

08

Talisman First Venture Capital Trust PLC

Interim Report

Six months ended 30 September 2008 (unaudited)



Aberdeen

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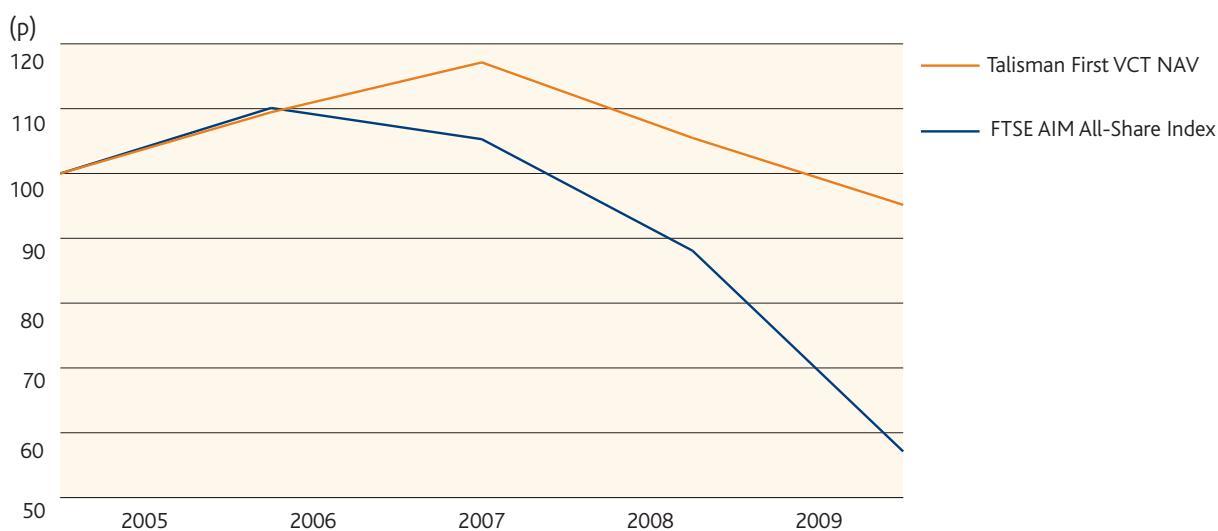
Financial Highlights

Financial history

	Six months ended 30 September 2008	Six months ended 30 September 2007	Year ended 31 March 2008
Net assets	£2.3million	£2.7million	£2.5million
Net Asset Value per share	43.3p	50.3p	48.0p
Revenue return for period	0.5p	0.4p	0.6p
Capital return for period	(5.2)p	(3.4)p	(5.9)p
Total return for period	(4.7)p	(3.0)p	(5.3)p
Share price ¹	14.0p	27.0p	23.0p
Discount to Net Asset Value	67.7%	46.3%	52.1%
Ordinary Shares in issue at period end	5,309,102	5,309,102	5,309,102

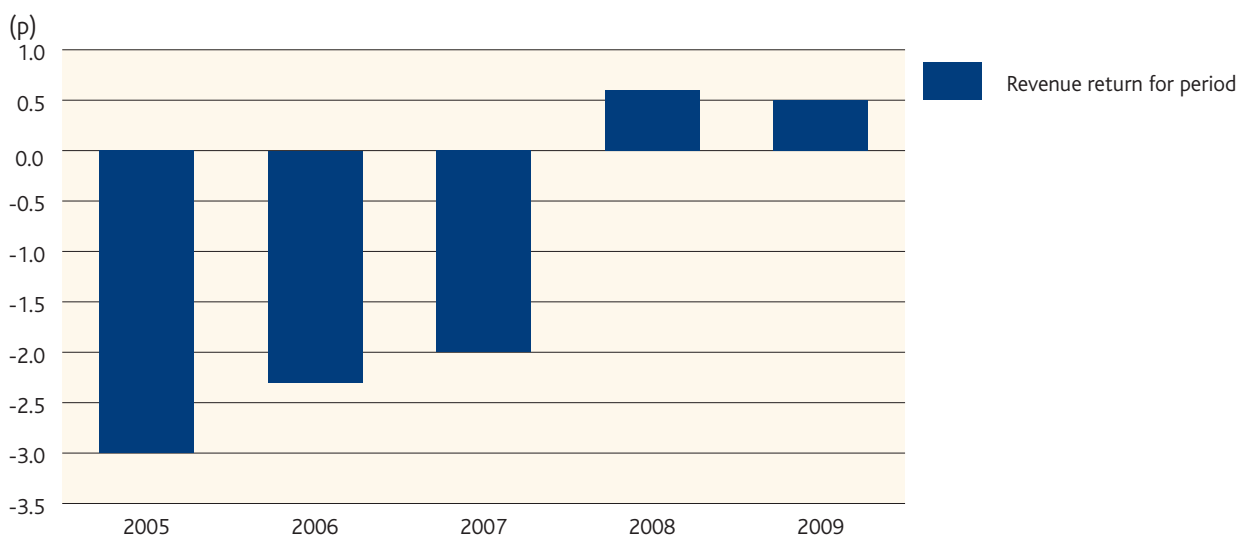
¹ Source: Bloomberg.

Net Asset Value per share



The above graph compares the Company's NAV as at 31 March in each year, except 2009 which is as at 30 September 2008, to the FTSE AIM All-share index, both rebased to 100p at 31 March 2005, the closest accounting period-end date to the appointment of Aberdeen Asset Managers Limited.

Revenue return



The above chart shows the revenue return for each year ended 31 March, except 2009 which is for the six months ended 30 September 2008. The returns for the years ended 31 March 2005 and 31 March 2006 have been re-stated to reflect the share capital consolidation effective from 23 August 2006.

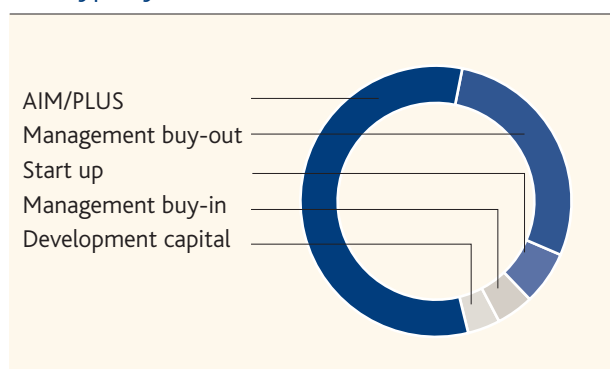
Analysis of Unlisted and AIM/PLUS Portfolio

As at 30 September 2008

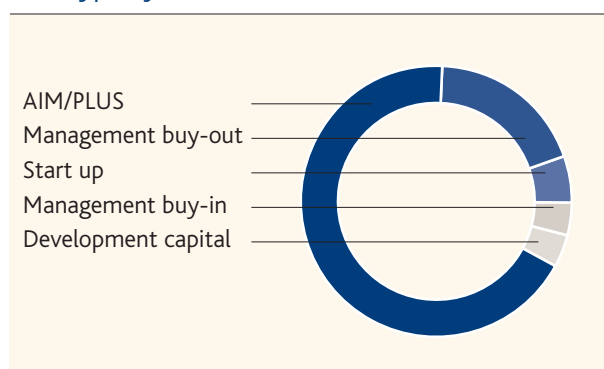
FT industrial sector	Unlisted valuation		AIM valuation		Total valuation	
	£'000	%	£'000	%	£'000	%
Support services	205	9.1	342	15.1	547	24.2
Software & computer services	–	–	510	22.5	510	22.5
Oil & gas	209	9.2	–	–	209	9.2
Electricity	135	6.0	–	–	135	6.0
Media & entertainment	–	–	115	5.1	115	5.1
Electronic & electrical equipment	83	3.7	30	1.3	113	5.0
Leisure & hotels	50	2.2	52	2.3	102	4.5
Household goods & textiles	80	3.5	18	0.8	98	4.3
Speciality & other finance	–	–	96	4.2	96	4.2
Telecommunication services	75	3.3	–	–	75	3.3
Utilities (ex-electricity)	68	3.0	–	–	68	3.0
Engineering & machinery	–	–	51	2.3	51	2.3
Chemicals	50	2.2	–	–	50	2.2
Transport	–	–	29	1.3	29	1.3
Food producers & processors	–	–	26	1.2	26	1.2
Finance (general)	19	0.8	–	–	19	0.8
Mining	–	–	18	0.8	18	0.8
Health	–	–	2	0.1	2	0.1
Total	974	43.0	1,289	57.0	2,263	100.0

Deal type	Number of deals	Valuation	
		£'000	%
Unlisted			
Management buy-out	10	645	28.4
Start up	3	143	6.4
Management buy-in	2	99	4.4
Development capital	2	87	3.8
Total unlisted	17	974	43.0
AIM/PLUS	36	1,289	57.0
Total unlisted and AIM/PLUS	53	2,263	100.0

Deal type by number of deals



Deal type by valuation



The charts illustrate only the invested portfolio, excluding cash.

Interim Management Report

For the six months ended 30 September 2008

This Interim Management Report covers a period of extreme volatility in financial markets throughout the world, with equity values generally having seen a downward trend in the face of tighter credit conditions. Most commentators are predicting that negative growth in the UK economy will continue into 2009 and share prices are likely to remain unstable given the ongoing uncertainty over economic forecasts. Your Company has a significant exposure to the AIM/PLUS market, representing 56.1% of net assets at 30 September 2008, where there has been continued volatility that has affected the results for the period under review. However, despite these significant and adverse influences, the Company's portfolio is now more diversified and the Manager has continued to increase its bias towards more robust private equity investments, which continue to mature and enhance their value, and the performance of which has offered a degree of protection from the sentiment of quoted markets.

Key information

- Net Asset Value (NAV) of 43.3p per share (pps) at 30 September 2008; compared to 48.0pps at 31 March 2008 and 50.3pps at 30 September 2007.
- Decrease of 9.8% in NAV per share since 31 March 2008 and of 13.9% since 30 September 2007.
- Five unlisted and AIM/PLUS investments made during the period under review.
- Disposals generated net realised gains of £47,000 during the period under review.

Performance

The NAV per share at 30 September 2008 was 43.3pps, representing decreases of 9.8% and 13.9% over the equivalent figures at 31 March 2008 and 30 September 2007 respectively. There is no venture capital trust index with which to compare the overall performance of the Company. However, the FTSE AIM All-share index decreased

by 35.2% over the reporting period and by 44.4% since September 2007 and the Board considers that, against this background, the relative performance of the Company's portfolio represents a commendable achievement.

Unlisted investments held by Talisman First Venture Capital Trust are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. Investments which are traded on the Alternative Investment Market (AIM) or a recognised stock exchange are valued at their bid price.

Dividends

The Board is not proposing that the Company should pay an interim dividend for the year ending 31 March 2009 as it currently does not have sufficient reserves from which one could be paid. Reserves will be created by the continued realisation of investments above their cost and the generation of further positive revenue returns from which the Company is now able to meet its recurring expenses. The reserves position has improved since the appointment of Aberdeen Asset Managers, but it remains likely that it will be some time before the Company will be in a position to pay a dividend.

VCT qualifying status

The VCT qualifying status of your Company is monitored on a continuous basis to ensure that all of the criteria required to maintain VCT status are being achieved.

Investment activity

During the six-month period ended 30 September 2008, five unlisted and AIM/PLUS quoted investments were completed and a total of £133,000 was invested. At the period end, the portfolio stood at 53 unlisted and AIM/PLUS quoted investments at a total cost of £3.6 million.

The following investments were completed during the period:

Investment	Date	Activity	Investment cost	
			£'000	Website
Unlisted				
Broomco (4136)	July 2008	Provider of CCTV and air conditioning services throughout UK	8	www.id-supportservices.co.uk
Nessco Group Holdings	June 2008	Telecommunication services provider	50	www.nessco.co.uk
Training For Travel Group	April 2008	Provider of assessment, tuition and training in travel services	50	www.trainingfortravel.com
Total unlisted investment			108	
AIM/PLUS				
Betbrokers	September 2008	Provider of independent betting brokerage services	8	www.betbrokers.com
Brookwell	June 2008	Closed-ended investment company established to acquire quoted securities from financial institutions	17	www.brookwelllimited.com
Total AIM/PLUS investment			25	
Total investment			133	

Interim Management Report continued

Co-investment

Talisman First Venture Capital Trust has co-invested with Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Aberdeen Growth VCT I, Aberdeen Income and Growth VCT, Gateway VCT and Guinness Flight Venture Capital Trust 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 Manager's clients are able to underwrite a wider range and size of transaction than would be the case on a stand alone basis.

Portfolio developments

Unlisted portfolio

During the period under review, the unlisted investment in ID Support Services Holdings was sold generating a gain of £49,000 which is a return, including the interest received during the life of the investment, of 1.8 times the cost of £74,000 over the fifteen month holding period. In addition, a further £88,000 was received by the Company from the repayment of loan stock at par by Homelux Nenplas and Spectral Fusion Technologies.

AIM/PLUS portfolio

A strategic decision was taken to dispose of the AIM quoted holding in Autoclenz, at market value, to an active investor that will aggregate the holdings from a number of managers and seek to realise them at higher values than could be achieved individually. In addition, the holding in Imprint was sold under compulsory purchase provisions when an offer for that company by Premier Group was accepted by shareholders. In the case of both of these investments, the carrying value at 31 March 2008 had largely recognised the losses realised and, therefore, the impact on the NAV of the Company in the period under review was minimal.

Conditions in the AIM/PLUS market continued to be volatile during the reporting period, which limited opportunities to actively trade the portfolio. However, net gains of £58,000 were realised on the trading of holdings other than those mentioned above and these can be seen in the table below.

Realisations

The table below gives details of all realisations during the reporting period:

Investments realised

Investment	Date first invested	Complete/ partial exit	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/(loss) £'000
Unlisted					
Homelux Nenplas	2006	Partial	13	13	–
ID Support Services Holdings	2007	Complete	74	123	49
Spectral Fusion Technologies	2002	Partial	75	75	–
Total unlisted disposals			162	211	49
AIM/PLUS					
Associated Network Solutions ¹	2000	Partial	10	27	17
Autoclenz	2005	Complete	45	17	(28)
Imprint	2005	Complete	52	20	(32)
Optare (formerly Darwen Group)	2007	Partial	14	39	25
Other AIM/PLUS disposals			89	105	16
Total AIM/PLUS disposals			210	208	(2)
Total disposals			372	419	47

¹ Quoted on PLUS.

Subsequent to the period end, further disposals of AIM quoted holdings generated net realised gains of £8,000.

Principal risks and uncertainties

The Board has reviewed the principal risks and uncertainties facing the Company in the second half of its financial year; these are unchanged from those it faced at the start of the year, being the risks involved in investment in small and unquoted companies. In order to reduce the exposure to investment risk, the Company has invested in a broadly-based portfolio of investments in unlisted and AIM/PLUS quoted companies in the United Kingdom. The Company remains compliant with the regulations governing venture capital trusts and the Manager closely monitors the position of the Company to ensure that it complies with the various tests at all times.

Outlook

The performance of the quoted markets generally during the period has been volatile and events affecting the banking sector have caused further uncertainty since the period end. Although there has been some stimulus from the support provided to banks by central government, it would appear that the uncertain conditions may prevail for some time given the continuing speculation over the future of the economy. Opportunities to invest in companies seeking to achieve an IPO on AIM have, therefore, been limited and little change in this situation is anticipated in the short term. Whilst the Company's AIM and PLUS quoted investments have obviously suffered as a result of the extended period of volatility which continues to affect the equity markets, most of the underlying businesses in which that portfolio is invested are performing in line with the Manager's expectations and it is anticipated that this will be reflected in positive share price movements when market conditions improve, although the timing and extent of any recovery is uncertain.

Shareholders should also take comfort from the composition of the unlisted portfolio, which is now largely invested in a number of mature private companies which are paying a regular yield while continuing to demonstrate reasonable growth potential and whose values are not directly affected by the short term fluctuations of the quoted markets. The investments in these businesses are still relatively new, but are maturing and successful realisations may be possible in due course, resulting in a continuing requirement to re-invest the proceeds in accordance with the VCT Regulations. The Manager will continue to invest selectively from its flow of introductions sourced by its regional network of offices with a view to further increasing the Company's exposure to this asset class which, in turn, should improve the stability of its portfolio and enable it to continue to meet its recurring expenses and to improve Net Asset Value and reserves.

On behalf of the Board
Aberdeen Asset Management PLC
Secretary
27 November 2008

Summary of Portfolio Performance

For the six months ended 30 September 2008

	Opening value 31 March 2008 £'000	Purchases £'000	Sales £'000	Realised gain/(loss) over opening value £'000	Unrealised gain/(loss) over opening value £'000	Closing value 30 September 2008 £'000	Total gain/(loss) £'000
Unlisted	1,048	108	(211)	46	(17)	974	29
PLUS	484	–	(27)	4	9	470	13
AIM	1,245	25	(181)	37	(307)	819	(270)
Total portfolio	2,777	133	(419)	87	(315)	2,263	(228)

Investment Portfolio Summary

As at 30 September 2008

Investment	Valuation £'000	Cost £'000	% of total assets	% of equity held	% of equity held by other clients ¹
Unlisted					
Fotolec Technologies	135	250	5.9	4.2	–
Funeral Services Partnership	119	99	5.2	0.7	29.3
Homelux Nenplas	80	37	3.5	0.8	44.2
Camwatch	75	75	3.3	1.3	40.5
Martel Instruments Holdings	75	75	3.3	1.1	32.3
Steminic (trading as MS Industrial Services)	74	74	3.2	1.3	43.8
Oliver Kay Holdings	70	70	3.0	0.4	19.6
Enpure Holdings	68	50	3.0	0.2	79.4
Silkwater Holdings (trading as Cyclotech)	61	50	2.7	0.7	19.3
Adler & Allan Holdings	50	50	2.2	0.2	40.8
Training For Travel Group	50	50	2.2	0.6	29.4
Nessco Group Holdings	50	50	2.2	0.7	37.2
Countcar	24	2	1.0	0.6	26.0
Other unlisted investments	43	401	1.7		
Total unlisted investments	974	1,333	42.4		
AIM/PLUS					
Associated Network Solutions ²	429	183	18.7	3.1	–
Concateno	129	114	5.6	0.2	2.3
Litcomp	60	50	2.6	–	4.9
Betbrokers	58	63	2.5	0.2	1.7
Lo-Q	47	181	2.0	1.2	–
Melorio	40	48	1.7	0.2	2.7
Craneware	40	22	1.7	0.1	1.7
Formation Group	39	49	1.7	0.1	1.1
Hasgrove	38	49	1.7	0.2	1.8
Mount Engineering	31	35	1.3	0.2	2.3
Datong Electronic	30	47	1.3	0.3	1.7
Optare (formerly Darwen Group)	29	29	1.3	0.2	4.3
Essentially Group	28	49	1.2	0.2	2.8
Work Group	26	101	1.1	0.5	2.8
Smart Identity	23	25	1.0	0.7	4.7
DM	21	39	0.9	0.2	1.2
Avanti Communications Group	20	25	0.9	–	1.4
Other AIM/PLUS investments	201	1,161	8.9		
Total AIM/PLUS investments	1,289	2,270	56.1		
Total investments	2,263	3,603	98.5		

¹ Other clients of the Aberdeen Asset Management Group.

² Quoted on PLUS.

Income Statement

For the six months ended 30 September 2008

	Six months ended 30 September 2008 (unaudited)			Six months ended 30 September 2007 (unaudited)			Year ended 31 March 2008 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments									
- realised	-	47	47	-	50	50	-	855	855
- unrealised	-	(275)	(275)	-	(176)	(176)	-	(1,062)	(1,062)
Investment income and deposit income	59	-	59	46	-	46	93	-	93
Investment management fees	(11)	(46)	(57)	(11)	(46)	(57)	(22)	(91)	(113)
Performance fees	-	-	-	(2)	(9)	(11)	(2)	(9)	(11)
Other expenses	(17)	(6)	(23)	(10)	(1)	(11)	(36)	(8)	(44)
Net return/(loss) on ordinary activities before taxation	31	(280)	(249)	23	(182)	(159)	33	(315)	(282)
Tax on ordinary activities	(3)	3	-	-	-	-	(2)	2	-
Return/(loss) attributable to equity Shareholders	28	(277)	(249)	23	(182)	(159)	31	(313)	(282)
Return per Ordinary Share (pence)	0.5	(5.2)	(4.7)	0.4	(3.4)	(3.0)	0.6	(5.9)	(5.3)

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

All items in the above statement are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

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

Reconciliation of Movements in Shareholders' Funds

For the six months ended 30 September 2008

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (unaudited) £'000	Year ended 31 March 2008 (audited) £'000
Opening Shareholders' funds	2,547	2,829	2,829
Loss attributable to equity Shareholders	(249)	(159)	(282)
Closing Shareholders' funds	2,298	2,670	2,547

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

Balance Sheet

As at 30 September 2008

	30 September 2008 (unaudited) £'000	30 September 2007 (unaudited) £'000	31 March 2008 (audited) £'000
Fixed assets			
Investments at fair value through profit or loss	2,263	2,818	2,777
Current assets			
Debtors	57	37	51
Cash and overnight deposits	1	56	96
	58	93	147
Creditors			
Amounts falling due within one year	12	34	43
Bank overdraft	11	207	334
	23	241	377
Net current assets/(liabilities)	35	(148)	(230)
Net assets	2,298	2,670	2,547
Capital and reserves			
Called up share capital	2,655	2,655	2,655
Share premium account	2,389	2,389	2,389
Capital reserve - realised	(447)	(418)	(445)
Capital reserve - unrealised	(1,337)	(958)	(1,062)
Revenue reserve	(962)	(998)	(990)
Net assets attributable to equity Shareholders	2,298	2,670	2,547
Net Asset Value per Ordinary Share (pence)	43.3	50.3	48.0

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

Cash Flow Statement

For the six months ended 30 September 2008

	Six months ended 30 September 2008 (unaudited) £'000	Six months ended 30 September 2007 (restated and unaudited) £'000	Year ended 31 March 2008 (audited) £'000
Operating activities			
Investment income received	54	22	51
Deposit interest received	2	3	4
Investment management fees paid	(85)	(56)	(113)
Performance fees paid	–	(40)	(40)
Other cash payments	(21)	(25)	(39)
Net cash outflow from operating activities	(50)	(96)	(137)
Taxation			
Corporation tax	–	–	–
Financial investment			
Purchase of investments	(133)	(780)	(942)
Sale of investments	419	429	551
Net cash inflow/(outflow) from financial investment	286	(351)	(391)
Equity dividends paid	–	–	–
Net cash inflow/(outflow) from financial investment	236	(447)	(528)
Financing			
Bank overdraft interest paid	(8)	(3)	(10)
Net cash outflow from financing	(8)	(3)	(10)
Increase/(decrease) in cash	228	(450)	(538)
Reconciliation of net cash flow to movements in net funds			
Increase/(decrease) in cash for the period	228	(450)	(538)
Net funds at the start of the period	(238)	300	300
Net funds at the end of the period	(10)	(150)	(238)

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

Notes to the Financial Statements

For the six months ended 30 September 2008

1 Accounting policies

The financial information for the six months ended 30 September 2008 and the six months ended 30 September 2007 comprises non statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information contained in this report has been prepared on the basis of the accounting policies set out in the Annual Report and Financial Statements for the year ended 31 March 2008.

The results for the year ended 31 March 2008 are extracted from the full accounts for that year, which received an unqualified report from the Auditors and have been filed with the Registrar of Companies.

	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
2 Movement in reserves				
At 31 March 2008	2,389	(445)	(1,062)	(990)
Gains on sale of investments	–	47	–	–
Net decrease in value of investments	–	–	(275)	–
(Loss)/profit on ordinary activities	–	(49)	–	28
At 30 September 2008	2,389	(447)	(1,337)	(962)

	Six months ended 30 September 2008 £'000	Six months ended 30 September 2007 £'000	Year ended 31 March 2008 £'000
3 Return per Ordinary Share			
The return per Ordinary Share is based on the following figures:			
Revenue return	28	23	31
Capital return	(277)	(182)	(313)
Total return	(249)	(159)	(282)

Weighted average number of Ordinary Shares in issue	5,309,102	5,309,102	5,309,102
Revenue return per Ordinary Share	0.5p	0.4p	0.6p
Capital return per Ordinary Share	(5.2p)	(3.4)p	(5.9)p
Return per Ordinary Share	(4.7p)	(3.0)p	(5.3)p

The Net Asset Value per Ordinary Share has been calculated using the number of shares in issue at 30 September 2008 of 5,309,102.

4 Bases of restatement

The Cash Flow Statement for the six months ended 30 September 2007 has been restated to reflect the utilisation of the Company's overdraft facility.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- the Financial Statements for the six months ended 30 September 2008 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;
- the Interim Management Report includes a fair review of the information required by DTR 4.2.7R in relation to the indication of important events during the first six months, and of the principal risks and uncertainties facing the Company during the second six months, of the year ending 31 March 2009; and
- the Interim Management Report includes adequate disclosure of the information required by DTR 4.2.8R in relation to related party transactions and any changes therein.

By order of the Board
Aberdeen Asset Management PLC
Secretary
27 November 2008

Corporate Information

Directors

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

Manager

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Secretary

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(calls cost 10p per minute plus network extras)

Auditors

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Custodian Bankers

J P Morgan Chase Bank

Solicitors

Field Fisher Waterhouse

Stockbroker

Seymour Pierce Limited

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