

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUE SERIAL XI NO. 29

I-INTRODUCTION

1-Period of the Annual Report: 01.01.2010-30.06.2010

2-Commercial Title of the Company: Varlık Yatırım Ortaklığı A.đ..

3-Names and surnames, authorities, terms of office (commencement and expiry dates) of the chairmen and members, actively serving in the board of directors (BOD) and board of auditors within the relevant period as of 30.06.2010:

Chairman of the BOD	Tan EGELİ	11.03.2010	By the Initial Ordinary General Assembly
D. Chairman of the BOD	Murat ÇİLİNGİR	11.03.2010	By the Initial Ordinary General Assembly
Member of the BOD	Ersoy ÇOBAN	11.03.2010	By the Initial Ordinary General Assembly
Auditor	Yusuf BİÇER	11.03.2010	By the Initial Ordinary General Assembly

Members of the Board of Directors serve within the limits of authority determined by the resolution of the Board of Directors dated 16.12.2007 and No. 254.

4-Main factors affecting performance of the Company

An asset management agreement was executed with Oyak Yatırım Menkul Deđerler A.đ. as of 13.11.2009. Oyak Yatırım Menkul Deđerler A.đ. started to manage the Company's assets of 17.11.2009.

5-Risk management policies of the Company:

Internal control, asset management and futures contracts risk management procedures are in effect in our Company.

6-Important updates occurred from the closing of the fiscal period until the general assembly meeting where the relevant financial statements are to be discussed:

Our Company presented its declarations for Bank and Insurance Transaction Taxes with a reservation qualification for the term between January 2008 and February 2009 and filed actions with regard to the relevant taxes. Pursuant to this scope, total amount of Bank and Insurance Transaction Tax, declared and paid by the Company, is TRL 87,456.-. Out of 13 cases filed and settled as of the date of issuance of these financial statements, 6 cases were finalized in favor of the Company and the others were finalized against the Company. The case for the period of April 2008, finalized against the Company, was later finalized against our Company again at the appeal stage upon judgment of 7th Chamber of the Council of State. As a result of the case, won for the term May 2008, TRL 22,857 was returned to the Company on June 18, 2009 and as a result of the case, won for the term March 2008, TRL 5,824 was returned on

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

January 18, 2010 by the tax office. Final decisions relating to the cases would be issued based on the judgments to be issued by the higher courts.

With regard to the cases finalized in favor of our Company for the terms January 2008 and March 2009, objection raised by Beşiktaş Tax Office to Istanbul Regional Administrative Court was denied by Istanbul Regional Administrative Court

With regard to the case for the term of August 2008 finalized in favor of our Company, the objection raised by Beşiktaş Tax Office was denied by İstanbul Regional Administrative Court in respect of procedure, since İstanbul 4th Tax Court enabled issuance of decision by a single judge instead of a jury. İstanbul 4th Tax Office decided through a jury under Judgment dated 05.04.2010 and no. 2010/961 that the tax relating to the aforesaid case would be cancelled and the amount of Bank and Insurance Transaction Tax would be returned to the Company.

With regard to the case for the term of September 2008 finalized in favor of our Company, as a result of the objection raised, the judgment was reversed on the ground that the judgment was required to have been issued by a jury at İstanbul Regional Administrative Court not by a single judge.

With regard to the case for the term of July 2008, finalized against our Company, following the objection application filed with İstanbul Regional Administrative Court, the judgment was reversed on the ground that the judgment was required to have been issued by a jury at İstanbul Regional Administrative Court not by a single judge.

With regard to the cases for the terms of November 2008 and February 2009 finalized against our Company, following the objection application filed with İstanbul Regional Administrative Court, these were finalized in favor of our Company according to judgments issued by İstanbul Regional Administrative Court.

As of the report date, no judgment was issued under the Case for December 2008.

Amounts collected based on transactions conducted by Real Estate Investment Trust as per Paragraph 8 of Article 32 of Law No. 5838 regarding Amendment to Several Laws, enforced on February 18, 2009 and entered into force upon publication in Official Gazette dated February 28, 2009 and No. 27155 were exempted from the Banking Transaction and Insurance Tax. Related article of this Law entered into force on March 1, 2009.

As a result of termination on November 13, 2009 by our Company of the sub-lease agreement executed with Ashmore Portföy Yönetimi A.Ş. on January 2, 2009, Ashmore Portföy Yönetimi A.Ş. filed a case against our Company for amount of USD 9,685.44 (TRL 14,528.16). Ashmore Portföy Yönetimi A.Ş waived this case on February 19, 2010.

As a result of failure by Ashmore Portföy Yönetimi A.Ş. in fulfillment of contractual obligations in the annulled portfolio management agreement executed before by and between the Company and Ashmore Portföy Yönetimi A.Ş on December 24, 2009 and additionally, violation of the related laws and

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

regulations while Ashmore Portföy Yönetimi A.Ş. is conducting the portfolio management agreement, a case was filed against Ashmore Portföy Yönetimi A.Ş with the claim for compensation of TRL 50,000.- as per resolution unanimously resolved at the Board of Directors meeting dated December 14, 2009. This case was waived on March 15, 2010 as per resolution passed at Ordinary Shareholders General Assembly held on March 11, 2010.

7- Amendments within the relevant period, reasons and scopes of the amendments:

It was unanimously resolved at Board of Directors Meeting held on March 24, 2010 that the articles of association of the Company would entirely be amended to ensure that the Company would leave its Investment Trust status and be restructured in order to expand its subjects of activity, assess investment opportunities in various sectors such as finance, energy, agriculture, real property and the like, take place in the projects which would contribute in increase of productivity of the Company, provide added value to the country's economy and shareholders; and that the permissions required for the amendment would be obtained; and that the grounds for amendment of the articles of association would be submitted to the Shareholders General Assembly. Amendments of the entire Articles of Association were made available for review by our shareholders on Public Disclosure Platform.

8-Capital and Dividends of the Company:

The Capital of the Company is TRL 9,027,000.- as of 30.06.2010 and the Company had loss of TRL 210,934.- for the period of 01.01.2010-30.06.2010 (according to the financial statements issued as per Communiqué Serial XI, No.29).

9-Changes in the capital of the Company within the relevant period, if capital increase is made, whether or not shares are distributed; if distributed, the reasons of the distribution; number of shareholders; movements in share certificate prices within the year; dividend distributed in the last three years; names of the shareholders holding more than 10% of the capital; amount of their shares; and their shareholding rates.

Existing capital of the Company is TRL 9,027,000.-. The Company has 3,600,000 Class A registered shares, each having a nominal value of 1 Kr (Kuruş). Each of these shares has 1,000,000 (one million) voting rights in election of the Members of the Board of Directors and entire of these shares belongs to Tan EGELİ as of the date of report.

A Buy Option Agreement, as altered and amended, was entered into on the entire of Class A registered shares for granting buy option of Class A Shares in favor of Ashmore Investments (Turkey) N.V. resident abroad as to be effective until 31.03.2010 (31.12.2008: September 30, 2033). Unless the option is used and Class A Shares are transferred, ownership of the entire Class A Shares and rights on this ownership shall continue to belong to Tan EGELİ. Ashmore Investments (Turkey) N.V. notified Tan EGELİ and the Company by a notice dated 26.11.2009 and numbered 16330 of Beşiktaş 15th Notary that it used the buying option right of the shares subject to the option agreement. However, Ashmore Investments

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

(Turkey) N.V. decided not to use its right of option and the parties thereto have mutually agreed upon termination of the option agreement as a result of the negotiations.

The shares of the Company are registered and bearer shares and issued in coupons representing the capital of TRL 9,027,000.- as follows:

Class/Group	Registered/Bearer	Amount/Nom/TRL
A	Registered	36,000 Nom/TRL
B	Bearer	8,991,000 Nom/TRL

The price of the Company shares, quoted on Istanbul Stock Exchange, varies between TRL 0.89 and TRL 3.10.

Since distributable dividend remained after deduction of past years' losses from the period profit amounting to TRL 615,327.37 for the year 2005 and after setting aside the legal reserves remained below 30% obligated to be distributed as per Decision dated 27.01.2006 and No. 4/67 of the Capital Market Board and 5% of the Company's issued capital, the dividend was transferred to the Extraordinary Legal Reserves.

TRL 313,117.81 was distributed as cash dividend to our shareholders out of 2006 period profit amounting to TRL 360,721.-.

Out of the period profit for the year 2007, amounting to TRL 1,554,768.10;

- Cash dividend of TRL 346,315.34.- at the rate of (gross-net) 5.77192% was distributed to our shareholders holding shares representing our paid up capital.

No dividend was distributed in 2008 due to loss.

No dividend was distributed since the previous years' losses were deducted from the period profit of 2009 and the amount remained after setting aside the legal reserves as per the Turkish Commercial Code was not distributed and was transferred to extraordinary legal reserves.

10-Amount of securities (bonds, profit loss shares, financial papers, participation bonds, convertible bonds, redeemed shares and similar securities issued, if any, and burden and payment opportunities brought onto the Company by the same:

None.

11- Information on the field where the company is active and position of the Company in this field:

As of 30.06.2010, there exist total 33 investment trusts affiliated and subject to the Capital Market Board and the total value of the same is TRL 701,087,849.58. Share of Varlık Yatırım Ortaklığı A.Ş. in this field is TRL 11,017,198.21 which corresponds to 1.6%.

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

II- ACTIVITIES

1-Investments, current period and previous period capital increases

The Company was incorporated with the authorized capital of TRL 1,000,000.- on 08.01.1998. The initial capital was TRL 500,000 and the capital was increased up to TRL 1,000,000.- made through bonus shares at the rate of 100% in 2003; the paid up capital was increased through bonus shares at the rate of 80% and subsequently increased up to TRL 3,750,000.- through right issues by the increase rate of 195% in 2005; and the capital was increased up to TRL 6,000,000.- through right issues by the increase rate of 60% in 2007.

According to the resolution of the Board of Directors dated February 19, 2008 and No. 194, it was unanimously resolved that the shareholders would be allowed to use their pre-emptive rights for 15 days between 25.02.2008- 10.03.2008 relating to the shares registered by the Capital Market Board with the date 12.02.2008 and No. -153/1280 and to be taken under custody in book entry at the Central Registrar in representation of the capital of TRL 9,000,000.- increased due to increase of the Company's Capital from TRL 6,000,000.- up to TRL 15,000,000.- at the increase rate of 150% through exercise by the shareholders their pre-emptive rights in cash consideration for TRL 9,000,000.-.

The capital increase of TRL 3,026,194.- was realized as a result of use by the shareholders of the pre-emptive rights by the way of depositing the same to the Company's account held with the Bank between the dates 25.02.2008 – 10.03.2008.

The shares with nominal value of TRL 5,919,606.21.- of the shareholders, not used their pre-emptive rights with regard to the capital increase, were offered for sale through a broker at the primary market of the ISE between 31.03.2008-14.04.2008 and the capital increase of TRL 806,21 was made by the way of depositing the same in the ISE current account of the Company.

After use of the pre-emptive rights by the shareholders and sale of the unused shares at the primary market of the ISE, the capital increase of TRL 3,027,000.- was realized and portion of TRL 5,973,000.- was not used by the shareholders.

The capital increase was completed as TRL 9,027,000.- by the complementary document dated 05.06.2008 and no. 310 of the Capital Market Board.

It was unanimously resolved at Board of Directors Meeting that the issued capital of TRL 9,027,000.- within the authorized capital of TRL 50,000,000.- would be increased through right issues up to TRL 20,000,000.- by an increase rate of TRL 10,973,000.-; the shareholders would be allowed to use pre-emptive rights for the increased amount of TRL 10,973,000.- at nominal value of 1 Kr (Kurus) for each share with nominal value of 1 Kr (Kurus); the pre-emptive rights not used would be sold in ISE; and application would be filed with the CMB to get necessary permission for such purpose.

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

2. Incentives received:

None.

3. Disclosures including features of the production units of the Company, capacity utilization rates, developments in goods and services production which constitute subjects of activity, amounts, quality, circulation and comparison of the prices compared to previous years:

None.

4. Developments in the sales prices of goods and services – subject matter of activity – sales revenues, sales terms, coefficient numbers of performance and productivity:

None.

5-Information on financial structure:

Sales of the Company reached TRL 34,986,247.- in the period between 01.01.2010-30.06.2010 and cost of these sales was TRL 34,760,287.

Sales of the Company consist of treasury bills and bonds. Total interest income of the Company was TRL 133,510.

Operating Expenses were disclosed as TRL 689,883.- in the period between 01.01.2010-30.06.2010.

The Period Loss of the Company was disclosed as TRL 210,934. As of 31.12.2009, the Company's issued and entirely paid up capital was TRL 9,027,000.- and the total assets were TRL 11,036,380. Proportion of short term liabilities as of 30.06.2010 to the shareholders' equity is 41%.

Basic ratios:

Current Assets/ Short Term Liabilities : 244.45%

Total Liabilities/Shareholders' equity : 0.44%

Shareholders' Equity/Total Assets : 99.55%

6. Measures planned to be taken for optimization of the financial structure of the Company:

The operating capital of the Company is anticipated to be adequate and there is no need to take any measures.

7. Changes in the top management in the relevant year and the executives still in charge:

Ersoy ÇOBAN was appointed as Chief Executive Officer as of June 8, 2009.

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

Name-Surname	Task	Occupational Experience	Commencement of the Office
Ersoy ÇOBAN	Chief Executive Officer	13 years	08.06.2009

8. Personnel and labor movements:

Our Company employs 5 people as of 30.06.2010

9. Collective bargaining:

There is no collective bargaining agreement.

10. Employee Benefits:

The personnel are provided private health insurance and food allowance.

11. Donations made within the year:

None.

12. Other working premises:

None.

III-CORPORATE GOVERNANCE PRINCIPLES

CORPORATE GOVERNANCE COMPLIANCE REPORT

1. CORPORATE GOVERNANCE DECLARATION

In the fiscal period of January 1, 2010- June 30, 2010, some of the Corporate Governance Principles published by the Capital Market Board were applied but some were not.

The reason for failure in full application of the relevant principles is that the Company has only 5 personnel and majority of the transactions are conducted by outsourcing.

However, the failed principles are not detrimental to the shareholders or beneficiaries and have not caused any conflict of interest up to date either.

SECTION I – SHAREHOLDERS

2. Investor Relations

Investor Relations Department was founded in our Company upon resolution of the Board of Directors dated 18.03.2009 and numbered 229 and as per Communiqué Serial IV and No. 41 issued by the CMB regarding Principles Applicable to Joint Stock Companies Subject to the Capital Market Law. Head of the department is Yeşim Banu AYKAN.

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUE SERIAL XI NO. 29

Varlık Yatırım Ortaklığı A.đ.

Head of Investor Relations Department of Varlık Yatırım Ortaklığı A.đ.:

Name-Surname: Yeşim Banu AYKAN

Telephone : 212-343 20 63

Fax : 212-343 20 24

E-mail : yesim.aykan@egelico.com

Head of the investor relations department procures verbal and written communication with the shareholders, ISE, CMB and Takasbank.

Major activities conducted within the relevant period:

- Information demands transmitted by phone calls were responded.
- The General Assembly was caused to be held in compliance with the laws and regulations in force, articles of association and other inter-company arrangements.
- The document from which the shareholders would benefit at the General Assembly was arranged.
- The voting results were registered. No shareholder requested these entries.
- Each matter relating to public disclosure was observed and monitored.

Furthermore, Investor Relations Unit would be constituted in our Company as per Communiqué Serial IV and No. 41 issued by the CMB regarding Principles Applicable to Joint Stock Companies Subject to the Capital Market Law.

3. Shareholders' Right to Information

The shareholders have not requested written information within the relevant period. The shareholders, demanding information by phone calls, were provided necessary information. Developments affecting the use of shareholders' rights are announced to the public by Public Disclosure Platform (KAP).

There is no arrangement in our articles of association regarding appointment of private auditor. No request was transmitted on this matter within the relevant period.

4. Information on General Assembly

It was resolved that Shareholders General Assembly Meeting would be held within the period on 18.02.2010; the meeting could not be held since the minimum quorum is failed to be reached. 2nd Ordinary Shareholders General Assembly, failed to be held due to quorum, was held on 11.03.2010.

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

Annual report and financial statements, articles of association, dividend distribution recommendation were made available for review at the headquarters of the Company before the General Assembly.

There is no provision in the Articles of Association, which requires resolution of the General Assembly with regard to the matters such as split, disposal or leasing of great number of assets.

The meetings are held at the city centers in order to facilitate attendance; invitations for General Assembly are published in the newspapers circulating in all over the country. The General Assembly minutes are published and disclosed in the Public Disclosure Platform and in internet web site of our Company.

5. Voting Rights and Minority Shares

Total 360,000,000 Class A Shares, each having a nominal value of 1 Kuruş, in the capital have privileges in election of members of the Board of Directors. There is no mutual participation relation. Up to date, no beneficiary stating that it has minority shares exists. Cumulative voting method is not applicable.

6. Dividend Policy and Dividend Distribution Date

It was resolved that dividend policy of our Company for the year 2010 and subsequent years would be formed as follows: upon consideration of the Company's financial structure, profitability and general economic conjecture, if the net profit is generated each year, distribution of dividend in cash, at the rate not to adversely affect the shareholding structure and portfolio value of the Company or distribution of bonus shares would be submitted to the General Assembly for ratification"; this policy would be revised by the Board of Directors each year according to national and international economic conditions and financial markets; the dividend policy was submitted to the information of the shareholders at the General Assembly meeting held on 11.03.2010.

7. Transfer of shares

There is no provision in our articles of association, restricting share transfer.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

In case of request for information by the press, investors or potential investors, written or verbal disclosure is made.

9. ISE Disclosures of Material Event

54 disclosures of material event were made within the period.

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

10. The Company's Website and its Contents

Address of the internet site of our Company is www.varlikyatirim.com; and the information set forth in Article 1.11.5 of Section II of the Corporate Governance Principles of the Capital Market Board was given in the web site

11. Disclosure of Real Person Final Shareholder(s)

There exists information regarding the known shareholders in the Company's web site.

12. Disclosure of Insiders to Public

The insiders are the members of the board of directors and top executives of the Company. Names of these persons are set forth in our annual report.

SECTION III – BENEFICIARIES**13. Information of Beneficiaries**

The beneficiaries are informed on the matters concerning the same verbally or in writing, if requested.

14. Participation by the Beneficiaries in Management

No study or survey has been carried out on participation by the beneficiaries in management since there is no request.

15. Human Resources Policy

Human resources policy of Varlık Yatırım Ortaklığı A.Ş. is applied within the scope of Labor Law in force. No complaint has been raised by the employees with regard to discrimination

16. Information on Relations with the Customers and Suppliers

Our Company has no customer or supplier since it has no goods and services production. Accordingly no study or survey has been made on this matter.

17. Social Responsibility

Since the subject of activity of our Company is limited by the related laws and regulations, it is not possible for our Company to conduct activities within the scope of social responsibility. Additionally, as our Company has no production, environmental damage caused by our Company is not in question.

SECTION IV- BOARD OF DIRECTORS**18. Structure and Constitution of the Board of Directors and Independent Members**

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUÉ SERIAL XI NO. 29

There is no independent member in our Company's Board of Directors. Since there is no request or necessity on this matter, opinions of our shareholders are closely followed-up and if required, consulting services are outsourced.

19. Qualifications of the Members of the Board of Directors

Minimum requirements, sought for appointment of members of the board of directors, correspond with the qualifications set forth in Articles 3.1.1, 3.1.2 and 3.1.5 of Section IV of the Corporate Governance Principles of the Capital Market Board. In our articles of association, it is stated: "Majority of the board of directors members are required to have qualifications anticipated in the Turkish Commercial Code and the capital market laws and regulations".

20. Mission, Vision and Strategic Targets of the Company

Portfolio management, being the main function of the investment trusts, and transactions relating to protection and increase of the portfolio value within this scope were determined by legal arrangements. These principles were also set forth in the articles of association and all these works are conducted within the frame of these arrangements.

21. Risk Management and Internal Control Mechanism

Internal control in the company, portfolio management, risk management procedures of futures contracts are available and an audit committee and member of the board of directors responsible for internal audit are available.

22. Authorities and Responsibilities of the Board of Directors and Managers

Authorities and responsibilities of the members of the board of directors and managers are expressly set forth in the articles of association.

23. Operation Principles of the Board of Directors

Agenda of the board of directors meetings are determined by the Chief Executive Officer as appointed and authorized by the Board of Directors. Our Board of Directors held 23 meetings within the relevant period. The calls for the meetings are made by telephone and/or e-mail. The Chief Executive Officer is responsible for informing and communicating with the members of the Board of Directors.

The members of the Board of Directors do not have weighted voting rights and veto rights.

24. Prohibition of Transact and Non-Competition

Members of our Board of Directors were authorized by the General Assembly to transact with the Company within the frame of the laws in our country.

ANNUAL REPORT ISSUED BY BOARD OF DIRECTORS AS PER COMMUNIQUE SERIAL XI NO. 29

25. Rules of Conduct

Ethical rules, formed by Varlık Yatırım Ortaklığı, are applicable. These rules were notified to the employees of our Company; however, these were not disclosed to the public.

26. Number, Structure and Independence of the Committees constituted within the Board of Directors

There is not governance committee or any other committee in our Company other than the audit committee. Since necessary consulting services and other services are outsourced in order to ensure fulfillment of the duties and responsibilities of the Board of Directors in a sound manner, a corporate governance committee has not been constituted.

27. Financial Rights Granted to Board of Directors

The Company did not extend any surety or loan or credit to any of the members of the board of directors or any manager within this period.