

Talisman First Venture Capital Trust PLC

Interim Report

for the six months ended 30 September 2009

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Financial Highlights

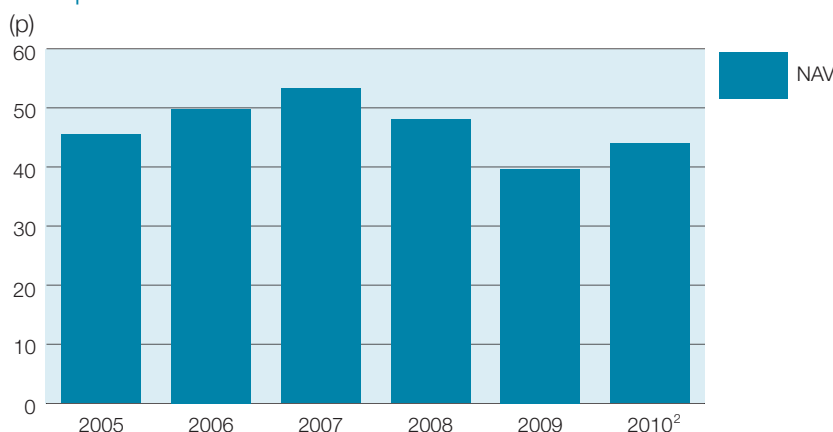
Financial History

	Six months ended 30 September 2009	Year ended 31 March 2009	Six months ended 30 September 2008
Net assets	£2,333,000	£2,107,000	£2,298,000
Net Asset Value per share	44.0p	39.7p	43.3p
Revenue return for period	0.6p	0.7p	0.5p
Capital return for period	3.7p	(9.0)p	(5.2)p
Total return for period	4.3p	(8.3)p	(4.7)p
Share price ¹	15.0p	14.5p	14.0p
Discount to Net Asset Value	65.9%	63.5%	67.7%
Ordinary Shares in issue	5,309,102	5,309,102	5,309,102

¹ Mid-market price.

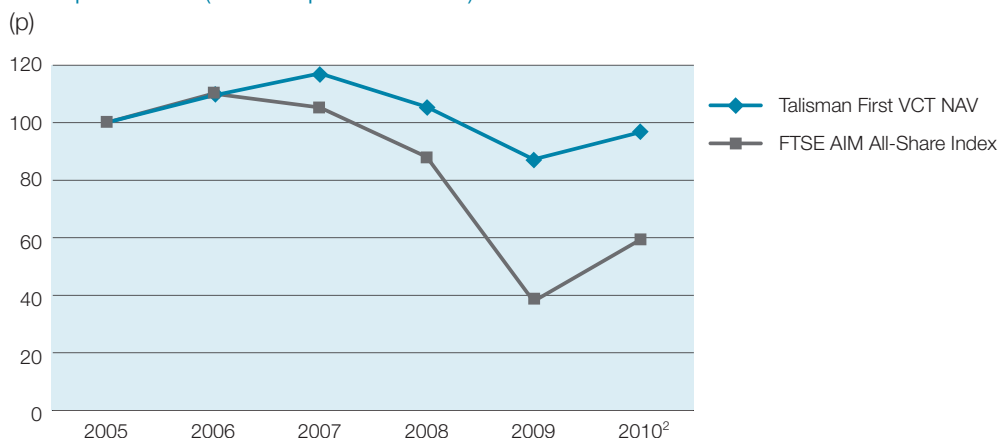
Source: Maven Capital Partners UK LLP, except share price (Bloomberg).

NAV per share



The above graph shows the Company's Net Asset Value (NAV) as at 31 March in each year (²except 2010, which is at 30 September 2009). The NAVs at 31 March 2005 and 31 March 2006 have been re-stated to reflect the share capital consolidation effective from 23 August 2006.

NAV per share (relative performance)

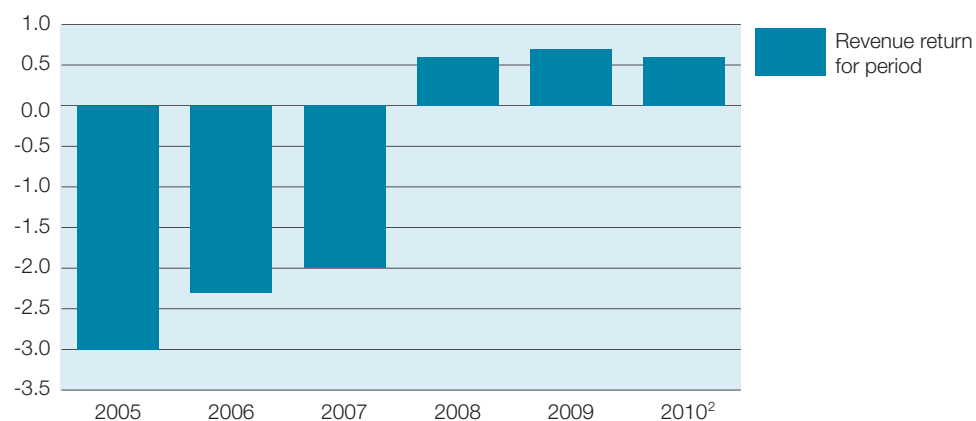


The above graph compares the Company's NAV as at 31 March in each year (²except 2010, which is at 30 September 2009) to the FTSE AIM All-share index; both rebased to 100p at 31 March 2005, the closest accounting period-end date to the appointment of the Manager. The NAVs at 31 March 2005 and 31 March 2006 have both been re-stated to reflect the share capital consolidation effective from 23 August 2006.

Financial Highlights continued

Revenue return

(p)



The above graph shows the revenue return for each year ended 31 March (²except 2010, which is for the six months ended 30 September 2009). 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 2009

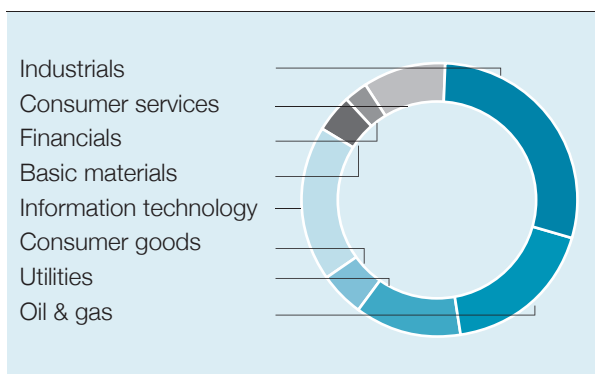
Analysis of unlisted and AIM/PLUS portfolio by FT industrial sector

FT industrial sector	Unlisted valuation		AIM/PLUS valuation		Total valuation	
	£'000	%	£'000	%	£'000	%
Support services	185	9.9	221	11.8	406	21.7
Oil & gas	339	18.1	–	–	339	18.1
Software & computer services	–	–	270	14.4	270	14.4
Electricity	170	9.1	–	–	170	9.1
Leisure & hotels	58	3.1	72	3.8	130	6.9
Household goods & textiles	80	4.3	8	0.4	88	4.7
Electronic & electrical equipment	76	4.0	11	0.6	87	4.6
Telecommunication services	75	4.0	–	–	75	4.0
Utilities (ex-electricity)	68	3.6	–	–	68	3.6
Chemicals	62	3.3	–	–	62	3.3
Media & entertainment	–	–	52	2.8	52	2.8
Engineering & machinery	–	–	49	2.6	49	2.6
Speciality & other finance	–	–	34	1.8	34	1.8
Mining	–	–	21	1.1	21	1.1
Finance (general)	14	0.7	–	–	14	0.7
Food producers & processors	–	–	5	0.3	5	0.3
Health	1	0.1	3	0.2	4	0.3
Total unlisted and AIM/PLUS	1,128	60.2	746	39.8	1,874	100.0

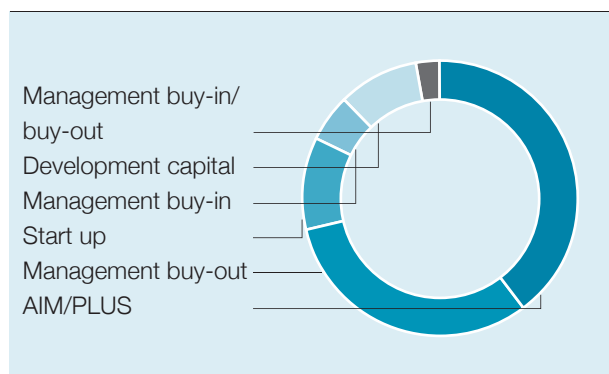
Analysis of unlisted and AIM/PLUS portfolio by deal type

Deal type	Number of deals	Valuation	
		£'000	%
Unlisted			
Management buy-out	11	595	31.8
Development capital	3	203	10.8
Start up	3	178	9.5
Management buy-in	2	102	5.4
Management buy-in/buy-out	1	50	2.7
Total unlisted	20	1,128	60.2
AIM/PLUS	29	746	39.8
Total unlisted and AIM/PLUS	49	1,874	100.0

Valuation by FT industrial sector



Valuation by deal type



Interim Management Report

Investment Manager's Review

The general decline in worldwide financial markets continued until early March but, since then, some recovery has been evident and the markets have made steady progress. With almost 50% by value of the NAV invested in unlisted companies, which are not subject to the same variations as the quoted markets, the Company has continued to provide comparatively good performance over the reporting period and the NAV per share has increased by 10.8% since March 2009. There are some early signs of trade buyers re-emerging in a few sectors together with the improvement in the AIM market. The FTSE AIM All-share index increased by more than 50% over the reporting period as investor confidence returned to that market, which was so badly affected during the downturn.

Trading conditions for the investee companies have continued to be reasonable during the reporting period; however, the Directors have considered it prudent to reduce the valuations of a small number of holdings in response to lower earnings forecasts. In contrast, the majority of our investments are trading in line with expectations and the Board has been able to increase some valuations. In particular, a 100% uplift in Silkwater Holdings (Cyclotech), a provider of specialist equipment to the oil and gas industry, was achieved with the revised valuation reflecting the proceeds received on a disposal that was completed subsequent to the period end. The amount of new investment has been relatively modest during the period at £118,000, the vast majority in two new yielding unlisted investee companies.

Going forward, the Board intends that an increased proportion of the portfolio is in unlisted investments, each paying a significant level of yield which will reduce and eventually eliminate the deficit on the revenue account, which in turn will open the way to the payment of dividends to Shareholders. The Company has cash resources available to take advantage of new opportunities and for additional investment in the existing portfolio of unlisted companies.

Performance

The net effect of the developments noted above and other, less significant, changes in the portfolio is that NAV per Ordinary Share at 30 September 2009 was 44.0p, up from 39.7p at 31 March 2009.

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 and, as noted above, from the creation of a surplus on the revenue account.

Investment activity

During the period ended 30 September 2009, two new unlisted investments were completed and a total of £118,000 was invested. At the period end, the portfolio stood at 49 unlisted and AIM/PLUS investments at a total cost of £2.8 million.

The following investments have been completed during the period:

Investments

Investment	Date	Activity	Investment cost	
			£'000	Website
Unlisted				
Adler & Allan Holdings	July 2009	Provider of services for the handling and disposal of liquid waste.	12	www.adlerandallan.co.uk
Dalglen 1150 (trading as Walker Technical Resources)	June 2009	Provider of services to the energy sector, specialising in pipeline repairs.	50	www.wtr.ul.com
MC440 (trading as Westway Cooling)	June 2009	Provider of design, installation and maintenance services on air-conditioning and associated building services plant.	50	www.westwaycooling.co.uk
Other unlisted investment			4	
Total unlisted investment			116	
AIM/PLUS				
DM	April 2009	Direct marketing group specialising in gathering consumer data for use in direct marketing campaigns.	2	www.dmplc.com
Total AIM/PLUS investment			2	
Total investment			118	

Talisman First Venture Capital Trust has co-invested with Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Growth Opportunities VCT 2, Aberdeen Income and Growth VCT, and Ortus VCT (formerly 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 funds are able to underwrite a wider range and size of transaction than would be the case on a stand alone basis.

Portfolio developments

There was an increase in activity during the period when compared with the previous year as some liquidity returned to the market together with a return to more stable trading conditions.

The opportunity was taken to reduce the size of the holding in Associated Network Solutions, whose value had risen to represent too high a proportion of the overall portfolio. From the unlisted portfolio, Funeral Services Partnership was sold in a secondary buy-out, achieving a return (including yield payments) of more than 1.5 times the cost of the investment. A stake was retained in the company, which required more capital to fund its acquisition strategy.

A small number of investments were realised to improve the liquidity of the Company and, as a result, the Company's cash position has improved from a net overdrawn balance of £22,000 at 31 March 2009 to a surplus of £413,000 as at 30 September 2009.

Further realisations may occur in the coming months and the Directors have sanctioned the Manager's decision to retain the proceeds for future investment in private companies which will provide a yield that will improve the Company's ability to meet its recurring costs and improve its reserves position.

The FTSE AIM All-share index increased over the period by 56% in a reversal of the falls experienced last year. In comparison, the value of the Company's AIM/PLUS portfolio increased by 18.4% over the period. However, this statistic is not representative of the underlying performance of the AIM/PLUS portfolio as a whole. The Company has not invested in the more volatile sectors of AIM and consequently did not suffer from the large falls seen in the AIM indices in 2008. The underlying performance of the businesses in the AIM/PLUS portfolio, with few exceptions, remains sound and this is expected to continue. As more liquidity returns to the AIM market, it is expected that share prices will recover further, although the timing of this is uncertain.

Realisations

The table below gives details of realisations during the period. Subsequent to the period end, the investment in Silkwater Holdings (Cyclotech) was sold, generating proceeds of £138,000, compared to an invested cost of £50,000, and a redemption premium of £13,000. The holding also generated income of £9,000 over the period of investment.

Realisations

	Date first invested	Complete/partial exit	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/(loss) £'000
Unlisted					
Funeral Services Partnership	2007	Complete	99	115	16
Total unlisted disposals			99	115	16
AIM/PLUS					
Associated Network Solutions	2000	Partial	86	215	129
Avanti Communications Group	2007	Partial	19	25	6
Concateno	2006	Complete	114	121	7
Lo-Q	2000	Partial	94	58	(36)
Relax Group	2006	Complete	51	9	(42)
Others			47	11	(36)
Total AIM/PLUS disposals			411	439	28
Total disposals			510	554	44

Interim Management Report continued

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 holdings 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.

Manager

On 9 June 2009, the senior members of the Private Equity Division at Aberdeen Asset Managers (Aberdeen) formed Maven Capital Partners UK LLP (Maven) and completed a management buy-out. This team was previously wholly responsible for the management of all Aberdeen VCTs and continues in that role with substantially the same staff, who operate from a network of offices across the UK. There will be no change in the level of investment management, administrative and company secretarial services which are provided and the Company has, therefore, novated the investment management agreement to Maven.

VAT recovery

Discussions continue with Aberdeen regarding the recovery of VAT paid on management fees up to 30 September 2008. Aberdeen is in negotiation with HMRC and the Board and Maven, as Manager, will seek early settlement of the amounts due.

VCT qualifying status

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

Outlook

In general, the performance of the quoted markets has reversed to some extent the losses incurred during 2008; however, we believe conditions will remain fragile for some time until improvements in economic indicators are well established. Opportunities to invest in companies seeking to achieve an IPO on the AIM market continue to be limited and little change is expected in the short term. Over the next twelve months, the Manager intends to take profit opportunities as liquidity permits from the AIM/PLUS portfolio.

Realisations from the unlisted portfolio may also arise but these are much less predictable. The Board has a medium term objective of increasing the proportion of unlisted assets within the portfolio with an emphasis on a paid yield; the achievement of this will depend, in the short term, on the timing of realisations from both elements of the portfolio.

Private company assets are available at more attractive entry multiples than in the recent past and the Manager continues to utilise its national network to acquire suitable assets with attractive yields. This approach will leave the Company less exposed to fluctuations in quoted markets and, over time, should improve the revenue available for distribution to Shareholders.

Maven Capital Partners UK LLP

Manager

18 November 2009

Summary of Portfolio Performance

For the six months ended 30 September 2009

	Opening value 31 March 2009 £'000	Purchases £'000	Sales £'000	Realised gain/(loss) over opening value £'000	Unrealised gain/(loss) over opening value £'000	Closing value 30 September 2009 £'000	Total gain/(loss) over opening value £'000
Unlisted	1,082	116	(115)	(6)	51	1,128	45
PLUS	428	–	(215)	21	25	259	46
AIM	571	2	(224)	48	90	487	138
Total portfolio	2,081	118	(554)	63	166	1,874	229

Investment Portfolio Summary

Investment	Valuation £'000	Cost £'000	% of total assets	% of equity held	% of equity held by other clients ¹
Unlisted					
Fotolec Technologies	170	250	7.3	4.2	–
Silkwater Holdings (trading as Cyclotech)	138	50	5.9	0.7	19.3
Steminic (trading as MS Industrial Services)	89	89	3.8	1.3	36.6
Homelux Nenplas	80	37	3.4	0.8	44.2
Oliver Kay Holdings	79	70	3.4	0.4	19.6
Martel Instruments Holdings	76	76	3.3	1.2	37.5
Camwatch	75	75	3.2	1.2	35.6
Enpure Holdings	68	50	2.9	0.2	4.6
Adler & Allan Holdings	62	62	2.7	0.2	6.9
Training For Travel Group	57	50	2.5	0.6	29.4
Nessco Group Holdings	50	50	2.1	0.7	37.2
Lawrence Recycling & Waste Management	50	50	2.1	0.6	49.4
Dalglen 1150 (trading as Walker Technical Resources)	50	50	2.1	1.1	62.0
MC 440 (trading as Westway Cooling)	50	50	2.1	0.4	21.6
Countcar	13	2	0.6	0.6	26.0
Other unlisted investments	21	394	0.9		
	1,128	1,405	48.3		

Investment Portfolio Summary continued

Investment	Valuation £'000	Cost £'000	% of total assets	% of equity held	% of equity held by other clients ¹
AIM/PLUS					
Associated Network Solutions ²	246	98	10.5	1.6	–
Melorio	68	48	2.9	0.2	2.7
Lo-Q	64	87	2.7	0.5	–
Litcomp	45	50	1.9	–	4.9
DM	33	41	1.4	0.2	1.2
Hasgrove	32	49	1.4	0.2	1.6
Betbrokers	30	66	1.3	0.2	1.7
Mount Engineering	29	35	1.3	0.2	2.3
Universe Group	26	40	1.1	0.5	2.1
Essentially Group	24	49	1.0	0.2	2.5
Hambledon Mining	21	32	0.9	0.1	0.2
Managed Support Services	16	105	0.7	0.1	0.7
Brulines Group	14	16	0.6	0.1	0.3
Formation Group	12	49	0.5	0.1	1.1
Avanti Communications Group	11	6	0.5	–	0.2
Work Group	11	101	0.5	0.5	2.8
Datong	11	47	0.5	0.3	1.7
Other AIM/PLUS investments	53	497	2.3		
	746	1,416	32.0		
Total investments	1,874	2,821	80.3		

¹ Other clients of Maven Capital Partners UK LLP.

² Quoted on PLUS.

Income Statement

For the six months ended 30 September 2009

	Six months ended 30 September 2009 (unaudited)			Six months ended 30 September 2008 (unaudited)			Year ended 31 March 2009 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments									
- realised	-	44	44	-	47	47	-	(323)	(323)
- unrealised	-	185	185	-	(275)	(275)	-	(67)	(67)
Investment income and deposit income	64	-	64	59	-	59	105	-	105
Investment management fees	(10)	(38)	(48)	(11)	(46)	(57)	(21)	(84)	(105)
Other expenses	(18)	(1)	(19)	(17)	(6)	(23)	(44)	(6)	(50)
Net return/(loss) on ordinary activities before taxation	36	190	226	31	(280)	(249)	40	(480)	(440)
Tax on ordinary activities	(6)	6	-	(3)	3	-	(1)	1	-
Return/(loss) attributable to Equity Shareholders	30	196	226	28	(277)	(249)	39	(479)	(440)
Return per Ordinary Share (pence)	0.6	3.7	4.3	0.5	(5.2)	(4.7)	0.7	(9.0)	(8.3)

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 2009

	Six months ended 30 September 2009 (unaudited) £'000	Six months ended 30 September 2008 (unaudited) £'000	Year ended 31 March 2009 (audited) £'000
Opening Shareholders' funds	2,107	2,547	2,547
Return/(loss) attributable to Equity Shareholders	226	(249)	(440)
Closing Shareholders' funds	2,333	2,298	2,107

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

Balance Sheet

As at 30 September 2009

	30 September 2009 (unaudited) £'000	30 September 2008 (unaudited) £'000	31 March 2009 (audited) £'000
Fixed assets			
Investments at fair value through profit or loss	1,874	2,263	2,081
Current assets			
Debtors	62	57	68
Cash and overnight deposits	413	1	14
	475	58	82
Creditors			
Amounts falling due within one year	16	12	20
Bank overdraft	–	11	36
	16	23	56
Net current assets	459	35	26
Net assets	2,333	2,298	2,107
Capital and reserves			
Called up share capital	2,655	2,655	2,655
Share premium	2,389	2,389	2,389
Capital reserves - realised	(846)	(447)	(857)
Capital reserves - unrealised	(944)	(1,337)	(1,129)
Revenue reserve	(921)	(962)	(951)
Net assets attributable to Equity Shareholders	2,333	2,298	2,107
Net Asset Value per Ordinary Share (pence)	44.0	43.3	39.7

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

Cash Flow Statement

For the six months ended 30 September 2009

	Six months ended 30 September 2009 (unaudited) £'000	Six months ended 30 September 2008 (unaudited) £'000	Year ended 31 March 2009 (audited) £'000
Operating activities			
Investment income received	49	54	89
Deposit interest received	–	2	2
Investment management fees paid	(48)	(85)	(133)
Other cash receipts/(payments)	48	(21)	(36)
Net cash inflow/(outflow) from operating activities	49	(50)	(78)
Taxation			
Corporation tax	–	–	–
Financial investment			
Purchase of investments	(118)	(133)	(202)
Sale of investments	504	419	504
Net cash inflow from financial investment	386	286	302
Equity dividends paid	–	–	–
Net cash inflow before financing	435	236	224
Financing			
Bank overdraft interest paid	–	(8)	(8)
Net cash outflow from financing	–	(8)	(8)
Increase in cash	435	228	216
Reconciliation of net cash flow to movements in net funds			
Increase in cash for the period	435	228	216
Net funds at the start of the period	(22)	(238)	(238)
Net funds at the end of the period	413	(10)	(22)

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

Notes to the Financial Statements

For the six months ended 30 September 2009

1 Accounting policies

The financial information for the six months ended 30 September 2009 and the six months ended 30 September 2008 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 2009.

The results for the year ended 31 March 2009 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.

2 Movement in reserves

	Share premium £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Revenue reserve £'000
At 31 March 2009	2,389	(857)	(1,129)	(951)
Gains on sale of investments	–	44	–	–
Net increase in value of investments	–	–	185	–
(Loss)/profit on ordinary activities	–	(33)	–	30
At 30 September 2009	2,389	(846)	(944)	(921)

3. Return per Ordinary Share

	Six months ended 30 September 2009 (unaudited) £'000	Six months ended 30 September 2008 (unaudited) £'000	Year ended 31 March 2009 (audited) £'000
The return per Ordinary Share is based on the following figures:			
Revenue return	30	28	39
Capital return	196	(277)	(479)
Total return	226	(249)	(440)
Weighted average number of Ordinary Shares in issue	5,309,102	5,309,102	5,309,102
Revenue return per Ordinary Share	0.6p	0.5p	0.7p
Capital return per Ordinary Share	3.7p	(5.2p)	(9.0p)
Return per Ordinary Share	4.3p	(4.7p)	(8.3p)

The Net Asset Value per Ordinary Share has been calculated using the number of shares in issue at 30 September 2009 of 5,309,102.

Directors' Responsibility Statement

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

- the Financial Statements for the six months ended 30 September 2009 have been prepared in accordance with applicable accounting standards, the Companies Act 2006 and the 2009 Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' ('the SORP');
- 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 2010; 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
Maven Capital Partners UK LLP
Secretary
18 November 2009

Corporate Information

Directors

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

Manager and Secretary

Maven Capital Partners UK LLP
Sutherland House
149 St Vincent Street
Glasgow G2 5NW

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Company No. 3870187

Website

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Auditors

Deloitte LLP

Bankers

J P Morgan Chase Bank

Registrar

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Shareholder Helpline: 0871 664 0300
(calls cost 10p per minute plus network extras;
lines are open 8.30am-5.30pm, Mon-Fri)

Stockbroker

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