**For Immediate Release** **21 May 2009**

**THE OTTOMAN FUND LIMITED**

**Interim Results for the period ended 28 February 2009**

The Ottoman Fund, which invests in the development of local housing and holiday homes in the major cities and coastal resorts of Turkey, announces its interim results for the six months ended 28 February 2009.

The Fund is managed by Development Capital Management (Jersey) Limited.

Copies of the Financial Statements are currently being printed and will be sent to shareholders shortly. They may also be obtained free of charge from Development Capital Management Limited, 36 Dover Street, London, W1S 4NH.

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**THE OTTOMAN FUND LIMITED**
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2009

Dear Shareholders:

As this is my first letter to you as Chairman, I would like to dispense with the usual format and focus on some key issues, including asset valuation, progress in selling assets, structural changes to the board, and the new board's plans to internalise management and reduce costs.

**Valuation Issues**

One might think that since most of our assets are at least in the colloquial sense "investments," they would be marked to market. But under the relevant accounting rules they are considered "inventory" rather than "investment property" and must therefore be carried on the balance sheet at historical cost. Our unaudited Net Asset Value ("NAV") is essentially that historical cost. To supplement the balance sheet information, the Company also reports an adjusted or "fair value" NAV. The primary difference between the two is that adjusted NAV is based on periodic asset revaluation plus currency movements.

Unaudited NAV as at 28 February 2009 was £121.6m (31 August 2008: £121.7m), of which £20.1m was cash (31 August 2008: £20.9m). The NAV per ordinary share has decreased to 90.2p from 90.3p at 31 August 2008. As of 28 February 2009 the Company also had an adjusted NAV of 107.4p per share, as compared with 106.1p six months earlier, and 97.5p a year earlier. The year on year change reflects primarily the benefit of currency movements, in particular the strengthening of the dollar against sterling. This is significant from an NAV perspective since our property assets are valued in dollars while our functional currency is sterling. Measured in constant dollars our portfolio declined in value over the accounting period by about twenty per cent.

The core of "fair value" NAV is a third party's appraisal of our assets. Semi-annually two Turkish valuation companies, Kuzey Bati Worldwide Real Estate Services and TSKB Real Estate Appraisal Company each appraise our assets. Kuzey Bati is an international associate of Savills Commercial Limited, while TKSB is a Turkish Capital Markets Board approved valuation company. These companies are faced with a number of difficulties in providing objective valuations of Turkish property assets as there is no public registry recording transaction prices, the market is shallow and, especially outside of Istanbul, there is a low volume of transactions. In addition there is often low transparency on data, in part for local tax reasons. Given this reality, the appraisers are forced to focus on asking prices as opposed to sale prices. They then make adjustments based on their experience and expertise. It is difficult to test objectively the adjustments and the relationship between asking price and value. Nonetheless, this is probably the best methodology available. Given these weaknesses, though, shareholders should be cautious in trying to extrapolate likely realisation amounts from these valuations.

We derive "fair value" NAV as follows:

| | |
|---|---|
| **Net assets as at 28 February 2009** | **£121,555,619** |
| Decrease in valuation of inventory properties based on independent valuations | |
| Golturkbuku, Bodrum | £(2,041,338) |
| Riva | £(1,750,534) |
| Kazikli | £(211,872) |
| Total decrease in valuation of inventory properties at acquisition exchange rate | £(4,003,744) |
| **NAV (fair value basis) before foreign exchange gain** | **£117,551,875** |
| **NAV per share (fair value basis) before foreign exchange gain** | **87.2p** |
| Foreign exchange gain | |
| Golturkbuku, Bodrum | £5,817,635 |
| Riva | £19,684,301 |
| Kazikli | £1,629,601 |
| Total increase from foreign exchange | £27,131,537 |
| **Net asset value (fair value basis)** | **£144,683,412** |
| Number of ordinary shares in issue | 134,764,709 |
| Net asset value per share at 28 February 2009 (fair value basis) | 107.4p |

Net asset value per share at 31 August 2008 (fair value basis) 106.1p

**Progress in Realization of Assets**

In November 2007 the board announced that following the completion of a strategic review the Company's portfolio would be "progressively realized in a managed way over the next 18-24 months so as to maximize the portfolio's value potential and shareholder returns." Eighteen months into this process, the results so far can only be termed disappointing. Although the Company has received some low offers and indications of interest, no buyer has emerged for the Company or any of its assets at anything approaching an appropriate price. This result is perhaps unsurprising.

As a consequence of these results as well as the global financial crisis and its disproportionate effects on the property sector and emerging market assets, the new board will need to revisit this strategy and consider whether it is the best way forward.

**Structural Changes to the Board**

On 13 March 2009, all of our directors except for me resigned. At the same time we added two new Jersey resident directors. I was then elected the Chairman. The new board invited representatives of each of our three largest shareholders to join the board. Under applicable regulations, prospective directors must first be approved by the Jersey Financial Services Commission before they can join the board. One has now been approved and we are waiting for regulatory approval for the other two. Once the new board is constituted, it will comprise three independent directors and three shareholder representatives, collectively representing holders of in excess of seventy per cent. of the Company's shares.

**Internalisation Strategy**

As previously reported, we are continuing to take substantial steps to reduce our cost base primarily through a plan to internalise Company management and thus streamline the current Company/external adviser/external manager structure. Under Jersey law, the way the internalisation process works is that the board must decide on an appropriate structure then obtain regulatory and shareholder approval. On 30 June 2008 the board gave the manager notice that its contract would be terminated as of 31 December 2008. As of 1 January 2009, the Company entered into a new arrangement with the manager that extended its contract first to 31 March 2009 and then to 30 June 2009 for a fee of about 25 per cent. of what had been paid under the original contract. As of 31 May 2009 that contract can be terminated on one month's notice. We expect that prior to the end of June we will have a plan that will have been presented to the regulator in the form of a circular to shareholders. Once the regulator is satisfied with our proposed structure we will submit the circular for shareholder approval.

**Portfolio**

Our portfolio continues to comprise the following four investments:

***Riverside***, which is a completed holiday development in Alanya, a resort destination on the Mediterranean, in the Antalya province. The development comprises four high rise buildings with 215 apartments, of which the Company has financed 107, as well as recreational facilities. Sales have been slow with only two sales completed and an additional five under contract. Current book value is £8.7m and the appraised valuation as of 28 February 2009 was £8.7m*.

***Golturkbuku***, which is semi-developed land on the Bodrum peninsula, a high-end resort location for wealthy Turkish and international purchasers. The projected development is designed to include 247 units of villas, apartments and hotel villas with a built up area of approximately 60,000 square metres. Banyan Tree Hotels and Resorts has agreed to provide hotel and residence management and interior design services for their first venture into Turkey. The project's master plan has been completed by WATG, with architectural designs provided by local architects YPU. Golturkbuku has a book value of £24.0m and was appraised on 28 February 2009 at £27.7m*.

***Kazikli***, which is zoned though undeveloped land overlooking a spectacular natural bay. This development is a joint venture with the Ado Group, a leading regional supplier of building materials. The planned development is designed to comprise approximately 334 luxury villas, some with private moorings, 91 hotel rooms and supporting leisure and social facilities. The master plan and concept design process has been completed by Atelier Xavier Bohl, who was also involved with similar projects in Port Alacati, Marina Limassol and Larnaca. Kazikli has a

current book value of £5.5m and was appraised on 28 February 2009 at £6.9m*.

***Riva***, which is a large land parcel comprising 931,739 square metres of unzoned land to the north east of the Asian side of Istanbul. Riva represents one of the last significant contiguous areas available for large scale housing development close to downtown Istanbul. The Company has received approval of its 1:1000 scale plans from the Beykoz Municipality and together with other significant landowners in Riva continues to discuss the new 1:5000 scale plan with the Istanbul Metropolitan Municipality. Riva has a current book value of £62.7m and was appraised on 28 February 2009 at £80.6m*.

** Converted at the prevailing exchange rate at 28 February 2009.*

* * * *

The last six months have been difficult. Although Turkey has so far been spared the worst effects of the global downturn, economic activity in general has slowed while development activity in particular has slowed considerably, with [Government figures showing] the number of new construction permits issued declining by about 17 per cent. during 2008. The Turkish Central Bank has attempted to stimulate demand by cutting interest rates and unemployment has reached 15.5 per cent. of the workforce. The Turkish banking system has so far been largely spared many of the problems facing economies such as the US and UK, with the sector benefiting from regulatory reforms introduced in response to Turkey's own banking crisis in 2001. However, risk appetite has undoubtedly contracted and lending criteria significantly tightened for those seeking to finance real estate development.

In this climate, the manager's efforts to sell assets at appropriate prices have so far been unsuccessful. The board is now focusing on cutting costs and will be taking a more active role in the Company's management. We will need to reconsider our strategy and take those steps necessary to ensure that our shareholders receive value for their investments.

Lastly, I would like on behalf of the Company to express our appreciation to the former board and its Chairman for steering the Company through these difficult times.

Respectfully yours,

John D. Chapman
Chairman
20 May 2009

**Consolidated Income Statement**

| | notes | (unaudited) Six months ended 28 February 2009 £ | (unaudited) Six months ended 29 February 2008 £ | (audited) Year ended 31 August 2008 £ |
|---|---|---|---|---|
| Revenue | | 6,395 | - | - |
| Bank interest | | 308,554 | 813,185 | 1,307,327 |
| **Total income** | | 314,949 | 813,185 | 1,307,327 |
| **Operating expenses** | | | | |
| Management fee | 2 | (1,132,740) | (1,495,890) | (3,008,219) |
| Other operating expenses | | (578,879) | (715,073) | (1,349,199) |
| Unrealised loss on loans and receivables | | (499,727) | - | - |
| Foreign exchange gains | | 947,946 | 469,670 | 1,485,810 |
| **Total operating expenses** | | (1,263,400) | (1,741,293) | (2,871,608) |
| **Loss before tax** | | (948,451) | (928,108) | (1,564,281) |
| **Tax** | | (27,153) | (15,988) | (16,478) |
| **Loss for the period** | | (975,604) | (944,096) | (1,580,759) |
| **Attributable to:** | | | | |
| Equity shareholders of the Company | | (975,600) | (944,089) | (1,580,746) |
| Minority interest | | (4) | (7) | (13) |
| | | (975,604) | (944,096) | (1,580,759) |
| **Basic and diluted loss per share (pence)** | 3 | **(0.72)** | **(0.70)** | **(1.13)** |

**Consolidated Balance Sheet**

| | notes | (unaudited) 28 February 2009 £ | (unaudited) 29 February 2008 £ | (audited) 31 August 2008 £ |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | 4 | 5,884 | 31,446 | 4,976 |
| Plant and equipment | 5 | 27,514 | 18,373 | 37,700 |
| Inventories | 6 | 92,165,002 | 91,502,129 | 91,503,254 |
| Loans and receivables | 7 | 8,685,404 | 7,670,498 | 8,573,984 |
| | | 100,883,804 | 99,222,446 | 100,119,914 |
| **Current assets** | | | | |
| Other receivables | | 859,668 | 932,295 | 1,015,427 |
| Cash and cash equivalents | | 20,069,747 | 22,480,313 | 20,900,040 |
| | | 20,929,415 | 23,412,608 | 21,915,467 |
| **Total assets** | | 121,813,219 | 122,635,054 | 122,035,381 |
| **Current liabilities** | | | | |
| Other payables | | (257,600) | (230,234) | (314,522) |
| **Net assets** | | **121,555,619** | **122,404,820** | **121,720,859** |
| **Equity** | | | | |
| Share capital | 8 | 135,483,052 | 135,483,052 | 135,483,052 |
| Retained earnings | | (13,927,511) | (13,078,258) | (13,762,210) |
| **Equity attributable to owners of the Company** | | 121,555,541 | 122,404,794 | 121,720,842 |
| Minority interest equity | | 78 | 26 | 17 |
| **Total equity** | | **121,555,619** | **122,404,820** | **121,720,859** |
| **Net asset value per share (pence)** | 9 | **90.2** | **90.8** | **90.3** |

These financial statements were approved by the board of directors on 20 May 2009.

John D. Chapman
Chairman

**Consolidated Statement of Changes in Equity**

**Group**

| | Share capital | Retained earnings | Minority interest | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **For the six months ended 28 February 2009 (unaudited)** | | | | |
| Balance at 1 September 2008 | 135,483,052 | (13,762,210) | 17 | 121,720,859 |
| Loss for the period | - | (975,600) | (4) | (975,604) |
| Foreign exchange on subsidiary translation | - | 810,299 | 65 | 810,364 |
| **At 28 February 2009** | 135,483,052 | (13,927,511) | 78 | 121,555,619 |
| | | | | |
| **For the six months ended 29 February 2008 (unaudited)** | | | | |
| Balance at 1 September 2007 | 150,000,000 | (12,613,335) | (5) | 137,386,660 |
| Reduction of ordinary share capital | (14,516,948) | - | - | (14,516,948) |
| Loss for the period | - | (944,089) | (7) | (944,096) |
| Foreign exchange on subsidiary translation | - | 479,166 | 38 | 479,204 |
| **At 29 February 2008** | 135,483,052 | (13,078,258) | 26 | 122,404,820 |
| | | | | |
| **For the year ended 31 August 2008 (audited)** | | | | |
| Balance at 1 September 2007 | 150,000,000 | (12,613,335) | (5) | 137,386,660 |
| Reduction of ordinary share capital | (14,516,948) | - | - | (14,516,948) |
| Loss for the year | - | (1,580,746) | (13) | (1,580,759) |
| Foreign exchange on subsidiary translation | - | 431,871 | 35 | 431,906 |
| **At 31 August 2008** | 135,483,052 | (13,762,210) | 17 | 121,720,859 |

**Consolidated Statement of Cash Flows**

| | (unaudited) Six months ended 28 February 2009 | (unaudited) Six months ended 29 February 2008 | (audited) Year ended 31 August 2008 |
|---|---|---|---|
| | £ | £ | £ |
| **Cashflow from operating activities** | | | |
| Revenue | 6,395 | - | - |
| Bank interest received | 308,554 | 813,185 | 1,307,327 |
| Operating expenses | (1,263,400) | (1,741,293) | (2,871,608) |
| Loss for the period | (948,451) | (928,108) | (1,564,281) |
| | | | |
| Unrealised loss on loans and receivables | 499,727 | - | - |
| Net foreign exchange gains | (947,946) | (469,670) | (1,485,810) |
| Decrease/(increase) in other receivables | 155,759 | (335,278) | (401,932) |
| (Decrease)/increase in other payables | (56,922) | (5,021,420) | 28,358 |
| **Net cash outflow from operating activities before tax** | (1,297,833) | (6,754,476) | (3,423,665) |
| | | | |
| Tax | (27,153) | - | (16,478) |
| | | | |
| **Net cash outflow from operating activities** | (1,324,986) | (6,754,476) | (3,440,143) |
| | | | |
| **Cash flow from investing activities** | | | |
| Purchase of inventories | (661,748) | (1,574,347) | (6,540,962) |
| Purchase of plant and equipment | (627) | (21,434) | (66,802) |
| Purchase of intangible assets | (2,544) | (46,522) | (5,232) |
| Repayment of loan from developer | 255,328 | - | - |
| **Net cash outflow from investing activities** | (409,591) | (1,642,303) | (6,612,996) |
| | | | |
| **Cash flow from financing activities** | | | |
| Share buy-back | - | (14,516,948) | (14,516,948) |
| **Net cash outflow from financing activities** | - | (14,516,948) | (14,516,948) |
| | | | |
| **Net decrease in cash and cash equivalents** | (1,734,577) | (22,913,727) | (24,570,087) |
| | | | |
| **Cash and cash equivalents at start of the period** | 20,900,040 | 44,898,891 | 44,898,891 |
| Effect of foreign exchange rates | 904,284 | 495,149 | 571,236 |
| **Cash and cash equivalents at end of the period** | **20,069,747** | **22,480,313** | **20,900,040** |

Notes to the financial statements

## 1. Accounting Policies

These condensed financial statements 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 accounting policies adopted in the preparation of the half yearly financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 August 2008.

### (a) Basis of preparation

The interim financial statements have been prepared on a historical cost basis, except for certain financial instruments detailed below.

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) made up to 28 February 2009. 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 subsidiaries are included in the consolidated financial statements from the date that control commences up to the date that control ceases.

**Joint ventures**
A joint venture is a contractual agreement whereby two or more entities undertake an activity that is the subject of joint control. The results and assets and liabilities of joint ventures held by subsidiaries are incorporated in this report using the proportionate consolidation method.

### (c) Revenue recognition

Interest receivable on fixed interest securities is recognised on an effective yield basis. Interest on short term deposits, expenses and interest payable is treated on an accruals basis.

### (d) Expenses

All expenses are charged through the income statement in the period in which the services or goods are provided to the Company 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

**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 Company reviews the carrying amount of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

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

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, other than land or properties under construction, over their estimated useful lives, using straight line method on the following bases:

| | |
|---|---|
| Leasehold improvements | 3 years |
| Furniture | 5 years |
| Computers | 4 years |
| Computer software | 3 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.

**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.

**(f) Movements in fair value**

Changes in the fair value of all held-at-fair value assets are taken to the income statement. On disposal, realised gains and losses are also recognised in the income statement.

**(g) Cash and cash equivalents**

Cash and cash equivalents comprise current deposits with banks.

**(h) Taxation**

The Company is an exempt company for Jersey taxation purposes. The Company pays an exempt company fee for each Jersey incorporated company within the Group, which is currently £600 per annum. However, withholding tax may be payable on repatriation of assets and income to the Company.

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

**(i) Foreign currency**

The results and financial position of the Group are expressed in pounds sterling, which is the functional currency of the Group.

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non monetary assets and liabilities that are fair valued and that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences on translation of the Group's net investment in foreign operations are recognised directly in equity.

**(j) 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.

**2. Management Fee**

| | Six months ended 28 February 2009 £ | Six months ended 29 February 2008 £ | For year ended 31 August 2008 £ |
|---|---|---|---|
| Management fee | 1,132,740 | 1,495,890 | 3,008,219 |

On 30 June 2008, the Company notified the manager that the management agreement would be terminated with effect from 31 December 2008. On 6 January 2009 the Company extended the manager's contract for a further three months, with the fees being reduced to £65,000 per month. On 2 April 2009, the Company extended the manager's contract on the same basis. As of 31 May 2009 that contract can be terminated on one month's notice.

**3. Earnings per share**

The basic and diluted earnings per ordinary share is based on the net loss for the period of £975,604 and 134,764,709 shares, being the weighted average number of shares. (29 February 2008: loss £944,096 and 138,178,080 shares; 31 August 2008: loss £1,580,759 and 138,178,080 shares).

**4. Intangible assets**

| | 28 February 2009 £ | 29 February 2008 £ | 31 August 2008 £ |
|---|---|---|---|
| Opening book cost | 4,976 | 3,099 | 3,099 |
| Additions | 2,544 | 46,522 | 5,232 |
| Amortisation and impairment charge | (1,636) | (18,175) | (3,355) |
| Closing net book cost | **5,884** | **31,446** | **4,976** |

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

**5. Plant and equipment**

| | 28 February 2009 £ | 29 February 2008 £ | 31 August 2008 £ |
|---|---|---|---|
| Opening book cost | 37,700 | - | - |
| Additions | 627 | 21,434 | 66,802 |
| Disposals | (2,298) | - | - |
| Amortisation and impairment charge | (8,515) | (3,061) | (29,102) |
| Closing net book cost | **27,514** | **18,373** | **37,700** |

**6. Inventories**

| | 28 February 2009 £ | 29 February 2008 £ | 31 August 2008 £ |
|---|---|---|---|
| Opening book cost | 91,503,254 | 89,927,782 | 89,927,782 |

| | | | |
|---|---|---|---|
| Purchases at cost | 661,748 | 1,574,347 | 1,575,472 |
| Closing book cost | **92,165,002** | **91,502,129** | **91,503,254** |

This represents the purchase of 931,739 square metres on the Riva coastline, 185,175 square metres of development land on the Bodrum peninsula and 247,664 square metres, of which the Group has a 50 per cent. share, in the Kazikli village in the district of Milas.

**7. Loans and receivables**

| | 28 February 2009 | 29 February 2008 | 31 August 2008 |
|---|---|---|---|
| | £ | £ | £ |
| Opening balance | 8,573,984 | 7,270,339 | 7,211,525 |
| Repayment of loan | (255,328) | - | - |
| Unrealised depreciation | (499,727) | - | - |
| Exchange gain on revaluation of loan | 866,475 | 400,159 | 1,362,459 |
| Closing balance | **8,685,404** | **7,670,498** | **8,573,984** |

The third party loan is €10,061,434 in respect of the investment in the Riverside Resort in Alanya and secured by a mortgage on that property. The property was valued at 28 February 2009 by Kuzey Bati Real Estate on the basis of open market value at €9,747,195. No interest is accruing and repayments are based upon sales of the development.

**8. 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 | 135,483,052 |

On incorporation of the Company, 2 founder shares of no par value were issued to the manager. These shares are not eligible for participation in the Company's investments and carry no voting rights at general meetings of the Company.

**9. Net asset value per share**

The net asset value per ordinary share is based on the net assets attributable to equity shareholders of £121,555,619 and 134,764,709 shares. (29 February 2008: £122,404,820 on 134,764,709 shares; 31 August 2008: £121,720,859 on 134,764,709 shares).

## 10. Financial instruments

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

The principal risks the Group faces through the holding of financial instruments are market price risk, credit risk, foreign currency risk, interest rate risk and liquidity risk.

The board reviews and agrees policies for managing each of these risks. As required by IAS32: Financial Instruments: Presentation, an analysis of financial assets and liabilities, which identifies the risk to the Group of holding such items is given below.

**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 and movements in exchange rates.

**Credit risk**
The Group places loans with third parties and is therefore potentially at risk from the failure of any such third party of which it is a creditor. Recovery of the one outstanding loan at 28 February 2009 is dependent on successful completion and sale of properties by a third party developer. Further details of the loan made to the developer can be found in note 7.

**Foreign currency risk**
The Group operates sterling, euro, US dollar and Turkish lira bank accounts. Exchange gains or losses arise as a result of the movement in the exchange rate between the date of the transaction denominated in a currency other than sterling and its settlement.

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

| | Non-current assets 28 February 2009 | Net monetary assets 28 February 2009 | Non-current assets 29 February 2008 | Net monetary assets 29 February 2008 | Non-current assets 31 August 2008 | Net monetary assets 31 August 2008 |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| Sterling | - | 14,783,348 | - | 17,740,743 | - | 16,114,878 |
| Euro | 8,685,404 | 1,150,637 | 7,670,498 | 714,320 | 8,573,984 | 774,914 |
| US dollar | 92,165,002 | 4,025,699 | 91,502,129 | 3,639,468 | 91,503,254 | 3,823,355 |
| Turkish lira | 33,398 | 712,131 | 49,819 | 1,087,842 | 42,676 | 887,798 |
| | **100,883,804** | **20,671,815** | **99,222,446** | **23,182,374** | **100,119,914** | **21,600,945** |

**Interest rate risk**
Interest rate movements may affect: (i) the fair value of the investments in fixed rate securities, (ii) the level of income receivable on cash deposits, (iii) interest payable on any variable rate borrowings.

The interest profile of the Group, excluding short term debtors and creditors, was as follows:

| Assets | Floating rate 28 February 2009 £ | Non interest bearing 28 February 2009 £ | Floating rate 29 February 2008 £ | Non interest bearing 29 February 2008 £ | Floating rate 31 August 2008 £ | Non interest bearing 31 August 2008 £ |
|---|---|---|---|---|---|---|
| Sterling | 14,891,461 | - | 17,837,040 | - | 16,262,692 | - |
| Euro | 1,150,637 | 8,685,404 | 714,320 | 7,670,498 | 774,914 | 8,573,984 |
| US dollar | 4,025,699 | 92,165,002 | 3,639,468 | 91,502,129 | 3,823,355 | 91,503,254 |
| Turkish lira | 1,950 | 33,398 | 289,485 | 49,819 | 39,079 | 42,676 |
| | **20,069,747** | **100,883,804** | **22,480,314** | **99,222,446** | **20,900,040** | **100,119,914** |

**Liquidity risk**

The Group's assets mainly comprise cash balances and realisable investments, which can be sold to meet funding commitments if necessary. At 28 February 2009 the Group does not have any significant liabilities due.