational costs	8,000	8,000	8,000
Operating expenses:			
Administrative and investor services	210,039	154,880	252,565
Investment operations	69,447	62,721	78,333
Computer services	45,699	38,897	29,172
Professional fees	30,719	61,233	48,478
Expenses absorbed by General Partners	--	(54,010)	(77,958)
Expenses previously absorbed by General Partners	--	128,120	--
Total operating expenses	355,904	391,841	330,590
Total costs and expenses	554,305	589,576	574,299
Net operating loss	(480,820)	(410,597)	(328,499)
Net realized gain (loss) from sales of equity investments	1,168	(1,876)	--
Net realized loss	(479,652)	(412,473)	(328,499)
Change in net unrealized fair value of equity investments	1,101,284	377,961	(8,477)
Net income (loss)	$ 621,632	(34,512)	(336,976)
Net realized loss per Unit	$ (6)	(5)	(4)

</TABLE>
See accompanying notes to financial statements.

STATEMENTS OF PARTNERS' CAPITAL

<TABLE>
<CAPTION>
For the years ended December 31, 1997, 1996 and 1995:

	Limited Partners	General Partners	Net Unrealized Fair Value (Decrease) Increase from Cost of Equity Investments	Total
<S>	<C>	<C>	<C>	<C>
Partners' capital, December 31, 1994	$4,780,868	(1,382)	--	4,779,486
Sales of partnership				

interests	1,865,844	1,868	--	1,867,712
Syndication fees	(233,326)	(1,007)	--	(234,333)
Distributions of Offering Period income	(77,011)	(778)	--	(77,789)
Change in net unrealized fair value of equity investments	--	--	(8,477)	(8,477)
Net realized loss	(325,214)	(3,285)	--	(328,499)
	---------	------	---------	---------
Partners' capital, December 31, 1995	6,011,161	(4,584)	(8,477)	5,998,100
Change in net unrealized fair value of equity investments	--	--	377,961	377,961
Net realized loss	(408,348)	(4,125)	--	(412,473)
	---------	------	---------	---------
Partners' capital, December 31, 1996	5,602,813	(8,709)	369,484	5,963,588
Change in net unrealized fair value of equity investments	--	--	1,101,284	1,101,284
Net realized loss	(474,856)	(4,796)	--	(479,652)
	---------	------	---------	---------
Partners' capital, December 31, 1997	$5,127,957	(13,505)	1,470,768	6,585,220
	=========	======	=========	=========

</TABLE>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

	For the Years Ended December 31,		
	1997	1996	1995
	------	------	------
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Interest received	$ 62,579	160,695	245,373
Dividends received	136	--	--
Cash paid to vendors	(100,938)	(111,299)	(92,428)
Cash paid to related parties	(440,388)	(480,081)	(466,503)
	---------	---------	---------
Net cash used by operating activities	(478,611)	(430,685)	(313,558)
	---------	---------	---------
Cash flows from investing activities:			
Purchases of equity investments	(1,357,786)	(1,533,007)	(819,131)
Proceeds from sales of equity investments	8,481	--	--
	---------	---------	---------
Net cash used by investing activities	(1,349,305)	(1,533,007)	(819,131)

Cash flows from financing activities:			
Proceeds from sales of limited partnership interests	--	--	1,865,844
General Partners' capital contribution	--	--	1,868
Distributions of Offering Period income	--	--	(123,713)
Payments for syndication fees and organizational costs	--	--	(234,333)
Net cash provided by financing activities	--	--	1,509,666
Net (decrease) increase in cash and cash equivalents	(1,827,916)	(1,963,692)	376,977
Cash and cash equivalents at beginning of year	1,985,053	3,948,745	3,571,768
Cash and cash equivalents at end of year	$ 157,137	1,985,053	3,948,745
Reconciliation of net income (loss) to net cash used by operating activities:			
Net income (loss)	$ 621,632	(34,512)	(336,976)
Adjustments to reconcile net income (loss) to net cash used by operating activities:			
Amortization of organizational costs	8,000	8,000	8,000
Change in net unrealized fair value of equity investments	(1,101,284)	(377,961)	8,477
Net realized (gain) loss from sales of equity investments	(1,168)	1,876	--
Changes in:			
Accounts payable and accrued expenses	1,665	1,433	899
Due to related parties	3,266	(10,794)	7,343
Other, net	(10,722)	(18,727)	(1,301)
Net cash used by operating activities	$ (478,611)	(430,685)	(313,558)

</TABLE>
See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Technology Funding Medical Partners I, L.P. (the "Partnership") is a limited partnership organized under the laws of the State of Delaware on September 3, 1992. The purpose of the Partnership is to make venture capital investments in emerging growth companies.

The Partnership elected to be a business development company under the Investment Company Act of 1940, as amended (the "Act"), and operates as a non-diversified investment company as that term is defined in the Act. The Managing General Partners are Technology Funding Ltd. ("TFL"), and Technology Funding Inc. ("TFI"), a wholly-owned subsidiary of TFL. There are also three Individual General Partners. A wholly-owned subsidiary of TFI, Technology Funding Securities Corporation ("TFSC"), was the dealer-manager for the offering.

For the period from September 3, 1992, through May 3, 1993, the Partnership was inactive. The Partnership's registration statement was declared effective by the Securities and Exchange Commission on May 3, 1993, and the Partnership began selling units of limited partnership interests ("Units") in May of 1993.

On October 8, 1993, the Commencement Date, the minimum number of Units required to begin Partnership operations (12,000) had been sold. The offering terminated with 79,716 Units sold on May 3, 1995. The Partnership Agreement provides that the Partnership will continue until December 31, 2002, unless further extended for up to two additional two-year periods from such date if the Individual General Partners so determine or unless sooner dissolved.

Preparation of Financial Statements and Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are used when accounting for investments, change in unrealized fair value of investments, liabilities and contingencies. Because of the inherent uncertainty of valuation, the estimated fair value of investments may differ significantly from the values that would have been used had a ready market for investments existed, and the differences could be material.

Equity Investments

The Partnership's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value basis used for investment companies. The fair value of Partnership equity investments is their initial cost basis with changes as noted below:

The fair value for publicly-traded equity investments (marketable equity securities) is based upon the five-day-average closing sales price or bid/ask price that is available on a national securities exchange or over-the-counter market. Certain publicly-traded equity investments may not be marketable due to selling restrictions and for those securities, an illiquidity discount of up to 33% is applied when determining the fair value; the actual discount percentage is based on the type and length of the restrictions. Investments valued under this method were $1,180,687 and $249,469 at December 31, 1997 and 1996, respectively.

All investments which are not publicly traded are valued at fair market value as determined by the Managing General Partners in the absence of readily ascertainable market values. Investments valued under this method were $5,301,299 and $3,769,989 at December 31, 1997 and 1996, respectively. Generally, investments in privately held companies are valued at original cost unless there is clear evidence of a change in fair value, such as a recent round of third-party financings or events that, in the opinion of the Managing General Partners, indicate a change in value.

Convertible and subordinated notes receivable are stated at cost plus accrued interest, which is equivalent to fair value, and are included in equity investments as repayment of these notes generally occurs through conversion into equity investments.

Venture capital limited partnership investments are initially recorded at cost and are valued based on the fair value of the underlying investments. Limited partnership distributions that are a return of capital reduce the cost basis of the Partnership's investment. Distributions from limited partnership cumulative earnings are reflected as realized gains by the Partnership.

Where, in the opinion of the Managing General Partners, events indicate that the fair value of equity and venture capital investments and convertible and subordinated notes receivable may not be recoverable, a write down to estimated fair value is recorded. Temporary changes in fair value result in increases or decreases to the unrealized fair value of equity investments. Adjustments to fair value basis are reflected as "Change in net unrealized fair value of equity investments." In the case of an other than temporary decline in value below cost basis, an appropriate reduction in the cost basis is recognized as a realized loss with the fair value being adjusted to match the new cost basis. Cost basis adjustments are reflected as "Realized losses from investment write-downs" or "Net realized loss from venture capital limited partnership investments" on the Statements of Operations.

Sales of equity investments are recorded on the trade date. The basis on which cost is determined in computing realized gains or losses is specific identification.

Cash and Cash Equivalents

Cash and cash equivalents are principally comprised of cash invested in demand accounts and money market instruments and are stated at cost plus accrued interest. The Partnership considers all money market and short-term investments with an original maturity of three months or less to be cash equivalents.

Organizational Costs

Organizational costs of $40,000 are amortized over 60 months using the straight-line method.

Net Realized Income (Loss) Per Unit

Net realized income (loss) per Limited Partner Unit is calculated by dividing the weighted average number of Limited Partner Units outstanding for the years ended December 31, 1997, 1996 and 1995, of 79,716, 79,716 and 74,425, respectively, into total net realized loss allocated to the Limited Partners. The Managing General Partners contributed 0.1% of total Limited Partner capital contribution and did not receive any Partnership units.

Provision for Income Taxes

No provision for income taxes has been made by the Partnership as the Partnership is not directly subject to taxation. The partners are to report their respective shares of Partnership income or loss on their individual tax returns.

The accompanying financial statements are prepared using generally accepted accounting principles which may not equate to tax accounting. The difference in the total book and tax cost basis as of December 31, 1997, is not material.

Syndication Fees

Syndication fees, which consist of commissions and certain organizational and offering costs, are deducted from the partners' capital accounts. Pursuant to the Partnership Agreement, selling commissions are allocated solely to the Limited Partners. All other syndication fees are allocated 99% to the Limited Partners and 1% to the Managing General Partners. Syndication fees are not deductible for income tax purposes. Such fees may result in a reduction of any gain (or an increase in any loss) realized for tax purposes by the partners upon dissolution of the Partnership or a transfer of their interests.

2. Financing of Partnership Operations

The Managing General Partners expect cash received from the future liquidation of Partnership investments will provide the necessary liquidity to fund Partnership operations. The Partnership may be dependent upon the financial support of the Managing General Partners to fund operations if future proceeds are not received timely. The Managing General Partners have committed to support the Partnership's working capital requirements through short-term advances as necessary.

3. Related Party Transactions

Included in costs and expenses are related party costs as follows:

<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>	1995 <C>
Management fees	$158,597	158,597	204,134
Syndication fees	--	--	234,333
Individual General Partners' compensation	31,804	31,138	31,575
Amortization of organizational costs	8,000	8,000	8,000
Reimbursable operating expenses:			
Administrative and investor services	145,407	114,191	216,113
Investment operations	63,311	52,354	70,810
Computer services	44,535	38,897	29,172
Expenses absorbed by General Partners	--	(54,010)	(77,958)
Expenses previously absorbed			

by General Partners	--	128,120	--

</TABLE>

Management fees are equal to two percent of the total Limited Partner capital contributions for the first year of Partnership operations through the sixth year. Beginning in the seventh year, management fees will decline by ten percent per year from the initial two percent. Management fees compensate the Managing General Partners solely for General Partner overhead (as defined in the Partnership Agreement) incurred in supervising the operation and management of the Partnership and the Partnership's investments. Pursuant to the Partnership Agreement, a full first year fee is paid to the Managing General Partners as each additional Limited Partner is admitted to the Partnership, regardless of the date the Limited Partner is admitted. Management fees payable were $26,433 and $13,216 at December 31, 1997 and 1996, respectively.

The Partnership reimbursed the Managing General Partners for organizational and offering expenses (up to five percent of the total Limited Partner capital contributions) incurred in connection with organizing the Partnership and the offering of Units thereof. Such reimbursements have been reflected in the Statements of Partners' Capital as syndication fees except for $40,000 of organizational costs which have been capitalized.

Also included in the syndication fees are commissions and fees paid to Technology Funding Securities Corporation (TFSC), the dealer-manager. During the year ended December 31, 1995, the Partnership paid commissions and fees of $133,618 of which $118,711 was reallowed to participating broker-dealers. In addition, the Partnership also paid $7,424 in 1995, to TFSC for due diligence expenses (up to one-half of one percent of total Limited Partner capital contributions) that TFSC paid to unaffiliated broker-dealers. No such commissions and fees were paid in 1997 or 1996.

Pursuant to the Partnership Agreement, the Partnership shall reimburse the Managing General Partners for operational costs incurred by the Managing General Partners in conjunction with the business of the Partnership. The Partnership may not pay or reimburse the Managing General Partners for operational costs that aggregate more than 3% of total Limited Partner capital contributions of the Partnership in each year through the first five years of operations after the termination of Unit sales, and 1.5% in any year thereafter. For purposes of this limitation, the Partnership's operating year begins on May 3. No expenses were absorbed by the General Partners in 1997. Amounts due to related parties were $5,525 and $15,476 at December 31, 1997 and 1996, respectively. In 1996 and 1995, the Managing General Partners absorbed $54,010 and $77,958, respectively, in operating expenses. In 1996, it was determined that certain operational costs paid directly to the Partnership, which had previously been absorbed by the General Partners were not subject to this limitation; consequently $128,120 was reimbursed to the General Partners.

Reimbursable operating expenses include expenses (other than Organizational and Offering expenses and General Partner overhead) such as administrative and investor services, investment operations, and computer services. During late 1995, operating cost allocations to the Partnership were reevaluated. The Managing General Partners determined that they had not fully recovered allocable overhead as permitted by the Partnership Agreement. As a result, the Partnership was charged additional administrative and investor services costs of $52,403 that were not previously recognized by the Partnership. This amount consisted of $26,613,and $25,790 for 1995 and prior years, respectively. If this charge had been recorded in prior years, operating expenses (before expenses absorbed by General Partners and expenses not subject to limitation) would have been $317,731 and $382,758 for 1996 and 1995, respectively.

As compensation for their services, the Individual General Partners each receive $6,000 annually beginning on the Commencement Date, plus $1,000 for each of the management committee meetings attended and related expenses. The three Individual General Partners each own 20 Units.

Effective November 1, 1997, TFL assigned its California office lease to Technology Funding Property Management LLC (TFPM), an entity that is affiliated to the Managing General Partner. Under the terms of a rent agreement, TFPM charges the Partnership for its share of office rent and related overhead costs. These amounts are included in administrative and investor service costs.
Under the terms of a computer service agreement, Technology Administrative Management, a division of TFL, charges the Partnership for its share of computer support costs. These amounts are included in computer services expenses.

Officers of the Managing General Partners occasionally receive stock options as compensation for serving on the Boards of Directors of portfolio companies. It is the Managing General Partners' policy that all such compensation be transferred to the investing partnerships. If the options are non-transferable, they are not recorded as an asset of the Partnership. Any profit from the exercise of such options will be transferred if and when the options are exercised and the underlying stock is sold by the officers.

4. Allocation of Profits and Losses

Net realized profit and loss of the Partnership are allocated based on the beginning of year partners' capital balances as follows:

(a)   Profits:

(i) first, to those partners with deficit capital account balances in proportion to such deficits until the deficits have been eliminated; then

(ii) second, to the partners as necessary to offset net loss and sales commissions previously allocated to such partners; then

(iii) third, 75% to the Limited Partners as a group in proportion to the number of Units, 5% to the Limited Partners in proportion to the Unit months of each Limited Partner, and 20% to the Managing General Partners. Unit months are the number of half months a Unit would be outstanding if held from the date the original holder of such Unit was deemed admitted into the Partnership until the termination of the offering of Units.

(b)   Losses:

(i) first, to the partners as necessary to offset net profit previously allocated to the partners under (a)(iii) above plus losses from unaffiliated venture capital limited partnership investments; then

(ii) 99% to the Limited Partners as a group and 1% to the

Managing General Partners.

Losses allocable to Limited Partners in excess of their capital account balances will be allocated to the Managing General Partners. Net profit thereafter, otherwise allocable to those Limited Partners, would be allocated to the Managing General Partners to the extent of such losses.

As indicated above, losses from unaffiliated venture capital limited partnership investments are allocated pursuant to section (b). Gains are allocated first to offset previously allocated losses pursuant to (b)(i) above, and then 99% to Limited Partners and 1% to the Managing General Partners.

Income earned from short-term investments during the Offering Period was allocated monthly, 99% to the Limited Partners and 1% to the Managing General Partners.

In no event shall the General Partners' interest in profits and losses be less than 1%.

5. Equity Investments

At December 31, 1997, and December 31, 1996, equity investments consisted of:

<TABLE>
<CAPTION>

				December 31, 1997		December 31, 1996	
Industry/Company	Position	Investment Date	Principal Amount or Shares	Cost Basis	Fair Value	Cost Basis	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Medical/Biotechnology							
Acusphere, Inc.	Series B Preferred shares	05/95	125,000	$ 200,000	375,000	200,000	267,500
Acusphere, Inc.	Series C Preferred shares	05/96	163,552	350,001	490,656	350,001	350,001
Acusphere, Inc.	Series D Preferred shares	11/97	52,083	156,250	156,250	--	--
Biex, Inc.	Series E Preferred shares	8/97	120,000	300,000	300,000	--	--
CV Therapeutics, Inc.	Common share warrant at $20.00; expiring 09/00	09/95	1,920	768	0	768	0
CV Therapeutics, Inc.	Common shares	11/96	26,455	487,224	240,211	487,224	125,982
Peptide Therapeutics Group	Common shares	02/96	2,151	--	--	7,313	7,823
Prolinx, Inc.	Series A Preferred shares	05/95	119,631	119,631	209,354	119,631	119,631
Prolinx, Inc.	Series A						

	Preferred shares	12/95	124,369	124,369	217,646	124,369	124,369
Prolinx, Inc.	Series A Preferred shares	09/96	156,000	156,000	273,000	156,000	156,000
Prolinx, Inc.	Series B Preferred shares	07/97	164,835	288,461	288,461	--	--
RedCell, Inc.	Series B Preferred shares	12/94	132,979	125,000	0	125,000	125,000
RedCell, Inc.	Convertible note (1)	02/96	$89,966	98,149	98,149	96,285	96,285
RedCell, Inc.	Series C Preferred share warrant exercise price to be determined; expiring 02/01	02/96	$13,495 aggregate purchase price	0	0	0	0
RedCell, Inc.	Convertible note (1)	07/96	$71,973	76,131	76,131	74,692	74,692
RedCell, Inc.	Series C Preferred share warrant exercise price to be determined; expiring 07/01	07/96	$10,796 aggregate purchase price	0	0	0	0
Medical/Diagnostic Equipment							
Endocare, Inc.	Common shares	08/96	2,000	6,000	7,160	6,000	4,824
Endocare, Inc.	Common share warrant at $3.00; expiring 08/01	08/96	30,000	0	13,050	0	12,060
Endocare, Inc.	Convertible note (1)	08/96	$150,000	--	--	158,533	158,533
Endocare, Inc.	Common shares	01/97	66,400	166,000	214,480	--	--
Endocare, Inc.	Common shares	01/97	84,000	294,000	300,720	--	--
LifeCell Corporation	Series B Preferred shares	11/96	2,500	232,089	232,089	247,500	247,500
LifeCell Corporation	Common share warrant at $4.13; expiring 11/01	11/96	56,451	2,500	37,258	2,500	2,500
LifeCell Corporation	Series B Preferred shares	02/97	29	2,692	2,692	--	--
LifeCell	Series B						

Corporation	Preferred shares	05/97	60	5,570	5,570	--	--
LifeCell Corporation	Series B Preferred shares	08/97	38	3,528	3,528	--	--
LifeCell Corporation	Series B Preferred shares	11/97	39	3,621	3,621	--	--
R2 Technology, Inc.	Series A-1 Preferred shares	05/94	100,000	100,000	184,000	100,000	184,000
R2 Technology, Inc.	Series B Preferred share warrant at $2.00; expiring 11/00	11/95	2,417	0	0	0	0
R2 Technology, Inc.	Series B-1 Preferred shares	03/96	17,134	34,268	34,268	34,268	34,268
Health Information Systems							
ADESSO Specialty Services Organization, Inc.	Series D Preferred shares	12/97	11,905	100,002	100,002	--	--
CareCentric Solutions, Inc.	Series A Preferred shares	10/95	66,667	100,000	65,710	100,000	113,333
CareCentric Solutions, Inc.	Series B Preferred shares	09/96	86,999	130,499	85,749	130,499	130,499
CareCentric Solutions, Inc.	Series C Preferred shares	12/97	31,051	32,604	32,604	--	--
CareCentric Solutions, Inc.	Common share warrant at $.15 expiring 12/02	12/97	15,525	13,972	13,972	--	--
Pharmaceuticals							
Axys Pharmaceuticals Inc.	Common shares	12/95	9,464	125,000	78,930	125,000	130,017
Megabios Corp.	Common shares	09/94	64,375	250,000	725,957	250,000	482,813
Megabios Corp.	Common shares	12/94	19,312	75,001	217,781	75,001	144,845
Megabios Corp.	Common shares	07/95	16,737	64,999	188,743	64,999	125,530
Neurex Corporation	Common shares	09/96	149	3,129	2,004	3,129	2,350
Periodontix, Inc.	Series A Preferred shares	12/93	100,000	100,000	245,000	100,000	200,000
Periodontix, Inc.	Series B Preferred shares	02/96	67,000	134,000	164,150	134,000	134,000
Environmental							
Naiad Technologies,	Series A						

Inc.	Preferred shares	12/95	50,000	25,000	162,500	25,000	100,000
Naiad Technologies, Inc.	Series B Preferred Shares	11/96	62,602	125,204	203,457	125,204	125,204
Naiad Technologies, Inc.	Series C Preferred Shares	11/97	49,230	159,998	159,998	--	--
Venture Capital Limited Partnership Investments							
Medical Science Partners II	Limited Partnership Interests	various	$250,000	239,558	272,135	227,058	239,899
Total Equity Investments				$5,011,218	6,481,986	3,649,974	4,019,458

-- No investment held at end of period.
0 Investment active with a carrying value or fair value of zero.
(1) Convertible notes include accrued interest. Interest rates on such notes ranged from 8% to 16%.

</TABLE>

Marketable Equity Securities

At December 31, 1997 and 1996, marketable equity securities had an aggregate cost of $1,084,621 and $587,242, respectively, and an aggregate fair value of $1,180,687 and $249,469, respectively. The unrealized gain/loss at December 31, 1997 and 1996, included gross gains of $391,042 and $5,527, respectively.

Acusphere, Inc.

In November of 1997, the Partnership made an additional investment in the company by purchasing 52,083 Series D Preferred shares for $156,250. The pricing of this round, in which third parties participated, indicated a fair value increase of $248,155 for the Partnership's existing investment.

Adesso Specialty Services Organization, Inc.

In December of 1997, the Partnership purchased 11,905 Series D Preferred shares for $100,002.

Biex, Inc.

In August of 1997, the Partnership purchased 120,000 Series E Preferred shares for $300,000.

CareCentric Solutions, Inc.

In December of 1997, the Partnership made an additional investment in the company by purchasing 31,051 Series C Preferred shares and a warrant for 15,525 common shares for a total cost of $46,576. The pricing of this round, in which third parties participated, indicated a decrease in fair value of $92,373 for the Partnership's existing investment.

Endocare, Inc.

In January of 1997, the Partnership made an additional investment in the company by purchasing 84,000 common shares for $294,000. In addition, the Partnership converted its $150,000 note receivable, including accrued interest of $16,000, into 66,400 common shares at a total cost of $166,000. At December 31, 1997, the Partnership recorded an increase of $58,526 in fair value to reflect the publicly-traded market price of its common stock and warrant investments; the fair value was net of a discount applied for restricted securities.

Megabios Corp.

In September of 1997, the company completed its initial public offering ("IPO"). Prior to the IPO, the company effected a reverse stock split resulting in the Partnership's Preferred shares being converted to 100,424 Common shares. At December 31, 1997, the Partnership recorded an increase in the change in fair value of $379,293 to reflect the publicly traded market price of its investment, net of a discount applied as the Partnership is restricted from selling its shares until March 1998.

Subsequent to year end, the fair value of the Partnership's investment decreased by $319,047 as a result of a decrease in the publicly-traded market price at March 23, 1998.

Naiad Technologies, Inc. (formerly TMC, Inc.)

In November of 1997, the Partnership made an additional investment in the company by purchasing 49,230 Series C Preferred shares for $159,998. The pricing of this round, in which third parties participated, indicated an increase in fair value of $140,753 for the Partnership's existing investment.

Periodontix, Inc.

In December of 1997, the company had an additional round of financing in which the Partnership did not participate. The pricing of this round, indicated an increase in fair value of $75,150 for the Partnership's existing investment.

Prolinx, Inc.

In July of 1997, the Partnership made an additional investment in the company by purchasing 164,835 Series B Preferred shares for $288,461. The pricing of this round in which third parties participated, indicated a $300,000 increase in the fair value of the Partnership's existing investment.

RedCell, Inc.

During the second quarter of 1997, the company had a new round of financing in which the Partnership did not participate. The pricing of this round indicated a decrease in fair value of $125,000 for the Partnership's existing investment at December 31, 1997.

Venture Capital Limited Partnership Investment

The Partnership recorded a cost basis increase of $12,500 in venture capital limited partnership investments in 1997, as a result of an additional capital contribution. The Partnership recorded an increase in fair value of $19,736 due to the additional contribution and an increase in fair value of the underlying investments.

Other Equity Investments

Other significant changes reflected above relate to market value fluctuations or the elimination of a discount relating to selling restrictions for publicly-traded portfolio companies.

6. Change in Net Unrealized Fair Value of Equity Investments

In accordance with the accounting policy as stated in Note 1, the Statements of Operations include a line item entitled "Change in net unrealized fair value of equity investments. " The table below discloses details of the changes:

<TABLE>
<CAPTION>

	For the Years Ended December 31,		
	1997	1996	1995
Increase (decrease) in fair value from cost of marketable equity securities	$ 96,066	(337,773)	--
Increase (decrease) in fair value from cost of non-marketable equity securities	1,374,702	707,257	(8,477)
Net unrealized fair value increase (decrease) from cost at end of year	1,470,768	369,484	(8,477)
Net unrealized fair value increase (decrease) from cost at beginning of year	369,484	(8,477)	--
Change in net unrealized fair value of equity investments	$1,101,284	377,961	(8,477)

</TABLE>

7. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 1997 and 1996, consisted of:

	1997	1996
Demand accounts	$ 3,470	2,844
Money-market accounts	153,667	1,982,209
Total	$157,137	1,985,053

8. Commitments

The Partnership is a party to financial instruments with off-balance-sheet risk in the normal course of its business. Generally, these instruments are commitments for future equity fundings, venture capital limited partnership investments, equipment financing commitments, or accounts receivable lines of credit that are outstanding but not currently fully utilized. As they do not represent current outstanding balances, these unfunded commitments are properly not recognized in the financial statements. At December 31, 1997, the Partnership had no unfunded commitments.

The Partnership uses the same credit policies in making these commitments and conditional obligations as it does for on-balance-sheet instruments. Commitments to extend financing are agreements to lend to a company as long as there are no violations of any conditions established in the contract. The credit lines generally have fixed termination dates or other termination clauses. Since many of the commitments are expected to expire without being fully drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TECHNOLOGY FUNDING MEDICAL PARTNERS I, L.P.

By: TECHNOLOGY FUNDING INC.
Managing General Partner

Date: March 25, 1998 By: /s/Michael Brenner

Michael Brenner
Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Capacity	Date
/s/Charles R. Kokesh ------------------------ Charles R. Kokesh	President, Chief Executive Officer, Chief Financial Officer and Chairman of Technology Funding Inc. and Managing General Partner of Technology Funding, Ltd.	March 25, 1998
/s/Gregory T. George ------------------------ Gregory T. George	Group Vice President of Technology Funding Inc. and a General Partner of Technology Funding, Ltd.	March 25, 1998

The above represents the Board of Directors of Technology Funding Inc. and the General Partners of Technology Funding Ltd.

<TABLE> <S> <C>

<ARTICLE>6
<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FORM 10-K AS OF DECEMBER 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
<MULTIPLIER>1

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A zero value is used since the change in net unrealized fair value is not allocated to General Partners and Limited Partners as it is not taxable. Only taxable gains or losses are allocated in accordance with the Partnership Agreement.
</FN>

</TABLE>