07

Talisman First Venture Capital Trust PLC

Annual Report and Accounts
Year ended 31 March 2007

Aberdeen

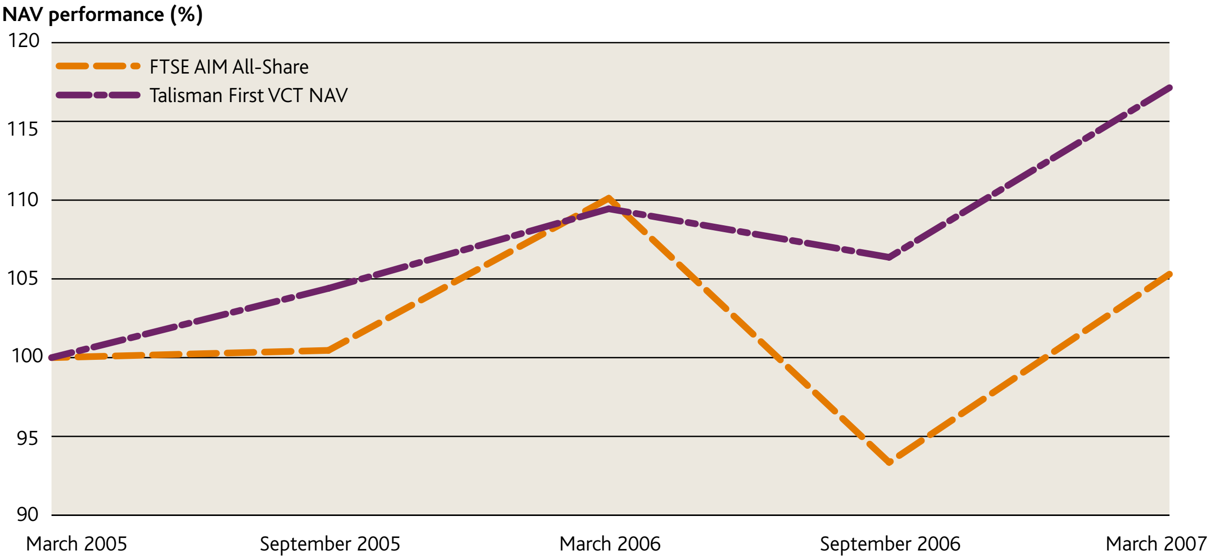
Contents

Financial History

	31 March 2007	31 March 2006 (restated*)	31 March 2005 (restated*)
Assets			
Net assets	£2,829,000	£2,646,000	£2,405,000
Ordinary Shares			
Revenue return for year	(2.0p)	(2.3p)	(3.0p)
Capital return for year	5.5p	6.8p	(1.0p)
Total return for year	3.5p	4.5p	(4.0p)
Net Asset Value	53.3p	49.8p	45.5p
Share price	24.0p	38.75p	52.5p
Discount to Net Asset Value	55.0%	22.2%	15.4%
Ordinary Shares in issue at year end	5,309,102	5,309,102	5,309,102

* The number of Ordinary Shares in issue and the related amounts per share in prior years have been restated to reflect the share capital consolidation effective from 23 August 2006.

NAV performance (%)



The above graph compares the Company's NAV movement to that of the FTSE AIM All-share index, both rebased to 100 at 31 March 2005, the closest accounting period end date to the appointment of Aberdeen Asset Managers Limited.

Corporate Summary

Company profile

Talisman First Venture Capital Trust PLC ("the Company") is a venture capital trust. It has one class of share and was incorporated on 5 April 2000.

Objective

The Company aims to achieve long term capital appreciation, principally through investment in small unlisted, PLUS traded and AIM quoted companies in the United Kingdom with strong growth potential.

Benchmark

There is no meaningful venture capital trust index against which to compare the performance of the Company. However, for reporting to the Board and Shareholders, the Manager uses comparisons with appropriate indices and the Company's peer group.

Capital structure

Following the consolidation of its share capital on 23 August 2006, the Company's issued share capital, as at 31 March 2007, consisted of 5,309,102 Ordinary Shares of 50p each.

Total assets and Net Asset Value

At 31 March 2007, the Company had total assets of £2,829,000 and a Net Asset Value of 53.3p per share.

Continuation date

The Articles of Association require the Directors to put a proposal for the continuation of the Company, in its then form, to Shareholders at the Company's sixth Annual General Meeting, and thereafter at three yearly intervals. Accordingly, a resolution to this effect was put to Shareholders at the Annual General Meeting of the Company held on 23 August 2006 and, this Resolution having been duly passed, the next vote on the continuation of the Company as a venture capital trust will take place at the Annual General Meeting to be held in 2009. For such a resolution not to be passed, a majority of the votes cast must be against the resolution.

Risk and uncertainties

Investments in smaller unlisted or AIM quoted companies carry substantially greater risk, in terms of price and liquidity, than investments in larger companies or companies listed on the Official List. In addition, many of the businesses in which the Company invests may be exposed to the risk of political change, exchange controls, tax or other regulations that may affect their value and marketability.

The levels and bases of tax reliefs may change.

As the volume of the Company's shares traded on the market is likely to be small, the shares may trade at a significant discount to Net Asset Value.

In order to qualify as a VCT, within the accounting period beginning not more than three years after the receipt of applications, the Company must have at least 70% by value of its investments in qualifying holdings. The Company may invest in a number of companies which are not considered to be qualifying investments for a VCT. The criteria that must be met for a qualifying investment and the conditions that are required to be met by the Company in order for it to be approved as a VCT are detailed in Venture Capital Trusts on page 38.

Further details of the Company's risk profile are contained in the Directors' Report on page 16, in Note 17 to the Financial Statements on pages 36 and 37 and in Tax Position of Individual Investors on page 39.

Management and Administration Deed

The Company has an agreement with Aberdeen Asset Managers Limited for the provision of investment management and administrative services. Please refer to page 18 for details of the management and secretarial fees payable.

Your Board

The Board of four Directors, all of whom are non-executive and the majority of whom are considered by the Board to be independent of the Manager, supervises the management of Talisman First Venture Capital Trust PLC and looks after the interests of its Shareholders.

Jonathan D Carr *Chairman*

Status: Independent Non-executive Director
Age: 68
Length of service: He was appointed as a Director and as Chairman on 22 March 2000.
Last re-elected to the Board: 25 August 2005
Relevant experience and other directorships: He worked at Phillips and Drew from 1962 to 1967 and at L Messel & Co from 1968 to 1986, specialising in investment trusts. He was manager of the corporate division of Thomson T-Line from 1987 to 1989 and from 1990 to 1993 was director in charge of the London office of Bell Lawrie White. From 1993 to 1997 he was a director of S G Warburg Securities (now UBS), specialising in investment trust corporate broking. He is currently chairman of Galaxy Asset Management Limited, Royal London UK Equity & Income Trust plc and Gartmore Absolute Growth & Income Trust PLC.
Committee membership: Chairman of Audit, Management Engagement, Nomination and Remuneration Committees.
Employment by the Manager: None
Other connections with the Manager: From April 2005 to March 2006 he was a director of the Income & Growth Trust PLC and Income & Growth Securities PLC.
Shared directorships with other Directors: None
Shareholding in Company: 10,000 Ordinary Shares

Stephen J Barclay

Status: Independent Non-executive Director
Age: 65
Length of service: He was appointed as a Director on 22 March 2000.
Last re-elected to the Board: 25 August 2005
Relevant experience and other directorships: He qualified as a chartered accountant in 1964 with Robson Rhodes before obtaining an MBA degree from Wharton Business School in 1967. In 1989, after a career during which he reorganised various companies, Mr Barclay established Clifton Financial Associates Plc (now Clink Wharf Associates Limited) to provide corporate finance advice to small to medium sized private and public companies. In August 1998, Clifton Financial Associates Plc was purchased by Talisman House Plc (now Investment Management Holdings plc), where he became group executive chairman. In December 1998, Talisman House Plc purchased the institutional stockbroker, Butterfield Securities Limited, which reverted to its former name of Seymour Pierce Limited and where Mr Barclay became executive chairman. He resigned as a director of Investment Management Holdings plc and various other group companies at the end of March 2001. He is a director of a number of public companies and is a governor of the London School of Economics and Political Science.
Committee membership: Audit, Management Engagement, Nomination and Remuneration Committees.
Employment by the Manager: None
Other connections with the Manager: None
Shared directorships with other Directors: None
Shareholding in Company: 75,000 Ordinary Shares

Brian O J May

Status: Independent Non-executive Director
Age: 46
Length of service: He was appointed as a Director on 22 March 2000.
Last re-elected to the Board: 23 August 2006
Relevant experience and other directorships: He graduated from Stanford University, California in 1983. From 1984 to 1988 he worked for Aitken Hume Plc as a small companies fund manager for Sentinel Funds Management Limited. Since 1989, he has been managing director of Berthon Boat Company Limited and he is a director of a number of other small companies.
Committee membership: Audit, Management Engagement, Nomination and Remuneration Committees.
Employment by the Manager: None
Other connections with the Manager: None
Shared directorships with other Directors: None
Shareholding in Company: 45,000 Ordinary Shares

William R Nixon

Status: Non-Executive Director
Age: 44
Length of service: He was appointed as a Director on 21 February 2006.
Last re-elected to the Board: 23 August 2006
Relevant experience and other directorships: He is head of the growth capital team at Aberdeen Asset Managers Private Equity ("AAMPE") and a member of the executive management committee of AAMPE. He is a Fellow of the Chartered Institute of Bankers in Scotland and obtained a Masters of Business Administration degree from Strathclyde University in 1996. He has been a private equity fund manager since 1991 and before joining Aberdeen Asset Managers Limited in 1999 he was head of the private equity business at Clydesdale Bank plc, a subsidiary of National Australia Bank. He is an alternate director of Aberdeen Growth VCT I PLC, Aberdeen Growth Opportunities VCT PLC and Aberdeen Growth Opportunities VCT 2 PLC and is also a director of a number of private companies.
Committee membership: None
Employment by the Manager: Since 1999
Other connections with the Manager: None
Shared directorships with other Directors: None
Shareholding in Company: None

Chairman's Statement

I am pleased to report that the improvement in the performance of your Company which has been achieved since the change of Manager has continued over the year ended 31 March 2007. The Company has now seen its Net Asset Value ("NAV") rise by £424,000 since 31 March 2005, which is an increase of 17.6%.

Among the highlights are:

- NAV at year end of 53.3p per share ("pps"), up 7.0% over the year;
- From the investments made by Aberdeen Asset Managers Limited;
  - net realised gains of £250,000 during the year;
  - net increase of £60,000 in unrealised gains during the year;
- From the legacy portfolio:
  - net realised losses of £423,000 during the year;
  - net increase of £49,000 in unrealised gains during the year;
- Continued re-alignment of the portfolio in line with the strategy agreed with Manager; and
- Closure of the discretionary dealing account in the final quarter of the year.

Performance

The NAV per Ordinary Share at 31 March 2007 was 53.3p compared with 49.8p (restated) at 31 March 2006. The NAV has increased by 7.0% over the year which compares favourably to the decrease of 4.4% in the FTSE AIM All-share Index over the same period. The improvement in the NAV is analysed between those investments held at the time of the change of Manager and new investments in the Summary of Portfolio Performance on page 9.

The discretionary dealing account had proved to be a source of significant gains early in its life but the Board was aware that, by reserving money for that account, liquidity was being used which could otherwise be utilised in making new mainstream investments. The Board was cognisant of the need to maintain the qualifying level of the Company, particularly following the Budget changes of 2006, and also recognised that a number of investments have been in an insolvency process; the end result of which would be to see those companies struck off, removing them from the list of qualifying holdings. The Board therefore agreed with Seymour Pierce Ellis Limited that the account would be wound up and the cash returned to the Manager to be available to invest in new opportunities. This process was completed in the final quarter of the reporting period.

Dividends

The Board is not proposing that the Company should pay a dividend. The Company does not currently have reserves from which to pay a dividend; reserves will be created by the continued realisation of investments above their cost.

Investment strategy and gearing

The prime objective is to continue to build a diversified portfolio of unlisted investments that will provide a yield and AIM quoted companies, both of which will offer excellent growth prospects and, therefore, the opportunity to realise capital gains in the medium and longer term from those investments while maintaining VCT qualifying status.

Unlisted investments will typically comprise 10% of equity and 90% of mezzanine loan stock that will provide a yield of up to 12% and hold a debenture over the assets of the business, normally ranking behind the bank.

In order to allow the Manager to continue the process of rebuilding of the portfolio, the Board considers that it may become appropriate for the Company to take advantage of its ability to use gearing for the purpose of maintaining its investment strategy and, if necessary, borrow an amount of up to 10% of NAV. The Manager also continues to have discretion to make investments in companies which do not represent qualifying holdings for VCTs, but always subject to ensuring that the Company itself continues to qualify as a VCT at all times.

Industry update

In the last two Budgets, significant changes have been made to the regulations covering venture capital trusts. There has been significant press coverage of these changes which has commented on the reduction in the gross assets test from £15 million to £7 million, introduced in 2006, and the maximum number of 50 employees and amount invested in the target company from all venture capital schemes being limited to £2 million in the preceding year, introduced in 2007. Shareholders should be aware that these changes do not affect this Company as they refer to funds raised after 5 April 2006 and 5 April 2007 respectively, a point which the press coverage has not adequately highlighted.

Of more direct interest, is the period of six months following the sale of an investment, provided it has been held for at least two years, during which the proceeds from the sale are excluded from the 70% qualifying test.

This new provision, which has been lobbied for by VCT managers generally, should enable realisations to be made even if in doing so the limit would be breached, thus ensuring that commercial considerations drive investment decisions rather than regulatory ones.

Valuation process

Investments held by Talisman First Venture Capital Trust in unquoted companies are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Investments quoted or traded on a recognised stock exchange, including the PLUS Market and the Alternative Investment Market ("AIM"), are valued at their bid price.

Realisations and portfolio developments

Your Company has continued to pursue the strategy agreed with the Manager of investing in a diversified portfolio of unlisted and AIM investments with good growth prospects from which it is expected that capital gains in the medium and longer term will be generated.

In the legacy portfolio, a realised loss of £361,000 arose in respect of the investment in Patersons Consulting when that company was struck off by the Registrar of Companies. This company had been in liquidation and the value of the investment had been written down to nil for some time and, therefore, this did not affect the NAV. The active trading of the AIM portfolio continued and losses on cost of £62,000 were realised during the year. The Manager has continued to trade out the legacy portfolio and there have been some welcome signs of an improvement in the values of the remaining holdings; however, Interactive Digital Solutions went into administration during the year, resulting in a loss of £100,000 against the valuation at the previous year end. Despite these events, an increase in unrealised gains of £49,000 was achieved in the legacy portfolio during the year.

The new portfolio saw exits from two unlisted investments, generating a gain for the Company of £48,000 while realised gains from the AIM portfolio amounted to £202,000. In addition, an aggregate increase in unrealised gains of £60,000 over the values at 31 March 2006 was achieved.

Further details of disposals and unrealised gains can be found in the tables on pages 9 and 10.

Co-investment scheme of the Manager

A Co-investment scheme which allows executive members of the Manager to invest alongside the Company was implemented during the year. The scheme operates through a nominee company which invests alongside the Company in each and every transaction made by the Company, including any follow-on investments.

The impact of the scheme in terms of dilution is small, but the scheme more closely aligns the interests of the executives and the Company's Shareholders while introducing an incentive to enable the Manager to retain the existing skills and capacity of its investment team in a highly competitive market.

Continuation of the Company and share consolidation

The proposals which were put to the AGM last year in respect of the continuation of the life of the Company and the consolidation of its share capital were both passed at that meeting and implemented thereafter. However, it may be some time before the practical benefits of the latter change are reflected in the share price.

Outlook and future strategy

The Board has considered various corporate activities as part of a strategic review of the options available for the future development of the Company. However, they were generally regarded as not being cost-effective and the Board envisaged that the continuation of the Manager's reconstruction of the Company's investment portfolio represented the best method or returning value to investors.

The repositioning of the portfolio of investments is largely complete. The Manager is continuing to invest in unlisted investments, which include interest bearing loan stocks, and has completed eight such transactions during the year. The income from these and future investments will help to offset the deficit on the revenue account each year which has always been a drain on the performance of the Company.

The Board is pleased with the improved performance which the Manager has achieved to date and is confident with the active management style employed.

Jonathan D Carr
Chairman
29 June 2007

Investment Manager's Report

Completed investments

During the year ended 31 March 2007, twenty major unlisted and AIM investments were completed and a total of £1.2 million was invested in all companies. At the year end, the portfolio comprised 42 unlisted, PLUS and AIM investments at a total cost of £3.4 million. Since 31 March 2007, eight further new investments have been made at a total cost of £292,000.

The following major investments were completed during the year:

Investment	Date	Activity	£'000	Website
Unlisted				
Camwatch	March 2007	Provider of CCTV monitoring and installation services.	75	www.camwatch.co.uk
Crossco (982) (Martel Instruments)	January 2007	Manufacturer of hand-held printers and display devices.	75	www.martelinstruments.com
Enpure Holdings	November 2006	Project engineering in the water and waste water sector.	50	www.enpure.co.uk
Funeral Services Partnership	March 2007	Operator of funeral directors.	40	No website available
Homelux Nenplas	May 2006	Manufacturer of tile trims and other wet room accessories.	50	www.homelux.co.uk
ID Support Services Holdings	March 2007	Provider of installation and maintenance services for CCTV security, air conditioning and industrial refrigeration systems.	75	www.id-group.co.uk
Lime Investments	March 2007	Acquisitions in the food and beverage sector.	65	No website available
Oliver Kay Holdings	January 2007	Distributor of fresh produce to the on-trade catering industry.	70	www.oliverkayproduce.co.uk
AIM				
Brulines (Holdings)	October 2006	Provider of systems for monitoring flow rates of beer in public houses.	51	www.brulines.co.uk
Concateno	October and December 2006	Provider of alcohol and drugs testing services to employers.	124	www.concateno.com
Debts.co.uk	May 2006	Provider of debt management services.	51	www.debts.co.uk
Eleco	December 2006	Manufacturer of specialist building products.	39	www.elecoplc.co.uk
Fairground Gaming Holdings	June 2006	Provider of on-line gaming.	75	www.fairgroundgaming.com
Hasgrove	November 2006	Provider of communication services.	50	www.hasgrove.com
Individual Restaurant Group	December 2006	Restaurant operator.	51	www.individualrestaurants.co.uk
Interactive World	April 2006	Provider of digital media content.	53	www.interactiveworld.com
K3 Business Technology Group	March 2007	Reseller of business application software.	50	www.k3btg.com
Velosi	August 2006	Provider of quality assurance services to the oil and gas sector.	50	www.velosi.com
Worthington Nicholls Group	June 2006	Provider of installation and maintenance services for air conditioning units in the hotel and retail markets.	78	www.worthington-nicholls.co.uk
Zetar	July 2006	Manufacturer of confectionery.	51	www.zetarplc.com

Talisman First Venture Capital Trust has co-invested with Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Murray VCT 4 in some or all of the above transactions and is expected to continue to do so with these as well as other clients of the Manager. The advantage 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.

Realisations and portfolio developments

Talisman First Venture Capital Trust has an objective of building a diversified portfolio of unlisted and AIM investments with good growth prospects and, therefore, the opportunity to generate capital gains in the medium and longer term. To achieve that objective, the Manager has been realising those investments where little upside is perceived and re-investing in new opportunities which offer greater potential.

The Summary of Portfolio Performance on page 9 demonstrates that those new investments made by Aberdeen Asset Managers have provided a net gain, comprising amounts realised and unrealised, of £196,000 over the valuation at 31 March 2006 or subsequent cost of the investment; this represents an 8.0% increase. On the legacy portfolio, a gain of £127,000 has been achieved, representing a 16.5% increase for the year. Over the two years since Aberdeen was appointed Manager, an increase of 21.6% has been generated on new investments while the legacy portfolio has increased by 8.1%.

The legacy portfolio has been reduced to the one PLUS (formerly OFEX) traded investment, three active AIM quoted investments and two active unlisted investments. The Manager has realised just over £1 million from the realisation of the legacy portfolio and this, combined with cash from the discretionary dealing account and realisations from the new investments, has enabled over £2.5 million to be invested in new opportunities by the Manager. Of this total, almost £600,000 has been invested in ten unlisted companies, two of which have been realised during the year; each investment carries an entitlement to a running yield, the income from which will help to offset the expenses of running the Company.

The AIM portfolio created by the Manager is now much more widely spread consisting of 24 active holdings which are valued at an aggregate premium of 25.6% to their cost at the year end. This portfolio is actively traded and gains of £119,000 over the value at 31 March 2006 or subsequent cost have been generated during the year from new holdings. Two unlisted holdings were sold during the year; the holding in Original Shoe Company was sold for cost following an approach to the majority shareholder. The investment in EIG (Investments) was sold for proceeds almost double the cost less than 15 months after acquiring the holding when the business was sold to an Australian insurance company.

Outlook

The outlook for new investments remains positive with a steady stream of opportunities available for consideration by the Manager for both unlisted and AIM investments. The work of repositioning the portfolio has largely been completed but there remain additional steps to be taken to complete that process. The primary focus remains on building a properly diversified portfolio of good quality smaller company assets which will deliver sustained long term performance.

Aberdeen Asset Managers Limited
29 June 2007

Summary of Portfolio Performance

For the year ended 31 March 2007

	Opening valuation 31 March 2006 £'000	Purchases £'000	Sales proceeds £'000	Realised gain over opening valuation £'000	Unrealised gain/(loss) over opening valuation £'000	Closing valuation 31 March 2007 £'000	Total gain/(loss) £'000
Legacy portfolio							
Unlisted	159	–	–	–	61	220	61
PLUS	306	1	–	–	19	326	19
AIM	255	51	209	78	(31)	144	47
Total legacy portfolio	**720**	**52**	**209**	**78**	**49**	**690**	**127**
Investments made after the appointment of Aberdeen Asset Managers							
Unlisted	100	498	148	48	29	527	77
AIM	1,160	685	599	88	31	1,365	119
Total new portfolio	**1,260**	**1,183**	**747**	**136**	**60**	**1,892**	**196**
Total portfolio*	**1,980**	**1,235**	**956**	**214**	**109**	**2,582**	**323**

* Total portfolio excludes items classified as "other investments" in the Investment Portfolio Summary on page 11.

Disposals

During the year ended 31 March 2007

	Year first invested	Complete/ partial exit	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/(loss) over cost £'000
Legacy portfolio					
Unlisted					
Patersons Consulting*	2000	Complete	361	–	(361)
			361	**–**	**(361)**
AIM					
Computer Software	2000	Complete	66	89	23
Forest Support Services	2001	Partial	142	91	(51)
Individual Restaurant Company (formerly Bank Restaurant Group)	2000	Partial	63	29	(34)
			271	**209**	**(62)**
Total legacy portfolio			**632**	**209**	**(423)**
Investments made after the appointment of Aberdeen Asset Managers					
Unlisted					
EIG (Investments)	2005	Complete	50	98	48
Original Shoe Company	2005	Complete	50	50	–
			100	**148**	**48**
AIM					
Avanti Screenmedia	2005	Partial	9	9	–
Billing Services Group	2006	Complete	81	42	(39)
Concateno	2006	Partial	10	15	5
Eleco	2006	Partial	29	34	5
Fairground Gaming Holdings	2006	Partial	–	20	20
Hambledon Mining	2006	Partial	10	18	8
Interactive World	2006	Partial	12	14	2
Invocas	2006	Partial	26	44	18
Leisure & Gaming	2005	Partial	25	41	16
Mattioli Woods	2005	Partial	6	10	4
MTI Wireless Edge	2006	Complete	50	66	16
Neutrahealth	2005	Partial	19	24	5
Talarius	2005	Complete	61	160	99
Velosi	2006	Partial	7	8	1
Worthington Nicholls Group	2006	Partial	5	16	11
Zetar	2005	Partial	47	78	31
			397	**599**	**202**
Total new portfolio			**497**	**747**	**250**
Total sales			**1,129**	**956**	**(173)**

* Realisation arising as a result of the company being struck off by the Registrar of Companies.

Investment Portfolio Summary

As at 31 March 2007

	Cost £'000	Valuation £'000	% of net assets	% of equity held	% of equity held by other clients*
AIM investments					
Autoclenz	45	34	1.2	0.3	1.4
Avanti Screenmedia	29	29	1.0	-	1.5
Brulines (Holdings)	51	68	2.4	0.2	1.0
Cohort	52	70	2.5	0.1	0.5
Concateno	114	151	5.3	0.2	2.3
Datong Electronics	47	31	1.1	0.3	1.7
Debts.co.uk	51	32	1.1	0.1	0.3
Eleco	10	12	0.4	-	0.1
Fairground Gaming Holdings	75	-	-	0.2	1.0
Flightstore Group	100	2	0.1	-	-
Gold Frost	43	37	1.3	0.2	1.2
Hambledon Mining	40	58	2.1	0.1	0.2
Hasgrove	50	67	2.4	0.2	2.0
Imprint	51	48	1.7	-	0.5
Individual Restaurant Company (formerly Bank Restaurant Group)	188	86	3.0	1.0	1.1
Inspicio	28	45	1.6	-	0.1
Interactive Digital Solutions	368	-	-	7.7	-
Interactive World	41	46	1.6	0.1	1.0
Invocas	25	29	1.0	0.1	0.3
K3 Business Technology Group	50	50	1.8	0.1	0.3
Leisure & Gaming	43	10	0.4	0.1	0.7
Litcomp	50	72	2.5	-	4.9
Lo-Q	194	56	2.0	1.3	-
Mattioli Woods	9	18	0.6	-	0.3
Neutrahealth	30	26	0.9	0.2	1.8
Velosi	43	50	1.8	-	0.1
Work Group	101	100	3.5	0.5	2.9
Worthington Nicholls Group	73	245	8.7	0.2	1.3
Zetar	20	37	1.3	0.1	0.3
	2,021	**1,509**	**53.3**		
PLUS					
Associated Network Solutions	193	326	11.5	3.2	-
Unlisted investments					
Camwatch	75	75	2.6	1.4	42.0
Crossco (982) (Martel Instruments)	75	75	2.6	1.1	32.3
Enpure Holdings	50	50	1.8	0.2	79.4
Fotolec Technologies	250	135	4.8	4.2	-
Funeral Services Partnership	40	40	1.4	0.9	35.5
Homelux Nenplas	50	79	2.8	0.9	44.2
ID Support Services Holdings	75	75	2.6	2.0	32.5
Isle of Wight Cable & Telephone Company	222	-	-	1.9	-
Lime Investments	65	65	2.3	2.5	77.5
Oliver Kay Holdings	70	70	2.5	0.4	19.6
Spectral Fusion Technologies	202	83	3.0	4.8	-
	1,174	**747**	**26.4**		
Other investments					
Barclays Global Investors Funds	12	36	1.3		
Net current assets/cash	211	211	7.5		
Net assets	**3,611**	**2,829**	**100.0**		

*Other clients of the Aberdeen Asset Management Group.

Ten Largest Investments

Associated Network Solutions PLC*		Manchester		www.ansplc.com
Cost (£'000)	193	**Year ended 31 March**	**2006**	**2005†**
Valuation (£'000)	326		**£'000**	**£'000**
Basis of valuation	Bid price	Sales	5,107	4,118
Equity held	3.2%	Profit/(loss) before tax	549	369
Income received (£'000)	8	Retained profit/(loss)	403	273
First invested	2000	Net assets	1,464	1,239

Provider of IT solutions.

Other AAMPE clients invested: None

† restated

Worthington Nicholls Group Plc**		London	www.worthington-nicholls.co.uk
Cost (£'000)	71	**Year ended 30 September**	**2006#**
Valuation (£'000)	245		**£'000**
Basis of valuation	Bid price	Sales	7,997
Equity held	0.2%	Profit/(loss) before tax	1,347
Income received	Nil	Retained profit/(loss)	988
First invested	June 2006	Net assets	33,040

Provider of installation and maintenance services for air conditioning units in the hotel and retail markets.

Other AAMPE clients invested: Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Murray VCT 4.

Period from incorporation on 3 February to 30 September 2006.

Concateno PLC**		London	www.concateno.com
Cost (£'000)	114	**Year ended 31 December**	**2006#**
Valuation (£'000)	151		**£'000**
Basis of valuation	Bid price	Sales	1,360
Equity held	0.2%	Profit/(loss) before tax	(842)
Income received	Nil	Retained profit/(loss)	(796)
First invested	October 2006	Net assets	22,129

Provider of alcohol and drugs testing services to employers.

Other AAMPE clients invested: Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Murray VCT 4.

#Nine month period from incorporation ending 31 December 2006.

Fotolec Technologies Limited		Birmingham		www.fotolec.com
Cost (£'000)	250	**Year ended 30 June**	**2006**	**2005**
Valuation (£'000)	135		**£'000**	**£'000**
Basis of valuation	Market value assessment	Sales	1,818	1,458
		Profit/(loss) before tax	163	94
Equity held	4.2%	Retained profit/(loss)	395	92
Income received	Nil	Net assets	1,755	1,360
First invested	March 2001			

Developer of fluoropolymer coating for tube lighting and domestic light bulbs.

Other AAMPE clients invested: None

Work Group PLC**		London		www.workgroup.plc.uk
Cost (£'000)	101	**Year ended 31 December**	**2006**	**2005†**
Valuation (£'000)	100		**£'000**	**£'000**
Basis of valuation	Bid price	Sales	33,147	31,308
Equity held	0.5%	Profit/(loss) before tax	1,910	834
Income received	Nil	Retained profit/(loss)	1,600	750
First invested	Feb 2006	Net assets	10,153	7,300

Provider of recruitment services.

Other AAMPE clients invested: Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT and Aberdeen Growth Opportunities VCT 2.

† restated

Spectral Fusion Technologies Limited		Birmingham		www.spectralft.com
Cost (£'000)	202	**Year ended 31 May**	**2005**	**2004**
Valuation (£'000)	83		**£'000**	**£'000**
Basis of valuation	Recent transaction	Sales	324	903
		Profit/(loss) before tax	(570)	(517)
Equity held	4.8%	Retained profit/(loss)	(492)	(442)
Income received	Nil	Net assets	422	377
First invested	May 2002			

Designer and developer of industrial imaging systems.

Other AAMPE clients invested: None

Homelux Nenplas Limited		Ashbourne, Derbyshire		www.homelux.co.uk
Cost (£'000)	50	**Year ended*** **		
Valuation (£'000)	79		**£'000**	**£'000**
Basis of valuation	Earnings	Sales		
Equity held	0.9%	Profit/(loss) before tax		
Income received (£'000)	3	Retained profit/(loss)		
First invested	May 2006	Net assets		

Manufacturer of tile trims and other wet room accessories.

Other AAMPE clients invested: Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Murray VCT 4.

Camwatch Limited		Sheffield		www. camwatch.co.uk
Cost (£'000)	75	**Year ended*** **		
Valuation (£'000)	75		**£'000**	**£'000**
Basis of valuation	Cost	Sales		
Equity held	1.4%	Profit/(loss) before tax		
Income received	Nil	Retained profit/(loss)		
First invested	March 2007	Net assets		

Provider of CCTV monitoring and installation services.

Other AAMPE clients invested: Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Murray VCT 4.

ID Support Services Limited			Manchester		www. id-group.co.uk
	Cost (£'000)	75	**Year ended*** **		
	Valuation (£'000)	75		**£'000**	**£'000**
	Basis of valuation	Cost	Sales		
	Equity held	2.0%	Profit/(loss) before tax		
	Income received	Nil	Retained profit/(loss)		
	First invested	March 2007	Net assets		

Provider of installation and maintenance services for CCTV security, air conditioning and industrial refrigeration systems.

Other AAMPE clients invested: Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Laminvest, Murray VCT 4 and West Yorkshire Pension Fund.

Crossco (982) Limited (trading as Martel Instruments)			Durham		www. martelinstruments.com
	Cost (£'000)	75	**Year ended*** **		
	Valuation (£'000)	75		**£'000**	**£'000**
	Basis of valuation	Cost	Sales		
	Equity held	1.1%	Profitloss) before tax		
	Income received	Nil	Retained profit/(loss)		
	First invested	Jan 2007	Net assets		

Manufacturer of hand-held printers and display devices.

Other AAMPE clients invested: Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2 and Murray VCT 4.

* Quoted on PLUS market.

**Quoted on AIM.

*** These companies have not yet produced their first annual report and accounts.

Talisman First Venture Capital Trust PLC

Directors' Reports & Financial Statements

Year ended 31 March 2007

Directors' Report

The Directors submit their Annual Report together with the Financial Statements of the Company for the year ended 31 March 2007.

Business review

A full review of the Company's operations is given in the Chairman's Statement on pages 5 and 6, in the Investment Manager's Report on pages 7 and 8 and in the Directors' Report on pages 16 to 19. A summary of the business objectives, the Board's strategy for achieving them, the risks faced by the Company and the key performance indicators is given below.

Investment objective and policy

The objective of the Company is to achieve long term capital appreciation, principally through investment in small unlisted, PLUS traded and AIM quoted companies in the United Kingdom with strong growth potential.

The management of the investment portfolio has been delegated to Aberdeen Asset Managers Limited, which also provides accounting and administrative services and, through its parent company, company secretarial services to the Company.

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicator is Net Asset Value per share and, in addition, the Board considers peer group comparative performance.

A historical record of the Company's financial performance is shown in the Financial History on page 1.

Principal risks and uncertainties

The principal risks facing the Company relate to its investment activities and include market price, interest rate and liquidity risk. An explanation of these risks and how they are managed is contained in Note 17 to the Financial Statements on page 36 and 37. Additional risks faced by the Company, and the mitigation approach adopted by the Board, are as follows:

(i) Investment objective: the Board's aim is to maximise absolute returns to Shareholders while managing risk by ensuring an appropriate diversification of investments.

(ii) Investment policy: inappropriate stock selection leading to underperformance in absolute and relative terms is a risk which the Manager mitigates by operating within investment guidelines and regularly monitoring performance against the peer group.

(iii) Discount volatility: due to lack of liquidity in the secondary market, venture capital trust shares tend to trade at discounts to their net asset values which the Board could seek to manage by making purchases of shares in the market from time to time and within established guidelines.

(iv) Regulatory risk: the Company operates in a complex regulatory environment and faces a number of related risks. A breach of section 842AA of the Income and Corporation Taxes Act 1988 could result in the Company being subject to capital gains tax on the sale of its investments. A breach of the VCT Regulations could result in the loss of VCT status and a consequent loss of tax reliefs currently available to Shareholders. A serious breach of other regulations, such as the UKLA Listing Rules or the Companies Acts, could lead to suspension from the Stock Exchange and reputational damage. The Board receives quarterly reports from the Manager in order to monitor compliance with regulations.

The Board considers all of the above risks and the measures in place to manage them at least twice each year.

Results and dividends

The return attributable to Equity Shareholders, for the year ended 31 March 2007, was £183,000 (2006: £241,000). The Directors do not recommend the payment of a final dividend. The Net Asset Value per Ordinary Share at 31 March 2007 was 53.3p (restated 2006: 49.8p). The Net Asset Value per Ordinary Share has been calculated using the number of shares in issue at 31 March 2007 of 5,309,102 (restated 2006: 5,309,102).

Purchase of Ordinary Shares

The Company has authority to make market purchases of its own shares, although no such transactions have been effected during the year ended 31 March 2007.

A Special Resolution, numbered 7 in the Notice of Meeting, will be put to Shareholders at the Annual General Meeting for their authority for the Company to purchase in the market a maximum of 14.99% of Ordinary Shares in issue (795,834 Ordinary Shares) at 31 March 2007. Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is the earlier. This means, in effect, that the authority will have to be renewed at the next Annual General Meeting of the Company. Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the Company and its Shareholders taken as a whole. Purchases will be made in the market for cash only at prices below the prevailing Net Asset Value per Ordinary Share. Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of this authority must not exceed 105 per cent of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase. The minimum price that may be paid is 50p per share. In making purchases, the Company will deal only with member firms of the London Stock Exchange. Shares which are purchased will be cancelled.

Purchases of Ordinary Shares by the Company will be made from available reserves and the purchase cost will normally be paid out of cash balances held by the Company from time to time. The purchase of Ordinary Shares by the Company is intended to provide liquidity in the shares and enhance the Net Asset Value for the remaining Shareholders. Since it is anticipated that any purchases will be made at a discount to Net Asset Value at the time of purchase, the Net Asset Value of the remaining Ordinary Shares in issue should increase as a result of any such purchase. Shares will not be purchased by the Company in the period of two months immediately preceding the notification of the Company's interim results and the two months immediately preceding the preliminary announcement of the annual results or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement.

Issue of new Ordinary Shares

Resolution numbered 8 in the Notice of Meeting will be put to Shareholders at the Annual General Meeting for their approval for the Company to issue up to an aggregate nominal amount of £265,455 (equivalent to 530,910 Ordinary Shares or 10% of the total issued share capital at 31 March 2007). Further issues of new Ordinary Shares may only be made at a premium to Net Asset Value per share, thus ensuring existing investors will not be disadvantaged by such issues. The proceeds of any issue may be used to purchase the Company's Ordinary Shares in the market or to fund further investments in accordance with the Company's investment policy. This authority shall expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of the relevant resolution, whichever is the first to occur.

When shares are to be allotted for cash, Section 89(1) of the Companies Act 1985 provides that existing Shareholders have pre-emption rights and that the new shares are offered first to such Shareholders in proportion to their existing shareholdings. However, Shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing Shareholders. Resolution 9 will, if passed, give the Directors power to allot for cash, Ordinary Shares up to an aggregate nominal amount of £265,455 (equivalent to 530,910 Ordinary Shares or 10% of the total issued share capital at 31 March 2007) as if Section 89(1) does not apply. This is the same amount of share capital that the Directors are seeking the authority to allot pursuant to Resolution 8. The authority will also expire either at the conclusion of the next Annual General Meeting of the Company or on the expiry of 15 months from the passing of the relevant resolution, whichever is the first to occur. The Company will not use this authority in connection with a rights issue.

Share capital

Following the consolidation of the Company's share capital on 23 August 2006, the Ordinary Share capital at 31 March 2007 amounted to 5,309,102 Ordinary Shares of 50p each. Full details are included in Note 13 to the Financial Statements on page 35.

Share interests

At 29 June 2007, as far as the Directors have been made aware and in addition to the interests of the Directors as noted on page 18, the following have aggregate interests in the Company's issued share capital:

	Ordinary Shares of 50p	% of ordinary capital
Pershing Keen Nominees Limited	426,008	8.1
Mr E Lovett-Turner, Mr N Lovett-Turner and Miss A Lovett-Turner	300,000	5.7
The Corporation of Lloyds	200,000	3.8
Mr R G Lagden and Mrs E V Lagden	200,000	3.8

Directors

Biographies of the Directors who held office during the year ended 31 March 2007 are shown on pages 3 and 4. In accordance with the Articles of Association, Directors must offer themselves for re-election at least once every three years and Mr J D Carr, whose biography appears on page 3, retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election. In addition, Mr W R Nixon, whose biography appears on page 4 and who is deemed not to be independent of the Manager, retires at the Annual General Meeting in accordance with corporate governance best practice and, being eligible, offers himself for annual re-election. In respect of these re-elections, Resolutions 3 and 4 respectively will be proposed at the Annual General Meeting.

No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

The interests of the Directors in the share capital of the Company are as follows:

	31 March 2007 Ordinary Shares of 50p	31 March 2006* Ordinary Shares of 50p
J D Carr (Chairman)	10,000	10,000
S J Barclay	75,000	75,000
B O J May	45,000	45,000
W R Nixon	–	–

*Holdings of Ordinary Shares of 10p each at 31 March 2006 have been restated to reflect the consolidation of the Company's share capital on 23 August 2006.

There have been no further changes to any of the above share interests since the end of the financial year. All of the interests shown above are beneficial.

Some of the Directors of the Company and members of their close families have invested, and may continue to invest, in companies in which the Company has invested; any such interests are declared at Board meetings.

Manager and Company Secretary

Investment management, accounting and administrative services are provided to the Company by Aberdeen Asset Managers Limited and company secretarial services are supplied by Aberdeen Asset Management PLC. During the year, in light of the performance of the portfolio during the period since the appointment of the Manager and based on the recommendation of the Management Engagement Committee, the Directors resolved to extend the initial term of the Mangement and Administration Deed to the anniversary of the commencement date in 2010; the key features of the management contract include:

- the initial term is for a period of five years and, thereafter, the Management and Administration Deed is terminable by the Manager giving to the Company not less than 12 months' notice in writing or by the Company giving to the Manager not less than 12 months' notice in writing. Notwithstanding these terms, the Deed may be terminated by either party giving written notice to the other if that other commits a material breach of the Deed and, if the breach is capable of remedy, fails to rectify the same within 30 days of being requested to do so. The Deed may also be terminated immediately if the Manager ceases to be authorised or permitted to act as discretionary investment manager, or if either party enters into liquidation or has a receiver or administrator appointed over it or any of its undertakings or assets;
- the Company shall pay remuneration for the services to the Manager by way of an annual fee of £96,500, payable quarterly in advance. Out of this fee, the Manager shall pay, on behalf of the Company, the annual fees payable by the Company to the Directors (excluding any performance payments); and
- an incentive fee, at the rate of 20% of any uplift, shall become payable if the value of the Company's assets, excluding the discretionary account, at the agreed reference date exceeds that at the previous reference date and the anniversary of the Commencement Date and the fund value on each anniversary of the Commencement Date.

The effects of these arrangements for the year ended 31 March 2007 are detailed in Notes 3 and 4 to the Financial Statements on page 33.

The Board considers that the continued appointment of Aberdeen Asset Managers Limited as Manager, on the agreed terms, is in the best interests of the Company and its Shareholders.

Auditors

During the year ended 31 March 2007, the Company's Auditors were CLB Littlejohn Frazer who have expressed their willingness to remain in office. A resolution to re-appoint CLB Littlejohn Frazer as the Company's Auditors will be put to the forthcoming Annual General Meeting, along with a further resolution to authorise the Directors to fix their remuneration.

Awareness of relevant audit information

The Directors who held office at the date of approval of the Director's Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's Auditors are unaware and that each Director has taken all the steps that he should have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Principal activity and status

The Company's affairs have been conducted, and will continue to be conducted in a manner to satisfy the conditions to enable it to continue to obtain approval as a venture capital trust under Section 842AA of the Income and Corporation Taxes Act 1988. HM Revenue & Customs will grant Section 842AA status, if requested, provided that the Company's affairs have been conducted in such a manner as to satisfy the conditions of that Section.

Corporate governance

The Statement of Corporate Governance is shown on pages 22 to 26.

Financial instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations, including accrued income and purchases and sales awaiting settlement. The main risks that the Company faces arising from its financial instruments are disclosed in Note 17 to the Financial Statements on pages 36 and 37.

Creditor payment policy

The Company's creditor payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the year end.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements, as the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future.

Annual General Meeting

The notice of the Annual General Meeting, which will be held on 29 August 2007, is contained on pages 40 and 41.

One Bow Churchyard
Cheapside
London EC4M 9HH
29 June 2007

By order of the Board
Aberdeen Asset Management PLC
Secretary

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An Ordinary Resolution for the approval of this report will be put to the Members of the Company at the forthcoming Annual General Meeting. The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 28.

Remuneration Committee

At 31 March 2007, the Company had four non-executive Directors and the three independent Directors fulfil the function of a Remuneration Committee, which is chaired by Mr J D Carr. The names of the Directors who served during the year are shown on page 21, together with the fees paid during the year. During the year under review, the Board has not been provided with advice and services in respect of its consideration of the Directors' remuneration. The Directors expect, from time to time, to review the fees paid to the boards of directors of other venture capital trust companies.

Policy on Directors' remuneration

The Board's policy is that the remuneration of the Directors, all of whom are non-executive, should reflect the experience of the Board as a whole and be fair and comparable to that of other venture capital trusts with a similar capital structure and similar investment objectives. It is intended that this policy will continue for the year ended 31 March 2008 and for subsequent years.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears, to the Director personally or to a third party specified by him. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, which limit the aggregate of the fees payable to the Directors to £250,000 per annum. In practice, and as noted in the Directors' Report on page 18, the Manager pays, on behalf of the Company, the fees due to the Directors from the amount paid to the Manager under the terms of the management contract. The Company's policy is that fees payable to the Directors should reflect the performance of the Company and the time spent by the Directors on the Company's affairs, and should be sufficient to enable candidates of a high quality to be recruited. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. However, there is an arrangement whereby, once the sum of 125p per share has been distributed to the holders of Ordinary Shares, all independent Directors are each entitled to 2 per cent of any further dividends or capital distributions.

At its meeting in February 2007, the Remuneration Committee carried out a review of Directors' fees and concluded that, although there would be no change to the level of remuneration, the policy would be to continue to review these rates from time to time.

Directors' and Officers' liability insurance

As permitted by Section 310(s) of the Companies Act 1985, the Company purchases and maintains liability insurance covering the Directors and Officers of the Company. This insurance is not a benefit in kind, nor does it form part of the Directors' remuneration.

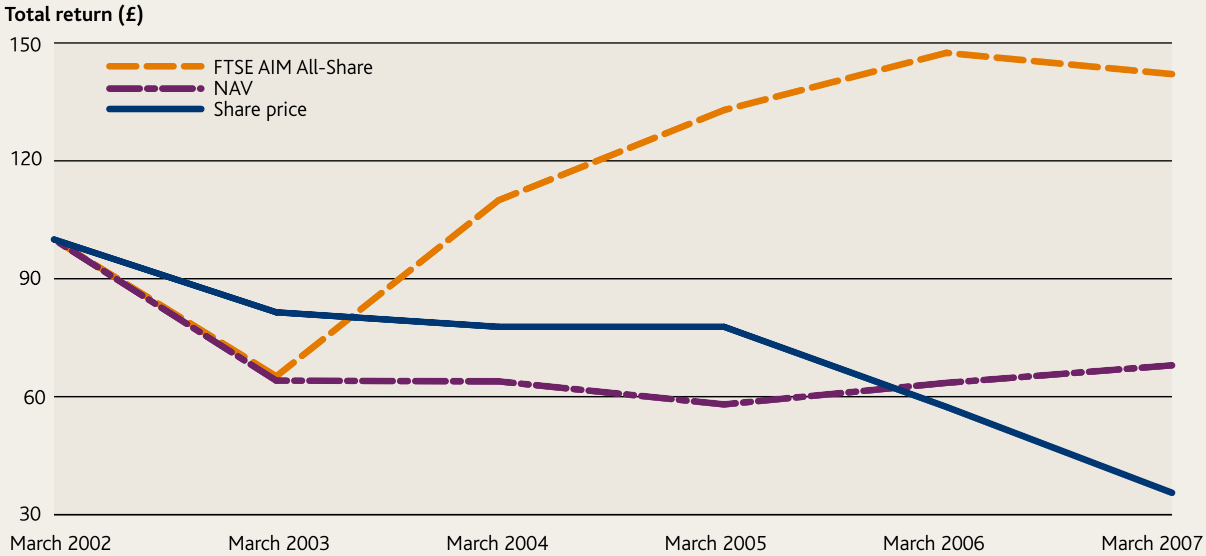
Directors' service contracts

None of the Directors has a contract of service or contract for services and a Director may resign by giving three months' notice in writing to the Board at any time.

The Articles of Association provide that, at the Annual General Meeting each year, one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one third) shall be subject to retirement by rotation. Directors, therefore, shall retire and be subject to re-election at the first Annual General Meeting following their appointment and, thereafter, shall be obliged to retire by rotation, and offer themselves for re-election, at least every three years. No compensation is payable for loss of office, save any arrears of fees which may be due.

Company performance

The graph on page 21 compares the total return on an investment of £100 in the Ordinary Shares of the Company, for each annual accounting period for the five years to 31 March 2007, assuming any dividends are reinvested, with the total shareholder return on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE AIM All-Share Index is calculated. This index was chosen for comparison purposes as it is the most relevant to the Company's investment portfolio.



Source: Aberdeen Asset Managers Limited/Factset
Please note that past performance is not necessarily a guide to future performance.

In the above graph, the NAV total return in periods prior to the year ended 31 March 2005 reflects investments in listed and AIM quoted securities valued at mid-market price. Please note that past performance is not necessarily a guide to future performance.

Directors' emoluments for the year (audited)

The following emoluments were receivable by the Directors who served during the year ended 31 March 2007:

Directors	For the year ended 31 March 2007 £	For the year ended 31 March 2006 £
J D Carr (Chairman)	6,500	6,500
S J Barclay*	5,000	5,000
B O J May	5,000	5,000
W R Nixon (appointed 21 February 2006)	–	–
Total	**16,500**	**16,500**

*Mr Barclay's fees were paid to Clink Wharf Associates Limited.

No performance fees, other remuneration, benefit or pension retirement benefits were paid during the year. No Director has received any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 31 March 2007 (2006 – nil).

Approval

The Directors' Remuneration Report on pages 20 and 21 was approved by the Board of Directors and signed on its behalf by:

J D Carr
Director

29 June 2007

Statement of Corporate Governance

The Company is committed to a high standard of corporate governance. The Board has put in place a framework for corporate governance that it believes is appropriate for a venture capital trust and which enables it to comply with the Combined Code published in July 2006. The Listing Rules of the UK Listing Authority require the Board to report on compliance with the provisions of the Combined Code throughout the year ended 31 March 2007. The exception to Compliance with the Combined Code, which is explained more fully under the heading of "The Board" was as follows:

- a senior non-executive Director has not been appointed (Code requirement A3.3)

The Board

The Board currently consists of four Directors who, with the exception of Mr Nixon, are considered to be independent of the investment manager ("Aberdeen Asset Managers Limited" or the "Manager") and free of any relationship which could materially interfere with the exercise of their independent judgement.

However, the following points should be noted;

- Mr W R Nixon, is an employee of Aberdeen Asset Management PLC, the parent company of the Manager; and
- Mr J D Carr was independent of the Manager at the time of his appointment as a Director and continues to be so by virtue of his lack of connection with the Manager and of cross-directorships with his fellow Directors.

The biographies of the Directors appear on pages 3 and 4 of this report and indicate their high level and range of investment, industrial, commercial and professional experience.

The Board sets the Company's values and objectives and ensures that its obligations to Shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. These matters include:

- appointment and removal of the Manager and the terms and conditions of the management and administration deed;
- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company ranging from comparable investment performance through to annual budgeting and quarterly forecasting;
- Companies Act requirements such as the approval of the interim and annual financial statements and recommendation of interim and final dividends;
- major changes relating to the Company's structure, including share buy-backs and share issues;
- Board appointments and related matters;
- terms of reference and membership of Board Committees; and
- Stock Exchange, UK Listing Authority and Financial Services Authority matters, such as approval of all circulars, listing particulars and releases concerning matters decided by the Board.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives who are responsible to the Board for:

- ensuring that Board procedures are complied with;
- under the direction of the Chairman, ensuring good information flows with the Board and its Committees; and
- advising on corporate governance matters.

An induction meeting will be arranged by the Manager on the appointment of any new Director, covering details about the Company, the Manager, legal responsibilities and venture capital trust industry matters. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internals controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Chairman of the Company is a non-executive Director. A senior non-executive Director has not been appointed, as required by provision A3.3 of the Combined Code, as the Board considers that each of the Directors has different qualities and areas of expertise on which they may lead. Consequently, no individual has unfettered powers of decision. The Chairman is Chairman of the Audit, Management Engagement, Nomination and Remuneration Committees as the Board considers that he has the skills and experience relevant to these roles.

The Board meets at least four times a year and, between these meetings, maintains contact with the Manager. The primary focus of quarterly Board meetings is a review of investment performance and related matters including asset allocation, peer group information and industry issues.

During the year ended 31 March 2007, the Directors held four scheduled Board Meetings and a further two meetings were held by telephone. In addition, there were two meetings of the Audit Committee and one each of the Nomination, Management Engagement and Remuneration Committees. Directors have attended Board and Committee meetings during the year ended 31 March 2007 as follows:

Director	Board meetings	Audit Committee meetings	Management Engagement Committee meetings	Nomination Committee meetings	Remuneration Committee meetings
J D Carr (Chairman)	6	2	1	1	1
S J Barclay	5	2	1	1	1
B O J May	6	2	1	1	1
W R Nixon*	4	–	–	–	–

* Mr Nixon is not a member of the Audit, Nomination, Management Engagement and Remuneration Committees.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. The Directors make further enquiries where necessary.

The Board and its Committees have undertaken a process for their annual performance evaluation, using questionnaires and discussion to ensure that Directors have devoted sufficient time and contribute adequately to the work of the Board and its Committees. As part of this process, the Chairman is subject to evaluation by his fellow Directors.

Directors' terms of appointment

Non-executive Directors are not appointed for specific terms as, under appointment letters between each of the Directors and the Company, each of the Directors was appointed until determined by either party on three months' notice. However, all non-executive Directors are subject to Companies Act provisions and, in accordance with the Articles of Association, stand for election at the first Annual General Meeting following their appointment and at least once every three years thereafter.

Policy on tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make and, therefore, the length of service will be determined on a case by case basis.

Committees

The Board has established a number of Committees, each of which comprises the independent Directors and is chaired by the Chairman of the Company. Each of the Committees has been established with written terms of reference that are available on request from the Registered Office of the Company and which are reviewed and re-assessed for their adequacy at each meeting.

Audit Committee

The Audit Committee comprises all of the independent Directors and the Board is satisfied that at least one member of the Committee has recent and relevant financial experience. The Chairman of the Company is also the Chairman of the Audit Committee, as the other Directors' consider that his knowledge and experience are relevant to the position. Two meetings were held during the year ended 31 March 2007.

The Audit Committee discharges its responsibilities through:

- the review of the effectiveness of the internal control environment of the Company including by receiving reports from internal and external auditors on a regular basis;
- the review of the Interim and Annual Reports and Financial Statements;
- the review of the terms of appointment of the Auditors, together with their remuneration, as well as any non-audit services provided by the Auditors;
- the review of the scope and results of the audit and the independence and objectivity of the Auditors;
- the review of the Auditors' management letter and the management response;
- meetings with representatives of the Manager; and
- making appropriate recommendations to the Board.

The Company has in place a policy governing and controlling the provision of non-audit services by the external Auditors, so as to safeguard their independence and objectivity. The Company's external Auditors are CLB Littlejohn Frazer, which also provides tax services to the Company. Shareholders are asked to approve the re-appointment, and the Directors' responsibility for the remuneration, of the Auditors at each Annual General Meeting. Any non-audit work, other than interim reviews, requires specific approval of the Audit Committee in each case. Non-audit work, where independence may be compromised or conflicts arise, is prohibited and the Audit Committee considers the Auditors to be independent.

Details of the amounts paid to the Auditors during the year for audit and other services are set out in Note 5 to the Financial Statements on page 33.

Management Engagement Committee
The Management Engagement Committee comprises all of the independent Directors and annually reviews the management contract with Aberdeen Asset Managers Limited, details of which are shown in the Directors' Report on page 18. There was one meeting held during the year ended 31 March 2007, at which the Committee considered the management contract and, based on the improved performance of the portfolio, recommended an extension to its initial period.

Nomination Committee
The Nomination Committee comprises all of the independent Directors and makes recommendations to the Board on the following matters:

- the identification and nomination of candidates to fill Board vacancies as and when they arise for the approval of the Board;
- succession planning;
- the evaluation of the performance of the Board and its Committees;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- the continuation in office of any Director at any time; and
- the appointment of any Director to another office, such as Chairman of the Audit Committee, other than to the position of Chairman.

The Committee met once during the year ended 31 March 2007 and recommended to the Board the nomination for re-election of Mr J D Carr and Mr W R Nixon, whose biographies appear on pages 3 and 4 of this Report respectively, for the following reasons:

- Mr Carr has, inter alia, detailed knowledge of, and significant experience in, the investment management and investment trust sectors; and
- Mr Nixon has, inter alia, considerable knowledge of, and experience in, the private equity industry and the venture capital trust sector.

Remuneration Committee and Directors' Remuneration
Under the UK Listing Authority Listing Rule 26.9(d), where a venture capital trust has only non-executive Directors, the Combined Code principles relating to directors' remuneration do not apply. However, the Company does have a Remuneration Committee comprising all of the independent Directors. The Committee met once during the year ended 31 March 2007.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 20 and 21.

External agencies
The Board has contractually delegated to external agencies, including the Manager, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers reports from the Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

Internal control
The Board of Directors of Talisman First Venture Capital Trust PLC has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the full year under review and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board and accords with the guidance for directors on

internal control "Internal Control: Guidance for Directors on the Combined Code" ("the Turnbull Guidance"). The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company to Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC which provides company secretarial services to the Company. Therefore, the Board considers that it is appropriate for the Company's internal controls to be monitored by the internal audit team of Aberdeen Asset Management PLC, rather than by the Company itself. This embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by an internal audit function, which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified through a risk management framework by each function within the Manager's and Secretary's activities. Risk is considered in the context of the Turnbull Guidance and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk model identify those functions for review. Any errors or weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The key components designed to provide effective internal control for the year under review and up to the date of this report are:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course, the compliance department of Aberdeen Asset Management PLC continually reviews the Manager's and Secretary's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- the Board carries out an annual assessment of internal controls by considering reports from the Manager, including its internal audit and compliance functions, and taking account of events since the relevant period end.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations.

The Internal Audit Committee of Aberdeen Asset Management PLC reports six monthly to the Audit Committee of the Company and has direct access to the Directors at any time. The Company's Audit Committee agenda includes an item for the consideration for risks and controls and receives reports thereon from Aberdeen Management PLC. During the year ended 31 March 2007, the Board has considered the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which those risks are managed. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business goals and, by their nature, can provide reasonable, but not absolute, assurance against material misstatement of loss.

Accountability and audit

The Directors' Statement of Responsibilities in Relation to the Financial Statements is on page 27 and the Statement of Going Concern is included in the Directors' Report on page 19.

The Independent Auditors' Report is on page 28. It should be noted that the Auditors, CLB Littlejohn Frazer, rotate the partner responsible for the Company's audit every five years.

Exercise of voting powers

The Directors believe that the exercise of voting rights lies at the heart of regulation and promotion of corporate governance and, in respect of the Company's investments, the Board has given discretionary voting powers to the Manager. The Manager votes against resolutions that it considers might damage Shareholders' rights or economic interests and gives due weight to what it considers to be socially responsible investment when making investment decisions. However, the overriding objective is to produce good investment returns for Shareholders.

Relations with Shareholders

The Company places a great deal of importance on communication with its Shareholders. The Company has adopted a nominee code, which ensures that, where notification has been received in advance, nominee operators will be provided with copies of Shareholder communications for distribution to their customers. Investors whose shares are held on their behalf by nominees may attend general meetings and speak when invited by the Chairman.

As required under the Combined Code, the Annual Report is posted to Shareholders at least twenty business days before the Annual General Meeting. Annual and Interim Reports and Financial Statements are distributed to Shareholders and other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through the Manager and the Company responds to letters from Shareholders on a wide range of issues. All Shareholders have direct access to the Company via the free Shareholder information telephone service run by the Manager.

The Annual General Meeting is an event at which all Shareholders are welcome to attend and participate. The Notice of Meeting on pages 40 and 41 sets out the business of the Annual General Meeting and the Resolutions are explained more fully in the Directors' Report on pages 16 to 19 and in the Directors' Remuneration Report on pages 20 and 21. Separate Resolutions are proposed for each substantive issue and Shareholders have the opportunity to put questions to the Board and to the Manager. The results of proxy voting are relayed to Shareholders at the Annual General Meeting.

Statement of Directors' Responsibilities in Relation to the Financial Statements

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements.

The Directors are responsible for ensuring that proper accounting records are maintained, which enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Talisman First Venture Capital Trust PLC

We have audited the Financial Statements of Talisman First Venture Capital Trust PLC for the year ended 31 March 2007 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related Notes 1 to 17. These Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the Financial Statements.

In addition, we report to you if, in our opinion, 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 regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises the Financial History, Corporate Summary, Your Board, Chairman's Statement, Investment Manager's Report, Summary of Portfolio Performance, Disposals, Investment Portfolio Summary, Ten Largest Investments and the unaudited part of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its return for the year then ended;
- the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

CLB Littlejohn Frazer
Chartered Accountants & Registered Auditors
1 Park Place
Canary Wharf
London E14 4HJ

29 June 2007

Income Statement*

For the year ended 31 March 2007

	Notes	Year ended 31 March 2007 Revenue £'000	Year ended 31 March 2007 Capital £'000	Year ended 31 March 2007 Total £'000	Year ended 31 March 2006 (restated) Revenue £'000	Year ended 31 March 2006 (restated) Capital £'000	Year ended 31 March 2006 (restated) Total £'000
(Losses)/gains on investments							
- realised	10	–	(192)	(192)	–	(120)	(120)
- unrealised	10	–	529	529	–	541	541
Income	2	48	–	48	28	–	28
Investment management fees	3	(114)	–	(114)	(114)	–	(114)
Performance fees	4	–	(46)	(46)	–	(61)	(61)
Other expenses	5	(42)	–	(42)	(33)	–	(33)
Net (loss)/return on ordinary activities before taxation		(108)	291	183	(119)	360	241
Tax on ordinary activities	7	–	–	–	–	–	–
(Loss)/return attributable to Equity Shareholders	9	**(108)**	**291**	**183**	**(119)**	**360**	**241**
Return per Ordinary Share (pence)	9	**(2.0p)**	**5.5p**	**3.5p**	**(2.3p)**	**6.8p**	**4.5p**

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 March 2007

	Notes	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
Opening Shareholders' funds		2,646	2,405
Return attributable to Equity Shareholders		183	241
Closing Shareholders' funds		**2,829**	**2,646**

The accompanying Notes are an integral part of the Financial Statements.

Balance Sheet

As at 31 March 2007

	Notes	31 March 2007 £'000	31 March 2007 £'000	31 March 2006 (restated) £'000	31 March 2006 (restated) £'000
Fixed assets					
Investments	10		2,618		2,246
Current assets					
Debtors	11	9		181	
Cash and overnight deposits	16	300		310	
		309		491	
Creditors					
Amounts falling due within one year	12	98		91	
Net current assets			211		400
Net assets			**2,829**		**2,646**
Capital and reserves					
Called up share capital	13		2,655		2,655
Share premium account	14		2,389		2,389
Capital reserve - realised	14		(412)		(174)
- unrealised	14		(782)		(1,311)
Revenue reserve	14		(1,021)		(913)
Net assets attributable to Equity Shareholders			**2,829**		**2,646**
Net Asset Value per Ordinary Share (pence)	15		**53.3**		**49.8**

The Financial Statements were approved by the Board of Directors on 30 May 2007 and were signed on its behalf by:

J D Carr
Director

29 June 2007

The accompanying notes are an integral part of the Financial Statements.

Cash Flow Statement

For the year ended 31 March 2007

		31 March 2007		31 March 2006	
	Notes	£'000	£'000	£'000	£'000
Reconciliation of operating loss to net cash outflow from operating activities					
Net revenue from ordinary activities before tax		(108)		(119)	
Performance fees		(46)		(61)	
Decrease/(increase) in debtors	11	172		(23)	
Increase in creditors	12	7		52	
Net cash inflow/(outflow) from operating activities			25		(151)
Taxation					
Corporation tax			–		–
Financial investment					
Purchase of investments		(1,984)		(2,814)	
Sale of investments		1,949		3,145	
Net cash (outflow)/inflow from financial investment			(35)		331
Equity dividends paid			–		–
Net cash (outflow)/inflow for the year			**(10)**		**180**
Reconciliation of net cash flow to movement in net funds					
Net cash (outflow)/inflow for the year		(10)		180	
Net funds at 31 March 2006		310		130	
Net funds at 31 March 2007	16		**300**		**310**

The accompanying notes are an integral part of the Financial Statements.

Notes to the Financial Statements

For the year ended 31 March 2007

1. Accounting Policies

(a) Basis of preparation

The Financial Statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (the SORP) issued in December 2005.

Comparatives have been restated to reflect the consolidation of the Company's share capital during the year.

(b) Income

Dividends receivable on equity shares and unit trusts are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective interest rate on the debt securities and shares. Provision is made for any fixed income not expected to be received. Interest receivable from cash and short-term deposits and interest payable are accrued to the end of the year.

(c) 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 and disposal of an investment are charged to capital; and
- expenses are charged to realised capital reserves where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect, the performance fee payable to the Manager has been allocated 100% to realised capital reserves to reflect the basis on which it is calculated.

(d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the Financial Statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or subsequently enacted at the balance sheet date.

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

(e) Investments

In valuing unlisted investments the Directors follow the criteria set out below. These procedures comply with the revised International Private Equity and Venture Capital Valuation Guidelines for the valuation of private equity and venture capital investments. Investments are recognised on their trade date and valued at fair value. Fair value represents the Directors' view of the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future. In particular:

- where a value is indicated by a material arm's length transaction by a third party in the shares of the company, that value will be applied;
- where a company is well established and profitable, the company may be valued by applying a suitable multiple to the company's earnings to establish an enterprise value before a non-marketability discount is applied and the resultant value is attributed to the remaining financial instruments;
- unlisted investments will not, normally, be revalued upwards for a period of at least 12 months from the date of the acquisition;
- where a company's sustained underperformance against plan indicates a diminution in the value of the investment, a provision against the previous valuation of the investment will be made; and
- in the absence of evidence of a deterioration, or strong defensible evidence of an increase, in value, the fair value is determined to be that reported at the previous balance sheet date.

All unlisted investments are valued individually by portfolio management team of Aberdeen Asset Managers Private Equity Division and the resultant valuations are subject to detailed scrutiny and approval by the Directors of the Company.

Listed investments, PLUS traded and AIM quoted investments will normally be valued at their bid-market price in line with revised UK financial reporting standards.

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
2. Income		
Interest receivable	18	5
Dividends receivable	30	23
Total income	**48**	**28**

	Year ended 31 March 2007			Year ended 31 March 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
3. Investment management fees						
Investment management fees	97	–	97	97	–	97
Irrecoverable VAT	17	–	17	17	–	17
	114	**–**	**114**	**114**	**–**	**114**

Details of the fee basis are contained in the Directors' Report on page 18.

	Year ended 31 March 2007			Year ended 31 March 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
4. Performance fees						
Performance fees	–	39	39	–	52	52
Irrecoverable VAT	–	7	7	–	9	9
	–	**46**	**46**	**–**	**61**	**61**

Details of the fee basis are contained in the Directors' Report on page 18.

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
5. Other expenses		
Other expenses	32	24
Fees paid to Auditors - statutory audit	9	8
Fees paid to Auditors - tax services	1	1
	42	**33**

6. Directors and employees

(i) The Company had no employees during the year.

(ii) Directors' remuneration - the total fees paid to the Directors during the year were as follows:

	2007 £	2006 £
J D Carr	6,500	6,500
S J Barclay	5,000	5,000
B O J May	5,000	5,000
W R Nixon (appointed 21 February 2006)	–	–
	16,500	**16,500**

None of the Directors received any other remuneration, benefit or pension retirement benefits during the period except as disclosed in these Financial Statements.

	Year ended 31 March 2007 Revenue £'000	Year ended 31 March 2007 Capital £'000	Year ended 31 March 2007 Total £'000	Year ended 31 March 2006 Revenue £'000	Year ended 31 March 2006 Capital £'000	Year ended 31 March 2006 Total £'000
7. Tax on ordinary activities						
Corporation tax	–	–	–	–	–	–

Tax losses available to be carried forward by the Company at 31 March 2007 are estimated at £1,014,000 (2006: £841,000). The deferred tax asset has not been recognised as it is unlikely that these expenses will be utilised.

8. Dividends

The Directors propose no dividends for the year ended 31 March 2007 (2006: nil).

	Year ended 31 March 2007	Year ended 31 March 2006 (restated)
9. Return per Ordinary Share		
The returns per share have been based on the following figures:		
Weighted average number of Ordinary Shares	5,309,102	5,309,102
Revenue return	(£108,000)	(£119,000)
Capital return	£291,000	£360,000
Total return	**£183,000**	**£241,000**

	Year ended 31 March 2007 £'000	Year ended 31 March 2006 £'000
10. Investments		
AIM traded investments	1,509	1,415
PLUS traded investments	326	306
Unlisted investments	783	293
Nominee funds	–	232
Valuation at 31 March 2007	**2,618**	**2,246**

	AIM traded £'000	PLUS traded £'000	Unlisted £'000	Nominee fund £'000	Total £'000
Valuation at 31 March 2006	1,415	306	293	232	2,246
Purchases at cost	736	1	498	749	1,984
Disposals					
– proceeds	(808)	–	(148)	(993)	(1,949)
– realised gain/(loss)	140	–	(313)	(19)	(192)
Movement in net unrealised gain/(loss)	26	19	453	31	529
Valuation at 31 March 2007	**1,509**	**326**	**783**	**–**	**2,618**
Bookcost at 31 March 2007	2,021	193	1,186	–	3,400
Net unrealised gain/(loss)	(512)	133	(403)	–	(782)
Valuation at 31 March 2007	**1,509**	**326**	**783**	**–**	**2,618**

The investments made in companies traded on AIM and PLUS and in unquoted investments consist of ordinary shares, preference shares, loan stock and units in investor liquidity funds.

Nominee funds represented funds under discretionary management with Seymour Pierce Ellis Limited.

A summary of the disposal of investments during the year is detailed in Disposals on page 10.

The overall gain/(loss) on investments for the year shown in the Income Statement on page 29 is analysed as follows:

	2007 £'000	2006 £'000
Net realised losses on disposal	(192)	(120)
Movement in net unrealised gains	529	541
	337	**421**

11. Debtors

	2007 £'000	2006 £'000
Other debtors	9	181
	9	**181**

12. Creditors

	2007 £'000	2006 £'000
Accruals	73	91
Brokers outstanding	25	–
	98	**91**

13. Called-up equity share capital

On 23 August 2006, the Company's share capital was consolidated whereby every five Ordinary Shares of 10p each were replaced by one new Ordinary Share of 50p. All prior period returns per share have been restated to enable appropriate comparison.

	31 March 2007		31 March 2006	
	Number	£'000	Number	£'000
At 31 March 2007 the authorised share capital comprised: allotted, issued and fully paid: Ordinary Shares of 50p (2006: 10p) each				
Balance brought forward	26,545,500	2,655	26,545,500	2,655
Share consolidation	(21,236,398)	–	–	–
Balance carried forward	5,309,102	2,655	26,545,500	2,655
Unissued unclassified shares of 50p (2006: 10p) each	2,690,898	1,345	13,454,500	1,345
	8,000,000	**4,000**	**40,000,000**	**4,000**

14. Reserves

	Share premium account £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000
At 31 March 2006	2,389	(174)	(1,311)	(913)
Net (loss)/return on ordinary activities	–	(238)	529	(108)
At 31 March 2007	**2,389**	**(412)**	**(782)**	**(1,021)**

15. Net Asset Value per share	31 March 2007 Net Asset Value per share p	31 March 2007 Net Asset Value attributable £'000	31 March 2006 Net Asset Value per share p	31 March 2006 Net Asset Value attributable £'000
Ordinary Shares	53.3	2,829	49.8	2,646

The number of Ordinary Shares used in this calculation is set out in Note 13 on page 35.

The Net Asset Value per share for 31 March 2006 has been re-stated to reflect the consolidation of the Company's share capital (Note 13 on page 35).

16. Analysis of changes in net funds

Year ended 31 March 2007	At 31 March 2006 £'000	Cash flows £'000	At 31 March 2007 £'000
Cash and overnight deposits	310	(10)	300

Year ended 31 March 2006	At 31 March 2005 £'000	Cash flows £'000	At 31 March 2006 £'000
Cash and overnight deposits	130	180	310

17. Derivatives and other financial instruments

The Company's financial instruments comprise securities and other investments, cash balances, overnight deposits and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement and debtors for accrued income. The Company may not enter into derivative transactions in the form of forward foreign currency contracts, futures and options without the written permission of the Directors. It is not the Company's policy to enter into derivatives transactions. The purpose of these financial instruments is efficient portfolio management.

The main risks the Company faces from its financial instruments are (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement; (ii) interest rate risk; and (iii) liquidity risk. In line with the Company's investment objective, the portfolio comprises UK securities and, therefore, has no exposure to foreign currency risk.

The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures below exclude short-term debtors and creditors.

(i) Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 2. Adherence to investment guidelines and to investment and borrowing powers set out in the Management and Administration Deed mitigates the risk of excessive exposure to any particular type of security or issuer and, in particular, no purchase can be made in any one company where this would result in a holding that would exceed 10% of the Company's investments.

These powers and guidelines include the requirement to invest in a number of companies across a range of industrial and service sectors at varying stages of development but with the emphasis on well established businesses. The Company complied with the stated investment guidelines and borrowing powers throughout the year ended 31 March 2007.

Further information on the investment portfolio is set out in the Investment Manager's Report on pages 7 and 8, the Investment Portfolio Summary on page 11 and the Ten Largest Investments on pages 12 to 14.

(ii) Interest rate risk

31 March 2007	Fixed interest £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Sterling				
Listed	–	36	–	36
Unlisted and AIM	530	–	2,052	2,582
Cash	–	300	–	300
	530	**336**	**2,052**	**2,918**

31 March 2006	Fixed interest £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Sterling				
Listed	–	34	–	34
Unlisted and AIM	205	–	2,007	2,212
Cash	–	180	130	310
	205	**214**	**2,137**	**2,556**

The listed fixed interest assets have a weighted average life of 1.6 years (2006: 2.6 years) and a weighted average interest rate of 10% (2006: 10%) per annum. The floating rate assets consist of cash deposits on call. These assets are earning interest at prevailing money market rates. The unlisted assets have a weighted average life of 5.2 years (2006: 2.9 yrs) and a weighted average interest rate of 10.8% (2006: 5%). The non-interest bearing assets represent the equity element of the portfolio. All assets and liabilities of the fund are included in the balance sheet at fair value.

Maturity profile

The interest rate profile of the Company's financial assets at the Balance sheet date was as follows:

At 31 March 2007	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed interest							
Listed	–	–	–	–	–	–	–
Unlisted and AIM	–	73	–	–	212	245	530
	–	**73**	**–**	**–**	**212**	**245**	**530**

Within "more than 5 years" there is a figure of £13,000 in respect of preference shares which have no redemption date.

At 31 March 2006	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed interest							
Listed	–	–	–	–	–	–	–
Unlisted and AIM	–	–	127	–	–	78	205
	–	**–**	**127**	**–**	**–**	**78**	**205**

Within "more than 5 years" there is a figure of £13,000 in respect of preference shares which have no redemption date.

(iii) Liquidity risk

Due to their nature, unlisted investments may not be readily realisable and a portfolio of AIM quoted assets is held to offset the liquidity risk.

Venture Capital Trusts

Venture Capital Trusts (VCTs) are companies broadly similar to investment trusts and require to have been approved by HM Revenue & Customs. The conditions for approval are:

- a VCT's income must be derived wholly or mainly from shares or securities;
- a VCT must retain not more than 15% of its income derived from shares or securities;
- no holding in any company can represent more than 15% by value of a VCT's investments; and
- the shares making up a VCT's ordinary share capital must be traded on the London Stock Exchange and listed on the Official List of the UK Listing Authority.

Within the accounting period beginning not more than three years after the initial listing of shares by a VCT, the following requirements must be met:

- at least 70% by value of a VCT's investments must be in shares, or loans of at least five years' duration, in "qualifying holdings"; and
- at least 30% by value of a VCT's qualifying holdings must be in ordinary shares.

Qualifying holdings

Qualifying holdings are defined as holdings of shares or securities (including loans of terms of at least five years' duration) in unquoted companies (including companies whose shares are traded on the Alternative Investment Market ("AIM")) which exist wholly for the purpose of carrying on one or more qualifying trades wholly or mainly in the United Kingdom. The holding must consist of shares or securities which were first issued to, and have been ever since continuously held by, the VCT.

A qualifying trade is any other than:

- dealing in land, commodities, futures, shares or other financial instruments;
- dealing in goods other than in the course of an ordinary trade of wholesale or retail distribution;
- banking, insurance or other financial activities;
- leasing or receiving royalties or license fees, with certain exceptions;
- providing legal or accountancy services;
- property development;
- farming or market gardening;
- holding, managing or occupying woodlands, any other forestry activities or timber production;
- operating or managing hotels or comparable establishments, or managing property used as an hotel or comparable establishment;
- operating or managing nursing homes or residential care homes, or managing property used as a nursing home or residential care home; and
- providing ancillary services to any of the above by a related party.

Investments in qualifying companies held by VCTs at a time when such companies become quoted on the London Stock Exchange may be treated as investments in qualifying trading companies for up to a further five years.

VCTs may count an investment of up to £1 million in total in a qualifying trading company in any one year towards the 70% qualifying requirement provided that, for VCTs raised before 5 April 2006, the gross assets of the company do not exceed £15 million prior to the investment or £16 million following the investment; these figures were revised to £7 million and £8 million respectively for VCT monies raised after 5 April 2006.

In the Budget of March 2007, additional regulations were proposed for funds raised after 5 April 2007 whereby, for a company to qualify as a VCT investment, it must have no more than 50 full-time employees at the date of the issue of securities and no more than £2 million may be invested by venture capital schemes in the 12 month period up to and including the date of investment.

Tax Position of Individual Investors

This section highlights the tax reliefs available to individual investors and the methods for claiming such tax reliefs.

1. **Tax reliefs for individual investors resident in the UK**

   Investors must be individuals aged 18 or over to qualify for the tax reliefs detailed below. Tax reliefs will only be given to the extent that an individual's total investments in venture capital trusts ("VCTs") in any tax year do not exceed the qualifying limit, which is currently £200,000.

   Relief from income tax

   An investor subscribing for new ordinary shares in a VCT during the tax year 2006/2007 was entitled to claim income tax relief of up to 30 per cent on amounts subscribed up to a maximum of £200,000. Relief is limited to the amount which reduces the investor's income tax liability to nil. This relief must be repaid should the shares be sold or otherwise disposed of within five years.

   An investor who subscribes for, or acquires up to, the maximum of £200,000 in ordinary shares in any given tax year will not be liable to UK income tax on dividends paid by the VCT, which may include capital gains realised by the VCT.

   Relief from capital gains tax

   A disposal by an investor of ordinary shares (whether acquired by subscription for new shares or subsequent acquisition) in a VCT will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. This relief is limited to disposals of ordinary shares acquired within the limit, currently £200,000, for any tax year.

   On the death of an investor or a spouse who has acquired VCT shares within marriage, no deferred capital gains tax or income tax will become payable by either the investor, their spouse or anyone inheriting the VCT shares.

   Shares acquired other than by subscription (i.e. existing shares)

   An investor who acquires up to the permitted maximum of £200,000 in value of ordinary shares in a VCT in any tax year will be exempt from income tax on dividends from the VCT, which may include capital gains realised from investments made by the VCT, and capital gains on the disposal of shares in the VCT. The permitted maximum of £200,000 is the total of VCT shares subscribed for (new shares) and acquired (existing shares) in the tax year.

   A loss on disposal of shares within the permitted maximum is not an allowable loss.

2. **Obtaining tax reliefs**

   Claims for income tax relief on amounts subscribed for new ordinary shares

   A VCT will give each investor a certificate which the investor uses to claim income tax relief, either immediately by obtaining an adjustment to their tax coding from HM Revenue & Customs or by waiting until the end of the tax year and using their tax return to claim relief.

3. **Investors who are not resident in the UK**

   Such investors should seek their own professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.

This is a summary only of the law concerning the tax position of individual investors in VCTs. Any potential investor in doubt as to the taxation consequences of investment in a VCT should consult a professional adviser.

Risk warnings

Past performance is not necessarily a guide to future performance. You should be aware that share values and income from them may go down as well as up and that you may not get back the amount you originally invested. Existing tax levels and reliefs may change and the value of reliefs depends on personal circumstances; in particular, reliefs may be lost on ceasing to be a UK resident. An investment in a VCT carries a higher risk than other forms of investment. A VCT's shares, although listed, are likely to be illiquid. Prospective investors should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objective and policy and the period for which shareholders must hold their shares in order to retain their income tax reliefs. The investments made by VCTs will normally be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise and investments in such companies carry substantially higher risk than those in larger companies.

The tax reliefs are dependent on the VCT obtaining unconditional approval from HM Revenue & Customs. Reliefs will be given during a period when provisional approval only is in force, but if provisional approval is withdrawn all tax reliefs will be cancelled with retrospective effect. If unconditional approval is withdrawn, any tax reliefs are no longer available and substantial tax liabilities can be expected to be incurred by shareholders and the VCT.

Potential investors are strongly urged to seek independent professional advice when considering investment in a VCT.

Notice of Meeting

The Annual General Meeting of Talisman First Venture Capital Trust PLC will be held on Wednesday 29 August 2007 at 10.00 a.m. at One Bow Churchyard, London EC4M 9HH, to transact the following business.

Ordinary Business

1. To receive the Directors' Report and audited Financial Statements for the year ended 31 March 2007.
2. To approve the Directors' Remuneration Report.
3. To re-elect Mr J D Carr* as a Director.
4. To re-elect Mr W R Nixon* as a Director.
5. To re-appoint CLB Littlejohn Frazer as Auditors.
6. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

7. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

   THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares of 50p each in the capital of the Company provided always that:

   (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 795,834 representing 14.99% of the Company's issued Ordinary Share capital as at 31 March 2007;
   (b) the minimum price which may be paid for an Ordinary Share shall be 50p per share;
   (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be not more than the lower of: (i) Net Asset Value per share and; (ii) 105 per cent of the average of the middle market quotations for an Ordinary Share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Ordinary Shares are purchased; and
   (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this Resolution, save that the Company may before such expiry enter into a contract to purchase Ordinary Shares which will or may be completed wholly or partly after such expiry.

8. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

   THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £265,455 (representing 10% of the Company's issued Ordinary Share capital on 31 March 2007) during the period expiring (unless previously revoked, varied, or extended by the Company in general meeting) on the date of the next Annual General Meeting or on the expiry of fifteen months from the passing of this Resolution, whichever is the first to occur, save that the Company may make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry.

9. To consider and, if thought fit, pass the following Resolution as a Special Resolution:

   THAT, subject to passing of Resolution number 8 set out above, the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985 ("the Act"), to allot equity shares (as defined in Section 94 of the Act) pursuant to the authority given in accordance with Section 80 of the Act by the said Resolution number 8 as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) during the period expiring on the earlier of the date of the next Annual General Meeting of the Company or on the expiry of fifteen months from the passing of this resolution, whichever is the first to occur, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power; and
   (b) up to an aggregate nominal amount of £265,455 (representing 10% of the Company's issued Ordinary share capital on 31 March 2007.

One Bow Churchyard
Cheapside
London EC4M 9HH
29 June 2007

By order of the Board
Aberdeen Asset Management PLC
Secretaries

Notes:

1. No Director has any contract of service with the Company.
2. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, has specified that only those Shareholders on the register of members of the Company as at 10.00 a.m. on 27 August 2007 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 10.00 a.m. on 27 August 2007 shall be disregarded when determining the rights of any person to attend or vote at the meeting.
3. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him/her.
4. A proxy need not be a Member. Appointment of a proxy need not preclude a Member from attending and voting at the meeting should he/she subsequently decide to do so.
5. Instruments of proxy and the power of attorney or other authority must arrive not less that 48 hours before the time fixed for the meeting and may be submitted by post using the details supplied or, alternatively, in an envelope addressed to FREEPOST RRHB-RSXJ-GKCY, Proxy Processing Centre, Telford Road, Bicester, OX26 4LD. They may also be delivered by hand to the Registrar of the Company, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during normal business hours.
6. The Register of Directors' Interests is kept by the Company in accordance with Section 325 of the Companies Act 1985 and will be open for inspection at the meeting.

A reply-paid form of proxy for your use is enclosed.

* The biographies of the Directors are detailed on pages 3 and 4 of the Annual Report.

The Directors' Remuneration Report, referred to in Resolution 2, is on pages 20 and 21.

Details of Resolutions 3 to 9 are shown in the Directors' Report in the Annual Report as follows:

Resolutions 3 and 4	Pages 17 and 18	Directors
Resolutions 5 and 6	Page 18	Auditors
Resolution 7	Pages 16 and 17	Purchase of Ordinary Shares
Resolutions 8 and 9	Page 17	Issue of new Ordinary Shares

Registered in England and Wales - Company Number 3870187

Corporate Information

Directors
J D Carr (Chairman)
S J Barclay
B O J May
W R Nixon

Manager
Aberdeen Asset Managers Limited
Customer Services Department: 0845 300 2830
(open Monday to Friday, 9am to 5pm)
e-mail: vcts@aberdeen-asset.com

Secretary
Aberdeen Asset Management PLC

Points of Contact
The Chairman and/or the Company Secretary at:
Sutherland House
149 St Vincent Street
Glasgow G2 5NW
e-mail: company.secretary@invtrusts.co.uk

Website
www.aberdeen-asset.com

Registered Office
One Bow Churchyard
Cheapside
London EC4M 9HH

Registered in England and Wales
Company No. 3870187

Registrar
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
West Yorkshire HD8 0LA
Shareholder Helpline: 0870 162 3100

Auditors
CLB Littlejohn Frazer

Bankers
J P Morgan Chase Bank

Solicitors
Field Fisher Waterhouse

Stockbrokers
Seymour Pierce Limited

Aberdeen Asset Managers Limited
10 Queen's Terrace
Aberdeen AB10 1YG
Tel 01224 631999 Fax 01224 647010

149 St. Vincent Street, Glasgow G2 5NW
Tel 0141 306 7400 Fax 0141 306 7401

02 1079_0607

Aberdeen