THE OTTOMAN FUND LIMITED (the "Company")

Notice of Final Results for the year ended 31 August 2011

The Company is pleased to announce as follows its final results for the year ended 31 August 2011, a full copy of which will also be shortly available on the Company's website: **www.theottomanfund.com**.

Enquiries:

Singer Capital Markets
James Maxwell 0203 205 7500

Vistra Fund Services Limited 01534 504 700
Company Secretary

Chairman's Statement

Our net asset value as at 31 August 2011 was 74.7 pence per share as compared with 81.6 pence per share a year earlier. The primary drivers of this reduction in net asset value were write downs of our investments in Bodrum and Alanya. In Sterling terms we wrote down Bodrum by approximately £4.1 million in accordance with Savills's valuation and the loan to Mandalina, in relation to the Alanya apartments, by approximately £2.4 million. Each of our assets is independently valued by two valuation companies, and we traditionally rely on the Savills valuation for our financial statements. Our valuations as at 31 August 2011 in US dollars and as compared with the prior year are:

	Savills 31 August 2011 ($)	TSKB 31 August 2011 ($)	Average 31 August 2011 ($)	Average 31 August 2010 ($)
Riva	108,770,000	112,580,000	110,675,000	102,833,500
Bodrum	33,082,000	35,990,000	34,536,000	36,460,371
Kazikli	7,775,000	9,125,000	8,450,000	9,360,708
Alanya	10,057,000	8,322,000	9,189,500	10,523,464
TOTAL	**159,684,000**	**166,017,000**	**162,850,500**	**159,178,043**

We have made progress over the last year. In April, we entered into an agreement with our partner at Kazikli to sell that asset to him for $9.5 million. He paid us a twenty-five percent cash down payment with the remainder due in August. He had issues with paying the remainder as promised, so, by mutual agreement, we extended the time for payment to 31 December 2011. We are hopeful that the transaction will close on that date.

This has also been the best year since inception for sales at Alanya. In calendar year 2011 our advisor sold twenty-four units with fifty units remaining. Our advisor achieved this result by building relationships with local, rather than foreign, brokers and increasing broker commissions. Of the remaining fifty-one units, sixteen are duplexes that are damaged because of construction issues. Once repairs are completed this winter, we expect to discount them to encourage sale, either individually or to a bulk buyer. The increase in broker commissions, running costs of the Turkish holding company (primarily repairs and maintenance, taxes, utility fees and purchases of white goods), and the price reduction for the duplexes are the primary reasons for the board's write down of the Alanya asset.

With respect to both Riva and Bodrum, we have had a fair amount of interest, especially in the first half of the year, though once the European financial crisis hit, interest decreased. For Turkey, both Bodrum and Riva are very large assets that will appeal to a limited number of buyers. In Turkey, as elsewhere throughout the world, cash buyers for large plots of vacant land outside of the city center are few and far between. Because of this global risk aversion it is difficult to predict when these assets will be monetized. But there have been positive developments in connection with both assets. At Riva, one major Turkish developer has begun construction of a development that will comprise about 100 single family homes. And Bodrum remains the premium resort area in Turkey with an ever diminishing supply of large land plots.

Political and Economic Development

Certainly compared with much of the rest of the world Turkey has enjoyed political stability and relative economic prosperity over the last year. The ruling AKP party's landslide victory in the recent election solidified its position and extended its power over the parliament, the executive branch, the media, business, and even the army. Many believe that AKP's success is due in large part to public satisfaction with Turkey's economic performance over the last decade, where under AKP leadership Turkey's GDP almost tripled.

Although by global standards Turkey has done relatively well since the start of the global financial crisis in 2008, Turkey has strong trading links with Europe and the troubles in the Euro zone certainly affect Turkey. Though counterbalancing the deterioration in European finances have been capital inflows from the Middle East and lately the Arab spring countries – which view Turkey as a safe haven in the region. This inflow of middle-eastern capital has partially insulated Turkey from the full effects of the current Euro zone crisis.

According to a recent OECD report, Turkey's strong growth in early 2011, driven by private consumption and investment, has been slowed by the Government's credit containment policies and deteriorating global conditions. As a result, the OECD projects that Turkey's real GDP growth will slow to 3% in 2012 and some commentators expect even lower growth. The OECD predicts, though, the recovery of GDP in 2013 as the external environment improves. The new Turkish Lira underwent a sharp exchange rate depreciation in 2011, depreciating approximately twenty per cent against a basket of currencies. This depreciation, the OECD believes, should gradually help rebalance domestic and external demand and narrow the large current account deficit, which by mid-2011 approached 10% of GDP. The OECD notes however that the depreciation of the Lira may also put upward pressure on inflation, which is now running on an annualized basis at around ten percent.

I look forward to reporting to you next when we release our mid-year results for the period ended 29 February 2012.

Respectfully yours,

John D. Chapman
Chairman

6 December 2011

Consolidated Statement
of Comprehensive Income
For the year ended 31 August 2011

	notes	Year ended 31 August 2011 £	Year ended 31 August 2010 £
Revenue			
Bank interest		153,089	152,141
Total revenue		153,089	152,141
Operating expenses			
Management/advisory fee	4	(311,890)	(600,621)
Other operating expenses	5	(917,995)	(1,734,182)
Inventory impairment	10	(4,144,485)	–
Loan impairment	11	(2,481,093)	–
Total operating expenses		(7,855,463)	(2,334,803)
Foreign exchange losses	12	(1,318,641)	(682,998)
Loss for the year		(9,021,015)	(2,865,660)
Other comprehensive income:			
Foreign exchange on subsidiary translation		(284,154)	258,424
Other comprehensive (loss)/income for the year		(284,154)	258,424
Total comprehensive loss for the year		**(9,305,169)**	**(2,607,236)**
Loss attributable to:			
Equity shareholders of the Company		(9,021,014)	(2,865,651)
Minority interests		(1)	(9)
		(9,021,015)	**(2,865,660)**
Total comprehensive loss attributable to:			
Equity shareholders of the Company		(9,305,157)	(2,607,248)
Minority interests		(12)	12
		(9,305,169)	**(2,607,236)**
Basic and diluted earnings per share (pence)	7	**(6.69)**	**(2.13)**

All items in the above statement derive from continuing operations.

Consolidated Statement of Financial Position
As at 31 August 2011

	notes	2011 £	2010 £
Assets			
Non-current assets			
Intangible assets	8	2,180	2,687
Plant and equipment	9	3,949	7,548
Inventories	10	89,500,205	92,474,333
Loans and receivables	11	4,800,000	7,470,112
		94,306,334	99,954,680
Current assets			
Other receivables	15	944,508	1,055,067
Cash and cash equivalents	20	7,180,340	9,249,402
		8,124,848	10,304,469
Total assets		102,431,182	110,259,149
Liabilities			
Current liabilities			
Advances received	24	(1,461,165)	–
Other payables	16	(351,100)	(335,052)
		(1,812,265)	(335,052)
Net assets		**100,618,917**	**109,924,097**
Equity			
Share capital	17	127,483,015	127,483,015
Retained earnings	18	(26,796,485)	(17,775,471)
Translation reserve		(67,646)	216,508
Equity attributable to owners of the parent		100,618,884	109,924,052
Minority interests' equity		33	45
Total equity		**100,618,917**	**109,924,097**
Net asset value per ordinary share (pence)	19	**74.7**	**81.6**

Consolidated Statement of Changes in Equity

	Share capital £	Retained earnings £	Translation Reserve £	Minority interest £	Total £
For the year ended 31 August 2011					
As at 1 September 2010	127,483,015	(17,775,471)	216,508	45	109,924,097
Loss for the year	–	(9,021,014)	–	(1)	(9,021,015)
Foreign exchange on subsidiary translation	–	–	(284,154)	(11)	(284,165)
At 31 August 2011	**127,483,015**	**(26,796,485)**	**(67,646)**	**33**	**100,618,917**
For the year ended 31 August 2010					
As at 1 September 2009	135,483,052	(14,909,820)	(41,895)	33	120,531,370
Return of capital	(8,000,037)	–	–	–	(8,000,037)
Loss for the year	–	(2,865,651)	–	(9)	(2,865,660)
Foreign exchange on subsidiary translation	–	–	258,403	21	258,424
At 31 August 2010	**127,483,015**	**(17,775,471)**	**216,508**	**45**	**109,924,097**

Consolidated Statement of Cash Flows

	Notes	Year ended 31 August 2011 £	Year ended 31 August 2010 £
Cash flow from operating activities			
Net loss		(9,021,015)	(2,865,660)
Adjustments for:			
Interest		(153,089)	(152,141)
Depreciation		3,599	7,274
Amortisation		507	1,455
Impairment of inventory	10	4,144,485	–
Impairment of loan	11	2,481,093	–
Previously capitalised expenses written off		–	342,134
		(2,544,420)	(2,666,938)
Net foreign exchange (gains)/losses		(506,904)	941,395
Decrease/(Increase) in other receivables		110,559	(68,992)
Increase/(Decrease) in payables		1,477,213	(18,288)
Net cash inflow/(outflow) from operating activities before interest, depreciation, amortisation and tax		**(1,463,552)**	**(1,812,823)**
Interest received		153,089	152,141
Net cash inflow/(outflow) from operating		**(1,310,463)**	**(1,660,682)**

activities			
Cash flow from investing activities			
Purchase of inventories	10	(1,170,357)	(321,495)
Purchase of plant and equipment		–	(412)
Sale of plant and equipment		–	5,638
Purchase of intangible assets		–	(916)
Repayment of loan	11	510,654	834,294
Net cash (outflow)/ inflow from investing activities		**(659,703)**	**517,109**
Cash flow from financing activities			
Return of Capital		–	(8,000,037)
Net cash outflow from financing activities		–	**(8,000,037)**
Net decrease in cash and cash equivalents		**(1,970,166)**	**(9,143,610)**
Cash and cash equivalents at start of the year		9,249,402	18,366,304
Effect of foreign exchange rates	12	(98,896)	26,708
Cash and cash equivalents at end of the year		**7,180,340**	**9,249,402**

Notes to the financial statements

1. General information

The Ottoman Fund Limited has invested in Turkish land and new build residential property in major cities and coastal destinations aimed at both the domestic and tourist markets.

The Company is a limited liability company domiciled in Jersey, Channel Islands.

The Company is quoted on the AIM market of the London Stock Exchange plc.

These consolidated financial statements have been approved by the Board on 14 December 2011.

2. Accounting policies

The consolidated financial statements of the Group for the year ended 31 August 2011 comprise the Company and its subsidiaries, listed in note 13, (together, the "Group") and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Committee of the IASB (IFRIC).

The following published standards are mandatory and have been amended during the current accounting period and could be relevant to the Group, these amendments have had no significant impact on the financial statements (no new standards were issued which were relevant to the Group and applicable for the year under review):

IFRS 2, 'Share based payment'
IFRS 5, 'Non current assets held for sale and discontinued operations'
IFRS 8, 'Operating segments'
IAS 1, 'Presentation of financial statements'
IAS 7, 'Statement of cash flows'
IAS 17, 'Leases'

IAS 18, ‘Revenue’
IAS 36, ‘Impairment of assets’
IAS 38, ‘Intangible assets’
IAS 39, ‘Financial instruments: Recognition and measurement’
IFRIC 9, ‘Reassessment of embedded derivatives’
IFRIC 16, ‘Hedges of a net investment in foreign operation’

The following standards and amendments to published standards are mandatory for the current accounting period beginning on 1 September 2010 but are not relevant to the Group:

Amendment to IFRS 2, ‘Share-based payments – Group cash-settled payment transactions’
Amendment to IFRS 1, ‘First-time adoption’, on ‘Additional exemptions’
Amendments IAS 32, ‘Financial instruments: Presentation’, on ‘Classification of rights issues’
Amendment to IFRS 1, ‘First time adoption’, on financial instrument disclosures

(a) Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis.

(b) Basis of consolidation

Subsidiaries
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 August each year. The consolidated financial statements are prepared using uniform accounting policies for like transactions. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences up to the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Minority interests represent the portion of profit and net assets not held by the Group. They are presented separately in the consolidated statement of comprehensive income and in the consolidated statement of financial position separately from the amounts attributable to the owners of the parent.

Joint ventures
A joint venture is a contractual arrangement whereby the Group and another party undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group’s share of the assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined with the equivalent items in the results on a line-by-line basis.

(c) Revenue recognition
Interest receivable on fixed interest securities is recognised using the effective interest method. Interest on short term deposits, expenses and interest payable are treated on an accruals basis. Revenue from sales of inventory is recognised when the significant risks and rewards of an asset have been transferred.

(d) Expenses
All expenses are charged through the income statement in the period in which the services or goods are provided to the Group except for expenses which are incidental to the disposal of an investment which are deducted from the disposal proceeds of the investment.

(e) Non current assets

General
Assets are recognised and derecognised at the trade date on acquisition and disposal respectively. Proceeds will be measured at fair value which will be regarded as the proceeds of sale less any transaction costs.

Intangible assets
Intangible assets are stated at cost less any provisions for amortisation and impairments. They are amortised over their useful life of 6 years. The amortisation is based on the straight-line basis. At each balance sheet date, the Group reviews the carrying amount of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Plant & Equipment
Plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method on the following basis:

Leasehold improvements	3 years
Furniture and fittings	5 years

The gain or loss on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Land inventory is recognised at the time a liability is recognised – generally after the exchange of unconditional contracts.

Net realisable value will be determined by the Board as the estimated selling price in the ordinary course of business less costs to complete and selling costs. In determining the net realisable value, the directors take into account the valuations received from the independent appraisers, market conditions at and (where relevant and appropriate) after the balance sheet date, and offers received from third parties by the Company.

The valuations of the properties performed by the independent appraisers are based on estimate and subjective judgements that may vary from the actual values and sales prices realised by the Company upon ultimate disposal.

Impairment is recognised through the income statement at the time that the Board believes the net realisable value is lower than cost and will remain so for the foreseeable future.

Loans and receivables
Loans and receivables are recognised on an amortised cost basis. Where they are denominated in a foreign currency they are translated at the prevailing balance sheet exchange rate. Any foreign exchange difference is recognised through the income statement.

Loans are reviewed for impairment by the Board on a semi-annual basis; any impairment is recognised through the income statement.

(f) Cash and cash equivalents
Cash and cash equivalents comprise current and short term fixed deposits with banks.

(g) Taxation
Throughout the year under the Jersey "Zero/Ten" regime the Company was zero rated for Jersey taxation purposes. Profits arising in the Company for the 2011 year of assessment and future periods will be subject to tax at the rate of 0%. However, withholding tax may be payable on repatriation of assets and income to the Company in Jersey. The Company pays an International Services Entity fee and neither charges or pays Goods and Services Tax, this fee is currently £200 (2010: £100) per annum for each Jersey registered company within the Group.

The subsidiaries will be liable for Turkish corporation tax at a rate of 20%. Additionally, a land sale and purchase fee may arise when land is sold or purchased.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

(h) Foreign currency
In these financial statements, the results and financial position of the Group are expressed in Pound Sterling, which is the Group's presentation currency. The functional currency of the Company and Jersey subsidiaries is Pound Sterling; the functional currency for the Turkish subsidiaries is Turkish Lira.

The results and financial position of the entities based in Jersey are recorded in Pound Sterling, which is the functional currency of these entities. In these entities, transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary balances (including loans) and non-monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

The results and financial position of the entities based in Turkey are recorded in Turkish Lira, which is the functional currency of these entities. In order to translate the results and financial position of these entities into the presentation currency (Pounds Sterling):

- non-monetary assets (including inventory) are translated at the rates of exchange prevailing on the dates of the transactions
- monetary balances (including loans) are translated at the rates prevailing on the balance sheet date and
- items to be included in the income statement are translated at the average exchange rates for the year unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions.

Foreign exchange gains or losses are recorded in either the income statement or in equity depending on their nature.

(i) Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction to reserves. Any redemption in shares is deducted from ordinary share capital with any transaction costs taken to the income statement.

(j) Critical accounting estimates and assumptions
The Board makes estimates and assumptions concerning the future in the preparation of the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Principal assumptions underlying management's estimation of net realisable value
In reflection of the economic environment and market conditions during the prior year which continued throughout to the financial year end, the frequency of transactions similar to the inventory and apartments on an arms length basis decreased compared to prior periods.

The Board have reviewed the independent valuations that have been provided and believe impairment is necessary to the inventory and the loan receivable. Please refer to notes 10 and 11 for further details.

Critical judgements in applying the Group's accounting policies
The Group did not make any critical accounting judgements during the current financial year.

(k) New standards and interpretations not applied
At the date of the authorisation of these consolidated financial statements, the following statements, standards and interpretations were in issue but not yet effective:

IFRS 9, 'Financial instruments' – classification and measurement' (effective 1 January 2013)
IFRS 10, 'Consolidated financial statements' (effective 1 January 2013)
IFRS 11, 'Joint arrangements' (effective 1 January 2013)
IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)
IFRS 13, 'Fair value measurement' (effective 1 January 2013)
IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013)

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

3. Segment reporting

The chief operating decision maker (the "CODM") in relation to the Group is considered to be the Board itself. The factor used to identify the Group's reportable segments is geographical area.
Based on the above and a review of information provided to the Board, it has been concluded that the Group is currently organised into one reportable segment: Turkey.

There are two types of real estate projects within the above segment; these are development land and new build residential property. There are three individual projects held within the development land type and one project in new build residential property. The CODM considers on a quarterly basis the results of the aggregated position of both property types as a whole as part of their ongoing performance review.

The CODM receives regular reports on the Company's assets by the Investment Advisors, Civitas Property Partners S.A. During this financial year Civitas have provided detailed reviews as requested of the Turkish economy and real estate market and also their strategic advice regarding the individual properties listed in the table on page 2. In addition the year end valuations provided by Savills and TSKB are reviewed and reported on by the investment advisor to the Board of Directors.

Other than cash and cash equivalent assets and related interest and charges, the results of the Group are deemed to be generated in Turkey.

4. Management/Advisory fee

	2011	2010
	£	£
Management fee	**311,890**	**600,621**

Civitas Property Partners S.A. ("Civitas") were appointed as Investment Advisors to the Group on 2 December 2009. The advisory fee structure is incentive-based with an annual fixed component of €212,500 as of 1 January 2011, previously €425,000, and an incentive component based on a percentage of realisation value. Civitas were paid £311,890 (2010: £285,683) during the period.

5. Other operating expenses

	2011	2010
	£	£
Legal and professional fees	143,054	96,596
Advisory and consultancy fees	174,471	162,414
Marketing	280	578,445
Travel and subsistence	48,274	70,590
Directors' remuneration	150,000	138,385
Administration fees	80,068	122,099
Audit services	51,200	53,764
Depreciation	3,599	7,247
Amortisation	507	1,455
Other operating expenses	266,542	503,187
	917,995	**1,734,182**

The Group has no employees.

6. Tax

	2011	2010
	£	£
Irrecoverable overseas tax	13,227	-
	13,227	**-**

This tax represents irrecoverable withholding tax on bank interest. Subsidiary taxation has been included in other operating expenses.

7. Earnings per share

(a) Basic
Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Loss attributable to equity holders of the Company	**(9,021,014)**	**(£2,865,651)**
Weighted average number of ordinary shares in issue	**134,764,709**	**134,764,709**

(b) Diluted
The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the options expired without exercise (see Note 17), the basic and diluted earnings per share are the same.

Both the basic and diluted earnings/(loss) per share are calculated as (6.69) pence (2010: (2.13) pence).

8. Intangible assets

	£
Cost	
At 1 September 2010 and 31 August 2011	10,132
Amortisation	
At 1 September 2010	(7,445)
Charge for the year	(507)
At 31 August 2011	(7,952)
Net book value at 31 August 2011	**2,180**
Net book value at 31 August 2010	**2,687**

The intangible asset relates to computer software, with a useful life of 6 years. There has been no impairment during the year.

9. Plant and equipment

	Furniture and fittings £	Leasehold improvements £	Total £
Cost			
At 1 September 2010 and 31 August 2011	18,246	46,501	64,747
Depreciation			
At 1 September 2010	(12,294)	(44,905)	(57,199)
Charge for the year	(3,399)	(200)	(3,599)
At 31 August 2011	(15,693)	(45,105)	(60,798)
Net book value at 31 August 2011	**2,553**	**1,396**	**3,949**
Net book value at 31 August 2010	**5,952**	**1,596**	**7,548**

10. Inventories

	2011	2010
	£	£
Opening book cost	92,474,333	92,494,972
Purchases at cost	1,170,357	321,495
Previously capitalised expenses written off	-	(342,134)
Impairment of inventory	(4,144,485)	-
Closing net realisable value/book cost	**89,500,205**	**92,474,333**

This represents 149,550 square metres of development land on the Bodrum peninsula, 931,739 square metres on the Riva coastline and 209,853 square metres, of which the Group has a 50% share, in the Kazikli village, in the district of Milas. See note 24 regarding the subsequent sale of Kazikli village.

In accordance with the accounting policy in note 2, inventories are stated at the lower of cost and net realisable value. Inventories were valued at the year end by Savills on the basis of market value. On this basis, a total market value of £91.5 million (2010:£91.6 million) has been determined for inventories held by the Group at the balance sheet date. In accordance with the Group's accounting policy, unrealised gains or losses as a result of this valuation have not been recognised in the consolidated income statement.

The impairment above relates to Bodrum. The Directors believe the net realisable value (£20,231,164) at the year end was lower than cost and have therefore impaired the asset accordingly.

11. Loans and receivables

	2011	2010
	£	£
Opening balance	7,470,112	9,014,112
Repayment of loan	(510,654)	(834,294)
Impairment of loan	(2,481,093)	-
Exchange gain/(loss) on revaluation of loans	321,635	(709,706)
Closing balance	**4,800,000**	**7,470,112**

Previously, the third party loan in respect of the investment in the Riverside Resort in Alanya had been made to the developer, Okyapı İnşaat ve Mühendislik ve Özel Eğitim Hizmetleri Sanayi ve Ticaret Limited Şirketi ("Okyapı").

On 3 December 2010, as a means of achieving improved economic benefit for the Group, a fiduciary agreement and a settlement agreement were signed by all relevant parties which resulted in the loan due to the Group (€8,193,091 at the time of signing the agreement) and the titles of the apartments being assigned to Mandalina Yapı Turizm Sanayi ve Ticaret A.Ş. ("Mandalina") for the ultimate benefit of the Group. Mandalina is not a part of the Group (see Note 22 for details relating to the shareholders). In order to further protect the Group's interest in the Alanya apartments, the Group holds signed share transfer letters from the shareholders of Mandalina which may be executed at any time at the discretion of the Directors and would transfer ownership of the shares in the Mandalina from the existing shareholders to the Group.

11. Loans and receivables (continued)

The loan has been impaired to reflect the anticipated amount to be received based on the value

of the Alanya apartments and future running costs of Mandalina which are deducted from the sales proceeds of the Alanya apartments before being remitted to the Group.

The valuation of the Alanya apartments used by the Directors in the assessment of the recoverability of the loan is based on estimate and subjective judgements that may vary from the actual values and sales prices realised upon ultimate disposal.

12. Foreign currency losses

	2011	2010
	£	£
Translation of cash balances	(98,896)	26,708
Other foreign currency loss	(1,219,745)	(709,706)
Net currency losses	**(1,318,641)**	**(682,998)**

Subsidiary cash balance translations are recognised in the translation reserve. The Company has no accounts in any currency other than Pound Sterling.

13. Investment in subsidiaries – Company

Name	Country of incorporation	Authorised share capital	Issued share capital	Ownership %
Ottoman Finance Company I Limited	Jersey	£10,000	£1	100
Ottoman Finance Company II Limited	Jersey	£10,000	£1	100
Ottoman Finance Company III Limited	Jersey	£10,000	£1	100
Ottoman Finance Company IV Limited	Jersey	£10,000	£1	100
Ottoman Finance Company V Limited	Jersey	£10,000	£1	100
Osmanli Yapi 1	Turkey	YTL 46,146,312	YTL 46,146,312	99.99
Osmanli Yapi 2	Turkey	YTL 188,284,941	YTL 188,284,941	99.99
Osmanli Yapi 3	Turkey	YTL 5,249,584	YTL 5,249,584	99.99
Osmanli Yapi 4	Turkey	YTL 11,249,104	YTL 11,249,104	99.99
Osmanli Yapi 5	Turkey	YTL 14,390,000	YTL 14,390,000	99.99

14. Interests in joint ventures

The Group has the following interest in a joint venture, Mobella Insaat Taahhut Turizm San ve Tic A.S. ("Mobella"), a project management company.

	Country of Domicile	Ownership
Mobella	Turkey	50%

Summarised financial information of joint venture is as follows:

	Non-Current Assets	Current Assets	Non-Current Liabilities	Current Liabilities	Equity	Revenue	Expenses	Loss
Mobella	1,476	107,506	-	(224,889)	(115,907)	-	(100,051)	(100,051)

According to the Turkish Commercial Code if a company has lost two thirds of its equity then it is technically considered to be insolvent and the shareholders are required to inject further capital. Mobella is contracted to be sold post year end as part of the sale of the Kazikli land (see note 24)

at which time the shares will be transferred. The Group will not remain liable for losses incurred to date.

15. Other receivables

	2011	2010
	£	£
Prepayments and accrued income	76,410	104,074
VAT receivable	683,133	685,998
Other receivables	184,965	264,995
	944,508	**1,055,067**

The Directors consider that the carrying amount of the above receivables approximates to their fair value. Prepayments include advances to suppliers.

16. Other payables

	2011	2010
	£	£
Accruals	49,713	113,002
Other payables	301,387	222,050
	351,100	**335,052**

The Directors consider that the carrying amount of the above payables approximates to their fair value.

17. Share capital

Authorised:	
Founder shares of no par value	10
Ordinary shares of no par value	Unlimited

Issued and fully paid:	**£**
2 founder shares of no par value	–
134,764,709 ordinary shares of no par value (2010: 134,764,709)	**127,483,015**

On 24th June 2011, 2 founder shares of no par value held by Herald Charitable Trust were transferred to Vistra Nominees I Limited. These shares are not eligible for participation in the Company's investments and carry no voting rights at general meetings of the Company. The Company's former broker, Numis Securities Limited, held an option to purchase 1.25% of the issued share capital of the Company at a price of £1 per share. This option lapsed without being exercised on the 5th anniversary of admission, being 28 December 2010.

Capital Management

As a result of the Group being closed-ended, capital management is wholly subject to the discretion of the Board and is not influenced by subscriptions or redemptions. The Group's objectives for managing capital are to maintain sufficient liquidity to meet the expenses of the Group as they fall due; to invest in the Group's current assets when the Board feels it will give rise to capital appreciation; and to return capital to shareholders where possible.

Movements in ordinary share capital during the year	**Number**	**£**
Ordinary shares in issue at 1 September 2010	134,764,709	127,483,015
Movement during the year	–	–
Ordinary shares in issue at 31 August 2011	**134,764,709**	**127,483,015**

18. Retained earnings

	2011	2010
	£	£
At start of year	(17,775,471)	(14,909,820)
Bank and deposit interest earned	153,089	152,141
Operating expenses	(7,855,463)	(2,334,803)
	(7,702,374)	(2,182,662)
Net movement on foreign exchange	(1,318,641)	(682,998)
Loss for the year	(9,021,015)	(2,865,660)
Minority interests	1	9
At end of year	**(26,796,485)**	**(17,775,471)**

19. Net asset value per share

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £100,618,917 (2010: £109,924,097) and on 134,764,709 ordinary shares (2010:134,764,709), being the number of ordinary shares in issue at the year end.

20. Cash and cash equivalents

	2011	2010
	£	£
Bank balances	7,180,340	9,249,402
	7,180,340	**18,366,304**

Cash and cash equivalents contain the deposit for Kazikli village (see note 24 for further details).

21. Financial instruments

The disclosure on the financial instruments has been limited to the consolidated financial position. This approach has been adopted as this covers all of the principal risks associated with the Group.

The disclosures below assume that the properties held by the Group are in US Dollars as this is the currency in which they are valued by Savills. In the opinion of the directors this is also the currency that any future disposals would occur in.

The Group's financial instruments comprise loans, cash balances, receivables and payables that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and receivables for accrued income.

The principal risks the Group faces from its financial instruments are:

(i) Market risk
(ii) Credit risk
(iii) Foreign currency risk
(iv) Interest rate risk
(v) Liquidity risk

As part of regular Board functions, the Board reviews each of these risks. As required by IFRS 7: Disclosure and Presentation, an analysis of financial assets and liabilities, which identifies the risk to the Group of holding such items, is given below.

(i) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions as a consequence of price movements. The Group has no such exposures to

market price risk.

(ii) Credit risk

The Group's third party loan in respect of the investment in the Riverside Resort in Alanya is potentially at risk from the failure of the third party. On 3 December 2010, the third party loan was assigned to a related entity, see note 11 for further information. The largest counterparty risk is with the Group's bankers. Bankruptcy or insolvency of Deutsche Bank International Limited may cause the Group's rights with respect to cash held to be delayed or limited. There is no policy in place to mitigate this risk as the Board believes there is no need to do so.

The Board does not monitor the credit quality of receivables on an ongoing basis. Cash balances have been placed with Deutsche Bank International Limited due to its Moody's credit rating of Aa3.

The Group's principal financial assets are other receivables and cash and cash equivalents. The maximum exposure of the Group to credit risk is the carrying amount of each class of financial assets. Loans and receivables are represented by loans to and receivables from third parties. Other receivables are represented mainly by prepayments and other receivables where no significant credit risk is recognised.

Credit risk exposure

In summary, compared to the amounts in the consolidated statement of financial position, the maximum exposure to credit risk at 31 August 2011 was as follows:

	Balance sheet at 31 August 2011	**Maximum exposure at 31 August 2011**	**Balance sheet at 31 August 2010**	**Maximum exposure at 31 August 2010**
Non-current assets	**£**	**£**	**£**	**£**
Loans and receivables	4,800,000	4,800,000	7,470,112	7,470,112
Current assets				
Cash and cash equivalents	7,180,340	7,180,340	9,249,402	9,249,402
Other receivables	944,508	944,508	1,055,067	1,055,067
	15,603,333	**15,603,333**	**17,774,581**	**17,774,581**

Fair value of financial assets and liabilities

The book values of the cash at bank and loans and receivables included in these financial statements approximate to their fair values.

(iii) Foreign currency risk

The Group operates Pound Sterling, Euro, US Dollar and Turkish Lira bank accounts. Exchange gains or losses arise as a result of movements in the exchange rates between the date of a transaction denominated in a currency other than Sterling and its settlement. There is no policy in place to mitigate this risk as the Board believes such a policy would not be cost effective.

Currency rate exposure

An analysis of the Group's currency exposure in Pound Sterling is detailed below:

Currency	Non-current assets at 31 August 2011	Net monetary assets at 31 August 2011	Liabilities at 31 August 2011	Non-current assets at 31 August 2010	Net monetary assets at 31 August 2010	Liabilities at 31 August 2010
	£	£	£	£		£
Pounds Sterling	–	1,874,849	(49,713)	–	5,116,217	(85,211)
Euro	4,800,000	1,912,374	–	7,470,112	1,369,837	–
US Dollar	89,500,205	1,758,716	(1,461,165)	92,474,333	2,699,103	–
Turkish Lira	6,129	766,644	(301,387)	10,235	784,260	(269,841)
	94,306,334	**6,312,583**	**(1,812,265)**	**99,954,680**	**9,969,417**	**(355,052)**

Foreign currency sensitivity

The table below details the Group's sensitivity to a 5% increase in the value of Sterling against the relevant currencies. This percentage is considered reasonable due to volatility in current and historic exchange rate movements. With all other variables held constant, net assets attributable to shareholders and the change in net assets attributable to shareholders per the consolidated income statement would have decreased by the amounts shown below. The analysis has been performed on the same basis as 2010.

Currency	Profit & Loss at 31 August 2011	Equity at 31 August 2011	Profit & Loss at 31 August 2010	Equity at 31 August 2010
	£	£	£	£
Euro	335,619	–	441,997	–
US Dollar	87,936	4,475,010	134,955	4,623,717
Turkish Lira	38,332	306	39,213	512
	461,887	**4,475,316**	**616,165**	**4,624,229**

A 5% weakening of Sterling against the relevant currency would have resulted in an equal but opposite effect on the amounts in the financial statement above to the amounts shown above, on the basis that all other variables remain constant.

(iv) Interest rate risk

Interest rate movements may affect: (i) the fair value of the investments in fixed interest rate securities, (ii) the level of income receivable on cash deposits, (iii) interest payable on the company's variable rate borrowings. There is no policy in place to mitigate this risk as the Board believes such a policy would not be cost effective.

The Company holds only cash deposits.

The interest rate profile of the Group excluding short term receivables and payables was as follows:

Currency	**Floating rate at 31 August 2011 £**	**Non interest bearing at 31 August 2011 £**	**Floating rate at 31 August 2010 £**	**Non interest bearing at 31 August 2010 £**
Pounds Sterling	1,875,580	26	5,177,528	–
Euro	1,912,336	4,800,038	1,369,837	7,470,112
US Dollar	129	92,719,957	2,699,103	92,474,333
Turkish Lira	17,855	154,625	2,934	10,235
	3,805,900	**97,674,646**	**9,249,402**	**99,954,680**

Maturity profile

The following table sets out the carrying amount, by maturity, of the Group's financial instruments:

			2011		
	0 to 3 months £	**3 to 6 months £**	**6 to 12 months £**	**More than 1 year £**	**Total £**
Floating rate					
Cash	7,180,340	–	–	–	7,180,340
	7,180,340	–	–	–	**7,180,340**
Non-interest bearing					
Other receivables	261,375	–	683,133	–	944,508
Advances received	–	(1,461,165)	–	–	(1,461,165)
Other payables	(351,100)	–	–	–	(351,099)
	(89,725)	(1,461,165)	**683,133**	–	**(867,756)**

			2010		
	0 to 3 months £	**3 to 6 months £**	**6 to 12 months £**	**More than 1 year £**	**Total £**
Floating rate					
Cash	9,249,402	–	–	–	9,249,402
	9,249,402	–	–	–	**9,249,402**
Non-interest bearing					
Other receivables	369,069	–	685,998	–	1,055,067
Other payables	(335,052)	–	–	–	(335,052)
	34,017	–	**685,998**	–	**720,015**

Interest rate sensitivity
An increase of 100 basis points in interest rates during the period would have increased the net assets attributable to shareholders and changes in net assets attributable to shareholders by £71,803 (2010:£92,494). A decrease of 100 basis points would have had an equal but opposite effect.

(v) Liquidity risk
The Group's assets mainly comprise cash balances, loans receivable and development property, which can be sold to meet funding commitments if necessary. As at 31 August 2011 the Group does not have any significant liabilities due.

The Group has sufficient cash reserves to meet liabilities due.

22. Related party transactions
Information regarding subsidiaries can be found in note 13. Information regarding the joint venture can be found in note 14.

John D. Chapman is a shareholder in the Turkish subsidiaries due to Turkish law requirements. Mr Chapman receives no additional benefit from being a shareholder of the Turkish subsidiaries.
Information regarding Directors' interests can be found in note 23.

Ali Pamir is a director of the Investment Advisor, Civitas Property Partners S.A. and is a director and shareholder of the Turkish subsidiaries due to Turkish law requirements. Mr Pamir receives no additional benefit from being a shareholder of the Turkish subsidiaries.
Information regarding amounts paid to the Investment Advisor can be found in note 4.

Sinan Kalpakcioglu has been engaged during the period as a Turkish resident consultant to The Ottoman Fund Limited. Mr Kalpakcioglu is a director and shareholder of the Turkish subsidiaries and the joint venture due to Turkish law requirements. Mr Kalpakcioglu receives no additional benefit from being a shareholder of the Turkish subsidiaries.
Fees paid to Mr Kalpakcioglu amounted to £27,042 (2010: £27,042); there were no amounts outstanding at the year end.

Vistra Nominees I Limited is a related party having acquired through donation the 2 founder shares of The Ottoman Fund Limited from Herald Charitable Trust on 24 June 2011.

Sinan Kalpakcioglu and Ali Pamir are shareholders in Mandalina, which holds the title to the Alanya apartments (see Note 11).

The Directors do not consider there to be an ultimate controlling party.

23. Directors' interests

Total compensation paid to the Directors over the year was £150,000 (2010: £138,385). In the prior year, the amount included a performance fee of £5,000 paid to Antony Gardner-Hillman.

During the year John D. Chapman as Executive Chairman has been employed under an executive service contract that provides for an annual fee of £75,000 pro-rated monthly and a discretionary bonus. No bonus has been paid during the year.

Eitan Milgram is an Executive Vice President of Weiss Asset Management LLC which is a substantial investor in the Company.

During the year, Angelo Moskov was a partner with QVT Financial LP which is a substantial investor in the Company. Mr Moskov resigned from the Board on 11 August 2011.

24. Post balance sheet events

Kazikli sale

On 4 April 2011, the Board approved an offer to sell Kazikli village ("Kazikli") for $9,500,000.

As part of the sale of Kazikli, the Group's interest in Mobella (see note 14) will also be sold for a price of $50,000 which is included in the $9,500,000. When the shares in Mobella have been transferred, the loan from Osmanli Yapi 3 to Mobella will be written down to zero. The loan has not been written down at the year end as the deal has not been completed.

At the year end date, a deposit of $2,375,000 (£1,461,165) had been received which is currently being held on the statement of financial position as advances received.