

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
PREPARED AS PER COMMUNIQUE SERIAL XI NO. 29**

I-INTRODUCTION

1-Reporting Period: 01.01.2009-31.12.2009

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

3-Names and surnames, authorities, terms of office (beginning and ending dates) of the chairman and members, actively serving in the board of directors (BOD) and board of auditors within the reporting period as of 31.12.2009:

Chairman of the BOD : Tan EGELİ	28.04.2009	By the Initial Ordinary General Assembly
Member of the BOD : Johan Christiaan HATTINGH	28.04.2009 – 22.01.2010	
Member of the BOD : Ersoy OBAN	28.04.2009	By the Initial Ordinary General Assembly
Member of the BOD : Murat İLİNGİR	28.04.2009	By the Initial Ordinary General Assembly
Member of the BOD : Zeynep AYGÜL	28.04.2009	By the Initial Ordinary General Assembly

Members of the Board of Directors serve with limits of authority determined by Board Resolution no. 254 dated 16.12.2009. It was unanimously resolved at Board of Directors Meeting no. 255 dated 22.01.2010 and that resignation of Johan Christian HATTINGH would be accepted and his signature authority would be revoked.

4-Main factors affecting performance of the Company:

A portfolio management agreement concluded with Asmore Portföy Yönetimi A.Ő. on August 1, 2008 was terminated on 06.11.2009.

A portfolio management agreement was concluded with Oyak Yatırım Menkul Değerler A.Ő. on 13.11.2009. Oyak Yatırım Menkul Değerler A.Ő. started to manage the Company portfolio as of 17.11.2009.

5-Risk management policies:

Our company established a risk management procedure regarding internal control, asset management, futures contracts.

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

The Company has filed Banking Insurance Transaction Tax declarations with the Tax Office with prejudice from January 2008 until February 2009 and sued against the relevant taxes. Total amount of the Banking Insurance Transaction Tax, declared and paid and made subject matter of action subsequently, is TRL 87,456.-. 6 of 12 filed actions were finalized in favor of the Company where as others against the Company. Total TRL 28,680.89.- was returned to the Company by the Tax Office, TRL 22,857.26 of this sum was returned in May 2008 and

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TRL 5,823.63.- in March 2008. Definite judgments regarding the actions shall be finalized according to the judgment of high courts.

As a result of the arrangements made by Article 32/8 of the Law No. 5838, anticipating amendments in the Tax Laws, the sums gained by the securities investment trusts from the transactions in the capital markets were exempted from the banking insurance transaction taxes. The exemption has been effective since 01.03.2009. Whereas this arrangement both prevents tax assessment for securities investment funds also relating to the previous periods, it has not any provision for the investment trusts.

The lease agreement by and between the Company and Ashmore Portföy Yönetimi A.Ş. was obligated to be terminated by a notice dated October 30, 2009 and no. 253163 issued by Beşiktaş 16th Notary due to dispositions made by the sub-lessor Ashmore Portföy Yönetimi A.Ş. Ashmore Portföy Yönetimi A.Ş. filed an action against the Company for collection of its lease receivables of TRL 14,528.16 under File No. 2009/324 of Istanbul 5th Civil Court of First Instance and the initial hearing date was determined as March 11, 2010. Requirements would be made to reject the action unfairly filed.

As per Resolution passed unanimously at the Board of Directors Meeting dated December 14, 2009, an action amounting to TRL 50,000.- (Fifty thousands) was filed on 24.12.2009 by our Company against Ashmore Portföy Yönetimi A.Ş. for compensation of the loss of the Company arisen out of failure by Asmore Portföy Yönetimi A.Ş. in fulfillment of its contractual obligations under the annulled Portfolio Management Agreement and breach by the same of the related laws and regulations when conducting its portfolio management activities.

7- Amendments to Articles of Association within the reporting period, rationale and nature of these amendments:

None.

8-Capital and Dividends of the Company:

As of 31.12.2010 the capital of the Company is TRL 9,027,000. The Company's profit is TRL 1,811,417.- for period 01.01.2009-31.12.2009. (According to the financial statements issued as per Communiqué Serial XI, No.29).

9-Changes in the capital of the Company within the reporting 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 bearer shares, each having a nominal value of 1 Kr (Kuruş). Each of these shares has

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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). As per the Agreement, 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. Tan EGELİ, holder of Class A Privileged Shares stated that he would consult legal advisors on the matters relating to the agreement particularly the conditions of transfer under the agreement and notify Asmore Investment (Turkey) N.V. of its assessments within reasonable period of time. There has been no update on share transfer as of the report date to our knowledge.

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 0.51 and TRL 1.07.

Distributable profit remained after deduction of previous years' losses and setting aside legal reserves from the period profit amounting to TRL 615,327.37.- for the year 2005 was transferred to Extraordinary Legal Reserves as per Decision dated 27.01.2006 and no. 4/67 since 30% obligated to be distributed amount remains below 5% of the Company's issued capital, according to the same decision.

Cash dividend of TRL 313,117.81.- was distributed to our shareholders from the TRL 360,721.-, profit of 2006

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

- TRL 346,315.34.- was distributed as cash dividend at the rate (gross=net) of 5.77192% to our shareholders holding shares representing our paid-up capital, as of 31.12.2007.

According to Resolution of the Company's Board of Directors dated February 19, 2008 and No. 194, it was resolved that the issued capital TRL 6,000,000.- of the Company would be increased up to TRL 15,000,000.- at the increase rate of 150% by the way of use by the

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shareholders of pre-emptive rights in cash consideration for TRL 9,000,000.-; and accordingly, the shareholders shall be enabled to use for 15 days between 25.02.2008-10.03.2008 pre-emptive rights relating to the sales of the shares, issued in representation of TRL 9,000,000.- as a result of capital increase and to be taken under custody at the Central Registrar and registered by the CMB with the date 12.02.2008 and number YO-153/1280.

As a result of use of pre-emptive rights by the shareholders between 25.02.2008 – 10.03.2008, the capital increase of TRL 3,026,194.- was deposited to the Company's bank account.

Shares amounting to TRL 5,919,606.21.- of the shareholders, who did not use their pre-emptive rights, were offered for sale through the brokers at the primary market of ISE between 31.03.2008-14.04.2008; and the capital increase of TRL 806.21 was deposited to the current account of the Company held in ISE.

No dividend was distributed since loss was disclosed in 2008.

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 sector where the company is active and position of the Company in this sector:

There are 33 securities investments trusts regulated by the The Capital Markets Board as of 31.12.2009 and the total value of these trusts is TRL 691,366,907.38.-. The share of Varlık Yatırım Ortaklığı A.đ. in the sector is 1.6% with TRL 11,198,450.34.-

II- ACTIVITIES

1-Investments, reporting period and previous period capital increases

The Company was incorporated with the registered 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 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 in cash consideration for TRL 9,000,000.for 15 days between 25.02.2008-10.03.2008 relating to the shares registered by the Capital Markets Board with the date

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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%.

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 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 carried out by depositing into the Company's Istanbul Stock Exchange currency account.

After use of the pre-emptive rights by the shareholders and sale of the unused shares on the Istanbul Stock Exchange primary market, 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 Markets Board.

2. Benefiting from incentives:

None.

3. Disclosures including qualification of the production units of the Company, capacity utilization rates, developments in goods and services production - which constitute scope 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:

The sales of the Company were announced as TRL 599,057,833.- and cost of these sales as TRL 596,367,142.- in the period between 01.01.2009-31.12.2009.

The sales of the Company consist of treasury bills and government bonds. Total interest income of the Company was TRL 847,632.-; and total value increase was disclosed as TRL 20,643.- for the period.

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Operating Expenses of the Company for the period between 01.01.2009-31.12.2009 were disclosed as TRL 903,751.-.

The period profit was disclosed as TRL 1,811,417.-. The Company has issued and entirely paid-up capital amounting to TRL 9,027,000.-; and the total assets were disclosed as TRL 11,232,895.-. The rate of short term liabilities to the shareholders' equity is 0.29% as of 31.12.2009.

Basic ratios:

Current Assets/ Short Term Liabilities	343.23
Total Liabilities / Shareholders' Equity	0.31%
Shareholders' Equity/Total Assets	99.69%

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

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

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

Semen SON served as Chief Executive Officer in the period between 01.01.2009-31.03.2009. Ersoy OBAN was appointed as Chief Executive Officer as of June 8, 2009.

Name-Surname	Task	Occupational Experience	Commencement of the Office
Ersoy OBAN	Chief Executive Officer	13 Years	08.06.2009

8. Personnel and labor movements:

Our Company employs 3 personnel as of 31.12.2009.

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.

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12. Off-center organizations:

None.

III-CORPORATE GOVERNANCE PRINCIPLES

CORPORATE GOVERNANCE COMPLIANCE REPORT

1. CORPORATE GOVERNANCE DECLARATION

In the fiscal period of January 1, 2009- December 31, 2009, some of the Corporate Governance Principles published by the Capital Markets Board were applied but some were not.

The reason for failure in full application of the relevant principles is that the Company has no goods or services since it acts as a portfolio manager and has only 3 personnel and majority of the transactions are conducted by outsourcing.

However, the failed principles are not detrimental to the shareholders or stakeholders 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 Markets Law. Head of the department is Yeşim Banu AYKAN.

Head of Shareholder Relations Department:

Name-Surname : Yeşim Banu AYKAN
Telephone : 212-343 20 63
Fax : 212-343 20 24
E-mail : yesim.aykan@egelico.com

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

Major activities conducted within the reporting period:

- Information demands transmitted by phone calls were answered.
- 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.

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- The document from which the shareholders would benefit at the General Assembly was arranged.
- The voting results were registered. No one requested these entries from the shareholders.
- Each matter relating to public disclosure was observed and monitored as per the related laws and regulations.

An Investor Relations Department would be constituted in our Company as per the Communiqué Serial IV and 41 regarding Principles Applicable to Joint Stock Companies subject to Capital Markets Law, issued by the Capital Markets Board.

3. Shareholders' Right to Information

The shareholders have not requested written information within the reporting 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 Istanbul Stock Exchange.

There is no arrangement in our Articles of Association regarding appointment of private auditor. No request was transmitted on this matter within the reporting period.

4. Information on General Assembly

It was resolved that Shareholders General Assembly Meeting would be held within the period on 31.03.2009; the meeting could not be held since the minimum quorum is failed to be reached. 2nd Ordinary Shareholders General Assembly concluded on 28.04.2009.

Annual report and financial statements, articles of association, profit distribution recommendation were available for review at the headquarters of the Company.

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 sent to ISE and CMB and additionally are made available for review at the headquarters of the Company.

5. Voting Rights and Minority Shares

Total 3,600,000.- Class A Shares in the capital have privileged voting rights. This privilege is only valid for election of the 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 2009 and subsequent years would be formed as follows: "According to Turkish Commercial Code, Capital Markets Board regulations and related legislations, upon consideration of the Company's financial structure,

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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 28.04.2009.

7. Transfer of shares

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

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY**8. Company Information Policy**

In case of request for information by the press, shareholders or potential investors, the authorized personnel provide information in writing or verbally.

9. ISE Significant Event of Disclosures (Material Disclosures)

45 significant events of disclosure were made within the reporting period.

10. The Company's Website and its Contents

The website 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 Markets Board was given in the web site.

11. Disclosure of Real Person(s) Ultimate Controlling Individual 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. Stakeholders Disclosure**

The stakeholders are informed on the matters related to them verbally or in writing, if requested.

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14. Participation of Stakeholders in the Company Management

Non-managerial company employees and other stakeholders don't not have a significant level of participation in the management of the Company, since there was no request.

15. Human Resources Policy

Human resources policy of Varlık Yatırım Ortaklığı A.Ő. is applied within the scope of Labor Law in force. No complaint was transmitted by the employees relating to discrimination up to date.

16. Information on Relations with the Customers and Suppliers

Since our Company has no goods and services production, it has no customer and supplier; accordingly, no effort was made relating to this matter.

17. Social Responsibility

Since the subject of activity of our Company is limited by the legislation, it is not possible for our Company to make any effort within the scope of the social responsibility. Furthermore, since our Company has no production, environmental pollution or damage is not in question.

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

There is no independent member in the Board of Directors of our Company. This is because there is no demand or need for appointment of an independent member and opinions of our shareholders are closely followed up and in case of need, 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 Markets Board. In our articles of association, it is stated: "majority of the Board of Directors members are required to have the qualifications stipulated by the Turkish Commercial Code and Capital Markets law".

20. Mission, Vision and Strategic Targets of the Company

Portfolio management, being the main function of the investment partners, protection of the value of the portfolio in this respect and the operation to increase it are all determined by the legal arrangements. These principles have been stated in the Articles of Association of the Company and all the works have been carried out in terms of these arrangements.

21. Risk Management and Internal Control Mechanism

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In the Company, internal control, portfolio management and future contracts risk management procedures are available and there are audit committee and internal controller to maintain the operation of the system in the most effective manner.

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 Chairman of the Board of Directors. Our Board of Directors held 33 meetings within the reporting period. The calls for the meetings are made by telephone and/or e-mail. The Chief Executive Officer is responsible for information of and communication with the members of the Board of Directors.

At the board of directors meetings held in the period, the resolutions were passed without any opposition annotation.

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

24. Prohibition of Deal and Non-Compete

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.

25. Codes of Conduct

Codes of conduct, formed by Varlık Yatırım Ortaklığı, are applicable. These rules were notified to the employees of our Company in writing; 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 supervisory 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, then 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.