

THE OTTOMAN FUND LIMITED

**Condensed Unaudited Interim Financial Statements and Half
Yearly Report**

For the six months ended 28 February 2013

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Chairman's Statement

Dear Shareholders:

Our net asset value per share as at 28 February 2013 was 63.5 pence as compared with 63.9 pence as at 31 August, 2012. As I have explained previously, for each valuation period we retain two appraisers, BNP Paribas and TSKB, to each independently appraise the value of our properties. We then use an average of the two valuations for our balance sheet numbers. We and our local advisors believe that this average is the best estimate of value. Shareholders should bear in mind however that Riva and Bodrum are large assets measured in terms of both value and size and that in recent years there have been no truly comparable transactions.

	BNP Paribas 28 February 2013 (\$)	TSKB 28 February 2013 (\$)	Average 28 February 2013 (\$)	Average 31 August 2012 (\$)
Riva	79,500,000	129,470,000	104,485,000	94,275,000
Bodrum	29,000,000	34,740,000	31,870,000	31,720,000
Alanya	5,265,000	5,720,000	5,492,500	6,292,500
TOTAL	113,765,000	172,930,000	141,847,500	132,287,500

The market in Turkey for large land plots such as Riva and Bodrum remains subdued. In Turkey as elsewhere in the world demand is primarily for income producing assets or development opportunities in the city centre. Neither Riva nor Bodrum fit that description. With that reality in mind, we continue our efforts to negotiate a revenue sharing agreement for our Riva property, which will appropriately compensate our shareholders without assuming undue risk. Over the last six months we have continued to receive serious expressions of interest for our Bodrum property and several prospective purchasers have undertaken substantial due diligence. We continue to sell units at Alanya and have a full time marketing manager on site. During the current financial year we have sold four units with thirty-seven remaining.

I look forward to writing again when we release our annual report for the year ended 31 August 2013.

Respectfully yours,
 John D. Chapman
 Chairman
 29 May 2013

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CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
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Independent review report to The Ottoman Fund Limited

Introduction

We have been engaged by the company to review the condensed interim financial statements in the half-yearly financial report for the six months ended 28 February 2013, which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed interim financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

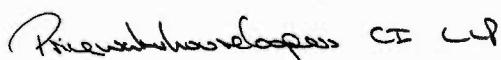
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the AIM Rules for Companies and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed unaudited interim financial statements in the half-yearly financial report for the six months ended 28 February 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the AIM Rules for Companies.



PricewaterhouseCoopers CI LLP
Chartered Accountants
30 May 2013
Jersey, Channel Islands

- (a) The maintenance and integrity of The Ottoman Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed unaudited interim financial statements since they were initially presented on the website.
- (b) Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Consolidated Statement of Comprehensive Income

		(unaudited) Six months ended 28 February 2013 £	(unaudited) Six months ended 29 February 2012 £	(audited) Year ended 31 August 2012 £
	notes			
Revenue				
Bank Interest		117,582	112,846	194,446
Profit on sale of inventory		-	-	274,426
Profit on sale of joint venture		-	-	386,897
Total income		117,582	112,846	855,769
Operating Expenses				
Management fee	3	(104,945)	(128,725)	(217,635)
Other operating expenses		(488,663)	(307,686)	(755,211)
Inventory impairment	7	-	(4,390,277)	(5,817,026)
Loan impairment	8	(425,000)	(426,055)	(426,055)
Total operating expenses		(1,018,608)	(5,252,743)	(7,215,927)
Foreign exchange gains/(losses)		322,409	(212,524)	(551,657)
Loss before tax		(578,617)	(5,352,421)	(6,911,815)
Taxation	1(g)	(4,423)	(137,232)	(131,022)
Loss for the period		(583,040)	(5,489,653)	(7,042,837)
Other comprehensive income				
Foreign exchange on subsidiary translation		(25,020)	14,560	56,106
Other comprehensive income for the period		(25,020)	14,560	56,106
Total comprehensive loss for the period		(608,060)	(5,475,093)	(6,986,731)
Loss attributable to:				
Equity shareholders of the Company		(583,026)	(5,489,641)	(7,042,815)
Minority interests		(14)	(12)	(22)
Total comprehensive loss attributable to:		(583,040)	(5,489,653)	(7,042,837)
Equity shareholders of the Company		(608,049)	(5,475,082)	(6,986,732)
Minority interests		(11)	(11)	1
Basic and diluted earnings per share (pence)	4	(0.43)	(4.07)	(5.23)

The accompanying notes on pages 7 to 17 are an integral part of the financial statements.

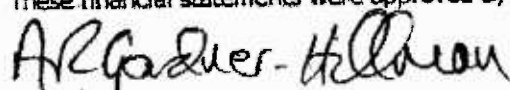
THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Consolidated Balance Sheet

		(unaudited) Six months ended 28 February 2013 £	(unaudited) Six months ended 29 February 2012 £	(audited) Year ended 31 August 2012 £
	notes			
Non-current assets				
Intangible assets	5	1,106	1,809	1,438
Plant and equipment	6	2,480	4,259	2,863
Inventories	7	78,718,372	85,179,221	78,635,982
Loans and receivables	8	2,958,676	4,171,758	3,870,603
		<u>81,680,634</u>	<u>89,357,047</u>	<u>82,510,886</u>
Current assets				
Other receivables		659,221	1,020,558	649,558
Cash and cash equivalents		3,273,947	6,907,811	3,069,128
		<u>3,933,168</u>	<u>7,928,369</u>	<u>3,718,686</u>
Total assets		<u>85,613,802</u>	<u>97,285,416</u>	<u>86,229,572</u>
Current liabilities				
Advances received	12	-	(1,881,591)	-
Other payables		(69,683)	(260,001)	(77,393)
		<u>(69,683)</u>	<u>(2,141,592)</u>	<u>(77,393)</u>
Net assets		<u>85,544,119</u>	<u>95,143,824</u>	<u>86,152,179</u>
Equity				
Share capital	9	120,003,007	127,483,015	120,003,007
Retained earnings		(34,422,326)	(32,286,126)	(33,839,300)
Translation reserve		(36,563)	(53,087)	(11,540)
Equity attributable to owners of the parent		<u>85,544,118</u>	<u>95,143,802</u>	<u>86,152,167</u>
Minority interest equity		1	22	12
Total Equity		<u>85,544,119</u>	<u>95,143,824</u>	<u>86,152,179</u>
Net asset value per Ordinary share (pence)	10	63.5	70.6	63.9

The accompanying notes on pages 7 to 17 are an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 29 May 2013.


 Antony R. Gardner-Hillman


 Andrew I. Wignall

THE OTTOMAN FUND LIMITED
 CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Consolidated Statement of Changes in Equity

	Share capital £	Retained earnings £	Translation reserve £	Minority interest £	Total £
For the six months ended 28 February 2013 (unaudited)					
As at 1 September 2012	120,003,007	(33,839,300)	(11,540)	12	86,152,179
Loss for the period	-	(583,026)	-	(14)	(583,040)
Foreign exchange on subsidiary translation	-	-	(25,023)	3	(25,020)
At 28 February 2013	120,003,007	(34,422,326)	(36,563)	1	85,544,119
For the six months ended 29 February 2012 (unaudited)					
As at 1 September 2011	127,483,015	(26,796,485)	(67,646)	33	100,618,917
Loss for the period	-	(5,489,641)	-	(12)	(5,489,653)
Foreign exchange on subsidiary translation	-	-	14,559	1	14,560
At 29 February 2012	127,483,015	(32,286,126)	(53,087)	22	95,143,824
For the year ended 31 August 2012 (audited)					
As at 1 September 2011	127,483,015	(26,796,485)	(67,646)	33	100,618,917
Return of capital	(7,480,008)	-	-	-	(7,480,008)
Loss for the year	-	(7,042,815)	-	(22)	(7,042,837)
Foreign exchange on subsidiary translation	-	-	56,106	1	56,107
At 31 August 2012	120,003,007	(33,839,300)	(11,540)	12	86,152,179

The accompanying notes on pages 7 to 17 are an integral part of the financial statements.

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Consolidated Statement of Cash Flows

	(unaudited) Six months ended 28 February 2013 £	(unaudited) Six months ended 29 February 2012 £	(audited) Year ended 31 August 2012 £
Cash flow from operating activities			
Loss for the period	(583,040)	(5,489,653)	(7,042,837)
Adjustments for:			
Interest	(117,582)	(112,846)	(194,446)
Tax	4,423	137,232	131,022
Depreciation	383	696	2,092
Amortisation	332	371	742
Impairment of inventory	-	4,390,277	5,817,026
Impairment of loan	425,000	426,055	426,055
Profit on sale of inventory	-	-	(274,426)
Profit on sale of joint venture	-	-	(386,897)
	(270,484)	(648,868)	(1,521,669)
Net foreign exchange (gains)/losses	(336,508)	240,808	290,103
(Increase)/decrease in other receivables	(9,663)	(76,050)	294,950
Increase/(decrease) in other payables	(7,710)	329,327	(273,707)
Net cash outflow from operating activities before interest, depreciation, amortisation and tax	(624,365)	(153,783)	(1,210,323)
Interest received	117,582	112,846	194,446
Taxation	(4,423)	(137,232)	(131,022)
Net cash outflow from operating activities	(511,206)	(178,169)	(1,146,899)
Cash flow from investing activities			
Purchase of inventories	(82,390)	(69,293)	(7,432)
Proceeds on sale of inventories	-	-	4,548,240
Purchase of plant and equipment	-	(1,006)	(1,006)
Repayment of loan	798,465	-	-
Net cash inflow/(outflow) from investing activities	716,075	(70,299)	4,539,802
Cash flow from financing activities			
Return of Capital	-	-	(7,480,008)
Net cash outflow from financing activities	-	-	(7,480,008)
Net increase/(decrease) in cash and cash equivalents	204,869	(248,468)	(4,087,105)
Cash and cash equivalents at start of period	3,069,128	7,180,340	7,180,340
Effect of foreign exchange rates	(50)	(24,061)	(24,107)
Cash and cash equivalents at end of period	3,273,947	6,907,811	3,069,128

The accompanying notes on pages 7 to 17 are an integral part of the financial statements.

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Notes to the financial statements

1. Accounting policies

The annual financial statements for the year ended 31 August 2012 were 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 accounting policies adopted in the preparation of the condensed consolidated interim financial statements (the "interim financial statements") are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 August 2012.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 August 2012, which have been prepared in accordance with IFRS.

These interim financial statements have been reviewed, not audited.

(a) Basis of preparation

The interim financial statements have been prepared on a historical cost basis, except for certain financial instruments as detailed in this note.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

(b) Basis of consolidation

Subsidiaries

The interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (together "the Group") made up to 28 February 2013. 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.

(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 statement of comprehensive income 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.

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Notes to the financial statements (continued)

1. Accounting policies (continued)

(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 statement of comprehensive income.

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 statement of comprehensive income 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 statement of comprehensive income.

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

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

Notes to the financial statements (continued)

1. Accounting policies (continued)

(f) Cash and cash equivalents

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

(g) Taxation

Profits arising in the Company for the 2013 year of assessment and future periods will be subject to tax at the rate of 0% (2012: 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 nor pays Goods and Services Tax. This fee is currently £200 (2012: £200) 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 statement of comprehensive income 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 statement of comprehensive income or in the statement of changes in equity depending on their nature.