THE OTTOMAN FUND LIMITED

Condensed Unaudited Interim Financial Statements and Half Yearly Report

For the six months ended 28 February 2014

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014

Chairman's Statement

Dear Shareholders,

Our net asset value as at 28 February 2014 was 50.6 pence per share as compared with a net asset value of 65.9 pence per share as at 31 August 2013. The primary reason for the reduction in Sterling denominated net asset value over that six month period was a return of capital of 6.37 pence per share following the sale of ten per cent of the Company's interest in the Riva land, a write down in the value of the Bodrum asset, and a currency "loss," which is a function of the significant decline in the US dollar and Turkish Lira as measured in Sterling over the period.

There is currency complexity in the Ottoman Fund. We hold our assets in Turkish subsidiaries, which are required to keep their books in Turkish lira, while the Ottoman Fund keeps its books in Sterling. Under IFRS our Turkish subsidiaries are typically required to book assets at historical Turkish lira cost, which is then translated into Sterling, our reporting currency, resulting in a gain or loss on our P&L. Our valuations are done in dollars and large land transactions in Turkey tend to be negotiated in US dollars and then translated into Turkish lira at the closing in accordance with local law. We do not hedge dollar or lira exposure so we are fully exposed to movement in each currency as against Sterling, our reporting currency.

Following period end we announced the sale of the remainder of the Riva land, bringing the total sales price for the land to $95.3 million. Our sales price was at about the US dollar book value of the asset. Congratulations are due our investment advisor Civitas Property Partners, specifically Ali Pamir, Firuz Soyuer, and Kerem Saltoglu, for facilitating this sale of our largest asset at book value. We have announced a return of capital of approximately £27 million of the sale proceeds for the end of this month and expect to announce a further return of capital following a capital reduction at our Turkish subsidiary. We currently expect to be able to make this announcement by the end of August.

Once that capital reduction and distribution are completed, subsequent to the year end, our balance sheet will primarily comprise two property related assets, the Bodrum land and a loan secured by the remaining Alanya units. We have those assets valued by two appraisal companies and for our balance sheet take an average of the two:

	BNP Paribas 28 February 2014 ($)	**TSKB 28 February 2014 ($)**	**Average 28 February 2014 ($)**	**Average 31 August 2013 ($)**
Bodrum	25,400,000	28,070,000	26,735,000	28,945,000
Alanya	3,458,000	3,375,000	3,416,500	4,825,000
TOTAL	**28,858,000**	**31,415,000**	**30,151,500**	**33,770,000**

We continue to sell units at Alanya and have sixteen available for sale. We continue our efforts to sell the Bodrum asset notwithstanding a subdued market for the Turkish holiday sector.

I look forward to writing you next when we release our annual report for the financial year ended 31 August 2014.

John D. Chapman
Chairman
The Ottoman Fund Limited
30 May 2014

Independent review report to the directors of The Ottoman Fund Limited

Introduction
We have been engaged by The Ottoman Fund Limited (the "Company") to review the condensed unaudited interim financial statements in the half-yearly financial report for the six months ended 28 February 2014, which comprise the condensed unaudited consolidated statement of financial position as at 28 February 2014, condensed unaudited consolidated statement of comprehensive income, condensed unaudited consolidated statement of changes in equity, condensed unaudited 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 unaudited 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 Company and its subsidiaries, together the "group", are prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board. The condensed set of unaudited financial statements included in this half-yearly financial report have 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 unaudited interim 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 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and the AIM Rules for Companies.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
30 May 2014

Notes

(i) The maintenance and integrity of The Ottoman Fund Limited website is the responsibility of the directors; the work carried out by the independent auditors does not involve consideration of these matters and, accordingly, the independent auditors accept no responsibility for any changes that may have occurred to the condensed unaudited interim financial statements and half-yearly report since they were initially presented on the website.

(ii) Legislation in Jersey governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014

Consolidated Statement of Comprehensive Income

	note	(unaudited) Six months ended 28 February 2014 £	(unaudited) Six months ended 28 February 2013 £	(audited) Year ended 31 August 2013 £
Revenue				
Finance income		160,970	117,582	247,518
Profit on sale of inventory		2,656,688	-	-
Total income		2,817,658	117,582	247,518
Operating Expenses				
Management/advisory fee	3	(186,401)	(104,945)	(197,930)
Other operating expenses		(280,701)	(488,663)	(837,794)
(Impairment)/write back of inventory	7	(2,685,000)	-	3,809,755
Loan impairment	8	-	(425,000)	(425,000)
Total operating expenses		(3,152,102)	(1,018,608)	2,349,031
Foreign exchange gains		1,497,077	322,409	846,703
Gain/(loss) before tax		**1,162,633**	**(578,617)**	**3,443,252**
Taxation	1(g)	(307,832)	(4,423)	(8,087)
Gain/(loss) for the period		**854,801**	**(583,040)**	**3,435,165**
Other comprehensive loss				
Foreign exchange on subsidiary translation		(1,140,729)	(25,020)	(725,056)
Foreign exchange loss on sale of inventory	7	(11,855,443)	-	-
Other comprehensive loss for the period		(12,996,172)	(25,020)	(725,056)
Total comprehensive (loss)/income for the period		**(12,141,371)**	**(608,060)**	**2,710,109**
Gain/(loss) attributable to:				
Equity shareholders of the Company		854,801	(583,026)	3,435,166
Minority interests		-	(14)	(1)
		854,801	**(583,040)**	**3,435,165**
Total comprehensive (loss)/gain attributable to:				
Equity shareholders of the Company		(12,141,365)	(608,049)	2,710,109
Minority interests		(6)	(11)	-
		(12,141,371)	**(608,060)**	**2,710,109**
Basic and diluted earnings per share (pence)	4	**0.63**	**(0.43)**	**2.55**

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

Consolidated Statement of Financial Position

	note	(unaudited) Six months ended 28 February 2014 £	(unaudited) Six months ended 28 February 2013 £	(audited) Year ended 31 August 2013 £
Assets				
Non-current assets				
Intangible assets	5	-	1,106	774
Plant and equipment	6	-	2,480	3,462
Inventories	7	33,918,775	78,718,372	82,589,097
Loans and receivables	8	2,014,709	2,958,676	2,923,760
		35,933,484	81,680,634	85,517,093
Current assets				
Other receivables		341,003	659,221	676,721
Cash and cash equivalents		37,536,437	3,273,947	2,766,951
		37,877,440	3,933,168	3,443,672
Total assets		73,810,924	85,613,802	88,960,765
Current liabilities				
Other payables		(5,670,007)	(69,683)	(98,477)
		(5,670,007)	(69,683)	(98,477)
Net assets		**68,140,917**	**85,544,119**	**88,862,288**
Equity				
Share capital	9	111,423,007	120,003,007	120,003,007
Retained earnings		(29,549,333)	(34,422,326)	(30,404,134)
Translation reserve		(13,732,762)	(36,563)	(736,596)
Equity attributable to owners of the parent		68,140,912	85,544,118	88,862,277
Minority interest equity		5	1	11
Total Equity		**68,140,917**	**85,544,119**	**88,862,288**
Net asset value per Ordinary share (pence)	10	**50.6**	**63.5**	**65.9**

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 30 May 2014.

Antony R. Gardner-Hillman

Andrew I. Wignall

THE OTTOMAN FUND LIMITED
CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014

Consolidated Statement of Changes in Equity

	Share capital £	Retained earnings £	Translation reserve £	Minority interest £	Total £
For the six months ended 28 February 2014 (unaudited)					
As at 1 September 2013	120,003,007	(30,404,134)	(736,596)	11	88,862,288
Return of capital	(8,580,000)				(8,580,000)
Gain for the period	-	854,801	-	-	854,801
Foreign exchange on subsidiary translation	-	-	(12,996,166)	(6)	(12,996,172)
At 28 February 2014	**111,423,007**	**(29,549,333)**	**(13,732,762)**	**5**	**68,140,917**
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 year ended 31 August 2013 (audited)					
As at 1 September 2012	120,003,007	(33,839,300)	(11,540)	12	86,152,179
Gain for the year	-	3,435,166	-	(1)	3,435,165
Foreign exchange on subsidiary translation	-	-	(725,056)	-	(725,056)
At 31 August 2013	**120,003,007**	**(30,404,134)**	**(736,596)**	**11**	**88,862,288**

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

Consolidated Statement of Cash Flows

	(unaudited) Six months ended 28 February 2014	(unaudited) Six months ended 28 February 2013	(audited) Year ended 31 August 2013
Cash flow from operating activities	**£**	**£**	**£**
Net gain/(loss) for the period	854,801	(583,040)	3,435,165
Adjustments for:			
Interest	(160,970)	(117,582)	(247,518)
Tax	307,832	4,423	8,087
Depreciation	3,462	383	496
Amortisation	774	332	664
Impairment/(write back) of inventory	2,685,000	-	(3,809,755)
Impairment of loan	-	425,000	425,000
Profit on sale of inventory	(2,656,688)	-	-
	1,034,211	(270,484)	(187,861)
Net foreign exchange losses/(gains)	1,598,768	(336,508)	(1,001,639)
Decrease/(increase) in other receivables	335,718	(9,663)	(27,163)
Increase/(decrease) in other payables	5,571,530	(7,710)	21,084
Net cash inflow/(outflow) from operating activities before interest, depreciation, amortisation and tax	**8,540,227**	**(624,365)**	**(1,195,579)**
Interest received	160,970	117,582	247,518
Taxation	(307,832)	(4,423)	(8,087)
Net cash inflow/(outflow) from operating activities	**8,393,365**	**(511,206)**	**(956,148)**
Cash flow from investing activities			
Purchase of inventories	(39,389)	(82,390)	(143,360)
Proceeds on sale of inventories	34,169,267	-	-
Purchase of plant and equipment	-	-	(1,095)
Repayment of loan	826,220	798,465	798,465
Net cash inflow from investing activities	**34,956,099**	**716,075**	**654,010**
Cash flow from financing activities			
Return of Capital	(8,580,000)	-	-
Net cash outflow from financing activities	**(8,580,000)**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	**34,769,463**	**204,869**	**(302,138)**
Cash and cash equivalents at start of period	2,766,951	3,069,128	3,063,128
Effect of foreign exchange rates	23	(50)	(39)
Cash and cash equivalents at end of period	**37,536,437**	**3,273,947**	**2,766,951**

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

Notes to the financial statements

1. Accounting policies
The annual financial statements for the year ended 31 August 2013 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 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 2014. 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 2013.

The Ottoman Fund Limited has invested in Turkish land and new-build residential property in Riva (sold post period end), Bodrum and Alanya. 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.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 August 2013, 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 Group has cash and cash equivalents in excess of £37.54m at the period end and liabilities of only £5.67m, relating primarily to VAT payable from the sale of the Riva land during the period. The Directors have reviewed this information and are comfortable that the Company will continue as a financially viable entity for the foreseeable future. Based on this, the financial statements have been prepared on a going concern basis.

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

(b) Basis of consolidation
Subsidiaries
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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

(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.

(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 statement of financial position 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 statement of financial position 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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

(e) Non current assets (continued)

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 statement of financial position 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.

(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 2014 year of assessment and future periods will be subject to tax at the rate of 0% (2013: 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 (2013: £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 statement of financial position 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 statement of financial position 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 statement of financial position 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):

Notes to the financial statements (continued)

1. Accounting policies (continued)

(h) Foreign currency (continued)

- 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 statement of financial position date; and
- items to be included in the statement of comprehensive income are translated at the average exchange rates for the period 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.

(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 statement of comprehensive income.

(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 inventory net realisable value and loan recoverability
In reflection of the economic environment and market conditions during the current period, which have improved compared to previous years, the frequency of transactions similar to the inventory and apartments on an arm's length basis remained low although more transactions took place than in the prior periods.

Consistent with previous periods the Company has obtained two independent valuations which have been reviewed by the Board. In prior periods, the more conservative of the two valuations was used as the starting point for the assessment of the net realisable values as the Directors believed this represented a more realistic and prudent outcome. As in the prior period, the valuations are significantly different from each other. The reasons for the differences in the two valuations obtained arise primarily due to differing assumptions used by the valuers, exacerbated by the lack of recent comparative sales and the unique nature of the assets. Following discussions with the Investment Advisor and the valuers, the Directors believe that an average of the two valuations taking into account other management assumptions represents the most appropriate estimate of the assets' value. As such this average valuation has been used in the Directors' assessment of the net realisable value of the properties and the recoverability of the loan receivable from Mandalina (note 8).

As a result of their assessment, the Directors believe that impairment is required to inventory, please refer to note 7, although no impairment is necessary to the loan receivable, please refer to note 8 for further details.

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

Notes to the financial statements (continued)

2. 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 two 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. ("Civitas"). During this financial period Civitas has 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 1. In addition the period end valuations provided by BNP Paribas (through an alliance member, Kuzeybati) 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.

3. Management fee

	Six months ended 28 February 2014	Six months ended 28 February 2013	Year ended 31 August 2013
	£	£	£
Management fee	186,401	104,945	197,930

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 and an incentive component based on a percentage of realisation value. The incentive fee paid for the period to 28 February 2014 was £18,217 (28 February 2013: £18,298; 31 August 2013: £ 18,298).

4. Earnings per share
Basic earnings per share is calculated by dividing the gain/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 28 February 2014	Six months ended 28 February 2013	Year ended 31 August 2013
Gain/(loss) attributable to equity holders of the group	£854,801	(£583,026)	£3,435,165
Weighted average number of ordinary shares in issue	134,764,709	134,764,709	134,764,709

Due to the options lapsing without exercise in December 2010, there is no dilution to the earnings per share.
The earnings per share are calculated as 0.63 pence (28 February 2013: (0.43) pence; 31 August 2013: 2.55 pence).

Notes to the financial statements (continued)

5. Intangible assets

	Six months ended 28 February 2014	**Six months ended 28 February 2013**	**Year ended 31 August 2013**
	£	**£**	**£**
Opening net book value	774	1,438	1,438
Amortisation and impairment charge	(774)	(332)	(664)
Closing net book value	**-**	**1,106**	**774**

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

6. Plant and equipment

	Six months ended 28 February 2014	**Six months ended 28 February 2013**	**Year ended 31 August 2013**
	£	**£**	**£**
Opening net book value	3,462	2,863	2,863
Additions	-	-	1,095
Depreciation	(3,462)	(383)	(496)
Closing net book value	**-**	**2,480**	**3,462**

7. Inventories

	Six months ended 28 February 2014	**Six months ended 28 February 2013**	**Year ended 31 August 2013**
	£	**£**	**£**
Opening net realisable value	82,589,097	78,635,982	78,635,982
Purchases at cost	39,389	82,390	143,360
Sale during the period	(48,681,399)	-	-
Profit on sale	2,656,688	-	-
(Impairment)/write back of inventory	(2,685,000)	-	3,809,755
Closing net realisable value	**33,918,775**	**78,718,372**	**82,589,097**

This represents 149,550 square metres of development land on the Bodrum peninsula and 318,916 square metres on the Riva coastline.

The directors have assessed the net realisable value at 28 February 2014 using the same approach as at the year end (31 August 2013) and have assessed that the Bodrum land requires impairment by the amount noted above (the write back and impairment at 31 August 2013 related to Riva and Bodrum).

During the period there was a sale of 612,823 square metres of Riva. The foreign exchange loss on sale of inventory included in other comprehensive income of £11,855,443 is a result of Riva being held at the historical cost (and therefore historical exchange rates) due to all previous impairments having been written back and exchange rate fluctuations between Pound Sterling, Turkish Lira and US Dollar since the initial purchase of the land.

Notes to the financial statements (continued)

8. Loans and receivables

	Six months ended 28 February 2014	Six months ended 28 February 2013	Year ended 31 August 2013
	£	£	£
Opening Balance	2,923,760	3,870,603	3,870,603
Repayment of loan	(826,220)	(798,465)	(798,465)
Impairment of loan	-	(425,000)	(425,000)
Exchange (loss)/gain revaluation of loan	(82,831)	311,538	276,622
Closing Balance	**2,014,709**	**2,958,676**	**2,923,760**

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

9. Called up 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	111,423,007

2 founder shares of no par value are held by 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.

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.

Notes to the financial statements (continued)

10. Net asset value per share
The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £68,140,917 on 134,764,709 shares (28 February 2013: £85,544,119 on 134,764,709 shares; 31 August 2013: £88,862,288 on 134,764,709 shares).

11. Financial risk management
The disclosure on the financial risk management 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 BNP Paribas and TSKB. 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 8 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, due to the likelihood of it occurring being deemed to be minimal.

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 A2.

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.

Notes to the financial statements (continued)

11. Financial risk management (continued)

(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 given, the Group's exposure.

Currency rate exposure

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

Currency	Non-current assets 28 February 2014	Net monetary assets 28 February 2014	Liabilities 28 February 2014	Non-current Assets 28 February 2013	Net monetary assets 28 February 2013	Liabilities 28 February 2013
	£	£	£	£	£	£
Sterling	-	1,148,543	(33,034)	-	2,223,434	(52,795)
Euro	2,014,709	659	-	2,958,676	2,981	-
US Dollar	33,918,775	36,391,075	-	78,718,372	1,017,459	-
Turkish Lira	-	(5,332,844)	(5,636,973)	3,586	619,611	(16,888)
	35,933,484	32,207,433	(5,670,007)	81,680,634	3,863,485	(69,683)

	31 August 2013	31 August 2013	31 August 2013
	£	£	£
Sterling	-	1,879,325	(71,536)
Euro	2,923,760	548	-
US Dollar	82,589,097	844,608	-
Turkish Lira	4,236	620,714	(26,941)
	85,517,093	3,345,195	(98,477)

Notes to the financial statements (continued)

11. Financial risk management (continued)

(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, given the Group's exposure.

The Company holds only cash deposits.

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

	Floating rate 28 February 2014	Non-interest bearing 28 February 2014	Floating rate 28 February 2013	Non-interest bearing 28 February 2013	Floating rate 31 August 2013	Non-interest bearing 31 August 2013
	£	£	£	£	£	£
Sterling	1,143,941	219	2,251,312	-	1,917,248	246
Euro	-	2,015,368	-	2,961,657	-	2,924,308
US Dollar	70,309,821	29	1,007,852	78,727,979	844,608	82,589,097
Turkish Lira	-	543	-	5,781	-	8,537
	71,453,762	2,016,159	3,529,164	81,695,417	2,761,856	85,522,188

(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 28 February 2014 the Group does not have any significant liabilities due.

The Group has sufficient cash reserves to meet liabilities due.

12. Contingent liability

The Directors have been informed that an intermediate Turkish court has upheld an administrative order disallowing certain tax benefits from a restructuring transaction that may have had similarities to the restructuring of Osmanli Yapi 2. This intermediate court decision is now under appeal to the Turkish Supreme Court. The Company is monitoring the appeal, but at present this development does not meet the Recognition criteria under IAS 37, and the Directors have consequently made no provision in the accounts.

Notes to the financial statements (continued)

13. Related party transactions
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 14.

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 3.

Sinan Kalpakcioglu is a Turkish resident consultant to The Ottoman Fund Limited. Mr Kalpakcioglu is a director and shareholder of the Turkish subsidiaries due to Turkish law requirements. Mr Kalpakcioglu receives no additional benefit from being a shareholder of the Turkish subsidiaries. Fees paid to Mr Kalpakcioglu during the period amounted to £23,600 (28 February 2013: £16,933; 31 August 2013: £48,400); £7,867 remained outstanding at the period end (28 February 2013: £7,867; 31 August 2013: £7,867).

Vistra Nominees I Limited is a related party being the holder of the 2 founder shares of The Ottoman Fund Limited.

Sinan Kalpakcioglu and Ali Pamir are shareholders in Mandalina, which holds the title to the Alanya apartments.

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

14. Directors' interests
Total compensation (excluding performance fees) paid to the Directors during the period was £75,000 (28 February 2013: £75,000; 31 August 2013: £150,000).

During the period 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 performance fee. A performance fee was paid in the prior year amounting to £62,657.

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

15. Subsequent Events
On 9 May 2014, the Company announced a return of capital of approximately £27 million, or 20.0572 pence per share, payable to shareholders of record as of 16 May 2014. The shares traded ex-entitlement on 14 May 2014 and the payment date was 27 May 2014. This return of capital comprised the sale proceeds from the sale of Riva Land announced on 6 February 2014.

On 15 May 2014, the Company announced it had sold the remainder of its Riva land for $101 per m^2, or a total of $32,210,482.67 plus VAT to Danis Tourism and Construction A.Ş and Levent Selamoglu. The sale price approximated the Company's last published book value for Riva. Taxes will be payable on the profits from the sale, which primarily result from currency gains. The Company's Board of Directors expects to announce a return of capital once a capital reduction in Turkey has been completed.

Other than the above, the Directors are satisfied that there were no material events subsequent to the period end that would have an effect on these financial statements.

Corporate Information

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Andrew I. Wignall
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