

ROYCE FOCUS TRUST INC
Form N-CSRS
August 31, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT
OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: 811-05379

Name of Registrant: Royce Focus Trust, Inc.

Address of Registrant: 1414 Avenue of the Americas
New York, NY 10019

Name and address of agent for service: John E. Denneen, Esquire
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New York, NY 10019

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Date of fiscal year end: December 31

Date of reporting period: January 1, 2006 - June 30, 2006

Item 1: Reports to Shareholders

SEMIANNUAL REVIEW
AND
REPORT TO STOCKHOLDERS
2006

Royce Value Trust

Royce Micro-Cap Trust

Royce Focus Trust

www.roycefunds.com

TheRoyceFunds

VALUE INVESTING IN SMALL COMPANIES FOR MORE THAN 30 YEARS

A FEW WORDS ON CLOSED-END FUNDS

Royce & Associates, LLC manages three closed-end funds: Royce Value Trust, the first small-cap value closed-end fund offering; Royce Micro-Cap Trust, the only micro-cap closed-end fund; and Royce Focus Trust, a closed-end fund that invests in a limited number of primarily small-cap companies.

A closed-end fund is an investment company whose shares are listed on a stock exchange or are traded in the over-the-counter market. Like all investment companies, including open-end mutual funds, the assets of a closed-end fund are professionally managed in accordance with the investment objectives and policies approved by the fund's Board of Directors. A closed-end fund raises cash for investment by issuing a fixed number of shares through initial and other public offerings that may include periodic rights offerings. Proceeds from the offerings are invested in an actively managed portfolio of securities. Investors wanting to buy or sell shares of a publicly traded closed-end fund after the offerings must do so on a stock exchange or the Nasdaq market, as with any publicly traded stock. This is in contrast to open-end mutual funds, in which the fund sells and redeems its shares on a continuous basis.

A CLOSED-END FUND OFFERS SEVERAL DISTINCT ADVANTAGES NOT AVAILABLE FROM AN OPEN-END FUND STRUCTURE

□ Since a closed-end fund does not issue redeemable securities or offer its securities on a continuous basis, it does not need to liquidate securities or hold uninvested assets to meet investor demands for cash redemptions, as an open-end fund must.

□ In a closed-end fund, not having to meet investor redemption requests or invest at inopportune times is ideal for value managers who attempt to buy stocks when prices are depressed and sell securities when prices are high.

□ A closed-end fund may invest more freely in less liquid portfolio securities because it is not subject to potential stockholder redemption demands. This is particularly beneficial for Royce-managed closed-end funds, which invest in small- and micro-cap securities.

□ The fixed capital structure allows permanent leverage to be employed as a means to enhance capital appreciation potential.

□ Unlike Royce's open-end funds, our closed-end funds are able to distribute capital gains on a quarterly basis. Each of the Funds has adopted a quarterly distribution policy for its common stock.

We believe that the closed-end fund structure is very suitable for the long-term investor who understands the benefits of a stable pool of capital.

WHY DIVIDEND REINVESTMENT IS IMPORTANT

A very important component of an investor's total return comes from the reinvestment of distributions. By reinvesting distributions, our investors can maintain an undiluted investment in a Fund. To get a fair idea of the impact of reinvested distributions, please see the charts on pages 13, 15 and 17. For additional information on the Funds' Distribution Reinvestment and Cash Purchase Options and the benefits for stockholders, please see page 19 or visit our website at www.roycefunds.com.

TABLE OF CONTENTS

Semiannual Review

Performance Table	<u>2</u>
Letter to Our Stockholders	<u>3</u>
Online Update	<u>10</u>

Semiannual Report to Stockholders **11**

For more than 30 years, we have used a value approach to invest in smaller-cap securities. We focus primarily on the quality of a company's balance sheet, its ability to generate free cash flow and other measures of profitability or sound financial condition. At times, we may also look at other factors, such as a company's unrecognized asset values, its future growth prospects or its turnaround potential following an earnings disappointment or other business difficulties. We then use these factors to assess the company's current worth, basing the assessment on either what we believe a knowledgeable buyer might pay to acquire the entire company, or what we think the value of the company should be in the stock market.

THIS PAGE IS NOT PART OF THE 2006 SEMIANNUAL REPORT TO STOCKHOLDERS | 1

PERFORMANCE TABLE**AVERAGE ANNUAL NAV TOTAL RETURNS** Through June 30, 2006

	Royce Value Trust	Royce Micro-Cap Trust	Royce Focus Trust	Russell 2000
Second Quarter 2006*	-3.86%	-3.16%	-4.83%	-5.02%
January - June 2006*	9.64	11.58	8.11	8.21
One-Year	21.33	20.80	30.73	14.58
Three-Year	21.33	22.60	27.21	18.70
Five-Year	11.34	14.02	16.16	8.50
10-Year	13.88	14.11	n/a	9.05
15-Year	14.27	n/a	n/a	11.80
Since Inception	12.85	14.36	14.28	□
Inception Date	11/26/86	12/14/93	11/1/96**	□

* Not annualized.

** Date Royce & #038 Associates, LLC assumed investment management responsibility for the Fund.

IMPORTANT PERFORMANCE AND RISK INFORMATION

All performance information in this Review and Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Performance information does not reflect the deduction of taxes that a stockholder would pay on distributions or on the sale of Fund shares. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at www.roycefunds.com. The Royce Funds invest primarily in securities of small-cap and/or micro-cap companies, which may involve considerably more risk than investments in securities of larger-cap companies.

Charles M. Royce, President

When we discuss specific security

selection criteria for many of The

Royce Funds, four qualities are

commonly listed: a strong balance

sheet, a history of earnings, high

internal rates of return and the

ability to generate free cash flow.

Each is a critical part of

determining both a company's

current quality and the likelihood

that it will be able to maintain

that quality in the future. They

are also in many ways interrelated.

For example, previously we

discussed the importance of a low-

debt, asset-rich balance sheet in

helping to maintain or

*fuel
earnings, especially when
a business
is experiencing earnings
trouble.
Similarly, a company's
ability to
generate free cash flow is
often
linked to its ability to
sustain
positive earnings and to
generate
high internal rates of
return. We
think that it's a positive
sign*

The thoughts expressed in this Review and Report to Stockholders concerning recent market movements and future prospects for small company stocks are solely the opinion of Royce at June 30, 2006, and, of course, historical market trends are not necessarily indicative of future market movements. Statements regarding the future prospects for particular securities held in the Funds' portfolios and Royce's investment intentions with respect to those securities reflect Royce's opinions as of June 30, 2006 and are subject to change at any time without notice. There can be no assurance that securities mentioned in this Review and Report to Stockholders will be included in any Royce-managed portfolio in the future.

Continued on [Page 4...](#)

2 | THIS PAGE IS NOT PART OF
THE 2006 SEMIANNUAL
REPORT TO STOCKHOLDERS

LETTER TO OUR STOCKHOLDERS

Value In Vogue?

After three full decades managing small-cap value portfolios, we thought that we had seen all of the various movements, fads and trends that periodically capture the imaginations (to say nothing of the wallets) of investors. It was always easy for us to be amused at such things. **Being value investors, with that term's inherent sense of caution and conservatism, we have always measured a comfortable distance between the work that we do and anything that smacks of trends in equity investing.** With its emphasis on attributes such as patience and diligence, with its demands of long hours of detailed research, value seems by nature not simply unfashionable, but nearly impervious to the short-term mindsets that typically dominate the stock market equivalent of the runways of Paris, Milan and Manhattan. Even earlier in the current decade, when value, especially small-cap value, began scoring high returns and glowing press, it did not appear to capture the investment *zeitgeist* in quite the same way that large-cap or Technology investments had during the '90s. This was more than all right with us. After all, we're not exactly high-fashion material (there's a reason we always look better in cartoon form), and we did not think that our approach was, either.

Yet here we are just past the halfway mark of 2006, and in our view small-cap value investing is nearing the end of its stint as domestic investment's hottest approach. How did our style become so stylish? Its success over the last several years occurred during a period in which few alternatives in the domestic equity universe could compete with its strong results. **As measured by the Russell 2000, small-cap bested large-cap (as measured by the S&P 500) for the one-, three-, five-, 10- and 15-year periods ended 6/30/06.** In turn, the Russell 2000 Value index outperformed the Russell 2000 for each of these periods as well as the 20- and

The market still awaits Next Year's Model, but small-cap value's unexpected turn on the runway should hardly result in obsolescence.

LETTER TO OUR STOCKHOLDERS

when earnings and cash flows

are closely aligned.

Cash flow is usually defined as the

amount of net cash that a company

brings in that may be used for

various company purposes, such as

to build assets or pay dividends.

(Cash flow can also be negative, in

which case there are no funds with

which to further capitalize business

activities or make payouts to

shareholders.) For most businesses,

cash flow comes from three

activities—operations, investment

and financing.

Our preference in most cases is for a

company that generates the bulk of

its net cash flow from

25-year periods ended 6/30/06. These terrific results led to the plainly dressed small-cap value approach attracting speculative dollars from short-term investors, money hungry for the Next Big Thing that probably originated from those whose only experience with smaller stocks would most likely have come on the growth side. It was not long ago that this activity would have been difficult, if not impossible, without considered investments in specific small-cap stocks or astute choices in small-cap value mutual funds. However, with the advent of investment vehicles such as ETFs (Exchange Traded Funds), moving quickly in and out of virtually any equity style index has become more convenient for investors of all tastes, temperaments and time frames.

What becomes of investment approaches when they are no longer considered the most fashionable? We suspect that styles such as ours will manage just fine beyond the glare of the hot lights just as they did before they became trendy. Although the last few years have been wonderful, the rally has been top-heavy with an extended run for energy stocks (that may not be over) and shorter, less stellar bursts in other areas. This leaves ample room for potential growth in those places that have enjoyed only intermittent success or have been mostly left out. The market still awaits Next Year's Model, but small-cap value's unexpected turn on the runway should hardly result in obsolescence.

Is Large the New Small?

Our track record for large-scale stock market prognostication is checkered at best—we like to joke that we've called 10 of the last three corrections. Still, the case for emerging large-cap leadership remains compelling to us, even as it's also important to re-assert our view that any leadership phase in the coming months is likely to be short-lived, whether for large-caps, as measured by the S&P 500,

*operations,
from the day-to-day
activities of its
business. Cash flow from
operations
is also significant
because it may
likely affect the other
two activities.
Although they are similar
in that they help us to
understand
a company's
profitability, cash flow
differs from earnings
(the profits a
company makes) because
it
also takes into account
certain non-
cash accounting items,
most
importantly depreciation.*

Continued on [Page 6...](#)

or small-caps, as measured by the Russell 2000. The 10-year period ended 12/31/05 offered an almost eerily symmetrical split between long-term periods first of large-cap, then of small-cap dominance. We do not expect anything resembling the previous 10 years in terms of the time span of asset-class leadership or the breadth in performance spreads. We continue to believe that the stock market will be characterized by frequent leadership rotation and low returns.

After narrowly outperforming small-cap stocks in 2005, large-caps took their by-now-familiar position in the back seat to small-cap during the first half of 2006. The Russell 2000 was up 8.2% for the year-to-date period ended 6/30/06, versus a gain of 2.7% for the S&P 500 (and a loss of 1.5% for the still-struggling Nasdaq Composite). Small-cap's advantage came primarily from its considerable outperformance in the bullish first quarter, when the Russell 2000 was up 13.9% versus a gain of 4.2% for the S&P 500. When stock prices began to correct in the second quarter, large-cap outperformed (-1.4% for the S&P 500 versus -5.0%

for the Russell 2000). The pattern of small-cap leading in brief up-market phases then ceding leadership to large-cap during equally brief downturns dates back to 2003.

The down-market resilience of large-cap stocks seems to us to be the central story of the recent decline. Our earlier contention, made in our *2005 Annual Review and Report*, was that large-cap would lose less during declines, which has been the case so far in 2006. We also surmised that small-cap would have an edge in any subsequent rally, which held true in the first quarter. Yet we are no longer convinced that small-cap will lead in every subsequent bullish phase. An underreported element in the downturn was the tightening of liquidity on a worldwide level. **The combination of better near-term down market results for large-cap stocks and the widespread liquidity crunch is likely to draw investors in the short run to cash, bonds and what they perceive to be stable, high-quality equities. In other words, the unfashionable nature of large-cap stocks may be exactly what helps to make them fashionable again.**

Value—Always in Style?

Of course, no style has been more fashionable in the current decade than small-cap value. However much we may think of our work as an all-weather strategy—a fashion perennial more akin to a navy blazer or black cocktail dress than the latest creations adorning the windows of boutiques on Rodeo Drive—there’s no denying the recent attraction of small-cap value for investors burdened with what we would describe as the investment equivalent of short attention spans. And its long run in the current decade has indeed been wildly impressive. The Russell 2000 Value index outpaced its small-cap growth counterpart, as measured by the Russell 2000 Growth index, for the one-, three-, five-, 10-, 15-, 20- and 25-year periods ended 6/30/06. One notable aspect of small-cap value’s remarkable run in the current decade has been its absolute and relative strength during the most recent long-term

We do not expect anything resembling the previous 10 years in terms of the time span of asset-class leadership or the breadth in performance spreads. We continue to believe that the stock market will be characterized by frequent leadership rotation and low returns.

A company's statement of cash flows is crucial, because it provides a record of how the firm has handled cash inflows and outflows over a given quarterly or annual period.

It also helps to reconcile information found on the balance sheet (which shows a firm's assets and liabilities) and the income statement (which shows all revenue, costs, expenses and earnings).

While the balance sheet can be used to determine the increase or decrease in assets and the income statement shows the profits that have made an impact

LETTER TO OUR STOCKHOLDERS

up-market period. From the small-cap market trough on 10/9/02 through 6/30/06, the Russell 2000 Value index gained 140.1% versus 123.1% for the Russell 2000 Growth index. Small-cap value's recent short-term returns were also strong. For the year-to-date period ended 6/30/06, the small-cap value index was up 10.4% versus 6.1% for the small-cap growth index. Although it trailed growth in the first quarter (+13.5% versus +14.4%), it moved ahead in the second, -2.7% versus -7.3%.

Investors can thus be forgiven if they're a little anxious about small-cap value's ongoing prospects. Our admittedly biased view is that small-cap value should be all right, even if its days of doing star turns on the most chic runways may be drawing to a close. Although returns for the approach seldom reached the same levels, its performance in the current decade is analogous to some degree to what large-cap stocks were during the mid-to-late '90s—a fashionable area where people were putting money almost to the exclusion of the rest of the stock market. Now that the attention seems to be waning, we are finally beginning to see valuations come back to what we regard as more sensible levels throughout the small-cap world, although the number of bargains as of this writing is still not as plentiful as we would like.

Royce on the Runway

While the first six months of 2006 were terrific for the Russell 2000 (and the Russell 2000 Value index), results were slightly more mixed for our three closed-end offerings. All three Funds posted strong net asset

*on that growth (or lack thereof),
the statement of cash flows gives
us an idea of how that growth
was financed. It tells the story of
where the money came from and
where it went.*

This is especially relevant for

capital-intensive businesses such as

industrial companies that maintain

physical plants and own stores of

equipment that will eventually

need upgrading or replacing.

Continued on [Page 8...](#)

value (NAV) results on an absolute basis, but Royce Focus Trust narrowly trailed the Russell 2000 on that basis. However, this was only a small blemish, especially in the wider context of longer-term returns for periods ended 6/30/06. Over market cycle and other long-term time periods, each Fund posted impressive absolute and relative returns on both an NAV and market price basis. These are the time spans that matter most to us in evaluating performance.

Both in our portfolios and the small-cap world as a whole, energy stocks enjoyed a strong first half, as did many Industrial Products and Services companies. However, these were not the only three areas in which Fund performance was strong in the first half. Technology companies also made a sizeable positive contribution to performance. In fact, net

losses on a dollar basis were hard to find at the sector level, an impressive, albeit short-term, accomplishment during a volatile six months for equities.

From the Catwalk to the Coal Mine?

Some investors may be concerned that small-cap's run has been of such long duration that the asset class is poised for a long period of desultory performance, with the recent downturn a harbinger of things to come. We respectfully disagree. The recent decline has been fairly benign as corrections go and hardly catastrophic for small-cap as a whole. In the coming months, we think that micro-cap stocks will be the area to watch most closely as a potential indicator of small-cap movement. They are generally more volatile to begin with, and having enjoyed strong performance over the last few years, they are especially vulnerable to nervous investors looking for safety. For the more fatalistic among us, they are the canary in the small-cap coal mine in that any major decline for our asset class would probably begin with them. However, we're more confident about the prospects for the entire small-cap area. **We do not believe that the recent down-market period marks the beginning of a severe and/or long-term bear market for any asset class, including micro-caps. What we have been seeing lately seems to us less serious and more in line with what has happened historically following successful, speculative periods.** The really interesting element in the downturn has been that several typically non-correlated asset categories—small-cap stocks, natural resources stocks and commodities, real estate and emerging markets—were coming off strong long-term performances and then began to correct at more or less the same time in the spring of this year. It's been an odd confluence of declining performance that we believe has been making the downward move look more severe than it really is.

We define a correction as a decline of 15% or more from a previous small-cap peak. It remains too early to tell whether the current decline will reach this level (as of this writing it has not). However, like any previous decline, it has presented us with some discrete purchase opportunities, even as it has caused pain for investors. Although a market that steadily climbed year after year would make investors sleep more soundly, it is volatility that helps to create the pricing inefficiencies that attract value investors like ourselves. **As any market sell-off worsens, quality companies are often lumped together with weaker ones, as short-term investors rush for the exits. This leaves many worthwhile companies trading for less than our estimate of their intrinsic value, piled among the rubble of companies walloped by the correction.** The current decline has begun to create such situations, though not yet in large numbers. At least in the short run, further erosion in stock prices would not be the worst thing that could happen to small-cap stocks.

Although returns for the approach seldom reached the same stratospheric levels, small-caps performance in the current decade is analogous to some degree to what large-cap stocks were during the mid-to-late '90s—a fashionable area where people were putting money almost to the exclusion of the rest of the stock market.

LETTER TO OUR STOCKHOLDERS

Without positive cash flow, these businesses are likely to have trouble keeping up with more profitable, cash-laden competitors. In such businesses, we like to see cash flows that are greater than earnings because it means that the company's depreciation expenses are healthy. In high-returning businesses, we prefer that cash flows be reinvested at high returns.

In all cases, regardless of the type of business, we want to see cash flows used intelligently. To our way of thinking, this means reinvesting in the business or paying dividends

Five Years of Fashion

Most small-cap market cycles have been much shorter than the current cycle's nearly six-year time span, with the average length of the eight completed cycles in the history of the Russell 2000 being 3.3 years. The shortest was little more than one-and-a-quarter years (2/8/80-6/15/81), while the longest lasted approximately six-and-a-half years (10/9/89-5/22/96). If the current cycle were to end soon, it would be the second longest on record. This is one of the reasons why we evaluate Fund performance on an absolute basis over long-term periods, such as five years, in addition to full market cycles. Examining five-year periods is especially useful because they typically include all of or most of a full market cycle, sometimes two. In addition, examining rolling five-year results gives a better picture of long-term market trends, and can also provide insight into what we might expect as the market moves forward.

There have been 269 monthly trailing five-year return periods since the Russell 2000's inception on 12/31/78. From inception through 6/30/06, the index's five-year return was less than zero in only 3% of these periods. The index provided positive single-digit returns more than 40% of the time and double-digit returns 56% of the time. **Over the entire period, the average of all of the 269 five-year average annual total return periods was 11.6%. In the case of small-cap value, the results are even stronger.** The Russell 2000 Value index did not

to shareholders. As with most

things, we think about the longterm

picture when it comes to cash

flow. We may be willing to buy a

firm in a negative cash flow

moment if we think the firm is

capable of righting itself. However,

cash flow problems should be

temporary as few factors signal

quality more definitively than

stable, growing cash flows.

have any negative five-year return periods since its inception and produced positive single-digit returns in 17% of the periods. In an impressive 83% of the periods, the value index produced double-digit five-year average annual total returns, averaging 14.5% for all of the 269 return periods. (Please see the following page for more details.)

The foregoing is in large part why we believe that small-caps continually offer the potential to produce above-average returns over long-term time horizons, and why we regard them as a necessary component in any asset allocation plan. Fashions come and go, but we believe that approaches such as ours, those that patiently strive to build wealth over the long haul, have what it takes to remain successful no matter what happens to be in (or out) of style elsewhere in the investment world.

Sincerely,

Charles M.
Royce
President

W. Whitney
George
Vice President

Jack E. Fockler,
Jr.
Vice President

July 31,
2006

The Russell 2000 Value index did not have any negative five-year return periods since its inception and produced positive single-digit returns in 17% of the periods. In an impressive 83% of the periods, the value index produced double-digit five-year average annual total returns, averaging 14.5% for all of the 269 return periods.

ONLINE UPDATE

10 | THIS PAGE IS NOT PART OF THE 2006 SEMIANNUAL REPORT TO STOCKHOLDERS

TABLE OF CONTENTS

Semiannual Report to Stockholders

Managers' Discussions of Fund Performance

Royce Value Trust 12

Royce Micro-Cap Trust 14

Royce Focus Trust 16

History Since Inception 18

Distribution Reinvestment and Cash Purchase Options 19

Schedules of Investments and Other Financial Statements

Royce Value Trust 20

Royce Micro-Cap Trust 33

Royce Focus Trust 46

Board Approval of Investment Advisory Agreements 54

Other Important Information 56

ROYCE VALUE TRUST

AVERAGE ANNUAL NAV TOTAL RETURNS

Through 6/30/06

Second Quarter 2006*	-3.86%
Jan - June 2006*	9.64
One-Year	21.33
Three-Year	21.33
Five-Year	11.34
10-Year	13.88
15-Year	14.27
Since Inception (11/26/86)	12.85

* Not annualized.

CALENDAR YEAR NAV TOTAL RETURNS

Year	RVT	Year	RVT
2005	8.4%	1996	15.5%
2004	21.4	1995	21.1
2003	40.8	1994	0.1
2002	-15.6	1993	17.3
2001	15.2	1992	19.3
2000	16.6	1991	38.4

Manager's Discussion

The first-half results for Royce Value Trust's (RVT) diversified portfolio of small- and micro-cap stocks fully reflected the schizoid nature of the first six months of 2006. **For the year-to-date period ended 6/30/06, the Fund was up 9.6% on a net asset value (NAV) basis and 0.7% on a market price basis versus an 8.2% return for the Russell 2000 and a 7.7% result for the S&P 600.** On an NAV basis, RVT stayed ahead of both of its small-cap benchmarks, although its market price return trailed by a substantial margin. Much of the Fund's market price lag can be attributed to its relative lack of participation in the dynamic rally that characterized the first quarter, in which RVT's market price return was 6.1%. During the same period, the Russell 2000 was up 13.9% and the S&P 600 gained 12.8%, while RVT gained 14.0% on an NAV basis. When stock prices fell in the second quarter, RVT lost 3.9% on an NAV basis and 5.1% on a market price basis. The Russell 2000 declined 5.0% and the S&P 600 lost 4.6% in the second quarter.

The Fund's solid first-half NAV return contributed to its strong absolute and relative results over market-cycle and other long-term periods. From the small-cap market peak on 3/9/00 through 6/30/06, RVT gained 112.3% versus 29.5% for the Russell 2000 and 77.8% for the S&P 600. During the more bullish phase from the small-cap market trough on 10/9/02 through 6/30/06, the Fund was up 141.8% compared to a gain of 131.8% for the Russell 2000 and 128.0% for the S&P 600. On an NAV basis, RVT also held a performance advantage over each of its benchmarks for the one-, three-, five-, 10-, 15-year and since inception (11/26/86) periods ended 6/30/06. The Fund outperformed the Russell 2000 on a market price basis for each of these periods except the one year interval and bested the S&P 600 for all but the one- and three-year periods. **RVT's average annual NAV total return since inception was 12.9%.**

Each of the Fund's equity sectors posted positive net gains during the first half. On a dollar basis, the leading sectors were Industrial Products, Industrial Services and Natural Resources. Within Industrial Products, more than 40% of the sector's dollar-based gains came from holdings in the machinery industry, including the portfolio's top gainer and top-ten position Lincoln Electric Holdings, a security that we have owned in RVT's portfolio since 1998. What has attracted us over the years to this welding and cutting products maker were its strong balance sheet, history of positive earnings and ability to generate positive cash flow from operating activities. Its cyclical industrial business was one that attracted quality-seeking value investors like ourselves. We were pleasantly surprised by its impressive first half, as the worldwide demand for its products continued to grow at a torrid pace. The firm announced record revenues in February for both the fiscal year and fourth quarter ended 12/31/05. Record revenues were also reported in April for the fiscal first

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1999	11.7	1990	-13.8
1998	3.3	1989	18.3
1997	27.5	1988	22.7

quarter of 2006. In between, the company was added to the S&P 400 MidCap index.

We have owned shares of another Industrial Products business, Kimball International, since 1989. The firm, whose low debt and consistent dividend helped maintain our attraction, makes

TOP 10 POSITIONS

% of Net Assets Applicable to Common Stockholders

AllianceBernstein Holding L.P.	1.9%
Ritchie Bros. Auctioneers	1.5
Lincoln Electric Holdings	1.3
Sotheby's	1.1
SEACOR Holdings	1.1
Plexus Corporation	1.0
Ash Grove Cement Company Cl. B	0.9
Forward Air	0.9
Newport Corporation	0.9
Brady Corporation Cl. A	0.8

PORTFOLIO SECTOR BREAKDOWN

% of Net Assets Applicable to Common Stockholders

Technology	21.6%
Industrial Products	18.0
Industrial Services	14.1
Natural Resources	9.8
Financial Intermediaries	8.9
Health	7.4
Financial Services	7.4
Consumer Services	5.7

Consumer Products	4.6
Utilities	0.2
Diversified Investment Companies	0.1
Miscellaneous	1.6
Bond & Preferred Stocks	0.3
Cash and Cash Equivalents	20.2

Performance and Portfolio Review

GOOD IDEAS THAT WORKED
Net Realized and Unrealized Gain
Through 6/30/06

Lincoln Electric Holdings	\$4,900,103
Kimball International Cl. B	3,971,411
Sotheby's	3,828,228
Plexus Corporation	3,735,779
Ritchie Bros. Auctioneers	3,392,672

expected earnings, as well as a promising outlook presented to create excitement for the shares of industry and equipment auctioneer Ritchie Bros. Auctioneers earnings

MAXIMUS provides consulting, as well as system and operations management, to federal, state and local government agencies and private sector clients. Its price plummeted amidst a now-settled lawsuit with a large contractor in the first quarter. Our advice of the decision made left investors the matching their heads with the top ten holdings. The price so fell we had to position at the end of June. We were hopeful that the firm's Sotheby's loss of rights was itself. We profits and its final position in a PKRE Group. Its share price collapsed in the wake of fiscal fourth-quarter losses resulting from the damage wrought by Hurricanes Katrina, Rita and Wilma.

GOOD IDEAS AT THE TIME
Net Realized and Unrealized Loss
Through 6/30/06

MAXIMUS	\$1,731,766
PXRE Group	1,538,931
HealthSouth Corporation	1,230,400
Foundry Networks	1,176,210
Fleetwood Enterprises	1,126,983

wood furniture and cabinets, as well as electronic assembly products. Better-than-expected fiscal third-quarter earnings and new opportunities for its electronics division seemed to attract more investors. Unlike many stocks in the first half, Kimball's price climbed relatively late, not really taking off until May. Oregon Steel Mills specializes in steel plate and pipe products. We surged in the first quarter. Our advice of the decision made left investors the matching their heads with the top ten holdings. The price so fell we had to position at the end of June. We were hopeful that the firm's Sotheby's loss of rights was itself. We profits and its final position in a PKRE Group. Its share price collapsed in the wake of fiscal fourth-quarter losses resulting from the damage wrought by Hurricanes Katrina, Rita and Wilma.

PORTFOLIO DIAGNOSTICS

Average Market Capitalization	\$1,055 million
Weighted Average P/E Ratio	20.7x
Weighted Average P/B Ratio	2.2x
Weighted Average Yield	0.8%
Fund Net Assets	\$1,108 million
Turnover Rate	8%
Net Leverage [□]	0%

Symbol	RVT
Market Price	XRVTX
NAV	

[□]Net leverage is the percentage, in excess of 100%, of the total value of equity type investments, divided by net assets, applicable to Common Stockholders.

CAPITAL STRUCTURE
Publicly Traded Securities Outstanding at 6/30/06 at NAV or Liquidation Value

55.9 million shares of Common Stock	\$1,108 million
5.90% Cumulative Preferred Stock	\$220 million

RISK/RETURN COMPARISON			
Three-Year Period Ended 6/30/06			
	Average Annual Total Return	Standard Deviation	Return Efficiency*
RVT (NAV)	21.3%	14.1	1.51
S&P 600	20.5	13.7	1.50
Russell 2000	18.7	14.6	1.28

* Return Efficiency is the average annual total return divided by the annualized standard deviation over a designated time period.

¹ Reflects the cumulative total return of an investment made by a stockholder who purchased one share at inception (\$10.00 IPO), reinvested all annual distributions as indicated and fully participated in primary subscriptions of the Fund's rights offerings.

² Reflects the actual market price of one share as it traded on the NYSE.

ROYCE MICRO-CAP TRUST

AVERAGE ANNUAL NAV TOTAL RETURNS

Through 6/30/06

Second Quarter 2006*	-3.16%
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Manager's Discussion

During the first half of 2006, the diversified portfolio of Royce Micro-Cap Trust (RMT) posted solid results on both an absolute and relative basis. **For the year-to-date period ended 6/30/06, RMT gained 11.6% on a net asset value (NAV) basis and 4.5% on a market price basis versus a return of 8.2% for the Russell 2000, the Fund's small-cap benchmark.** In the bullish opening quarter, RMT's portfolio fully participated in the dynamic up market with a gain of 15.2% versus the Russell 2000's return of 13.9%, while on a market price basis the Fund lagged, gaining 7.0%. Even better news was the Fund's stronger relative down-market showing in the second quarter, a more bearish time span that saw stock prices fall. From April through the end of June, RMT was down 3.2% on an NAV basis and 2.3% on a market price basis, both results ahead of the Russell 2000's 5.0% decline. For the even shorter-term downturn from the most recent small-cap market high on 5/5/06 through 6/30/06, the Fund was down 6.1% on an NAV basis and 5.4% on a market price basis, both results again better than the small-cap index's return of -7.1%. Although short-term performance periods are typically not of great interest or concern, we were pleased with RMT's near-term down market results considering the volatility and vulnerability of the micro-cap asset class.

We were also pleased with the Fund's NAV full market cycle and other long-term results on both an absolute and relative basis. These are the periods that we believe matter most in any evaluation of the portfolio's merits. From the small-cap market peak on 3/9/00 through 6/30/06, RMT gained 125.2% on an NAV basis (+174.3% on a market price basis) versus 29.5% for the Russell 2000. Arguably even more impressive was the Fund's gain during the more bullish phase that ran from the small-cap market trough on 10/9/02 through 6/30/06, a period in which RMT was up 160.7% on an NAV basis (+191.5% on a market price basis) compared to the Russell 2000's gain of 131.8%. The Fund also outperformed its benchmark for the one-, three-, five-, 10-year and since inception (12/14/93) periods on both an NAV and market price basis. **RMT's average annual NAV total return since inception was 14.4%.**

All but one of the Fund's equity sectors posted net gains during the first half, and losses at the individual company level were relatively small. Multi-business holding company BB Holdings spun off a subsidiary that trades in the U.S., but the prospect of its own domestic de-listing sent investors fleeing; its stock continues to trade overseas. Small pharmaceuticals companies have endured tough times recently, even conservatively capitalized businesses such as Momenta Pharmaceuticals. The firm experienced net losses as it waited for new drugs to be approved, which led many investors to go cold turkey on its stock. After selling some shares in March, we repurchased the stock in April. At the end of June, we held a position in American Bank Note Holographics, a firm that produces holograms for currency, credit card identification and

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document security. Its shares dropped 60% in March on news that a major credit card company

Jan - June 2006*	11.58
One-Year	20.80
Three-Year	22.60
Five-Year	14.02
10-Year	14.11
Since Inception (12/14/93)	14.36

* Not annualized.

CALENDAR YEAR NAV TOTAL RETURNS

Year	RMT	Year	RMT
2005	6.8%	1999	12.7%
2004	18.7	1998	-4.1
2003	55.6	1997	27.1
2002	-13.8	1996	16.6
2001	23.4	1995	22.9
2000	10.9	1994	5.0

TOP 10 POSITIONS
% of Net Assets Applicable to Common Stockholders

ASA Bermuda	1.5%
Universal Truckload Services	1.4
Transaction Systems Architects Cl. A	1.3
Seneca Foods	1.2
PAREXEL International	1.1
Pason Systems	1.0
First Acceptance	0.9

All performance information in this Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less

Forrester Research	0.9
MVC Capital	0.9
Weyco Group	0.9

PORTFOLIO SECTOR BREAKDOWN

% of Net Assets Applicable
to Common Stockholders

Technology	22.5%
Industrial Products	14.6
Health	14.4
Industrial Services	13.1
Natural Resources	8.8
Financial Intermediaries	8.4
Consumer Services	6.4
Consumer Products	5.0
Financial Services	2.0
Diversified Investment Companies	2.1
Miscellaneous	4.0
Preferred Stock	0.5
Cash and Cash Equivalents	16.9

Performance and Portfolio Review

GOOD IDEAS THAT WORKED		would no longer be using the firm's security stripe. Industrial Products made the largest positive dollar-based contribution to performance. In steel industries manufactures concrete reinforcing metal products. The firm reported highly improved earnings for the fiscal first quarter of 2006, as well as strong operating cash flow results, developments that helped its stock price to soar earlier in the year. Insteel then announced even stronger fiscal second-quarter results, but also said that it was giving up its well-regarded industrial-wire business and closing the plant where these operations took place, which led to a 19% decline in its stock price. The announcement of a two-for-one stock split in May helped its	PORTFOLIO DIAGNOSTICS	
Net Realized and Unrealized Gain Through 6/30/06			Average Market Capitalization	\$273 million
Volt Information Sciences	\$1,744,138		Weighted Average P/E Ratio	17.9x*
Dril-Quip	1,702,095		Weighted Average P/B Ratio	2.9x
Universal Truckload Services	1,493,254		Weighted Average Yield	0.7%
Insteel Industries	1,492,665		Fund Net Assets	\$321 million
Transactions Systems Architects Cl. A	1,433,301			

share price to recover a bit. We reduced our position between February and early April, then began to repurchase shares later that month.

Elsewhere in the portfolio, the share price of staffing, computer system and telephone services business Volt Information Sciences climbed on news of better-than-expected fiscal second quarter earnings in June, when we began to reduce our position. During March and April, we sold a little more than half our shares of Dril-Quip, which manufactures offshore drilling

GOOD IDEAS AT THE TIME	
Net Realized and Unrealized Loss Through 6/30/06	
BB Holdings	\$1,161,864
American Bank Note Holographics	692,692
Momenta Pharmaceuticals	594,939
Herley Industries	583,094
Stein Mart	498,815

and production equipment. Strong results for fiscal 2005 and the fiscal first quarter of 2006 helped its stock price to rise. Top-ten holding Universal Truckload Services saw its increased revenues and steady earnings drive increasing numbers of investors towards its stock. We trimmed our stake in February, but otherwise saw solid prospects for growth.

Turnover Rate	16%
Net Leverage [□]	2%
Symbol	RMT
Market Price	XOTX
NAV	

* Excludes 17% of portfolio holdings with zero or negative earnings as of 6/30/06.

□ Net leverage is the percentage, in excess of 100%, of the total value of equity type investments, divided by net assets, applicable to Common Stockholders.

CAPITAL STRUCTURE	
Publicly Traded Securities Outstanding at 6/30/06 at NAV or Liquidation Value	
22.4 million shares of Common Stock	\$321 million
6.00% Cumulative Preferred Stock	\$60 million

RISK/RETURN COMPARISON			
Three-Year Period Ended 6/30/06			
	Average Annual Total Return	Standard Deviation	Return Efficiency*
RMT (NAV)	22.6%	14.2	1.59
Russell 2000	18.1	14.6	1.28

*Return Efficiency is the average annual total return divided by the annualized standard deviation over a designated time period.

¹ Reflects the cumulative total return of an investment made by a stockholder who purchased one share at inception (\$7.50 IPO), reinvested distributions as indicated and fully participated in the primary subscription of the 1994 rights offering.

² Reflects the actual market price of one share as it traded on the Nasdaq and, beginning on 12/1/03, on the NYSE.

ROYCE FOCUS TRUST

AVERAGE ANNUAL NAV TOTAL RETURNS

Through 6/30/06

Second Quarter 2006*	-4.83%
Jan - June 2006*	8.11
One-Year	30.73

Manager's Discussion

We were pleased with the first-half results for Royce Focus Trust (FUND) on an absolute basis, even if the Fund's net asset value (NAV) returns came up short by a hair's breadth on a relative basis. **For the year-to-date period ended 6/30/06, FUND gained 8.1% on an NAV basis and 10.6% on a market price basis versus a return of 8.2% for its small-cap benchmark, the Russell 2000.** In hindsight, the Fund's NAV results in the year's first six months went as we would expect—a solid up-market turn and better relative down-market performance. During the bullish first quarter, the Fund was up 13.6% on an NAV basis and 18.4% on a market price basis, compared to a 13.9% gain for the Russell 2000. The second quarter saw stock prices decline, and the Fund lost 4.8% on an NAV basis (-6.5% on a market price basis), while the Russell 2000 declined 5.0%.

These historically characteristic performances helped FUND to post strong absolute and superior relative results over market-cycle and other long-term performance periods. From the most recent small-cap market peak on 3/9/00 through 6/30/06, the Fund gained 179.3% on an NAV basis (+233.4% on a market price basis) versus 29.5% for the Russell 2000. In the mostly up-market phase from the small-cap market trough on 10/9/02 through 6/30/06, FUND's NAV return was 193.6% (+210.9% on a market price basis) versus a gain of 131.8% for its small-cap benchmark. On both an NAV and market price basis, FUND outperformed the Russell 2000 for the one-, three-, five-year and since inception of Royce's management (11/1/96) periods ended 6/30/06. **The Fund's average annual NAV total return since inception was 14.3%.**

Each of the Fund's sectors posted net gains during the first half, led on a dollar basis by its three largest, Industrial Products, Natural Resources and Technology. Net losses at the individual company level were relatively minor, however disappointing. Orchid Cellmark has a dominant position in DNA testing, a promising niche business that we liked a great deal. However, it struggled with losses and meeting new regulations and the resulting accounting difficulties left us uncertain about the firm's future prospects. Multi-business holding company BB Holdings spun off a subsidiary that trades in the U.S., but the prospect of its own domestic de-listing sent investors fleeing; its stock continues to trade overseas.

Within Industrial Products, several holdings posted impressive net gains. We have owned shares of welding and cutting products maker Lincoln Electric Holdings since shortly after we assumed management of FUND's portfolio, drawn to its strong business, low-debt balance sheet, history of earnings and steady dividend. The firm's business has recently undergone explosive growth, reporting record sales for the fiscal year and fiscal fourth quarter of 2005, as well as the first fiscal quarter of 2006. It was a top-ten holding at the

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Three-Year	27.21
Five-Year	16.16
Since Inception (11/1/96) [□]	14.28

* Not annualized.

□ Royce & Associates assumed investment management responsibility for the Fund on 11/1/96.

end of June. In the metal fabrication and distribution industry, we enjoyed success with Metal Management, in which we took some gains during April and May, as well as Reliance Steel & Aluminum, Canadian steel producer and

CALENDAR YEAR NAV TOTAL RETURNS

Year	RFT	Year	RFT
2005	13.3%	2000	20.9%
2004	29.2	1999	8.7
2003	54.3	1998	-6.8
2002	-12.5	1997	20.5
2001	10.0		

TOP 10 POSITIONS*

% of Net Assets Applicable to Common Stockholders

New Zealand Government 6.00% Bond	3.9%
Athena Neurosciences Finance 7.25% Bond	3.9
IPSCO	3.7
Canadian Government 3.00% Bond	3.5
Endo Pharmaceuticals Holdings	3.2
Lincoln Electric Holdings	3.1
Thor Industries	2.8
Simpson Manufacturing	2.8
Reliance Steel & Aluminum	2.7
Tesco Corporation	2.7

* Does not include U.S. Government securities.

All performance information in this Report reflects past performance, is presented on a total return basis and reflects the reinvestment of distributions. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, so that shares may be worth more or less than their original cost when sold. Current performance may be higher or lower than performance quoted. Current month-end performance may be obtained at www.roycefunds.com. The Funds' P/E ratio calculations

PORTFOLIO SECTOR BREAKDOWN	
% of Net Assets Applicable to Common Stockholders	
Industrial Products	23.8%
Natural Resources	22.9
Technology	8.0
Consumer Products	6.1
Health	5.9
Consumer Services	4.4
Industrial Services	3.6
Financial Intermediaries	3.4
Financial Services	3.1
Bonds	11.4
Treasuries, Cash and Cash Equivalents	23.7

Performance and Portfolio Review

GOOD IDEAS THAT WORKED Net Realized and Unrealized Gain Through 6/30/06	
Lincoln Electric Holdings	\$1,724,250
Glamis Gold	1,299,161
Meridian Gold	1,231,308
Metal Management	1,185,559
Lowrance Electronics	1,120,055

fabricator I P S C O , Schnitzer Steel Industries and Harris Steel Group. The once-thriving steel industry underwent a long period of consolidation a n d reorganization earlier in the decade after falling on tough times. It seems to us that neither the positive effects of these efforts nor the s t e a d y worldwide demand for steel products have yet been fully grasped by investors, which in turn allowed us to find what we thought were attractively v a l u e d , conservatively capitalized firms.

In the Natural Resources sector, holdings in the precious metals and mining industry posted significant net gains on a dollar basis. We began to establish positions in certain precious

PORTFOLIO DIAGNOSTICS	
Average Market Capitalization	\$1,675 million
Weighted Average P/E Ratio	13.3x
Weighted Average P/B Ratio	2.1x
Weighted Average Yield	1.4%
Fund Net Assets	\$154 million

metals companies between 2002 and 2005 as the industry struggled to rebound. Throughout this period, we remained patient, in part because of our belief that the close-to-20-year bear market for precious metals prices was likely to end, but mostly because we thought that the individual company qualities we held in such high regard would eventually be recognized by other investors. At times, we took advantage of further stock price declines by building positions. Commodity and stock prices finally began to recover during 2005. By the end of last year, the industry's rebound was well under way, and the first half of 2006

saw further recovery. We reduced our stake in Glamis Gold during the first half and trimmed our position in Meridian Gold.

GOOD IDEAS AT THE TIME	
Net Realized and Unrealized Loss Through 6/30/06	
BB Holdings	\$760,536
Orchid Cellmark	721,500
Trican Well Service	559,191
Nu Skin Enterprises Cl. A	546,000
International Coal Group	453,678

Turnover Rate	17%
Net Leverage*	0%
Symbol	FUND
Market Price	XFUNX
NAV	

* Net leverage is the percentage, in excess of 100%, of the total value of equity type investments, divided by net assets applicable to Common Stockholders.

CAPITAL STRUCTURE	
Publicly Traded Securities Outstanding at 6/30/06 at NAV or Liquidation Value	
14.9 million shares of Common Stock	\$154 million
6.00% Cumulative Preferred Stock	\$25 million

RISK/RETURN COMPARISON			
Three-Year Period Ended 6/30/06			
	Average Annual Total Return	Standard Deviation	Return Efficiency*
FUND (NAV)	27.2%	15.1	1.80
Russell 2000	18.7	14.6	1.28

* Return Efficiency is the average annual total return divided by the annualized standard deviation over a designated time period.

¹ Royce & Associates assumed investment management responsibility for the Fund on 11/1/96.

² Reflects the cumulative total return of a continuous common stockholder who reinvested all distributions as indicated and fully participated in the primary subscription of the 2005 rights offering.

³ Reflects the actual market price of one share as it traded on the Nasdaq.

HISTORY SINCE INCEPTION

The following table details the share accumulations by an initial investor in the Funds who reinvested all distributions (including fractional shares) and participated fully in primary subscriptions for each of the rights offerings. Full participation in distribution reinvestments and rights offerings can maximize the returns available to a long-term investor. This table should be read in conjunction with the Performance and Portfolio Reviews of the Funds.

History	Amount Invested	Purchase Price*	Shares	NAV Value**	Market Value**
Royce Value Trust					
11/26/86 Initial Purchase	\$ 10,000	\$ 10.000	1,000	\$ 9,280	\$ 10,000
10/15/87 Distribution \$0.30		7.000	42		
12/31/87 Distribution \$0.22		7.125	32	8,578	7,250
12/27/88 Distribution \$0.51		8.625	63	10,529	9,238
9/22/89 Rights Offering	405	9.000	45		
12/29/89 Distribution \$0.52		9.125	67	12,942	11,866
9/24/90 Rights Offering	457	7.375	62		
12/31/90 Distribution \$0.32		8.000	52	11,713	11,074
9/23/91 Rights Offering	638	9.375	68		
12/31/91 Distribution \$0.61		10.625	82	17,919	15,697
9/25/92 Rights Offering	825	11.000	75		
12/31/92 Distribution \$0.90		12.500	114	21,999	20,874
9/27/93 Rights Offering	1,469	13.000	113		
12/31/93 Distribution \$1.15		13.000	160	26,603	25,428
10/28/94 Rights Offering	1,103	11.250	98		
12/19/94 Distribution \$1.05		11.375	191	27,939	24,905
11/3/95 Rights Offering	1,425	12.500	114		
12/7/95 Distribution \$1.29		12.125	253	35,676	31,243
12/6/96 Distribution \$1.15		12.250	247	41,213	36,335
1997 Annual distribution total \$1.21		15.374	230	52,556	46,814
1998 Annual distribution total \$1.54		14.311	347	54,313	47,506
1999 Annual distribution total \$1.37		12.616	391	60,653	50,239
2000 Annual distribution total \$1.48		13.972	424	70,711	61,648
2001 Annual distribution total \$1.49		15.072	437	81,478	73,994
2002 Annual distribution total \$1.51		14.903	494	68,770	68,927
1/28/03 Rights Offering	5,600	10.770	520		
2003 Annual distribution total \$1.30		14.582	516	106,216	107,339
2004 Annual distribution total \$1.55		17.604	568	128,955	139,094
2005 Annual distribution total \$1.61		18.739	604	139,808	148,773
2006 Year-to-date distribution total \$0.84		19.114	329		
6/30/06	\$ 21,922		7,738	\$ 153,290	\$ 149,808
Royce Micro-Cap Trust					
12/14/93 Initial Purchase	\$ 7,500	\$ 7.500	1,000	\$ 7,250	\$ 7,500
10/28/94 Rights Offering	1,400	7.000	200		
12/19/94 Distribution \$0.05		6.750	9	9,163	8,462
12/7/95 Distribution \$0.36		7.500	58	11,264	10,136
12/6/96 Distribution \$0.80		7.625	133	13,132	11,550
12/5/97 Distribution \$1.00		10.000	140	16,694	15,593

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12/7/98	Distribution \$0.29	8,625	52	16,016	14,129
12/6/99	Distribution \$0.27	8,781	49	18,051	14,769
12/6/00	Distribution \$1.72	8,469	333	20,016	17,026
12/6/01	Distribution \$0.57	9,880	114	24,701	21,924
2002	Annual distribution total \$0.80	9,518	180	21,297	19,142
2003	Annual distribution total \$0.92	10,004	217	33,125	31,311
2004	Annual distribution total \$1.33	13,350	257	39,320	41,788
2005	Annual distribution total \$1.85	13,848	383	41,969	45,500
2006	Year-to-date distribution total \$0.63	13,725	145		

6/30/06		\$ 8,900	3,270	\$ 46,826	\$ 47,546
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Royce Focus Trust

10/31/96	Initial Purchase	\$ 4,375	\$ 4,375	1,000	\$ 5,280	\$ 4,375
12/31/96					5,520	4,594
12/5/97	Distribution \$0.53		5,250	101	6,650	5,574
12/31/98					6,199	5,367
12/6/99	Distribution \$0.145		4,750	34	6,742	5,356
12/6/00	Distribution \$0.34		5,563	69	8,151	6,848
12/6/01	Distribution \$0.14		6,010	28	8,969	8,193
12/6/02	Distribution \$0.09		5,640	19	7,844	6,956
12/8/03	Distribution \$0.62		8,250	94	12,105	11,406
2004	Annual distribution total \$1.74		9,325	259	15,639	16,794
5/6/05	Rights offering	2,669	8,340	320		
2005	Annual distribution total \$1.21		9,470	249	21,208	20,709
2006	Year-to-date distribution total \$0.24		9,897	53		

6/30/06		\$ 7,044	2,226	\$ 22,928	\$ 22,906
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* Beginning with the 1997 (RVT), 2002 (RMT) and 2004 (FUND) distributions, the purchase price of distributions is a weighted average of the distribution reinvestment prices for the year.

** Other than for initial purchase and June 30, 2006, values are stated as of December 31 of the year indicated, after reinvestment of distributions.

DISTRIBUTION REINVESTMENT AND CASH PURCHASE OPTIONS

Why should I reinvest my distributions?

By reinvesting distributions, a stockholder can maintain an undiluted investment in the Fund. The regular reinvestment of distributions has a significant impact on stockholder returns. In contrast, the stockholder who takes distributions in cash is penalized when shares are issued below net asset value to other stockholders.

How does the reinvestment of distributions from the Royce closed-end funds work?

The Funds automatically issue shares in payment of distributions unless you indicate otherwise. The shares are generally issued at the lower of the market price or net asset value on the valuation date.

How does this apply to registered stockholders?

If your shares are registered directly with a Fund, your distributions are automatically reinvested unless you have otherwise instructed the Funds' transfer agent, Computershare, in writing. A registered stockholder also has the option to receive the distribution in the form of a stock certificate or in cash if Computershare is properly notified.

What if my shares are held by a brokerage firm or a bank?

If your shares are held by a brokerage firm, bank, or other intermediary as the stockholder of record, you should contact your brokerage firm or bank to be certain that it is automatically reinvesting distributions on your behalf. If they are unable to reinvest distributions on your behalf, you should have your shares registered in your name in order to participate.

What other features are available for registered stockholders?

The Distribution Reinvestment and Cash Purchase Plans also allow registered stockholders to make optional cash purchases of shares of a Fund's common stock directly through Computershare on a monthly basis, and to deposit certificates representing your Fund shares with Computershare for safekeeping. The Funds' investment adviser is absorbing all commissions on optional cash purchases under the Plans through December 31, 2006.

How do the Plans work for registered stockholders?

Computershare maintains the accounts for registered stockholders in the Plans and sends written confirmation of all transactions in the account. Shares in the account of each participant will be held by Computershare in non-certificated form in the name of the participant, and each participant will be able to vote those shares at a stockholder meeting or by proxy. A participant may also send other stock certificates held by them to Computershare to be held in non-certificated form. There is no service fee charged to participants for reinvesting distributions. If a participant elects to sell shares from a Plan account, Computershare will deduct a \$2.50 fee plus brokerage commissions from the sale transaction. If a nominee is the registered owner of your shares, the nominee will maintain the accounts on your behalf.

How can I get more information on the Plans?

You can call an Investor Services Representative at (800) 221-4268 or you can request a copy of the Plan for your Fund from Computershare. All correspondence (including notifications) should be directed to: [Name of Fund] Distribution Reinvestment and Cash Purchase Plan, c/o Computershare, PO Box 43010, Providence, RI 02940-3010, telephone (800) 426-5523.

ROYCE VALUE TRUST

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
COMMON STOCKS □ 99.4%					
Consumer Products □ 4.6%					
Apparel and Shoes - 1.9%					
Kenneth Cole Productions Cl. A	35,000	\$ 781,550			
Columbia Sportswear Company ^{a, c}	34,600	1,565,996			
Jones Apparel Group	81,500	2,590,885			
K-Swiss Cl. A	105,000	2,803,500			
Oakley	94,900	1,599,065			11,267,740
Polo Ralph Lauren Cl. A	58,200	3,195,180			
Tandy Brands Accessories	16,900	175,084			
Timberland Company Cl. A ^a	60,000	1,566,000			
Weyco Group	307,992	7,151,574			
		<u>21,428,834</u>			
Collectibles - 0.1%					
Enesco Group ^{a, c}	174,800	92,644			
Food/Beverage/Tobacco - 0.2%					
Hain Celestial Group ^{a, c}	37,800	973,728			
Hershey Creamery Company	709	1,418,000			
		<u>2,391,728</u>			
Home Furnishing and Appliances - 0.3%					
Aaron Rents	4,500	120,960			22,494,198
Ethan Allen Interiors	35,800	1,308,490			
Jacuzzi Brands ^{a, c}	145,000	1,276,000			
La-Z-Boy ^c	68,200	954,800			
		<u>3,660,250</u>			
Publishing - 0.3%					
Scholastic Corporation ^{a, c}	130,000	3,376,100			
					<u>26,981,805</u>
			Restaurants and Lodgings - 1.0%		
			Applebee's International	63,000	\$ 1,210,860
			Benihana Cl. A ^a	6,600	179,124
			CEC Entertainment ^{a, c}	121,400	3,899,368
			IHOP Corporation	93,400	4,490,672
			Ryan's Restaurant Group ^{a, c}	7,200	85,752
			Steak 'n Shake Company (The) ^a	92,600	1,401,964
					<u>11,267,740</u>
			Retail Stores - 2.0%		
			Big Lots ^a	255,300	4,360,524
			CarMax ^{a, c}	84,000	2,978,640
			Children's Place Retail Stores ^{a, c}	13,670	820,883
			Claire's Stores	189,800	4,841,798
			Cost Plus ^{a, c}	80,500	1,180,130
			Fred's Cl. A	50,000	667,500
			Gander Mountain Company ^{a, c}	53,300	308,074
			Hot Topic ^{a, c}	44,100	507,591
			Krispy Kreme Doughnuts ^{a, c}	85,000	691,900
			99 Cents Only Stores ^{a, c}	95,000	993,700
			Stein Mart	142,800	2,113,440
			Urban Outfitters ^{a, c}	27,000	472,230
			West Marine ^a	131,100	1,767,228
			Wet Seal (The) Cl. A ^a	162,000	790,560
					<u>22,494,198</u>
			Other Consumer Services - 2.4%		
			Corinthian Colleges ^{a, c}	106,500	1,529,340
			ITT Educational Services ^a	106,000	6,975,860
			Laureate Education ^{a, c}	75,000	3,197,250
			MoneyGram International	74,900	2,542,855
			Sotheby's ^{a, c}	485,200	12,736,500
					<u>26,981,805</u>

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Sports and Recreation - 0.4%				
Coachmen Industries	47,700	569,538	Total (Cost \$44,547,555)	63,100,488
Monaco Coach	161,050	2,045,335		
Nautilus	2,000	31,420	Diversified Investment Companies \square 0.1%	
Thor Industries	26,100	1,264,545	Closed-End Mutual Funds - 0.1%	
			Central Fund of Canada Cl. A	111,500
		3,910,838		958,900
			Total (Cost \$589,526)	958,900
Other Consumer Products - 1.4%				
Blyth	14,700	271,362	Financial Intermediaries \square 8.9%	
Burnham Holdings Cl. B	36,000	693,000	Banking - 3.2%	
Fossil ^{a, c}	82,800	1,491,228	BOK Financial	129,327
Lazare Kaplan International ^a	103,600	854,700	Bank of NT Butterfield	62,500
Leapfrog Enterprises ^{a, c}	175,000	1,767,500	CFS Bancorp	260,000
Matthews International Cl. A	166,000	5,722,020	Cadence Financial	30,300
			Commercial National Financial	44,900
RC2 Corporation ^a	132,600	5,126,316	Exchange National Bancshares	50,400
		15,926,126	Farmers & Merchants Bank of Long Beach	1,266
			Heritage Financial	12,915
Total (Cost \$32,213,286)		50,786,520	HopFed Bancorp	25,000
			Jefferson Bancshares	25,000
Consumer Services \square 5.7%			Mechanics Bank	200
Direct Marketing - 0.1%			NetBank	70,000
FTD Group ^{a, c}	55,000	742,500	Old Point Financial	20,000
			Partners Trust Financial Group	100,000
Leisure and Entertainment - 0.1%			Sun Bancorp ^{a, c}	44,100
Gemstar-TV Guide International ^{a, c}	201,100	707,872	Tompkins Trustco	17,545
Shuffle Master ^{a, c}	15,000	491,700	Whitney Holding	40,500
Steiner Leisure ^{a, c}	2,100	83,013	Wilber Corporation	31,700
		1,282,585		
Media and Broadcasting - 0.1%				
Cox Radio Cl. A ^a	23,000	331,660		

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Securities Brokers - 0.8%

Dundee Wealth Management	50,000	485,980
First Albany Companies ^a	350,100	1,575,450
Investment Technology Group ^{a, c}	30,400	1,546,144
Knight Capital Group Cl. A ^{a, c}	229,700	3,498,331
optionsXpress Holdings	53,000	1,235,430
		8,341,335

Drugs and Biotech - 1.8%

Affymetrix ^a	10,000	256,000
Antigenics ^{a, c}	99,300	210,516
Cerus Corporation ^{a, c}	21,700	154,721
Connetics Corporation ^{a, c}	14,300	168,168
DUSA Pharmaceuticals ^a	79,700	450,305
Endo Pharmaceuticals Holdings ^a	229,800	7,578,804
Gene Logic ^{a, c}	365,000	492,750

Other Financial Intermediaries - 0.9%

International Securities Exchange Cl. A	75,000	2,855,250
MCG Capital	138,000	2,194,200
MVC Capital	353,900	4,756,416
MarketAxess Holdings ^a	67,000	737,670
		10,543,536

Hi-Tech Pharmacal ^{a, c}	1,650	27,340
Hollis-Eden Pharmaceuticals ^{a, c}	44,000	210,760
Human Genome Sciences ^{a, c}	90,000	963,000
K-V Pharmaceutical Company Cl. A ^{a, c}	51,500	960,990
Martek Biosciences ^{a, c}	12,500	361,875
Medicines Company (The) ^{a, c}	20,000	391,000
Millennium Pharmaceuticals ^{a, c}	100,000	997,000
Myriad Genetics ^{a, c}	50,000	1,262,500
Perrigo Company	186,750	3,006,675
QLT ^{a, c}	114,070	807,616
SFBC International ^{a, c}	10,000	151,600

Total (Cost \$67,981,553)

98,607,200

Financial Services [□] 7.4%

Information and Processing - 1.9%

eFunds Corporation ^{a, c}	126,875	2,797,594
FactSet Research Systems	35,350	1,672,055
Global Payments	137,000	6,651,350
Interactive Data ^a	134,300	2,698,087
PRG-Schultz International ^{a, c}	247,000	111,150
SEI Investments Company	141,200	6,901,856
		20,832,092

Telik ^a	33,000	544,500
VIVUS ^a	163,300	628,705
		19,624,825

Health Services - 1.8%

Albany Molecular Research ^a	85,000	907,800
Covance ^{a, c}	52,700	3,226,294
Cross Country Healthcare ^{a, c}	30,000	545,700
Eclipsys Corporation ^{a, c}	20,000	363,200
Gentiva Health Services ^a	30,150	483,304
HMS Holdings ^a	50,000	536,000

Insurance Brokers - 1.2%

Crawford & Company Cl. A	289,200	1,911,612
Crawford & Company Cl. B	162,300	1,165,314
Gallagher (Arthur J.) & Company	111,200	2,817,808
Hilb Rogal & Hobbs Company	155,050	5,778,713

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2006 SEMIANNUAL REPORT TO STOCKHOLDERS | 21

ROYCE VALUE TRUST

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
Health (continued)			Intermagnetics General ^{a, c}	6,525	\$ 176,044
Health Services (continued)			PerkinElmer	135,000	2,821,500
HealthSouth Corporation ^{a, c}	1,000,000	\$ 3,830,000	Powell Industries ^{a, c}	92,400	2,211,132
Lincare Holdings ^{a, c}	52,562	1,988,946	II-VI ^a	13,500	247,050
MedQuist ^{a, c}	73,893	886,716	Woodhead Industries	45,400	868,956
National Home Health Care On Assignment ^a	20,000	195,000			
	425,400	3,909,426			15,064,829
Paramount Acquisition (Units) ^a	280,000	1,904,000			
Quovadx ^a	3,000	7,740	Machinery - 6.0%		
Res-Care ^{a, c}	65,460	1,309,200	Baldor Electric	62,900	1,968,141
		20,093,326	Coherent ^{a, c}	243,500	8,213,255
			Exco Technologies	91,000	285,317
			Federal Signal	58,600	887,204
Medical Products and Devices - 2.3%			Franklin Electric	84,200	4,348,088
Allied Healthcare Products ^a	197,700	1,146,660	Graco	96,825	4,452,013
Arrow International	195,728	6,433,579	Hardinge	278,893	4,308,897
ArthroCare Corporation ^{a, c}	10,000	420,100	IDEX Corporation	36,000	1,699,200
Bruker BioSciences ^a	370,200	1,984,272	Intermec ^{a, c}	3,000	68,820
			Lincoln Electric Holdings	228,680	14,326,802
CONMED Corporation ^{a, c}	81,500	1,687,050	Nordson Corporation	172,200	8,468,796
IDEXX Laboratories ^{a, c}	79,000	5,935,270	PAXAR Corporation ^{a, c}	267,500	5,502,475
Invacare Corporation	103,100	2,565,128	Rofin-Sinar Technologies ^a	128,000	7,356,160
Novoste Corporation ^a	16,625	44,056	Williams Controls ^a	37,500	450,000
STERIS Corporation	98,600	2,253,996	Woodward Governor Company	154,800	4,722,948
Young Innovations	62,550	2,203,636			
Zoll Medical ^{a, c}	20,200	661,752			67,058,116
		25,335,499			
			Metal Fabrication and Distribution - 2.5%		
Personal Care - 0.3%			Commercial Metals Company	36,600	940,620
Helen of Troy ^{a, c}	81,600	1,501,440	CompX International Cl. A	292,300	5,232,170
Nutraceutical International ^a	22,800	349,524	Gerdau Ameristeel	61,100	613,444
USANA Health Sciences ^{a, c}	38,900	1,474,310	Harris Steel Group	100,000	2,530,682
		3,325,274	IPSCO	14,500	1,387,505
			Kaydon Corporation	208,700	7,786,597
			NN	127,100	1,569,685
Total (Cost \$59,740,646)		82,387,525	Novamerican Steel ^a	10,800	437,076
			Oregon Steel Mills ^a	107,100	5,425,686
Industrial Products \square 18.0%				12,960	1,075,032

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			Reliance Steel & Aluminum Schnitzer Steel Industries Cl. A	34,000	1,206,320
Automotive - 0.6%					
IMPCO Technologies ^a	45,000	480,150			
LKQ Corporation ^{a, c}	256,000	4,864,000			28,204,817
Quantam Fuel Systems Technologies					
Worldwide ^{a, c}	15,500	52,700			
Superior Industries International	52,000	951,080			
			Paper and Packaging - 0.1%		
			Peak International ^{a, c}	408,400	1,266,040
			Specialty Chemicals and Materials - 1.9%		
			Aceto Corporation	78,410	542,597
Building Systems and Components - 1.1%			Bairnco Corporation	43,000	504,390
Decker Manufacturing	6,022	219,803	Balchem Corporation	11,250	253,125
Preformed Line Products Company	91,600	3,471,640	CFC International ^a	74,200	1,219,848
Simpson Manufacturing	250,800	9,041,340	Cabot Corporation	102,300	3,531,396
			Hawkins	206,878	2,897,326
			Lydall ^{a, c}	35,500	327,310
			MacDermid	264,131	7,606,973
			Schulman (A.)	143,100	3,275,559
Construction Materials - 1.8%			Sensient Technologies	22,000	460,020
Ash Grove Cement Company Cl. B	50,518	10,002,564			
ElkCorp	2,000	55,540			
Florida Rock Industries	85,175	4,230,642			20,618,544
Heywood Williams Group ^a	958,837	1,533,716			
Synalloy Corporation ^{a, b}	345,000	4,443,600			
			Textiles - 0.1%		
			Unifi ^{a, c}	165,100	478,790
			Other Industrial Products - 2.5%		
Industrial Components - 1.4%			Brady Corporation Cl. A	248,800	9,165,792
Barnes Group	4,000	79,800	Diebold	85,000	3,452,700
Bel Fuse Cl. A	2,000	54,300	Distributed Energy Systems ^a	32,000	165,440
C & D Technologies ^c	345,700	2,599,664	Kimball International Cl. B	437,380	8,620,760
CLARCOR	83,500	2,487,465	Maxwell Technologies ^a	21,500	422,045
Donaldson Company	92,800	3,143,136	Myers Industries	30,499	524,278
GrafTech International ^a	64,790	375,782			

JUNE 30, 2006 (Unaudited)

	SHARES	VALUE		SHARES	VALUE
Industrial Products (continued)					
Other Industrial Products (continued)			Strategic Distribution ^a	115,000	\$ 1,610,000
Peerless Manufacturing ^{a, b}	158,600	\$ 3,798,470			23,895,532
Solar Integrated Technologies ^a	75,000	126,901			
Waters Corporation ^{a, c}	25,990	1,153,956	Printing - 0.1%		
			Bowne & Co.	68,100	973,830
		27,430,342	Transportation and Logistics - 4.6%		
Total (Cost \$105,829,978)		199,468,253	Alexander & Baldwin	60,000	2,656,200
			Arkansas Best	1,200	60,252
Industrial Services \square 14.1%			Atlas Air Worldwide Holdings ^{a, c}	17,000	833,680
Advertising and Publishing - 0.6%			C. H. Robinson Worldwide	80,000	4,264,000
Interpublic Group of Companies ^{a, c}	510,000	4,258,500	Continental Airlines Cl. B ^{a, c}	100,000	2,980,000
Lamar Advertising Company Cl. A ^{a, c}	24,000	1,292,640	EGL ^{a, c}	123,125	6,180,875
MDC Partners Cl. A ^a	60,000	491,400	Forward Air	234,750	9,561,367
ValueClick ^{a, c}	45,000	690,750	Frozen Food Express Industries ^{a, c}	286,635	3,158,718
		6,733,290	Grupo Aeroportuario del Sureste ADR	36,900	1,239,471
Commercial Services - 4.5%			Hub Group Cl. A ^a	174,400	4,278,032
ABM Industries	134,800	2,305,080	Landstar System	11,200	528,976
Allied Waste Industries ^a	188,800	2,144,768	Patriot Transportation Holding ^a	96,300	8,356,914
Anacomp Cl. A ^a	26,000	269,100	Railpower Technologies ^a	67,000	144,047
BB Holdings ^a	194,900	738,839	UTI Worldwide	105,000	2,649,150
Bennett Environmental ^a	20,900	59,774	Universal Truckload Services ^a	115,100	3,928,363
Central Parking	18,300	292,800			50,820,045
Convergys Corporation ^a	121,000	2,359,500	Other Industrial Services - 0.5%		
Copart ^{a, c}	158,100	3,882,936	Landauer	117,900	5,647,410
First Advantage Cl. A ^{a, c}	5,000	116,300			
Global Imaging Systems ^{a, c}	50,000	2,064,000	Total (Cost \$85,506,325)		155,665,543
Hewitt Associates Cl. A ^{a, c}	164,620	3,700,658			

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Iron Mountain ^{a, c}	156,175	5,837,821	Natural Resources □		
Learning Tree International ^{a, c}	53,400	468,318	9.8%		
MPS Group ^a	564,600	8,502,876	Energy Services - 3.4%		
Manpower	105,800	6,834,680	Atwood Oceanics ^{a, c}	29,400	1,458,240
New Horizons Worldwide ^a	228,600	160,020	Carbo Ceramics	148,400	7,290,892
RHJ International ^a	157,500	3,340,048	Core Laboratories ^a	10,000	610,400
RemedyTemp Cl. A ^a	160,700	2,730,293	Environmental Power ^{a, c}	326,000	2,135,300
			Global Industries ^{a, c}	54,500	910,150
Renaissance Learning	15,000	203,250	Hanover Compressor Company ^{a, c}	260,000	4,882,800
Rollins	130,500	2,563,020	Helmerich & Payne	40,300	2,428,478
Spherion Corporation ^{a, c}	53,000	483,360	Input/Output ^a	544,100	5,141,745
TRC Companies ^a	3,600	37,908	TETRA Technologies ^{a, c}	68,000	2,059,720
			Universal Compression Holdings ^{a, c}	105,000	6,611,850
Viad Corporation	9,025	282,482	Willbros Group ^{a, c}	207,600	3,931,944
Wright Express ^{a, c}	30,000	862,200			
		50,240,031			37,461,519
Engineering and Construction - 1.1%			Oil and Gas - 3.0%		
Dycom Industries ^a	47,700	1,015,533	Bill Barrett ^{a, c}	50,000	1,480,500
Fleetwood Enterprises ^a	234,300	1,766,622	Carrizo Oil & Gas ^{a, c}	41,700	1,305,627
Insituform Technologies Cl. A ^{a, c}	174,300	3,989,727	Cimarex Energy	193,990	8,341,570
Washington Group International ^a	100,000	5,334,000	FX Energy ^{a, c}	20,000	92,400
			Falcon Oil & Gas ^a	360,000	1,238,377
		12,105,882	Hornbeck Offshore Services ^{a, c}	33,000	1,172,160
			Particle Drilling Technologies ^{a, c}	61,500	216,480
Food and Tobacco Processors - 0.5%			Penn Virginia	16,440	1,148,827
American Italian Pasta Company Cl. A ^a	10,000	85,600	Pioneer Drilling Company ^{a, c}	1,800	27,792
MGP Ingredients	127,400	2,958,228	Remington Oil & Gas ^a	78,500	3,451,645
Performance Food Group ^{a, c}	10,000	303,800	SEACOR Holdings ^{a, c}	153,500	12,602,350
Seneca Foods Cl. A ^a	69,600	1,598,712	Storm Cat Energy ^{a, c}	330,800	744,300
Seneca Foods Cl. B ^a	13,251	303,183	W & T Offshore	25,000	972,250
		5,249,523			32,794,278
Industrial Distribution - 2.2%			Precious Metals and Mining - 2.7%		
Central Steel & Wire	7,662	4,827,060	Agnico-Eagle Mines	34,000	1,124,720
MSC Industrial Direct Company Cl. A	20,000	951,400	Bema Gold ^{a, c}	248,000	1,244,960
Ritchie Bros. Auctioneers	310,400	16,507,072	Cambior ^a	311,000	836,590
			Constellation Copper ^a	186,900	425,267

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2006 SEMIANNUAL REPORT TO STOCKHOLDERS | 23

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Axsys Technologies ^a	10,000	150,700	S1 Corporation ^a	20,000	96,000
Ducommun ^a	117,200	2,170,544	SupportSoft ^a	220,000	866,800
Hexcel Corporation ^a	47,500	746,225			
Integral Systems	49,800	1,336,134			16,130,138
		<hr/>			<hr/>
		6,735,268	IT Services - 3.8%		
Components and Systems - 7.0%			answerthink ^a	655,000	2,639,650
Adaptec ^{a, c}	167,000	724,780	BearingPoint ^{a, c}	788,800	6,602,256
American Power Conversion	151,200	2,946,888	Black Box	47,000	1,801,510
Analogic Corporation	40,135	1,870,692	CACI International Cl. A ^{a, c}	10,000	583,300
			CIBER ^{a, c}	10,000	65,900
Belden CDT	57,800	1,910,290	Cogent Communications Group ^{a, c}	226,900	2,126,053
Checkpoint Systems ^a	56,060	1,245,092	Computer Task Group ^a	101,100	505,500
Dionex Corporation ^a	81,000	4,427,460	Covansys Corporation ^{a, c}	238,900	3,002,973
			DiamondCluster International ^a	80,400	636,768
Electronics for Imaging ^{a, c}	25,000	522,000	Forrester Research ^a	40,300	1,127,594
Energy Conversion Devices ^{a, c}	105,500	3,843,365	Gartner ^a	126,000	1,789,200
Excel Technology ^a	168,500	5,041,520	Keane ^a	468,000	5,850,000
Hutchinson Technology ^{a, c}	47,500	1,027,425	MAXIMUS	127,900	2,960,885
Imation Corporation	15,700	644,485	Perot Systems Cl. A ^{a, c}	165,100	2,390,648
InFocus Corporation ^a	228,100	652,366	Sapient Corporation ^{a, c}	806,602	4,274,991
KEMET Corporation ^a	95,600	881,432	Syntel	152,679	3,123,812
Kronos ^{a, c}	38,775	1,404,043	TriZetto Group (The) ^{a, c}	215,200	3,182,808
Methode Electronics	50,000	525,500			
Metrologic Instruments ^{a, c}	15,000	225,150			
Newport Corporation ^{a, c}	592,200	9,546,264			42,663,848
On Track Innovations ^{a, c}	40,000	466,800			
			Semiconductors and Equipment - 2.2%		
Perceptron ^a	397,400	3,203,044	BE Semiconductor Industries ^{a, c}	58,000	330,020
Plexus Corporation ^{a, c}	325,700	11,142,197	Brooks Automation ^{a, c}	28,500	336,300

JUNE 30, 2006 (Unaudited)

	SHARES	VALUE		SHARES	VALUE
Technology (continued)					
Semiconductors and Equipment (continued)					
Cabot Microelectronics ^a	131,200	\$ 3,976,672	IDT Corporation Cl. B ^{a, c}	65,000	\$ 896,350
Catalyst Semiconductor ^a	200	726	Level 3 Communications ^{a, c}	400,000	1,776,000
CEVA ^a	31,666	183,029	PECO II ^{a, c}	93,600	173,160
Cognex Corporation	55,300	1,439,459	Time Warner Telecom Cl. A ^{a, c}	179,000	2,658,150
Conexant Systems ^{a, c}	11,980	29,950	Tollgrade Communications ^{a, c}	20,000	194,000
Credence Systems ^{a, c}	53,600	187,600	USA Mobility ^c	97,500	1,618,500
DSP Group ^{a, c}	115,000	2,857,750	Vonage Holdings ^{a, c}	100,000	859,000
DTS ^{a, c}	64,100	1,248,668	Yak Communications ^a	20,000	59,400
Dolby Laboratories Cl. A ^a	83,900	1,954,870			
Exar Corporation ^{a, c}	181,976	2,414,821	Total (Cost		
Fairchild Semiconductor International ^{a, c}	51,200	930,304	\$175,467,409)		239,429,703
International Rectifier ^a	20,000	781,600			
Intevac ^{a, c}	57,450	1,245,516	Utilities □ 0.2%		
IXYS Corporation ^{a, c}	10,000	96,000	CH Energy Group	44,500	2,136,000
Kulicke & Soffa Industries ^{a, c}	105,800	783,978	Southern Union	11,576	313,246
MEMC Electronic Materials ^a	2,000	75,000			
Novellus Systems ^{a, c}	12,000	296,400	Total (Cost \$2,127,413)		2,449,246
Pericom Semiconductor ^{a, c}	58,000	481,400			
Power Integrations ^{a, c}	49,000	856,520	Miscellaneous^(e) □ 1.6%		
Sanmina-SCI Corporation ^a	100,000	460,000	Total (Cost		
Semitool ^{a, c}	50,000	451,000	\$18,109,257)		18,222,245
Staktek Holdings ^a	184,700	897,642			
Veeco Instruments ^{a, c}	65,000	1,549,600	TOTAL COMMON STOCKS		
			(Cost \$704,539,609)		1,100,775,245
			PREFERRED STOCKS □ 0.2%		
			Aristotle Corporation		
		23,864,825	11.00% Conv.	4,800	39,024
			Seneca Foods Conv. ^a	300	6,300
			Seneca Foods Conv. ^{a, d}	85,000	1,757,205
Software - 3.4%					
Advent Software ^a	116,800	4,212,976	TOTAL PREFERRED STOCKS		
ANSYS ^{a, c}	20,000	956,400	(Cost \$1,316,015)		1,802,529
Aspen Technology ^a	27,100	355,552			
Avid Technology ^{a, c}	20,000	666,600			

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				PRINCIPAL AMOUNT
BEA Systems ^{a, c}	65,610	858,835		
Borland Software ^{a, c}	240,000	1,267,200		
Epicor Software ^{a, c}	79,900	841,347	CORPORATE BONDS □	
iPass ^{a, c}	268,400	1,503,040	0.1%	
JDA Software Group ^{a, c}	99,900	1,401,597	Dixie Group 7.00%	
MRO Software ^{a, c}	46,000	923,220	Conv. Sub. Deb. due	
ManTech International Cl. A ^{a, c}	119,400	3,684,684	5/15/12	\$ 397,000
Manugistics Group ^a	49,200	123,000		373,180
NAVTEQ Corporation ^{a, c}	20,000	893,600		<hr/>
NetIQ Corporation ^{a, c}	60,000	731,400	TOTAL CORPORATE BONDS	
PLATO Learning ^a	149,642	930,773	(Cost \$321,402)	373,180
Progress Software ^{a, c}	30,500	714,005		<hr/>
SPSS ^a	179,600	5,772,344	REPURCHASE AGREEMENTS □ 20.6%	
Sybase ^{a, c}	82,600	1,602,440	State Street Bank &	
THQ ^{a, c}	20,000	432,000	Trust Company,	
Transaction Systems Architects Cl. A^{a, c}	203,150	8,469,323	5.10% dated 6/30/06,	
Verint Systems ^{a, c}	40,000	1,167,600	due 7/3/06,	
		<hr/>	maturity value	
		37,507,936	\$103,601,012	
		<hr/>	(collateralized	
			by obligations of various	
			U.S. Government	
			Agencies, valued at	
			\$106,146,600)	
			(Cost \$103,557,000)	103,557,000
			Lehman Brothers	
			(Tri-Party),	
			4.85% dated 6/30/06,	
			due 7/3/06,	
			maturity value	
			\$125,050,521	
			(collateralized	
			by obligations of various	
			U.S. Government	
			Agencies, valued at	
			\$127,555,538)	
			(Cost \$125,000,000)	125,000,000
				<hr/>
			TOTAL REPURCHASE AGREEMENTS	
			(Cost \$228,557,000)	228,557,000
				<hr/>
Telecommunications - 1.5%				
ADTRAN	65,000	1,457,950		
Broadwing Corporation ^a	1,000	10,350		
Catapult Communications ^{a, c}	87,100	949,390		
Covad Communications Group ^{a, c}	35,000	70,350		
Foundry Networks ^{a, c}	373,400	3,980,444		
Globecomm Systems ^{a, c}	233,700	1,741,065		
IDT Corporation ^a	58,400	770,880		

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS.**

2006 SEMIANNUAL REPORT TO
STOCKHOLDERS | 25

ROYCE VALUE TRUST

JUNE 30, 2006 (Unaudited)

Schedule of Investments

	PRINCIPAL AMOUNT	VALUE
COLLATERAL RECEIVED FOR SECURITIES LOANED □ 11.3%		
U.S. Treasury Bonds 6.00%-7.125% due 8/15/22-2/15/26	\$ 25,585	\$ 28,143
U.S. Treasury Notes 4.00% due 11/15/12	19,272	18,148
U.S. Treasury Strip-Interest due 11/15/18	11,997	6,209
Money Market Funds State Street Navigator Securities Lending Prime Portfolio (7 day yield-5.0651%)		125,736,199
TOTAL COLLATERAL RECEIVED FOR SECURITIES LOANED		125,788,699
(Cost \$125,788,699)		125,788,699
TOTAL INVESTMENTS □ 131.6%		1,457,296,653
(Cost \$1,060,522,725)		1,457,296,653
LIABILITIES LESS CASH AND OTHER ASSETS □ (11.7)%		(129,709,286)
PREFERRED STOCK □ (19.9)%		(220,000,000)

**NET ASSETS
APPLICABLE TO
COMMON
STOCKHOLDERS** □
100.0%

\$ 1,107,587,367

-
- ^a Non-income producing.
 - ^b At June 30, 2006, the Fund owned 5% or more of the Company's outstanding voting securities thereby making the Company an Affiliated Company as that term is defined in the Investment Company Act of 1940.
 - ^c A portion of these securities were on loan at June 30, 2006.
 - ^d A security for which market quotations are no longer readily available represents 0.2% of net assets. This security has been valued at its fair value under procedures established by the Fund's Board of Directors.
 - ^e Includes securities first acquired in 2006 and less than 1% of net assets applicable to Common Stockholders.
 - New additions in 2006.

Bold indicates the Fund's largest 20 equity holdings in terms of June 30, 2006 market value.

INCOME TAX INFORMATION: The cost of total investments for Federal income tax purposes was \$1,062,163,481. At June 30, 2006, net unrealized appreciation for all securities was \$395,133,172, consisting of aggregate gross unrealized appreciation of \$436,662,692 and aggregate gross unrealized depreciation of \$41,529,520. The primary differences in book and tax basis cost is the timing of the recognition of losses on securities sold.

ROYCE VALUE TRUST**JUNE 30, 2006 (Unaudited)****Statement of Assets and Liabilities****ASSETS:**

Investments at value (including collateral on loaned securities) *	
Non-Affiliates (cost \$829,348,057)	\$ 1,220,497,583
Affiliated Companies (cost \$2,617,668)	8,242,070

Total investments at value	1,228,739,653
Repurchase agreements (at cost and value)	228,557,000
Cash	11,119
Receivable for investments sold	142,437
Receivable for dividends and interest	975,158

Total Assets	1,458,425,367
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LIABILITIES:

Payable for collateral on loaned securities	125,788,699
Payable for investments purchased	3,441,345
Payable for investment advisory fee	932,681
Preferred dividends accrued but not yet declared	288,452
Accrued expenses	386,823

Total Liabilities	130,838,000
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PREFERRED STOCK:

5.90% Cumulative Preferred Stock - \$0.001 par value, \$25 liquidation value per share; 8,800,000 shares outstanding	220,000,000
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Total Preferred Stock	220,000,000
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NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS	\$ 1,107,587,367
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ANALYSIS OF NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:

Common Stock paid-in capital - \$0.001 par value per share; 55,920,647 shares outstanding (150,000,000 shares authorized)	\$ 687,492,004
Undistributed net investment income (loss)	3,405,424
Accumulated net realized gain (loss) on investments	72,897,346
Net unrealized appreciation (depreciation) on investments	396,773,928
Quarterly and accrued distributions	(52,981,335)

Net Assets applicable to Common Stockholders (net asset value per share - \$19.81)	\$ 1,107,587,367
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*Investments at identified cost (including \$125,788,699 of collateral on loaned securities)	\$ 831,965,725
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Market value of loaned securities	\$ 122,676,304
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**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS.**

2006 SEMIANNUAL REPORT TO
STOCKHOLDERS | 27

ROYCE VALUE TRUST

SIX MONTHS ENDED JUNE 30, 2006 (Unaudited)

Statement of Operations	
INVESTMENT INCOME:	
Income:	
Dividends	
Non-Affiliates	\$ 5,051,854
Interest	5,019,063
Securities lending	233,214
Total income	10,304,131
Expenses:	
Investment advisory fees	6,629,595
Stockholder reports	227,291
Custody and transfer agent fees	114,634
Directors' fees	63,736
Administrative and office facilities expenses	51,734
Professional fees	29,312
Other expenses	107,647
Total expenses	7,223,949
Compensating balance credits	(3,830)
Net expenses	7,220,119
Net investment income (loss)	3,084,012
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain (loss) on investments	
Non-Affiliates	66,039,704
Net change in unrealized appreciation (depreciation) on investments	35,867,224
Net realized and unrealized gain (loss) on investments	101,906,928
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	
	104,990,940
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS	
	(6,490,000)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS	
	\$ 98,500,940

ROYCE VALUE TRUST

Statement of Changes in Net Assets		
	Six months ended 6/30/06 (unaudited)	Year ended 12/31/05
INVESTMENT OPERATIONS:		
Net investment income (loss)	\$ 3,084,012	\$ 321,412
Net realized gain (loss) on investments	66,039,704	99,178,811
Net change in unrealized appreciation (depreciation) on investments	35,867,224	(4,983,024)
Net increase (decrease) in net assets resulting from investment operations	104,990,940	94,517,199
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:		
Net realized gain on investments	□	(12,980,000)
Quarterly distributions *	(6,490,000)	□
Total distributions to Preferred Stockholders	(6,490,000)	(12,980,000)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT OPERATIONS		
	98,500,940	81,537,199
DISTRIBUTIONS TO COMMON STOCKHOLDERS:		
Net realized gain on investments	□	(85,780,292)
Quarterly distributions *	(46,202,886)	□
Total distributions to Common Stockholders	(46,202,886)	(85,780,292)
CAPITAL STOCK TRANSACTIONS:		
Reinvestment of distributions to Common Stockholders	23,169,227	43,058,750
Total capital stock transactions	23,169,227	43,058,750
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS		
	75,467,281	38,815,657
NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:		
Beginning of period	1,032,120,086	993,304,429
End of period (including undistributed net investment income of \$3,405,424 at 6/30/06 and \$321,412 at 12/31/05)	\$ 1,107,587,367	\$ 1,032,120,086

*To be allocated to net investment income and capital gains at year end.

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS.**

2006 SEMIANNUAL REPORT TO
STOCKHOLDERS | 29

ROYCE VALUE TRUST**Financial Highlights**

This table is presented to show selected data for a share of Common Stock outstanding throughout each period, and to assist stockholders in evaluating the Fund's performance for the periods presented.

	Six months ended June 30, 2006 (unaudited)	Years ended December 31,				
		2005	2004	2003	2002	2001
NET ASSET VALUE, BEGINNING OF PERIOD	\$18.87	\$18.95	\$17.03	13.22	\$17.31	\$16.56
INVESTMENT OPERATIONS:						
Net investment income (loss)	0.06	0.01	(0.08)	(0.05)	(0.02)	0.05
Net realized and unrealized gain (loss) on investments	1.84	1.75	3.81	5.64	(2.25)	2.58
Total investment operations	1.90	1.76	3.73	5.59	(2.27)	2.63
DISTRIBUTIONS TO PREFERRED STOCKHOLDERS:						
Net investment income	□	□	□	□	(0.01)	(0.01)
Net realized gain on investments	□	(0.24)	(0.26)	(0.26)	(0.28)	(0.30)
Quarterly distributions *	(0.12)	□	□	□	□	□
Total distributions to Preferred Stockholders	(0.12)	(0.24)	(0.26)	(0.26)	(0.29)	(0.31)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS RESULTING FROM INVESTMENT	1.78	1.52	3.47	5.33	(2.56)	2.32

OPERATIONS**DISTRIBUTIONS TO COMMON STOCKHOLDERS:**

Net investment income	□	□	□	□	(0.07)	(0.05)
Net realized gain on investments	□	(1.61)	(1.55)	(1.30)	(1.44)	(1.44)
Quarterly distributions *	(0.84)	□	□	□	□	□

Total distributions to Common Stockholders	(0.84)	(1.61)	(1.55)	(1.30)	(1.51)	(1.49)
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CAPITAL STOCK TRANSACTIONS:

Effect of reinvestment of distributions by Common Stockholders	(0.00)	0.01	0.00	(0.00)	(0.02)	(0.08)
Effect of rights offering and Preferred Stock offering	□	□	□	(0.22)	□	□

Total capital stock transactions	(0.00)	0.01	0.00	(0.22)	(0.02)	(0.08)
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NET ASSET VALUE, END OF PERIOD

	\$19.81	\$18.87	\$18.95	\$17.03	\$13.22	\$17.31
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MARKET VALUE, END OF PERIOD

	\$19.36	\$20.08	\$20.44	\$17.21	\$13.25	\$15.72
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TOTAL RETURN

(a):						
Market Value	0.69% <u>***</u>	6.95%	29.60%	41.96%	(6.87)%	20.03%
Net Asset Value	9.64% <u>***</u>	8.41%	21.42%	40.80%	(15.61)%	15.23%

RATIOS BASED ON AVERAGE NET ASSETS APPLICABLE TO COMMON STOCKHOLDERS:

Total expenses (<u>b</u> , <u>c</u>)	1.30% <u>**</u>	1.49%	1.51%	1.49%	1.72%	1.61%
Management fee expense (<u>d</u>)	1.19% <u>**</u>	1.37%	1.39%	1.34%	1.56%	1.45%
Other operating expenses	0.11% <u>**</u>	0.12%	0.12%	0.15%	0.16%	0.16%
Net investment income (loss)	0.55% <u>**</u>	0.03%	(0.50)%	(0.36)%	(0.09)%	0.35%

SUPPLEMENTAL DATA:

Net Assets Applicable to	\$1,107,587	\$1,032,120	\$993,304	\$850,773	\$560,776	\$689,141
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Common Stockholders, End of Period (in thousands)						
Liquidation Value of Preferred Stock, End of Period (in thousands)	\$220,000	\$220,000	\$220,000	\$220,000	\$160,000	\$160,000
Portfolio Turnover Rate	8%	31%	30%	23%	35%	30%
PREFERRED STOCK:						
Total shares outstanding	8,800,000	8,800,000	8,800,000	8,800,000	6,400,000	6,400,000
Asset coverage per share	\$150.86	\$142.29	\$137.88	\$121.68	\$112.62	\$132.68
Liquidation preference per share	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Average market value per share (e):						
5.90% Cumulative	\$23.77	\$24.75	\$24.50	\$25.04		
7.80% Cumulative				\$25.87	\$26.37	\$25.70
7.30%						
Tax-Advantaged Cumulative				\$25.53	\$25.82	\$25.37

- (a) The Market Value Total Return is calculated assuming a purchase of Common Stock on the opening of the first business day and a sale on the closing of the last business day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's Distribution Reinvestment and Cash Purchase Plan. Net Asset Value Total Return is calculated on the same basis, except that the Fund's net asset value is used on the purchase and sale dates instead of market value.
- (b) Expense ratios based on total average net assets including liquidation value of Preferred Stock were 1.09%, 1.22%, 1.21%, 1.19%, 1.38% and 1.30% for the periods ended June 30, 2006 and December 31, 2005, 2004, 2003, 2002 and 2001, respectively.
- (c) Expense ratios based on average net assets applicable to Common Stockholders before waiver of fees by the investment adviser would have been 1.62%, 1.82% and 1.65% for the periods ended December 31, 2003, 2002 and 2001, respectively.
- (d) The management fee is calculated based on average net assets over a rolling 60-month basis, while the above ratios of Management fee expenses are based on average net assets applicable to Common Stockholders over an annualized six-month basis.
- (e) The average of month-end market values during the period that the Preferred Stock was outstanding.
- * To be allocated to net investment income and capital gains at year end.
- ** Annualized.
- *** Not annualized.

ROYCE VALUE TRUST

Notes to Financial Statements (Unaudited)

Summary of Significant Accounting Policies:

Royce Value Trust, Inc. (the Fund) was incorporated under the laws of the State of Maryland on July 1, 1986 as a diversified closed-end investment company. The Fund commenced operations on November 26, 1986.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Valuation of Investments:

Securities are valued as of the close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time) on the valuation date. Securities that trade on an exchange or Nasdaq, and securities traded on Nasdaq's Electronic Bulletin Board, are valued at their last reported sales price or Nasdaq official closing price taken from the primary market in which each security trades or, if no sale is reported for such day, at their bid price. Other over-the-counter securities for which market quotations are readily available are valued at their bid price. Securities for which market quotations are not readily available are valued at their fair value under procedures established by the Fund's Board of Directors. Bonds and other fixed income securities may be valued by reference to other securities with comparable ratings, interest rates and maturities, using established independent pricing services. Investments in money market funds are valued at net asset value per share.

Investment Transactions and Related Investment Income:

Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date and any non-cash dividend income is recorded at the fair market value of the securities received. Interest income is recorded on an accrual basis. Realized gains and losses from investment transactions are determined on the basis of identified cost for book and tax purposes.

Taxes:

As a qualified regulated investment company under Subchapter M of the Internal Revenue Code, the Fund is not subject to income taxes to the extent that it distributes substantially all of its taxable income for its fiscal year. The Schedule of Investments includes information regarding income taxes under the caption "Income Tax Information".

Distributions:

The Fund currently has a policy of paying quarterly distributions on the Fund's Common Stock. Distributions are currently being made at the annual rate of 9% of the rolling average of the prior four calendar quarter-end NAVs of the Fund's Common Stock, with the fourth quarter distribution being the greater of 2.25% of the rolling average or the distribution required by IRS regulations. Distributions to Preferred Stockholders are accrued daily and paid quarterly. The Fund is required to allocate long-term capital gain distributions and other types of income proportionately to distributions made to holders of shares of Common Stock and Preferred Stock. To the extent that distributions are not paid from long-term capital gains, net investment income or net short-term capital gains, they will represent a return of capital. Distributions are determined in accordance with income tax regulations that may differ from accounting principles generally accepted in the United States of America. Permanent book and tax basis differences relating to stockholder distributions will result in reclassifications within the capital accounts. Undistributed net investment income may include temporary book and tax basis differences, which will reverse in a subsequent period. Any taxable income or gain remaining undistributed at fiscal year end is distributed in the following year.

Repurchase Agreements:

The Fund may enter into repurchase agreements with institutions that the Fund's investment adviser has determined are creditworthy. The Fund restricts repurchase agreements to maturities of no more than seven days. Securities pledged as collateral for repurchase agreements, which are held until maturity of the repurchase agreements, are marked-to-market daily and maintained at a value at least equal to the principal amount of the repurchase agreement (including accrued interest). Repurchase agreements could involve certain risks in the event of default or insolvency of the

Expenses:

The Fund incurs direct and indirect expenses. Expenses directly attributable to the Fund are charged to the Fund's operations, while expenses applicable to more than one of the Royce Funds are allocated in an equitable manner. Allocated personnel and occupancy costs related to The Royce Funds are included in administrative and office facilities expenses. The Fund has adopted a deferred fee agreement that allows the Fund's Directors to defer the receipt of all or a portion of Directors' Fees otherwise payable. The deferred fees are invested in certain Royce Funds until distributed in accordance with the agreement.

Compensating Balance Credits:

The Fund has an arrangement with its custodian bank, whereby a portion of the custodian's fee is paid indirectly by credits earned on the Fund's cash on deposit with the bank. This deposit arrangement is an alternative to purchasing overnight investments.

counter-party, including possible delays or restrictions upon the ability of the Fund to dispose of the underlying securities.

Securities Lending:

The Fund loans securities to qualified institutional investors for the purpose of realizing additional income. Collateral on all securities loaned for the Fund is accepted in cash and cash equivalents and invested temporarily by the custodian. The collateral is equal to at least 100% of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day.

ROYCE VALUE TRUST**Notes to Financial Statements (Unaudited) (continued)****Capital Stock:**

The Fund issued 1,209,849 and 2,294,908 shares of Common Stock as reinvestment of distributions by Common Stockholders for the six months ended June 30, 2006 and the year ended December 31, 2005, respectively.

At June 30, 2006, 8,800,000 shares of 5.90% Cumulative Preferred Stock were outstanding. Commencing October 9, 2008 and thereafter, the Fund, at its option, may redeem the Cumulative Preferred Stock, in whole or in part, at the redemption price. The Cumulative Preferred Stock is classified outside of permanent equity (net assets applicable to Common Stockholders) in the accompanying financial statements in accordance with Emerging Issues Task Force (EITF) Topic D-98, Classification and Measurement of Redeemable Securities, that requires preferred securities that are redeemable for cash or other assets to be classified outside of permanent equity to the extent that the redemption is at a fixed or determinable price and at the option of the holder or upon the occurrence of an event that is not solely within the control of the issuer.

The Fund is required to meet certain asset coverage tests with respect to the Cumulative Preferred Stock as required by the 1940 Act. In addition, pursuant to the Rating Agency Guidelines established by Moody's, the Fund is required to maintain a certain discounted asset coverage. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the Cumulative Preferred Stock at a redemption price of \$25.00 per share, plus an amount equal to the accumulated and unpaid dividends, whether or not declared on such shares, in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to Common Stockholders and could lead to sales of portfolio securities at inopportune times. The Fund has met these requirements since issuing the Cumulative Preferred Stock.

Investment Advisory Agreement:

As compensation for its services under the Investment Advisory Agreement, Royce & Associates, LLC (the "Royce") receives a fee comprised of a Basic Fee (the "Basic Fee") and an adjustment to the Basic Fee based on the investment performance of the Fund in relation to the investment record of the S&P SmallCap 600 Index (the "S&P 600").

Stock, for the rolling 60-month period ending with such month (the "performance period"). The Basic Fee for each month is increased or decreased at the rate of 1/12 of .05% for each percentage point that the investment performance of the Fund exceeds, or is exceeded by, the percentage change in the investment record of the S&P 600 for the performance period by more than two percentage points. The performance period for each such month is a rolling 60-month period ending with such month. The maximum increase or decrease in the Basic Fee for any month may not exceed 1/12 of .5%. Accordingly, for each month, the maximum monthly fee rate as adjusted for performance is 1/12 of 1.5% and is payable if the investment performance of the Fund exceeds the percentage change in the investment record of the S&P 600 by 12 or more percentage points for the performance period, and the minimum monthly fee rate as adjusted for performance is 1/12 of .5% and is payable if the percentage change in the investment record of the S&P 600 exceeds the investment performance of the Fund by 12 or more percentage points for the performance period.

Notwithstanding the foregoing, Royce is not entitled to receive any fee for any month when the investment performance of the Fund for the rolling 36-month period ending with such month is negative. In the event that the Fund's investment performance for such a performance period is less than zero, Royce will not be required to refund to the Fund any fee earned in respect of any prior performance period.

Royce has voluntarily committed to waive the portion of its investment advisory fee attributable to an issue of the Fund's Preferred Stock for any month in which the Fund's average annual NAV total return since issuance of the Preferred Stock fails to exceed the applicable Preferred Stock's dividend rate.

For the six rolling 60-month periods ending June 2006, the investment performance of the Fund exceeded the investment performance of the S&P 600 by 4% to 12%. Accordingly, the investment advisory fee consisted of a Basic Fee of \$4,977,939 and an upward adjustment of \$1,651,656 for performance of the Fund above that of the S&P 600. For the six months ended June 30, 2006, the Fund accrued and paid Royce advisory fees totaling \$6,629,595.

Purchases and Sales of Investment Securities:

For the six months ended June 30, 2006, the cost of purchases and proceeds from sales of investment securities, other than short-term securities and

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The Basic Fee is a monthly fee equal to 1/12 of 1% (1% on an annualized basis) of the average of the Fund's month-end net assets applicable to Common Stockholders, plus the liquidation value of Preferred collateral received for securities loaned, amounted to \$91,002,143 and \$175,751,874, respectively.

Transactions in Shares of Affiliated Companies:

An "Affiliated Company", as defined in the Investment Company Act of 1940, is a company in which a Fund owns 5% or more of the company's outstanding voting securities. The Fund effected the following transactions in shares of such companies during the six months ended June 30, 2006:

Affiliated Company	Shares 12/31/05	Market Value 12/31/05	Cost of Purchases	Cost of Sales	Realized Gain (Loss)	Dividend Income	Shares 6/30/06	Market Value 6/30/06
Peerless Manufacturing Synalloy Corporation	158,600	\$ 2,775,500	□	□	□	□	158,600	\$ 3,798,470
	345,000	3,610,080	□	□	□	□	345,000	4,443,600
		\$ 6,385,580			□	□		\$ 8,242,070

ROYCE MICRO-CAP TRUST

JUNE 30, 2006 (Unaudited)

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
COMMON STOCKS □ 101.3%			Restaurants and Lodgings - 0.3%		
			Benihana Cl. A ^a	800	\$ 21,712
Consumer Products □ 5.0%			California Pizza Kitchen ^{a, c}	2,100	57,708
Apparel and Shoes - 2.2%			Champps Entertainment ^a	10,000	65,600
Delta Apparel	129,300	\$ 2,216,202	Famous Dave's of America ^{a, c}	58,170	773,661
Hartmarx Corporation ^{a, c}	50,000	300,000			
Kleinert's ^{a, d}	14,200	0			918,681
Steven Madden ^a	21,750	644,235	Retail Stores - 4.9%		
Shoe Pavilion ^a	139,800	1,012,152	A.C. Moore Arts & Crafts ^a	47,600	776,356
Stride Rite	10,000	131,900	America's Car-Mart ^{a, c}	113,000	2,295,030
Weyco Group	120,000	2,786,400	Buckle (The)	25,500	1,067,685
		7,090,889	Cache ^a	3,200	55,488
			Casual Male Retail Group ^a	2,000	20,100
Collectibles - 0.4%			Cato Corporation Cl. A	71,850	1,857,322
Topps Company (The)	148,500	1,220,670	Cost Plus ^{a, c}	45,077	660,829
			Deb Shops	19,900	479,789
Food/Beverage/Tobacco - 0.3%			Fred's Cl. A	7,500	100,125
Green Mountain Coffee Roasters ^{a, c}	26,600	1,068,522	La Senza Corporation	99,900	2,129,911
Nutrition 21 ^{a, c}	20,000	36,400	PriceSmart ^a	90,000	901,800
		1,104,922	Shoe Carnival ^a	11,000	262,460
			Stein Mart	148,900	2,203,720
Home Furnishing and Appliances - 0.3%			United Retail Group ^a	60,600	939,906
Lifetime Brands	42,054	911,310	West Marine ^a	127,000	1,711,960
			Wet Seal (The) Cl. A ^{a, c}	39,200	191,296
Publishing - 0.1%			Wild Oats Markets ^{a, c}	3,000	58,800
Educational Development	10,600	76,394			15,712,577
			Other Consumer Services - 0.3%		
Sports and Recreation - 0.5%			Ambassadors Group	15,000	433,200
Monaco Coach	73,900	938,530	Ambassadors International	6,100	141,825
National R.V. Holdings ^a	31,800	172,038	Autobytel ^{a, c}	20,000	70,600
Orange 21 ^a	7,400	42,550	Cash America International	5,000	160,000
Sturm, Ruger & Company ^a	95,000	593,750	Escala Group ^{a, c}	26,000	121,680

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		1,746,868		927,305
Other Consumer Products - 1.2%				
Burnham Holdings Cl. A	79,500	1,530,375		
Cobra Electronics	10,000	94,300		
Cross (A. T.) Company Cl. A ^{a, c}	100,000	530,000		
JAKKS Pacific ^a	25,000	502,250		
Lazare Kaplan International ^a	151,700	1,251,525		
Sonic Solutions ^{a, c}	4,000	66,000		
		3,974,450		
Total (Cost \$10,673,077)		16,125,503		
Consumer Services □ 6.4%				
Direct Marketing - 0.3%				
Dover Saddlery ^{a, c}	9,500	81,012		
FTD Group ^{a, c}	55,000	742,500		
Sportsman's Guide (The) ^{a, c}	6,000	183,000		
ValueVision Media Cl. A ^{a, c}	5,000	55,150		
		1,061,662		
Leisure and Entertainment - 0.4%				
FortuNet ^{a, c}	8,000	129,600		
IMAX Corporation ^{a, c}	25,000	229,000		
Multimedia Games ^{a, c}	5,000	50,650		
New Frontier Media ^a	60,000	430,200		
Progressive Gaming International ^a	9,500	74,100		
Singing Machine Company (The) ^{a, c}	5,000	1,600		
TiVo ^{a, c}	20,000	143,000		
Youbet.com ^{a, c}	49,300	238,119		
		1,296,269		
Media and Broadcasting - 0.2%				
Outdoor Channel Holdings ^{a, c}	69,750	719,820		

Total (Cost \$13,320,231) 20,636,314

Diversified Investment Companies □ 2.1%
Closed-End Mutual Funds - 2.1%
ASA Bermuda 73,300 4,680,205
Brantley Capital ^a 56,100 120,615
Central Fund of Canada Cl. A 207,000 1,780,200

Total (Cost \$3,941,581) 6,581,020

Financial Intermediaries □ 8.4%
Banking - 2.8%
Abigail Adams National Bancorp ^b 174,400 2,441,600
Arrow Financial 14,322 392,852
Bancorp (The) ^{a, c} 51,380 1,285,014
First National Lincoln 40,200 670,415
FirstBank NW 9,860 258,924
Lakeland Financial 45,000 1,093,050
Meta Financial Group 44,800 963,200
Peapack-Gladstone Financial 25,800 667,962
Queen City Investments ^a 948 849,408
Quest Capital 30,000 72,292
Sterling Bancorp 22,869 445,946

9,140,663

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2006 SEMIANNUAL REPORT TO STOCKHOLDERS | 33

ROYCE MICRO-CAP TRUST

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
Financial Intermediaries (continued)					
Insurance - 2.3%					
American Safety Insurance Holdings ^a	20,000	\$ 330,000	Cardiome Pharma ^{a, c}	29,300	\$ 259,012
First Acceptance^a	258,405	3,044,011	Cell Genesys ^{a, c}	58,000	291,160
Independence Holding	33,534	751,497	Cerus Corporation ^{a, c}	82,200	586,086
NYMAGIC	65,400	1,899,870	CollaGenex Pharmaceuticals ^{a, c}	25,000	299,500
Navigators Group ^{a, c}	17,200	753,704	Corcept Therapeutics ^{a, c}	5,000	20,250
Wellington Underwriting	444,712	717,511	Cytokinetics ^{a, c}	5,000	31,450
			Dendreon Corporation ^{a, c}	12,700	61,468
			Discovery Partners International ^a	35,000	91,000
			Draxis Health ^a	15,000	66,600
			Durect Corporation ^a	44,100	170,667
			DUSA Pharmaceuticals ^{a, c}	36,700	207,355
			Dyax Corporation ^{a, c}	15,000	44,100
Real Estate Investment Trusts - 0.3%					
Opteum Cl. A	99,000	892,980	Emisphere Technologies ^{a, c}	163,200	1,392,096
			Encysive Pharmaceuticals ^{a, c}	10,000	69,300
Securities Brokers - 1.3%					
First Albany Companies ^a	76,000	342,000	Gene Logic ^a	234,479	316,547
International Assets Holding^a	149,000	2,451,050	Genitope Corporation ^{a, c}	3,000	18,960
Sanders Morris Harris Group	21,000	317,310	Halozyme Therapeutics ^{a, c}	20,000	54,000
Stifel Financial ^{a, c}	21,233	749,737	Hi-Tech Pharmacal ^a	39,830	659,983
TradeStation Group ^{a, c}	30,000	380,100	Idenix Pharmaceuticals ^{a, c}	5,000	47,000
			ImmunoGen ^{a, c}	44,000	137,720
			Lannett Company ^{a, c}	64,000	364,160
			Mannkind Corporation ^{a, c}	42,000	895,020
			Maxygen ^a	5,000	37,400
Other Financial Intermediaries - 1.7%					
Electronic Clearing House ^{a, c}	20,000	269,200	Micromet ^{a, c}	14,333	61,345
MVC Capital	211,200	2,838,528	Momenta Pharmaceuticals ^{a, c}	65,000	826,150
MarketAxess Holdings ^{a, c}	123,700	1,361,937	Monogram Biosciences ^{a, c}	35,000	69,300
NGP Capital Resources Company	58,600	857,318	Myriad Genetics ^{a, c}	25,000	631,250
			Nabi Biopharmaceuticals ^{a, c}	5,000	28,700
			Nastech Pharmaceutical Company ^{a, c}	2,700	42,660
			Neurogen Corporation ^{a, c}	30,000	153,600
			Oncolytics Biotech ^{a, c}	41,000	116,850

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Total (Cost \$18,567,765)		27,097,416	Orchid Cellmark ^{a, c}	78,000	217,620
			Origin Agritech ^{a, c}	51,000	731,340
Financial Services \square 2.0%			Pharmacyclics ^a	98,000	378,280
Insurance Brokers - 0.1%			SFBC International ^{a, c}	25,000	379,000
Crawford & Company Cl. A	50,000	330,500	Sangamo BioSciences ^{a, c}	10,000	59,000
			Senesco Technologies ^a	25,000	47,500
Investment Management - 1.7%			Tercica ^{a, c}	69,800	369,242
ADDENDA Capital	48,000	1,102,929	Theragenics Corporation ^{a, c}	145,800	497,178
Epoch Holding Corporation ^a	218,300	1,091,500	Trimeris ^{a, c}	30,000	344,700
Hennessy Advisors	16,500	470,250			
Highbury Financial ^{a, c}	317,200	1,744,600			14,592,148
Highbury Financial (Warrants) ^a	634,400	570,960			
Rockwater Capital ^a	50,000	318,015	Health Services - 2.2%		
			ATC Healthcare Cl. A ^a	35,000	14,350
		5,298,254	Albany Molecular Research ^a	40,000	427,200
			Bio-Imaging Technologies ^a	42,400	174,688
Other Financial Services - 0.2%			Covalent Group ^a	25,000	75,750
Chardan North China Acquisition ^{a, c}	60,800	465,120	Gentiva Health Services ^a	23,000	368,690
Chardan North China Acquisition (Warrants) ^a	93,900	261,042	HMS Holdings ^a	35,420	379,702
MicroFinancial	10,000	34,500	Healthcare Services Group	2,800	58,660
		760,662	Health Grades ^{a, c}	100,000	450,000
			Hooper Holmes ^{a, c}	88,600	270,230
Total (Cost \$5,646,654)		6,389,416	Horizon Health ^a	50,000	1,044,000
			MedCath Corporation ^{a, c}	18,000	339,120
Health \square 14.4%			Mediware Information Systems ^a	55,000	530,750
Commercial Services - 1.9%			National Medical Health Card Systems ^{a, c}	54,000	745,200
First Consulting Group ^a	274,700	2,428,348	On Assignment ^a	41,100	377,709
PAREXEL International ^{a, c}	121,400	3,502,390	Quovadx ^a	5,000	12,900
			RehabCare Group ^{a, c}	22,000	382,360
		5,930,738			
Drugs and Biotech - 4.5%					
Allos Therapeutics ^{a, c}	233,600	817,600			
Alnylam Pharmaceuticals ^{a, c}	3,000	45,240			
AnorMED ^a	160,600	923,450			
Antigenics ^{a, c}	70,000	148,400			
Axonyx ^{a, c}	50,000	42,500			
Barrier Therapeutics ^{a, c}	11,300	73,902			
Cambrex Corporation	16,000	333,280			
Caraco Pharmaceutical Laboratories ^{a, c}	123,850	1,133,227			

JUNE 30, 2006 (Unaudited)

	SHARES	VALUE		SHARES	VALUE
Health (continued)					
Health Services (continued)					
Res-Care ^{a, c}	32,000	\$ 640,000			
Sun Healthcare Group ^{a, c}	51,000	443,190			
U.S. Physical Therapy ^a	10,000	146,400			
		<u>6,880,899</u>			
Medical Products and Devices - 5.6%					
Adeza Biomedical ^{a, c}	23,200	325,264			<u>3,172,199</u>
Allied Healthcare Products ^a	253,500	1,470,300			
AngioDynamics ^{a, c}	14,000	378,700			
Anika Therapeutics ^a	24,000	232,320			
Bruker BioSciences ^a	187,200	1,003,392			
Caliper Life Sciences ^a	52,400	261,476			
Cardiac Science ^{a, c}	29,947	236,282			<u>5,037,906</u>
CONMED Corporation ^{a, c}	3,900	80,730			
Del Global Technologies ^a	168,279	420,698			
EPIX Pharmaceuticals ^{a, c}	49,000	213,150			
Endologix ^{a, c}	10,500	37,170			
Exactech ^{a, c}	114,100	1,568,875			
Kensey Nash ^{a, c}	25,000	737,500			
Langer ^a	7,100	29,110			
Medical Action Industries ^{a, c}	83,500	1,844,515			
Merit Medical Systems ^{a, c}	5,700	78,432			
Microtek Medical Holdings ^{a, c}	122,320	467,262			
Minrad International ^{a, c}	12,200	50,508			
Molecular Devices ^{a, c}	25,500	779,280			
NMT Medical ^{a, c}	10,600	106,106			
Neurometrix ^{a, c}	21,500	654,890			<u>5,223,891</u>
Orthofix International ^a	28,000	1,067,640			
OrthoLogic Corporation ^{a, c}	84,000	136,080			
PLC Systems ^a	105,200	109,408			
Possis Medical ^{a, c}	29,900	263,419			
Shamir Optical Industry ^a	7,500	67,500			
Sirona Dental Systems	25,000	990,500			
STAAR Surgical ^a	5,000	38,700			
Synovis Life Technologies ^{a, c}	23,000	226,090			
			Building Systems and Components - 1.0%		
			Aaon	63,700	\$ 1,634,542
			Craftmade International	20,000	335,000
			Flanders Corporation ^{a, c}	1,500	15,045
			LSI Industries	63,812	1,084,166
			Modtech Holdings ^a	3,800	25,726
			Southern Energy Homes ^a	11,600	77,720
			Construction Materials - 1.6%		
			Ash Grove Cement Company	8,000	1,584,000
			Monarch Cement	50,410	1,380,226
			Synalloy Corporation ^a	161,000	2,073,680
					<u>5,037,906</u>
			Industrial Components - 1.6%		
			American Superconductor ^{a, c}	67,000	591,610
			Bel Fuse Cl. A	55,200	1,498,680
			C & D Technologies ^c	53,000	398,560
			Ladish Company ^a	10,000	374,700
			Plug Power ^{a, c}	1,370	6,398
			Powell Industries ^{a, c}	50,300	1,203,679
			Scientific Technologies ^{a, c}	10,700	111,280
			Tech/Ops Sevcon	76,200	481,584
			II-VI ^a	20,000	366,000
			Woodhead Industries	10,000	191,400
					<u>5,223,891</u>
			Machinery - 3.0%		
			Alamo Group	38,600	812,530
			Ampco-Pittsburgh	12,900	369,585
			Astec Industries ^{a, c}	40,200	1,371,624
			Baldwin Technology Company Cl. A ^{a, c}	45,000	243,000
			Global Power Equipment Group ^a	87,600	278,568
			Gorman-Rupp Company	3,375	89,775

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Urologix ^{a, c}	202,000	634,280	Hardinge	97,000	1,498,650
Utah Medical Products	42,300	1,269,423	Hurco Companies ^{a, c}	31,500	809,235
Young Innovations	61,450	2,164,884	Keithley Instruments	14,000	178,220
			LeCroy Corporation ^{a, c}	2,000	28,700
		<u>17,943,884</u>	Lindsay Manufacturing	10,000	271,200
			MTS Systems	10,000	395,100
Personal Care - 0.2%			Mueller (Paul) Company	9,650	342,575
CCA Industries	9,040	83,349	Sun Hydraulics	38,950	809,381
Helen of Troy ^{a, c}	20,000	368,000	Tennant Company	44,100	2,217,348
Nature's Sunshine Products	7,500	69,000			
Nutraceutical International ^{a, c}	15,000	229,950			<u>9,715,491</u>
		<u>750,299</u>			
			Metal Fabrication and Distribution - 2.2%		
Total (Cost \$35,882,100)		<u>46,097,968</u>	Aleris International ^{a, c}	4,075	186,839
			Castle (A.M.) & Company	15,890	512,453
			Encore Wire ^{a, c}	15,000	539,100
Industrial Products \square 14.6%			Harris Steel Group	50,000	1,265,341
Automotive - 1.0%			Haynes International ^a	39,370	1,368,108
IMPCO Technologies ^{a, c}	13,000	138,710	Insteel Industries	24,200	585,640
LKQ Corporation ^{a, c}	11,400	216,600	NN	155,600	1,921,660
Noble International	39,600	567,072	Novamerican Steel ^a	2,500	101,175
Safety Components International ^{a, c}	46,400	638,464	Universal Stainless & Alloy Products ^{a, c}	23,230	679,942
Spartan Motors	2,800	43,064			
Strattec Security ^{a, c}	28,300	1,409,623			<u>7,160,258</u>
Wescast Industries Cl. A	12,900	169,411			
		<u>3,182,944</u>	Paper and Packaging - 0.1%		
			Mod-Pac Corporation ^a	23,200	230,840
			Pumps, Valves and Bearings - 0.2%		
			CIRCOR International	28,000	853,720

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

2006 SEMIANNUAL REPORT TO STOCKHOLDERS | 35

ROYCE MICRO-CAP TRUST

Schedule of Investments

	SHARES	VALUE		SHARES	VALUE
Industrial Products (continued)			Insituform Technologies Cl. A ^{a, c}	75,300	\$ 1,723,617
Specialty Chemicals and Materials - 1.9%			Nobility Homes	2,000	54,340
Aceto Corporation	384,919	\$ 2,663,639	Skyline Corporation	32,100	1,373,238
American Vanguard	3,333	51,595			<u>3,654,814</u>
Balchem Corporation	22,500	506,250			
CFC International ^{a, c}	30,400	499,776			
Hawkins	122,667	1,717,951	Food and Tobacco Processors - 1.2%		
NuCo2 ^{a, c}	20,000	480,800	Cal-Maine Foods	50,000	343,500
Park Electrochemical	10,000	257,500	Galaxy Nutritional Foods ^a	176,200	61,670
		<u>6,177,511</u>	ML Macadamia Orchards L.P.	120,200	653,888
			Omega Protein ^{a, c}	9,600	55,488
			Seneca Foods Cl. A^a	62,500	1,435,625
			Seneca Foods Cl. B^a	42,500	972,400
			Sunopta ^{a, c}	42,780	396,998
Textiles - 0.1%					<u>3,919,569</u>
Unifi ^a	100,000	290,000			
Other Industrial Products - 1.9%			Industrial Distribution - 0.7%		
Color Kinetics ^{a, c}	50,000	945,500	Central Steel & Wire	1,088	685,440
Distributed Energy Systems ^a	50,000	258,500	Elamex ^a	60,200	51,772
Eastern Company (The)	26,500	547,225	Lawson Products	19,500	768,690
Maxwell Technologies ^a	15,300	300,339	Strategic Distribution ^a	59,690	835,660
Peerless Manufacturing ^a	42,200	1,010,690			<u>2,341,562</u>
Quixote Corporation	35,500	639,710			
Raven Industries	73,000	2,299,500			
		<u>6,001,464</u>	Printing - 0.9%		
			Bowne & Co.	66,500	950,950
Total (Cost \$30,809,311)		<u>47,046,224</u>	Champion Industries	23,500	195,990
			Courier Corporation	22,950	918,459
Industrial Services □ 13.1%			Ennis	9,700	190,896
Advertising and Publishing - 0.5%			Schawk	38,900	680,750
Greenfield Online ^{a, c}	20,000	148,200			<u>2,937,045</u>
MDC Partners Cl. A ^a	84,000	687,960			
NetRatings ^{a, c}	50,000	694,500			
		<u>1,530,660</u>	Transportation and Logistics - 2.9%		
			Dynamex ^{a, c}	42,150	919,292
Commercial Services - 5.4%			Forward Air	50,700	2,065,011

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Acacia Research-Acacia Technologies ^a	31,850	447,811	Frozen Food Express Industries ^{a, c}	92,000	1,013,840
American Bank Note Holographics ^{a, c}	242,200	808,948	MAIR Holdings ^{a, c}	8,600	53,406
BB Holdings ^a	390,000	1,478,436	Marten Transport ^{a, c}	4,050	88,047
Carlisle Group ^a	151,000	256,891	Pacific CMA ^{a, c}	200,000	122,000
CBIZ ^{a, c}	87,000	644,670	Patriot Transportation Holding ^a	3,000	260,340
Clark	85,900	1,133,880	Universal Truckload Services^a	134,200	4,580,246
Collectors Universe	11,700	163,566	Vitran Corporation Cl. A ^a	8,000	187,920
CorVel Corporation ^{a, c}	31,850	796,250			
Exponent ^{a, c}	136,600	2,308,540			<u>9,290,102</u>
Geo Group (The) ^{a, c}	51,200	1,794,560			
Kforce ^{a, c}	55,000	851,950	Other Industrial Services		
PDI ^a	15,200	218,728	- 0.3%		
RCM Technologies ^a	33,200	166,664	Landauer	21,300	1,020,270
Renaissance Learning	2,365	32,046	Team ^a	2,200	55,110
SM &A ^{a, c}	31,300	190,930			<u>1,075,380</u>
Senomyx ^{a, c}	47,000	678,210			
Services Acquisition Corporation International ^{a, c}	44,800	443,520	Total (Cost		
SITEL Corporation ^{a, c}	40,000	156,800	\$23,652,978)		<u>42,130,725</u>
StarTek	15,000	224,250	Natural Resources □		
TRC Companies ^{a, c}	61,100	643,383	8.8%		
Volt Information Sciences^a	51,600	2,404,560	Energy Services - 3.7%		
Westaff ^a	362,500	1,537,000	Calfrac Well Services	1,000	21,500
		<u>17,381,593</u>	Carbo Ceramics	18,750	921,187
			Conrad Industries ^a	154,000	539,000
Engineering and Construction - 1.2%			Dawson Geophysical ^a	2,400	73,848
Comfort Systems USA	25,600	365,824	Dril-Quip ^a	27,500	2,267,100
Devcon International ^a	21,700	137,795	Enerflex Systems	2,700	67,361
			Gulf Island Fabrication	45,400	909,816
			GulfMark Offshore ^{a, c}	65,200	1,684,116
			Input/Output ^a	43,500	411,075
			Pason Systems	222,400	3,257,404
			StealthGas	4,900	68,355
			TGC Industries ^a	11,280	121,147

JUNE 30, 2006 (Unaudited)

	SHARES	VALUE		SHARES	VALUE
Natural Resources (continued)			CSP ^a	122,581	\$ 876,454
Energy Services (continued)			DDi Corporation ^a	52,747	432,525
Valley National Gases ^a	30,100	\$ 787,115	Dalsa Corporation ^a	5,000	65,395
Willbros Group ^{a, c}	35,900	679,946	Dot Hill Systems ^{a, c}	2,000	6,840
			Excel Technology^a	92,900	2,779,568
			Giga-tronics ^a	3,200	6,112
			Hypercom Corporation ^{a, c}	18,010	168,394
Oil and Gas - 2.0%			InFocus Corporation ^{a, c}	54,700	156,442
			International		
Bonavista Energy Trust	69,700	2,185,344	DisplayWorks ^{a, c}	81,560	424,112
CE Franklin ^{a, c}	56,010	811,585			