

TÜRKİSFUND SICAV

UNAUDITED SEMI-ANNUAL REPORT
FOR THE PERIOD ENDING JUNE 30, 2003

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Registered Office:

69, route d'Esch
L-2953 Luxembourg

Board of Directors:*Chairman:*

Hamdi Engin TÜRELI
President and CEO
ISBANK GmbH, Frankfurt

Members:

Ibrahim HIZLIKAN
Head of the Capital Markets Department
TÜRKIYE IS BANKASI A.S., Istanbul
(to May 6, 2003)

Riza Ihsan KUTLULOY
Head of the Capital Markets Department
TÜRKIYE IS BANKASI A.S., Istanbul
(from May 6, 2003)

Dr. Gürman TEVFIK
General Manager
IS PORTFOLIO MANAGEMENT COMPANY, Istanbul

Klaus SCHREIBER
Managing Director
ISBANK GmbH, Frankfurt

Léon HILGER
Vice President
DEXIA BANQUE INTERNATIONALE À LUXEMBOURG,
Luxembourg

Investment Adviser:

IS PORTFOLIO MANAGEMENT COMPANY
IS Kuleleri 4,
80620 Levent Istanbul – Turkey

Custodian Bank:

DEXIA BANQUE INTERNATIONALE À LUXEMBOURG
69, route d'Esch
L-2953 Luxembourg

Central Administration:

DEXIA BANQUE INTERNATIONALE À LUXEMBOURG
69, route d'Esch
L-2953 Luxembourg

Registrar and Transfer Agent:

FIRST EUROPEAN TRANSFER AGENT S.A.
5, rue Thomas Edison
L-1445 Strassen

Distributors:

ISBANK GMBH
Rossmarkt 9
60311 Frankfurt am Main

TÜRKIYE IS BANKASI A.S.
IS Kuleleri 4,
80620 Levent Istanbul – Turkey

Paying Agent in Germany:

ISBANK GMBH
Rossmarkt 9
60311 Frankfurt/Main

Auditors:

DR. WOLLERT – DR. ELMENDORFF S.C.
291, route d'Arlon
L-1150 Luxembourg

The annual general meeting of the SICAV's shareholders will be held at the fund's registered office or other duly notified place in Luxembourg, at 11 a.m. on the first Tuesday in May each year, or, if this is a bank holiday, on the next bank business day in Luxembourg.

Notices of all general meetings will be sent to the holders of registered shares by registered mail at least 8 days prior to the meeting at their addresses listed in the register of shareholders. Such notices will include the agenda, specify the time and place of the meeting and the conditions of admission and refer to the requirements of Luxembourg law with regard to the quorum and majorities required for the meeting.

The SICAV's fiscal year ends on December 31. The first annual accounts were published for the year ending December 31, 1998.

The SICAV's first report was an unaudited semi-annual report as of June 30, 1998.

Audited annual reports are published within 4 months after the end of the fiscal year and unaudited semi-annual reports within 2 months after the end of the relevant period. Such reports are mailed to each registered shareholder at their registered addresses and are made available during normal business hours at the registered offices of the SICAV and of the paying agent in Germany.

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2003**

TÜRKISFUND SICAV

| | TÜRKISFUND- EQUITIES | TÜRKISFUND- BONDS | TÜRKISFUND- EUROBONDS | TOTAL |
|--|---------------------------------|------------------------------|----------------------------------|-----------------------|
| | (expressed in EUR) | (expressed in EUR) | (expressed in EUR) | (expressed in EUR) |
| ASSETS | | | | |
| Investments in securities at market value (Note 2) | 35,634,516.09 | 117,160,916.56 | 1,915,190.00 | 154,710,622.65 |
| <i>Acquisition value</i> | 59,946,528.19 | 118,852,158.67 | 1,913,100.00 | 180,711,786.86 |
| Cash at bank | 2,322,328.34 | 17,254,819.05 | 11,699.35 | 19,588,846.74 |
| Amounts receivable on sales of investments | 0.00 | 529,604.39 | 0.00 | 529,604.39 |
| Interest and dividends receivable, net | 20,992.12 | 112,428.89 | 87,491.17 | 220,912.18 |
| Other receivables | 500.00 | 0.00 | 619.55 | 1,119.55 |
| | 37,978,336.55 | 135,057,768.89 | 2,015,000.07 | 175,051,105.51 |
| LIABILITIES | | | | |
| Advisory fees (Note 3) | 65,684.42 | 120,471.42 | 5,015.78 | 191,171.62 |
| Provisions for expenses payable | 31,660.73 | 99,942.19 | 0.00 | 131,602.92 |
| | 97,345.15 | 220,413.61 | 5,015.78 | 322,774.54 |
| Total net assets | 37,880,991.40 | 134,837,355.28 | 2,009,984.29 | 174,728,330.97 |
| Number of shares outstanding | | | | |
| Class A | 28,756.487 | 8,001.525 | 60,298.319 | |
| Class I | 3,451,073.614 | 5,960,754.349 | 80,000.00 | |
| Net asset value per share | | | | |
| Class A | 10.89 | 22.59 | 14.33 | |
| Class I | 10.89 | 22.59 | 14.33 | |

**CHANGES IN SHARES OUTSTANDING FOR THE
FISCAL PERIOD ENDING JUNE 30, 2003**

| | TÜRKISFUND- EQUITIES | | TÜRKISFUND- BONDS | | TÜRKISFUND- EUROBONDS | |
|---|---------------------------------|----------------------|------------------------------|----------------------|----------------------------------|-------------------|
| | CLASS A | CLASS I | CLASS A | CLASS I | CLASS A | CLASS I |
| Number of shares at start of fiscal period | 46,814.117 | 3,440,108.702 | 7,992.245 | 5,960,754.349 | 133,451.934 | 0.000 |
| Number of shares issued | 149.477 | 10,964.912 | 200.500 | 0.000 | 12,177.829 | 80,000.000 |
| Number of shares redeemed | (18,207.107) | 0.000 | (191.220) | 0.000 | (85,331.444) | 0.000 |
| Number of shares at end of fiscal period | 28,756.487 | 3,451,073.614 | 8,001.525 | 5,960,754.349 | 60,298.319 | 80,000.000 |

The accompanying Notes are an integral part of this semi-annual report.

**STATEMENT OF INVESTMENTS
AS OF JUNE 30, 2003**

TÜRKISFUND-Equities

| | Quantity/ Face value | Description | Acquisition cost | Market value | % of net assets |
|------------------------------------|-------------------------|--------------------------------|----------------------|----------------------|--------------------|
| A) LISTED SECURITIES | | | | | |
| 1) SHARES | | | | | |
| TURKEY | | | | | |
| TRL | 404,411,755 | AKBANK | 846,614.23 | 1,029,328.16 | 2.72 |
| TRL | 174,160,000 | AKSIGORTA | 521,978.16 | 497,338.95 | 1.31 |
| TRL | 121,385,000 | ALCATEL TELETAS | 1,491,693.03 | 629,213.06 | 1.66 |
| TRL | 670,994,003 | ANADOLU CAM SANAYII AS | 1,315,591.40 | 849,757.55 | 2.24 |
| TRL | 1,214,569,560 | ANADOLU HAYAT SIGORTA AS | 8,482,420.11 | 1,108,373.04 | 2.93 |
| TRL | 1,004,498,609 | ANADOLU SIGORTA | 982,323.44 | 604,877.32 | 1.60 |
| TRL | 275,000,000 | ARCELIK AS | 829,650.99 | 857,857.17 | 2.26 |
| TRL | 1,040,498,000 | IS YATIRIM ORTAKLIGI AS | 3,389,825.26 | 600,717.70 | 1.59 |
| TRL | 1,679,883,883 | ISGYO | 1,763,098.08 | 938,572.88 | 2.48 |
| TRL | 635,501,000 | IZMIR DEMIR CELIK | 424,376.25 | 398,459.18 | 1.05 |
| TRL | 120,000,000 | KOC HLD AS | 881,215.95 | 931,188.25 | 2.46 |
| TRL | 150,000,000 | MIGROS TURKEY T.A.S. | 2,128,165.84 | 1,312,975.43 | 3.47 |
| TRL | 749,259,178 | PETROL OFISI AS | 1,877,969.88 | 1,953,563.76 | 5.16 |
| TRL | 600,010,250 | SABANCI HOLDING | 1,590,252.53 | 1,266,437.65 | 3.34 |
| TRL | 1,109,961,147 | SODA SANAYII AS | 6,709,172.62 | 916,443.40 | 2.42 |
| TRL | 796,205,772 | TOFAS TURK OTOMOBIL FABRIKASI | 1,135,412.99 | 825,444.77 | 2.18 |
| TRL | 861,957,960 | TRAKYA CAN SANAYII AS | 2,135,182.93 | 1,698,932.18 | 4.48 |
| TRL | 500,000,512 | TURK SISE CAM | 323,987.09 | 540,089.74 | 1.43 |
| TRL | 1,000,000,000 | TURKIYE GARANTI BANKASI | 1,353,619.57 | 1,222,960.57 | 3.23 |
| TRL | 7,168,550,641 | TURKIYE SINAI KALKINMA BANKASI | 9,313,868.23 | 3,026,122.45 | 7.99 |
| TRL | 600,000,000 | VESTEL ELEKTR. SANAYI TICARET | 1,637,196.01 | 1,368,846.73 | 3.61 |
| TOTAL SHARES | | | 49,133,614.59 | 22,577,499.94 | 59.61 |
| 2) BONDS | | | | | |
| TURKEY | | | | | |
| EUR | 1,250,000 | VAKIF FIN. 00/07.08.03/TV | 1,252,250.00 | 1,225,000.00 | 3.23 |
| TOTAL BONDS | | | 1,252,250.00 | 1,225,000.00 | 3.23 |
| TOTAL LISTED SECURITIES | | | 50,385,864.59 | 23,802,499.94 | 62.84 |
| B) FINANCIAL INSTRUMENTS | | | | | |
| TREASURY BILLS | | | | | |
| TURKEY | | | | | |
| EUR | 5,200,000,000,000 | TURKEY TB 02/02.07.03/0 % | 2,789,360.26 | 3,214,238.35 | 8.49 |
| EUR | 96,490,000,000 | TURKEY TB 02/27.08.03/0 % | 42,404.01 | 56,796.21 | 0.15 |
| EUR | 10,000,000,000,000 | TURKEY TB 03/16.07.03/0 % | 4,630,610.47 | 6,106,918.77 | 16.11 |
| EUR | 4,500,000,000,000 | TURKEY TB 03/05.11.03/0 % | 2,098,288.86 | 2,454,062.82 | 6.48 |
| TOTAL FINANCIAL INSTRUMENTS | | | 9,560,663.60 | 11,832,016.15 | 31.23 |
| TOTAL INVESTMENTS | | | 59,946,528.19 | 35,634,516.09 | 94.07 |

The accompanying Notes are an integral part of this semi-annual report.

A detailed schedule of portfolio changes during the period covered by the report is available free of charge upon request at the Fund's registered office and from the paying agent in Germany.

**STATEMENT OF INVESTMENTS
AS OF JUNE 30, 2003**

TÜRKİSFUND-Bonds

| | Quantity/ Face value | Description | Acquisition cost | Market value | % of net assets |
|--------------------------------|-------------------------|---------------------------------|----------------------|----------------------|--------------------|
| A) LISTED SECURITIES | | | | | |
| 1) SHARES | | | | | |
| TURKEY | | | | | |
| TRL | 441,176,460 | AKBANK | 871,280.47 | 1,122,903.45 | 0.83 |
| TRL | 62,500,000 | AKSA | 549,402.72 | 438,434.47 | 0.33 |
| TRL | 200,000,000 | AKSIGORTA | 667,434.65 | 571,128.79 | 0.42 |
| TRL | 684,001,747 | ANADOLU HAYAT SIGORTA AS | 4,302,146.56 | 624,195.70 | 0.46 |
| TRL | 4,572,118,777 | ANADOLU SIGORTA | 8,952,088.00 | 2,753,185.45 | 2.04 |
| TRL | 412,500,000 | ARCELİK AS | 1,211,739.07 | 1,286,785.76 | 0.95 |
| TRL | 100,000,000 | FORD OTOMOTIV SANAYİ AS | 977,201.57 | 1,098,802.13 | 0.81 |
| TRL | 777,000,000 | IS YATIRIM ORTAKLIĞI AS | 953,931.37 | 448,590.63 | 0.33 |
| TRL | 8,811,848,204 | ISGYO | 13,474,159.45 | 4,923,293.70 | 3.65 |
| TRL | 1,422,371,000 | İZMİR DEMİR ÇELİK | 1,075,354.77 | 891,826.74 | 0.66 |
| TRL | 84,000,000 | KOC HLD AS | 571,242.66 | 651,831.77 | 0.48 |
| TRL | 97,500,000 | MİGROS TURKEY T.A.S. | 775,377.15 | 853,434.03 | 0.63 |
| TRL | 25,000,000 | NORTEL NETWORKS NETAS TELEKOM. | 420,333.48 | 411,274.81 | 0.31 |
| TRL | 900,000,000 | SABANCI HOLDING | 1,870,724.08 | 1,899,624.03 | 1.41 |
| TRL | 858,208,000 | TOFAS TÜRK OTOMOBİL FABRİKASI | 712,613.72 | 889,723.90 | 0.66 |
| TRL | 2,772,242,209 | TRAKYA ÇAN SANAYİİ AS | 4,652,539.33 | 5,464,131.33 | 4.05 |
| TRL | 3,051,655,000 | TÜRK SİSE ÇAM | 1,136,684.56 | 3,296,331.72 | 2.44 |
| TRL | 1,500,000,000 | TÜRKİYE GARANTİ BANKASI | 2,238,281.07 | 1,834,440.85 | 1.36 |
| TRL | 3,091,448,750 | TÜRKİYE SİNAYİ KALKINMA BANKASI | 3,439,454.51 | 1,305,020.07 | 0.97 |
| TRL | 1,500,000,000 | VESTEL ELEKTR. SANAYİ TİCARET | 3,232,834.48 | 3,422,116.81 | 2.54 |
| TOTAL SHARES | | | 52,084,823.67 | 34,187,076.14 | 25.33 |
| 2) BONDS | | | | | |
| TURKEY | | | | | |
| EUR | 2,000,000 | TURKEY 01/16.02.04/8,250 % | 1,997,000.00 | 2,017,600.00 | 1.50 |
| TOTAL BONDS | | | 1,997,000.00 | 2,017,600.00 | 1.50 |
| TOTAL LISTED SECURITIES | | | 54,081,823.67 | 36,204,676.14 | 26.83 |

**STATEMENT OF INVESTMENTS
AS OF JUNE 30, 2003**

TÜRKISFUND-Bonds

| | Quantity/ Face value | Description | | Acquisition cost | Market value | % of net assets |
|------------------------------------|-------------------------|-------------|-----------------|------------------------------|------------------------------|---------------------|
| B) FINANCIAL INSTRUMENTS | | | | | | |
| TREASURY BILLS | | | | | | |
| TURKEY | | | | | | |
| TRL | 92,040,000,000 | TURKEY TB | 02/27.08.03/0 % | 37,535.12 | 54,176.83 | 0.05 |
| TRL | 1,800,000,000,000 | TURKEY TB | 02/03.12.03/0 % | 717,345.02 | 949,499.13 | 0.70 |
| TRL | 27,230,000,000,000 | TURKEY TB | 02/03.12.03/0 % | 10,598,841.17 | 14,363,811.91 | 10.65 |
| TRL | 24,000,000,000,000 | TURKEY TB | 03/03.03.04/0 % | 10,074,516.30 | 11,240,857.57 | 8.34 |
| TRL | 95,000,000,000 | TURKEY TB | 03/13.08.03/0 % | 46,194.15 | 56,635.70 | 0.04 |
| TRL | 1,000,000,000,000 | TURKEY TB | 03/18.02.04/0 % | 453,646.97 | 476,544.90 | 0.36 |
| TRL | 39,975,000,000,000 | TURKEY TB | 03/18.02.04/0 % | 16,093,300.69 | 19,049,882.30 | 14.13 |
| TRL | 13,000,000,000,000 | TURKEY TB | 03/28.01.04/0 % | 4,835,380.08 | 6,393,128.79 | 4.74 |
| TRL | 22,000,000,000,000 | TURKEY TB | 03/28.01.04/0 % | 7,753,776.70 | 10,819,141.03 | 8.02 |
| TRL | 24,540,000,000,000 | TURKEY TB | 03/28.04.04/0 % | 8,331,218.64 | 10,735,721.09 | 7.97 |
| TRL | 12,500,000,000,000 | TURKEY TB | 03/05.11.03/0 % | 5,828,580.16 | 6,816,841.17 | 5.06 |
| TOTAL FINANCIAL INSTRUMENTS | | | | <u>64,770,335.00</u> | <u>80,956,240.42</u> | <u>60.06</u> |
| TOTAL INVESTMENTS | | | | <u>118,852,158.67</u> | <u>117,160,916.56</u> | <u>86.89</u> |

The accompanying Notes are an integral part of this semi-annual report.

A detailed schedule of portfolio changes during the period covered by the report is available free of charge upon request at the Fund's registered office and from the paying agent in Germany.

**STATEMENT OF INVESTMENTS
AS OF JUNE 30, 2003**

TÜRKISFUND-Eurobonds

| | Quantity/ Face value | Description | | Acquisition cost | Market value | % of net assets |
|--------------------------|-------------------------|-------------|---------------|---------------------|---------------------|--------------------|
| LISTED SECURITIES | | | | | | |
| BONDS | | | | | | |
| TURKEY | | | | | | |
| EUR | 460,000 | TURKEY | 97/07/8,125 % | 429,950.00 | 442,750.00 | 22.03 |
| EUR | 600,000 | TURKEY | 00/10/9,250 % | 585,000.00 | 574,500.00 | 28.58 |
| EUR | 100,000 | TURKEY | 99/05/9,625 % | 98,000.00 | 104,000.00 | 5.17 |
| EUR | 100,000 | TURKEY | 99/06/9,625 % | 96,400.00 | 100,720.00 | 5.01 |
| EUR | 100,000 | TURKEY | 02/07/9,750 % | 99,850.00 | 100,600.00 | 5.01 |
| EUR | 600,000 | TURKEY | 03/08/9,875 % | 603,900.00 | 592,620.00 | 29.48 |
| TOTAL INVESTMENTS | | | | 1,913,100.00 | 1,915,190.00 | 95.28 |

The accompanying Notes are an integral part of this semi-annual report.

A detailed schedule of portfolio changes during the period covered by the report is available free of charge upon request at the Fund's registered office and from the paying agent in Germany.

NOTE 1 – GENERAL

TÜRKISFUND SICAV (“the Fund”) is an investment company organized as a public corporation (société anonyme) under the laws of the Grand Duchy of Luxembourg and qualifies as a SICAV (société d’investissement à capital variable [in English, a Variable Capital Investment Company]). The SICAV was incorporated in Luxembourg on November 19, 1997 for an unlimited period, with an initial capital of DEM 70,000. The Articles of Incorporation of the SICAV were published in the Memorial, the official gazette of Luxembourg, on December 18, 1997. The SICAV is registered with the Register of Commerce, Luxembourg under number B-61596.

The Articles of Incorporation of the SICAV and the only notice required so far by Luxembourg law in respect of the issue and sale of shares by the SICAV are on file with the Clerk of the Circuit Court (in French, Greffe du Tribunal d’Arrondissement) of Luxembourg.

Shares are at present offered in the following sub-funds, each sub-fund having its own specific investment objectives and strategies:

- TÜRKISFUND-Equities
- TÜRKISFUND-Bonds
- TÜRKISFUND-Eurobonds

The objective of the sub-fund TÜRKISFUND-Equities is mainly to invest in equities issued by Turkish issuers as well as equities denominated in Turkish lira.

The objective of the sub-fund TÜRKISFUND-Bonds is mainly to invest in Turkish bonds.

The objective of the sub-fund TÜRKISFUND-Eurobonds is mainly to invest in Eurobonds issued by the Republic of Turkey.

NOTE 2 – SUMMARY OF THE MAIN ACCOUNTING POLICIES

a) Determination of the Net Asset Value

The net asset value per share is calculated by dividing the total net asset value of the relevant sub-fund, i. e., the value of the sub-fund’s assets less its liabilities, by the number of shares of the relevant sub-fund then outstanding.

It should be noted that the net asset values for the half year ending June 30, 2003 are based on the exchange rates prevailing on that date.

Since June 30, 2000, the reference currency for the Fund has been the euro.

b) Valuation of investments

The value of each security listed or traded on any stock exchange is the last known price or the officially listed price on the exchange which is normally the principal market for such security.

The securities traded on any other regulated market are valued in a manner as near as possible to that described in the preceding paragraph.

In the event that any of the securities held in any portfolio on the relevant valuation day are not listed or traded on an exchange or another regulated market, or if no price quotation is available, or if the price as determined pursuant to the last two paragraphs is not, in the opinion of the Directors, representative of the fair market value of the relevant securities, the value of such securities will be determined on the basis of the sale price, determined prudently and in good faith, that may reasonably be expected.

c) Foreign currency conversion

The SICAV maintains its accounting records in euros.

The value of assets and liabilities denominated in currencies other than the euro will be converted at the rates of exchange prevailing at the end of the fiscal period. Transactions in foreign currencies are converted into euros at the rates prevailing on the transaction date.

Exchange rate as of June 30, 2003:
TRL 1,000 = 0.00062079 EUR

d) Net realized capital gains (losses) on sales of investments

The net realized gains or losses on sales of investments are determined on the basis of the average acquisition cost of investments sold.

e) Forward foreign exchange contracts

Unrealized capital gains or losses on outstanding forward foreign exchange contracts are valued on the

basis of forward exchange rates prevailing at the relevant valuation date and included in the Statement of Changes in Net Assets.

f) Formation expenses

Formation expenses are capitalized and amortized over the first 5 fiscal years.

NOTE 3 – ADVISORY FEES

As remuneration for its services, the Investment Adviser, IS Portfolio Management Company, receives a quarterly fee for each sub-funds TÜRKISFUND-Equities, TÜRKISFUND-Bonds and TÜRKISFUND-Eurobonds. The fee is set at an annual rate of 1 % of the average net asset value of each sub-fund.

With effect from December 1, 2000, the SICAV will pay the Investment Adviser, for the sub-funds TÜRKISFUND-Equities, TÜRKISFUND-Bonds and TÜRKISFUND-Eurobonds, quarterly remuneration based on the following table:

Annual remuneration for the average quarterly value in euros of each portfolio:

| | |
|------------------------------------|--------|
| For the first 10 million | 1 % |
| For the next 15 million | 0.75 % |
| For the next 25 million | 0.50 % |
| For the remainder of the portfolio | 0.20 % |

NOTE 4 – DISTRIBUTORS

Distributors receive a sales fee of up to 5 % of the net asset value per share of the relevant sub-fund, which they may recover directly from subscription payments.

As remuneration for their services, Distributors receive an annual fee of 0.1 % for each sub-fund, based upon the average net asset value of each sub-fund, payable quarterly.

NOTE 5 – SUBSCRIPTION TAX

Under present Luxembourg law and practice, the SICAV is not liable to any Luxembourg income tax, nor are dividends paid by the SICAV liable to any Luxembourg withholding tax. The SICAV is, however, liable in Luxembourg to a subscription tax on its net asset value amounting to 0.05 % per annum for

Class A shares and 0.01 % per annum for Class I shares. For this reason, a new class of shares (Class I) was introduced for institutional investors with effect from December 2, 2002. This tax is calculated and payable quarterly on the basis of the net asset values of all the sub-funds at the end of the relevant quarter.

No subscription tax is due on assets held by the SICAV in other UCITSs already subject in Luxembourg to that subscription tax.