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Talisman First Venture Capital Trust PLC

Interim Report
For the six months ended 30 September 2005



Aberdeen

Key Facts

	Six months to 30 September 2005	Six months to 30 September 2004 (as restated)	Year ended 31 March 2005 (as restated)
Assets			
Net assets at period end	£2,521,000	£2,367,000	£2,405,000
Ordinary shares			
Revenue return for period	(0.2p)	(0.4p)	(0.6p)
Capital return for period	0.6p	(0.6p)	(0.2p)
Total return for period	0.4p	(1.0p)	(0.8p)
Net Asset Value at period end	9.5p	8.9p	9.1p
Share price at period end	6.3p	10.5p	10.5p
Discount/(premium) to Net Asset Value	33.7%	(18.0%)	(15.4%)
Ordinary shares in issue at period end	26,545,500	26,545,500	26,545,500

Investment Review

For the six months ended 30 September 2005

Investment activity

The following new investments have been made during the reporting period:

Inspicio PLC* (April 2005) £50,000 Inspicio is a newly incorporated company and has been established to acquire, or make investments in, businesses operating in the international testing, inspection and performance conformity markets. The company's initial objective is to acquire one or more attractive, profitable businesses and then use these as a platform to increase shareholder value by acquiring and consolidating further businesses in the same sector. (No website available)

Talarius PLC* (May 2005) £100,000 Talarius has been established to acquire or invest in businesses operating in the high street gaming sector with associated property assets and related opportunities for future development. (www.talarius.com)

Original Shoe Company Limited (May 2005) £50,000 Original Shoe is one of the leading branded clothing and footwear retailers in the UK. It currently employs around 550 people in its 43 stores and intends to use the development capital provided to fund the geographic expansion of the business from its Scottish base. (www.originalshoe.biz)

United Clearing PLC* (May 2005) £105,000 United Clearing is a support services company which provides software based solutions to mobile communications operators. It offers a financial clearing service, which provides settlement of international mobile telephone roaming traffic. (www.unitedclearing.com)

Leisure & Gaming PLC* (June 2005) £50,000 Leisure & Gaming's strategy is to acquire businesses in the on-line gaming sector. It has acquired a predominantly US focused business with an embryonic European operation and has identified two further acquisitions in the sector, encompassing sports betting, horse racing and casino games. (www.lngplc.com)

NeutraHealth PLC* (August 2005) £50,000 NeutraHealth operates in the highly fragmented nutraceutical sector and has acquired BioCare, a leading provider of vitamins, mineral supplements, probiotics and other food supplements to health practitioners and specialist retailers. (www.biocare.co.uk)

Imprint PLC* (September 2005) £50,000 Imprint provides executive search and selection services in the UK, Europe and Asia. Imprint has been growing rapidly by acquisition. (www.imprintplc.com)

** quoted on the Alternative Investment Market ("AIM").*

Co-investment

Talisman First VCT has co-invested with Aberdeen Development Capital, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Aberdeen Growth VCT 1 and Murray VCT 4 in some or all of the above transactions and is expected to continue to do so. The advantage of this arrangement is that, together, the funds are able to underwrite a wider range and size of transaction than would be the case on a stand-alone basis.

Portfolio developments

The AIM portfolio has been actively traded and, during the reporting period, partial realisations were made from seven companies resulting in a net gain of £33,000; in addition, a partial realisation was made from Associated Network Solutions generating a gain of £40,000. More recently, the AIM Market has been more volatile but the policy of active trading will be continued when conditions permit.

	Year acquired	Original cost £'000	Sales proceeds £'000	Realised gain/(loss) £'000
OFEX				
Associated Network Solutions	2000	60.0	99.7	39.7
AIM				
Gladstone	2005	50.2	36.5	(13.7)
Huveaux	2001	140.2	187.0	46.8
Leisure & Gaming	2005	4.4	7.5	3.1
Maverick Entertainment Group	2001	12.5	3.2	(9.3)
Neutrahealth	2005	0.6	0.9	0.3
Talarius	2005	2.7	3.8	1.1
Zetar	2005	15.1	20.2	5.1
		225.7	259.1	33.4
Total		285.7	358.8	73.1

Net Asset Value

The Net Asset Value ("NAV") per share at 30 September 2005 was 9.5p compared with 9.1p at 31 March 2005, as restated. The unlisted companies in which Talisman First VCT is invested are valued in accordance with the British Venture Capital Association guidelines. Investments are normally valued at cost until they have been held for at least one year; thereafter, investments are valued by reference to their underlying performance. The increase in NAV for the reporting period of 4.4% compares to the increase in the FTSE AIM index of 0.9% for the same period. This increase follows the increase of 2.2% in the previous six month period to 31 March 2005.

Revised UK Financial Reporting Standards are being introduced for the current financial year and the introduction of these standards requires that listed holdings, including quoted AIM stocks, are valued at their closing bid price where previously they would have been valued at their mid-market price. The effect of this change has been to reduce the value of the quoted portfolio by £99,000, representing 0.4p per share, at 30 September 2005. Notwithstanding this change in valuation, the Company has still achieved a modest improvement in NAV since the publication of the Annual Report.

Dividends

The Board does not intend to declare an interim dividend in respect of the year ended 31 March 2006.

Outlook

The immediate priority of the Manager is to concentrate on improving performance and the Board is encouraged by the modest increase achieved for the reporting period. Where the Manager believes that proceeds can be optimised, a number of exits will be actively pursued in the short to medium term. Deal flow has increased and new investments will be made on a selective basis. The primary focus is to ensure that the Company builds a properly diversified portfolio of good quality assets which will deliver sustained long term performance.

On behalf of the Board
Aberdeen Asset Management PLC
 Secretary

30 November 2005

Investment Portfolio Summary

As at 30 September 2005

Investment	Cost £	Valuation £	% of net assets
AIM			
Bank Restaurant Group	250,000	25,000	1.0
Computer Software	310,475	271,669	10.8
Flightstore Group	100,000	2,500	0.1
Hotgroup	124,998	41,666	1.6
Huveaux	78,104	112,798	4.5
Imprint	50,399	48,665	1.9
Inspicio	50,000	50,000	2.0
Interactive Digital Solutions	375,000	157,500	6.2
Leisure & Gaming	45,599	70,471	2.8
Lo-Q	350,001	15,113	0.6
Maverick Entertainment Group	163,540	24,500	1.0
Neutrahealth	49,375	65,833	2.6
Talarius	147,523	183,042	7.3
Transport Systems	305,900	147,000	5.8
United Clearing	104,592	130,500	5.2
Zetar	36,176	52,593	2.1
OFEX			
Associated Network Solutions	190,933	297,483	11.8
Unlisted equities			
Fotolec Technologies	250,000	75,000	3.0
Isle of Wight Cable & Telephone Company	221,600	–	–
Original Shoe Company	21,250	21,250	0.8
Patersons Consulting	362,000	–	–
Spectral Fusion Technologies	126,992	8,451	0.3
Unlisted loan stock			
Original Shoe Company	28,750	28,750	1.1
Spectral Fusion Technologies	75,000	75,000	3.0
Other			
Barclays Global Investors Funds	41,395	113,340	4.5
Pershing Nominees *	348,913	272,042	10.8
Net current assets	231,095	231,095	9.2
Net assets as at 30 September 2005	4,439,610	2,521,261	100.00
* Pershing Nominees is made up as follows:			
Buckland Group	50,000	16,000	0.6
Glen Group	32,802	30,000	1.2
Metrocapital	30,000	20,000	0.8
Sareum Holdings	37,848	37,500	1.5
Seashell Group (Wraith)	37,803	26,250	1.0
Sectorguard	110,460	100,625	4.0
Tower	50,000	41,667	1.7
	348,913	272,042	10.8

Statement of Total Return

(Incorporating the Revenue Account of the Company)

for the six months ended 30 September 2005

Six months to 30 September 2005
(unaudited)

	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	–	178	178
Investment income and deposit income	13	–	13
Investment management fees	(58)	–	(58)
Other expenses	(17)	–	(17)
Net return/(loss) on ordinary activities before taxation	(62)	178	116
Tax on ordinary activities	–	–	–
Return/(loss) on ordinary activities after taxation	(62)	178	116
Return per Ordinary share (pence) (note 4)			0.4

The total column of this statement is the Profit and Loss Account of the Company.

** These Financial Statements have been restated to reflect the change to financial reporting practices as set out in Note 2.*

Six months to 30 September 2004
(unaudited)
(as restated*)

Year to 31 March 2005
(audited)
(as restated*)

Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(157)	(157)	–	(64)	(64)
6	–	6	17	–	17
(70)	–	(70)	(134)	–	(134)
(38)	–	(38)	(40)	–	(40)
(102)	(157)	(259)	(157)	(64)	(221)
–	–	–	–	–	–
(102)	(157)	(259)	(157)	(64)	(221)
		(1.0)			(0.8)

Balance Sheet

as at 30 September 2005

	30 September 2005 (unaudited)	30 September 2004 (unaudited) (as restated*)	31 March 2005 (audited) (as restated*)
	£'000	£'000	£'000
Fixed assets			
Investments	2,290	2,239	2,156
Current assets			
Debtors	103	95	158
Cash and overnight deposits	225	47	130
	328	142	288
Creditors			
Amounts falling due within one year	97	14	39
Net current assets	231	128	249
Net assets	2,521	2,367	2,405
Capital and reserves			
Called up share capital	2,655	2,655	2,655
Share premium account	2,389	2,389	2,389
Capital reserves	(1,667)	(1,938)	(1,845)
Revenue reserve	(856)	(739)	(794)
Equity Shareholders' funds	2,521	2,367	2,405
Net Asset Value per Ordinary share (pence)	9.5	8.9	9.1

J D Carr
Director

** These Financial Statements have been restated to reflect the change to financial reporting practices as set out in Note 2.*

Cash Flow Statement

for the six months ended 30 September 2005

	Six months to 30 September 2005 (unaudited)	Six months to 30 September 2004 (unaudited)	Year ended 31 March 2005 (audited)
	£'000	£'000	£'000
Reconciliation of operating loss to net cash outflow from operating activities			
Net revenue from ordinary activities before tax	(62)	(102)	(157)
Decrease in debtors	55	73	10
Increase in creditors	58	8	33
Net cash inflow/(outflow) from operating activities	51	(21)	(114)
Taxation	–	–	–
Financial investment			
Purchase of investments	(1,358)	(423)	(1,881)
Sale of investments	1,402	388	2,022
Net cash inflow/(outflow) from financial investment	44	(35)	141
Equity dividends paid	–	–	–
Increase/(decrease) in cash	95	(56)	27
Reconciliation of net cash flow to movements in net funds			
Increase/(decrease) in cash for the period	95	(56)	27
Net funds at the start of the period	130	103	103
Net funds at the end of the period	225	47	130

Notes to the Financial Statements

1. Accounting policies

The financial information for the 6 months ended 30 September 2005 and the 6 months ended 30 September 2004 comprises non statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information contained in this report has been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements for the year ended 31 March 2005, with the exception of the items set out in Note 2.

The results for the year ended 31 March 2005 are extracted from the full accounts for that year, subject to the adjustments detailed in Note 2, which received an unqualified report from the Auditors and have been filed with the Registrar of Companies.

2. Basis of restatement

During the 6 months to 30 September 2005, the Company became subject to new Financial Reporting Standards issued as part of the programme to converge UK Generally Accepted Accounting Principles with International Financial Reporting Standards. As a result of this, the results for the year ended 31 March 2005 and 6 months to 30 September 2004 have been restated to reflect the changes of accounting practice in relation to the following:

- Investments are measured initially at cost and are recognised at trade date. For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, investments are valued at fair value;
- In accordance with FRS 25 (Financial Instruments: Disclosure and Presentation) and FRS 26 (Financial Instruments: Measurement), investments quoted on AIM or listed on a recognised stock exchange are now valued at their closing bid, instead of mid-market, prices. As a result of this change, the Company's NAV at 30 September 2005 has reduced by £99,000; and
- Unlisted investments are valued by the Directors at fair value, in line with the guidelines of the British Venture Capital Association.

The impact of these changes are shown below:

Reconciliation of Balance Sheets

	31 March 2005 (audited) £'000	30 September 2004 (unaudited) £'000	31 March 2004 (audited) £'000
Net assets as previously reported	2,522	2,391	2,660
Restatement of investments at bid value	(117)	(24)	(34)
Restated net assets	2,405	2,367	2,626

Reconciliation of the Statement of Total Return

	Year ended 31 March 2005 (audited) £'000	6 months ended 30 September 2004 (unaudited) £'000
Total transfer to reserve per original reported Statement of Total Return	(138)	(269)
Change from mid to bid basis at 31 March 2004	34	34
Change from mid to bid basis at 31 March 2005	(117)	–
Change from mid to bid basis at 30 September 2004	–	(24)
Total transfer to reserve per revised Statement of Total Return	(221)	(259)

3. Statement of changes in equity

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 March 2004	2,655	2,389	(1,747)	(637)	2,660
Effect of restatement	–	–	(34)	–	(34)
At 31 March 2004 (as restated)	2,655	2,389	(1,781)	(637)	2,626
Net return on ordinary activities	–	–	(64)	(157)	(221)
At 31 March 2005 (as restated)	2,655	2,389	(1,845)	(794)	2,405
Net return on ordinary activities	–	–	178	(62)	116
At 30 September 2005	2,655	2,389	(1,667)	(856)	2,521

Notes to the Financial Statements – continued

	6 months ended 30 September 2005 £'000 (unaudited)	6 months ended 30 September 2004 £'000 (unaudited) (as restated)	Year ended 31 March 2005 £'000 (audited) (as restated)
4. Returns per Ordinary share			
The return per Ordinary share is based on the following figures:			
Revenue return	(62)	(102)	(157)
Capital return	178	(157)	(64)
Total return	116	(259)	(221)
Weighted average number of Ordinary shares in issue			
	26,545,500	26,545,500	26,545,500
Revenue return per Ordinary share	(0.2p)	(0.4p)	(0.6p)
Capital return per Ordinary share	0.6p	(0.6p)	(0.2p)
Return per Ordinary share	0.4p	(1.0p)	(0.8p)

The Net Asset Value per Ordinary share has been calculated using the number of shares in issue at 30 September 2005 of 26,545,500.

Corporate Information

Directors	J D Carr (Chairman) S J Barclay B O J May
Manager	Aberdeen Asset Managers Limited <i>Customer Services Department:</i> Freephone 0845 300 2830 (open Monday to Friday, 9am to 5pm) e-mail: inv.trusts@aberdeen-asset.com
Secretary	Aberdeen Asset Management PLC
Points of Contact	<i>The Chairman and/or the Company Secretary at:</i> 123 St Vincent Street Glasgow G2 5EA e-mail: company.secretary@invtrusts.co.uk
Website	www.aberdeen-asset.com
Registered Office	One Bow Churchyard London EC4M 9HH Registered in England and Wales Company No. 3870187
Registrar	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Shareholder Helpline: 0870 162 3100
Auditors	CLB Littlejohn Frazer, Chartered Accountants
Bankers	Barclays Bank PLC
Solicitors	Field Fisher Waterhouse
Stockbrokers	Seymour Pierce Limited

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