

TALIESIN PROPERTY FUND LIMITED
Condensed Consolidated Interim Financial Statements
for the period 1 January 2007 to 30 June 2007

TALIESIN PROPERTY FUND LIMITED

**Condensed Consolidated Interim Financial Statements
for the period 1 January 2007 to 30 June 2007**

Contents	Page
Consolidated Income Statement	1
Consolidated Statement of Changes in Equity	2
Consolidated Balance Sheet	3
Consolidated Cash flow Statement	4
Notes to the Condensed Consolidated Interim Financial Statements	5 - 8

TALIESIN PROPERTY FUND LIMITED

Consolidated Income Statement
for the period 1 January 2007 to 30 June 2007

	Note	1 January 2007 to 30 June 2007 (unaudited) €	17 November 2005 to 30 June 2006 (unaudited) €	17 November 2005 to 31 December 2006 (audited) €
Continuing Operations				
Rental income		1,771,774	-	1,018,800
Other operating income		3,029	-	2,009
Total operating revenues		1,774,803	-	1,020,809
Movement in fair value adjustment on investment property		2,139,708	-	(1,153,815)
Gains/(Losses) on financial assets at fair value through profit or loss	4	10,215	-	(17,756)
Expenses				
Organisational costs		-	120,798	120,798
Administration expenses		1,649,995	337,677	1,384,908
Total operating expenses		1,649,995	458,475	1,505,706
Profit/(Loss) from operating activities		2,274,731	(458,475)	(1,656,468)
Finance income		531,748	117,770	176,700
Finance expense		(426,080)	-	(174,486)
Finance income - net		105,668	117,770	2,214
Profit/(Loss) before tax		2,380,399	(340,705)	(1,654,254)
Corporate income tax (expense)/credit		(647,838)	11,561	369,414
Current ordinary profit/(loss) for the period		1,732,561	(329,144)	(1,284,840)
Attributable to:				
Equity holders of the parent		1,705,471	(329,144)	(1,285,548)
Minority interest		27,090	-	708
Net profit/(loss) for the period		1,732,561	(329,144)	(1,284,840)
Net profit/(loss) per Participating share (€)	2	7.46	(2.34)	(6.65)

The notes on pages 5 to 8 form an integral part of the financial statements.

TALIESIN PROPERTY FUND LIMITED

Consolidated Statement of Changes in Equity

Period 1 January 2007 to 30 June 2007	Attributable to Equity Holders of the Parent					Total equity €
	Share Capital €	Share Premium €	Retained Earnings €	Equity before minority interests €	Minority interests €	
Balances at 31 December 2006	249	22,876,221	(1,285,548)	21,590,922	233,282	21,824,204
Profit for the period	-	-	1,705,471	1,705,471	27,090	1,732,561
Balances at 30 June 2007	249	22,876,221	419,923	23,296,393	260,372	23,556,765

Period 17 November 2005 to 30 June 2006

Balances at 17 November 2005	-	-	-	-	-	-
Issue of Share Capital	230	21,026,240	-	21,026,470	-	21,026,470
Loss for the period	-	-	(329,144)	(329,144)	-	(329,144)
Balances at 30 June 2006	230	21,026,240	(329,144)	20,697,326	-	20,697,326

Period 17 November 2005 to 31 December 2006

Balances at 17 November 2005	-	-	-	-	-	-
Issue of Share Capital	249	22,876,221	-	22,876,470	-	22,876,470
Loss for the period	-	-	(1,285,548)	(1,285,548)	708	(1,284,840)
Changes in equity not affecting net income Minority interest in acquired subsidiaries	-	-	-	-	232,574	232,574
Balances at 31 December 2006	249	22,876,221	(1,285,548)	21,590,922	233,282	21,824,204


The notes on pages 5 to 8 form an integral part of the financial statements.

TALIESIN PROPERTY FUND LIMITED

Group Balance Sheet
as at 30 June 2007

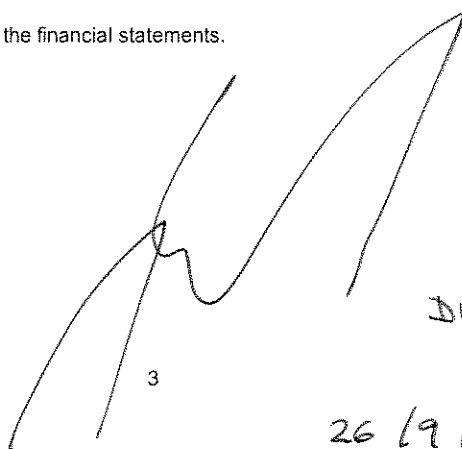
	Notes	As at 30 June 2007 (unaudited) €	As at 30 June 2006 (unaudited) €	As at 31 December 2006 (audited) €
ASSETS				
Non-current assets				
Investment properties	3	46,975,000	-	33,650,000
Property acquisitions yet to complete	3	3,286,278	2,304,710	737,154
Goodwill		1,692,411	-	1,692,411
Deferred taxation		-	11,561	630,999
Investments held at fair value through profit or loss	4	832,624	-	864,920
Total non-current assets		52,786,313	2,316,271	37,575,484
Current assets				
Cash and cash equivalents		1,473,552	19,058,752	3,153,151
Other receivables		1,801,193	13,307	704,403
Total current assets		3,274,745	19,072,059	3,857,554
Total assets		56,061,058	21,388,330	41,433,038
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Share capital	5	249	230	249
Share premium account		22,876,221	21,026,240	22,876,221
Retained earnings		419,923	(329,144)	(1,285,548)
Equity attributable to equity holders of parent		23,296,393	20,697,326	21,590,922
Minority interests		260,372	-	233,282
Total equity		23,556,765	20,697,326	21,824,204
Non-current liabilities				
Financial liabilities	6	28,206,417	-	16,012,862
Deferred income tax		1,350,419	-	1,333,580
Total non-current liabilities		29,556,836	-	17,346,442
Current liabilities				
Financial liabilities	6	1,126,558	-	951,684
Other liabilities and payables		1,820,899	691,004	1,310,708
Total current liabilities		2,947,457	691,004	2,262,392
Total equity and liabilities		56,061,058	21,388,330	41,433,038
Net asset value per Participating share (€)	2	101.84	98.43	94.38

The notes on pages 5 to 8 form an integral part of the financial statements.



DIRECTOR

26/9/07



DIRECTOR

26/9/07

TALIESIN PROPERTY FUND LIMITED

Consolidated Cash Flow Statement
for the period 1 January 2007 to 30 June 2007

	1 January 2007 to 30 June 2007 (unaudited) €	17 November 2005 to 30 June 2006 (unaudited) €	17 November 2005 to 31 December 2006 (audited) €
Profit/(Loss) from operating activities	2,274,731	(458,475)	(1,656,468)
Organisational costs	-	120,798	120,798
Changes in working capital	(352,761)	404,412	1,127,155
Adjustment for non-cash item: Fair value adjustments	(2,149,923)	-	1,171,571
Net cash (used by)/generated from operating activities	(227,953)	66,735	763,056
Investing activities			
Purchase of investment properties	(13,431,409)	(2,073,961)	(22,236,969)
Refurbishment of investment properties held	(25,706)	-	(209,000)
Acquisition of subsidiaries	-	-	(4,791,760)
Interest received	25,734	115,270	176,700
Investment income received	42,510	-	16,769
Net cash outflow from investing activities	(13,388,871)	(1,958,691)	(27,044,260)
Financing activities			
Proceeds of issues of share capital	-	21,026,450	22,876,450
Organisational costs paid	-	(75,742)	(120,798)
Proceeds from borrowings	13,263,291	-	6,615,652
Loan repayments	(899,986)	-	(52,587)
Interest paid	(426,080)	-	(174,486)
Net cash inflow from financing activities	11,937,225	20,950,708	29,144,231
Net (decrease)/increase in cash and cash equivalents	(1,679,599)	19,058,752	2,863,027
Cash and cash equivalents at start of period	3,153,151	-	-
Cash and cash equivalents of acquired companies	-	-	290,124
Cash and cash equivalents at end of period	1,473,552	19,058,752	3,153,151

The notes on pages 5 to 8 form an integral part of the financial statements.

Notes to the Condensed Consolidated Interim Financial Statements
for the period 1 January 2007 to 30 June 2007

1. Principal accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies of the Group, consistent with those in the report for the period 17 November 2005 to 31 December 2006, and compliant with International Financial Reporting Standards.

2. Earnings per Participating share and net asset value per Participating share

Period 1 January 2007 to 30 June 2007

The earnings per Participating share is based on the profit attributable to Participating shareholders of € 1,705,471 and a weighted average number of Participating shares in issue of 228,765. The net asset value per Participating share as at 30 June 2007 is based on the net consolidated assets attributable to Participating shareholders of € 23,296,373 and the 228,765 Participating shares in issue as at 30 June 2007.

Period 17 November 2005 to 30 June 2006

The earnings per Participating share is based on the loss attributable to Participating shareholders of € 329,144 and a weighted average number of Participating shares in issue of 140,952. The net asset value per Participating share as at 30 June 2006 is based on the net consolidated assets attributable to Participating shareholders of € 20,697,306 and the 210,265 Participating shares in issue as at 30 June 2006.

Period 17 November 2005 to 31 December 2006

The earnings per Participating share is based on the loss attributable to Participating shareholders of € 1,285,548 and a weighted average number of Participating shares in issue of 193,297. The net asset value per Participating share as at 31 December 2006 is based on the net consolidated assets attributable to Participating shareholders of € 21,590,902 and the 228,765 Participating shares in issue as at 31 December 2006.

3. Investing activities

(a) Investment properties	1 January 2007 to 30 June 2007	17 November 2005 to 30 June 2006	17 November 2005 to 31 December 2006
	€	€	€
Opening book cost	34,803,815	-	-
Properties acquired	11,151,541	-	21,682,287
Acquired on acquisition of subsidiaries	-	-	13,095,000
Capital expenditure on properties acquired	33,751	-	26,528
Closing book cost	45,989,107	-	34,803,815
Closing fair value adjustment	985,893	-	(1,153,815)
Closing fair value	46,975,000	-	33,650,000

The fair values of the investment properties held at 30 June 2007 are based on valuations performed by an independent valuer, Keunecke & Stoer GbR, appraiser for valuation of rents of developed and undeveloped land, in accordance with s.153 art. 1 BauGB, the German Regulations on Determination of Value (WertV) and the German Valuation Guidelines (WertR06).

According to s.194 BauGB, the fair value is defined as the value which would have been agreed between a willing buyer and a willing vendor as at the date of the valuation in the normal course of legally-conducted business, having regard to the location and condition of the property concerned. Fair value was therefore determined as the net values calculated in accordance with WertV sections 15 to 20, under the assumptions of remaining useful economic lives of between 40 and 60 years, and discount rates of between 4.0% and 5.75%.

Most of the investment properties have been financed by financial liabilities. In such cases, the property is pledged as security for the relevant financial liability (see note 6).

Notes to the Condensed Consolidated Interim Financial Statements (continued)
for the period 1 January 2007 to 30 June 2007

3. Investing activities (continued)

(b) Property acquisitions yet to complete

	1 January 2007 to 30 June 2007 €	17 November 2005 to 30 June 2006 €	17 November 2005 to 31 December 2006 €
Opening book cost	737,154	-	-
Transfer to investment properties	(737,154)	-	-
Payments for properties	3,286,278	2,304,710	737,154
Closing book cost	3,286,278	2,304,710	737,154

The amount shown consists of professional fees and Real Estate Transfer Tax paid in connection with property acquisitions in progress as at 30 June 2007 in which the risks and rewards of ownership had not passed to the Group as at that date. They are stated at cost and there was no impairment as the properties in question were subsequently acquired after the balance sheet date.

4. Investments held at fair value through profit or loss

	1 January 2007 to 30 June 2007 (unaudited) €	17 November 2005 to 30 June 2006 (unaudited) €	17 November 2005 to 31 December 2006 (audited) €
Opening fair value	864,920	-	-
Acquired on acquisition of subsidiaries	-	-	899,445
Movement in fair value adjustment	(32,296)	-	(34,525)
Closing fair value	832,624	-	864,920
Analysis of revenue account charge:			
Revaluation (as above)	(32,296)	-	(34,525)
Interest income	42,511	-	16,769
	10,215	-	(17,756)

These investments are pledged as part of the security for a financial liability used to finance a property owned by Taliesin II GmbH.

5. Share capital

	As at 30 June 2007 €	As at 30 June 2006 €	As at 31 December 2006 €
Authorised			
10 Management shares of €1.00 each	10	10	10
10 Voting shares of €1.00 each	10	10	10
300,000 Participating shares of €0.001 each	300	300	300
	320	320	320
Issued and not paid up			
10 Management shares of €1.00 each	10	10	10
10 Voting shares of €1.00 each	10	10	10
	20	20	20
Issued and fully paid			
228,765 (30 June 2006 - 210,765) Participating shares of €0.001 each	229	210	229
Total issued	249	230	249

By a special resolution passed at an Extraordinary General Meeting of the Company held on 10 August 2007, the 10 issued Management shares, 10 issued Voting shares and 228,765 issued Participating shares of the Company were re-designated as "Ordinary shares". Each Ordinary share carries equal voting rights. By a further special resolution at the same meeting, these Ordinary shares were converted into "no par value shares" in accordance with Article 40A of the Companies (Jersey) Law 1991.

Notes to the Condensed Consolidated Interim Financial Statements (continued)
for the period 1 January 2007 to 30 June 2007

6. Financial liabilities

	As at 30 June 2007 (unaudited) €	As at 30 June 2006 (unaudited) €	As at 31 December 2006 (audited) €
Due within one year	1,126,558	-	951,684
Due after more than one year	28,206,417	-	16,012,862
	29,332,975	-	16,964,546

The above financial liabilities represent loans from banks for the purpose of purchasing property for the Group and are secured on the properties which they financed, apart from one loan which is partly secured by the relevant property and partly by the investments held at fair value shown in note 4.

During the period from 1 January 2007 to 30 June 2007, new loans totalling € 13,263,291 were drawn down from existing and new loan facilities.

7. Financial risk management

During the period to 30 June 2007, the German subsidiaries entered into interest swap arrangements with Eurohypo to manage their exposure to upward movements in interest rates. These arrangements give the Taliesin group company the option at three-monthly intervals to pay interest at a capped rate or, if lower, at a rate equal to the 3 month EURibor rate ruling at the beginning of the 3 month period. The following table summarises these facilities.

Amount of facility	Start date	Expiry date	Capped rate (when applicable)
€ 16,064,000	2 April 2007	2 April 2012	4.16%
€ 8,256,000	2 April 2007	30 November 2011	4.04%
€ 10,575,000	30 April 2007	31 January 2012	4.08%

8. Commitments and contingencies

As at 30 June 2007, the Group had no capital commitments or contingent liabilities.

9. Related party transactions

Nigel Le Quesne, Philip Burgin and Stephen Burnett are all shareholders and directors of JTC Group Limited of which JTC Management Limited, JTC Trustees Limited and JTC Fund Administration Limited are wholly-owned subsidiaries. JTC Management Limited is the Secretary of the Company, JTC Trustees Limited was the ultimate controlling party of the Company and JTC Fund Administration Limited is a provider of administration services to the Company and its subsidiaries. These three companies charged fees totalling € 163,288 to the Group during the period, of which € 9,824 was outstanding at 30 June 2007.

Mark Smith is a director and shareholder of Taliesin Management Limited, the investment manager of the Company, which charged fees totalling € 267,700 to the Company during the period, of which € 267,700 was outstanding at 30 June 2007.

All of the Voting shares of € 1 each in the Company were held by key personnel of Taliesin Management Limited, the investment manager of the Company. These have since been converted into no par value (see note 5).

10. Events since the balance sheet date

Since 30 June 2007, a Group subsidiary has acquired a property for total cash consideration of € 1,600,000, financed by making further draw downs on the credit facilities granted by the Group's bankers

As detailed in note 5, by special resolutions passed at an Extraordinary General Meeting of the Company held on 10 August 2007, all of the Company's shares were converted into one class of share capital and re-designated as "Ordinary shares", each carrying equal voting rights, then they were further converted into "no par value shares" in accordance with Article 40A of the Companies (Jersey) Law 1991.

10. Events since the balance sheet date (continued)

On 10 August 2007, 125,000 new Ordinary shares of no par value share were allotted to existing and new shareholders at a price of € 120 each, bringing the total number of shares in issue to 353,765. Subsequently, application was made for the whole of the enlarged share capital of the Company to be admitted to trading on AIM, a market operated by the London Stock Exchange, and dealings commenced on 28 August 2007. It is estimated that the total costs directly associated with obtaining the listing will not exceed £500,000.