

**ATTICA IMAKO MEDIA SRL**

**FINANCIAL STATEMENTS  
FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**

**TOGETHER WITH AUDITOR'S REPORT**

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Board of Directors and Shareholders of  
Attika Imako Media SRL  
Bucharest, Romania

## INDEPENDENT AUDITORS' REPORT

### Report on the financial statements

1. We have audited the accompanying financial statements (page 3 to 20) of Attika Imako Media S.R.L. (the "Entity"), which comprise the balance sheet as at December 31, 2007, and the income statement for the period from October 18, 2007 to December 31, 2007, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
  
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

6. In our opinion the financial statements present fairly, in all material respects, the financial position of Attika Imako Media SRL. as at December 31, 2007, and its financial performance and its cash flows for the period from October 18 to December 31, 2007 in accordance with International Financial Reporting Standards.

Deloitte Audit S.R.L.  
February 28, 2008

**ATTICA IMAKO MEDIA SRL  
BALANCE SHEET  
AS AT DECEMBER 31, 2007**

**(All figures expressed in RON ( EUR for readers' convenience, as explained in Note 4b))**

		<b>December 31, 2007</b>	<b>December 31, 2007</b>
	<b>Note</b>	<b>RON</b>	<b>(for readers' convenience) EUR</b>
<b><u>ASSETS</u></b>			
Intangible assets, net	5	662	183
Property, plant and equipment	6	28,428	7,874
<b>Total Non Current Assets</b>		<b>29,090</b>	<b>8,057</b>
Cash and cash equivalents	7	587,134	162,632
<b>Total Current Assets</b>		<b>587,134</b>	<b>162,632</b>
<b>TOTAL ASSETS</b>		<b>616,224</b>	<b>170,689</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	9	30,561	8,465
Related party payables	8	47,869	13,260
Duties and taxes payable	10	(11,433)	(3,167)
Other current liabilities	11	11,335	3,140
<b>Total Current Liabilities</b>		<b>78,332</b>	<b>21,698</b>
<b>TOTAL LIABILITIES</b>		<b>78,332</b>	<b>21,698</b>
<b><u>SHAREHOLDERS' EQUITY/(DEFICIT)</u></b>			
Share capital	12	700,200	193,950
Translation reserve			3,676
Net profit/(loss) - current year	16	(162,308)	(48,635)
<b>Total shareholders' equity/(deficit)</b>		<b>537,892</b>	<b>148,991</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY/(DEFICIT)</b>		<b>616,224</b>	<b>170,689</b>
General Manager: Razvan Rosu		_____	
Financial Manager: Angela Iordan		_____	

The accompanying notes are an integral part of these financial statements

**ATTICA IMAKO MEDIA SRL**  
**STATEMENT OF OPERATIONS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON ( EUR for presentation, as explained in Note 4b))**

		<u>2007</u>	<u>2007</u>
	<u>Note</u>	RON	(for readers' convenience) EUR 3.6102
Other operating expenses	13	(178,467)	(53,477)
<b>Loss from operations</b>		<b><u>(178,467)</u></b>	<b><u>(53,477)</u></b>
Financial loss, net	14	16,158	4,842
Other non-operating income/(expense), net	15	1	-
<b>Loss before income tax</b>		<b><u>(162,308)</u></b>	<b><u>(48,635)</u></b>
<b>Net profit/(loss)</b>		<b><u>(162,308)</u></b>	<b><u>(48,635)</u></b>
General Manager: Razvan Rosu		_____	
Financial Manager: Angela Iordan		_____	

The accompanying notes are an integral part of these financial statements

**ATTICA IMAKO MEDIA SRL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON ( EUR for readers convenience, as explained in Note 4b))**

		<u>2007</u>	<u>2007</u>
	<u>Notes</u>	RON	(for readers' convenience) EUR
<b>Cash flows from operating activities</b>			
Loss before taxation and monetary gain		(162,308)	(48,636)
<i>Adjustments for:</i>			
Depreciation and amortization	5, 6	523	157
Interest revenue	15	(1)	-
<b>Net profit adjusted for non-cash items</b>		<b>(161,786)</b>	<b>(48,479)</b>
<i>Changes in working capital</i>			
Accounts payable	9	30,561	9,157
Related party payables	8	47,869	14,344
Duties and taxes payables	10	(11,433)	(3,426)
Other current liabilities	11	11,335	3,396
<b>Cash generated from operations</b>		<b>(83,454)</b>	<b>(25,008)</b>
Interest received	15	1	-
<b>Net cash provided by operating activities</b>		<b>(83,453)</b>	<b>(25,008)</b>
<i>Cash flows from investing activities</i>			
Acquisition of property, plant and equipment	6	(28,866)	(8,650)
Acquisition of intangible assets	5	(747)	(224)
<b>Net cash used in investing activities</b>		<b>(29,613)</b>	<b>(8,874)</b>
<i>Cash flows from financing activities</i>			
Equity	12	700,200	209,810
<b>Net cash provided by financing activities</b>		<b>700,200</b>	<b>209,810</b>
<b>Net increase in cash and cash equivalents</b>		<b>587,134</b>	<b>175,928</b>
<b>Monetary gain in cash transactions</b>			<b>(13,296)</b>
<b>Cash at end of year</b>		<b>587,134</b>	<b>162,632</b>

General Manager: Razvan Rosu

Financial Manager: Angela Iordan

The accompanying notes are an integral part of this financial statements

**ATTICA IMAKO MEDIA SRL**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))**

Amounts in RON	<u>Share capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
<b>Inception on Oct 18, 2007</b>	-	-	-
Increase in share capital	700,200	-	700,200
Net loss in 2007	-	(162,308)	(162,308)
<b>Balance as of December 31, 2007</b>	<b><u>700,200</u></b>	<b><u>(162,308)</u></b>	<b><u>537,892</u></b>

Amounts in EUR	<u>Share capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
<b>Inception on Oct 18, 2007</b>	-	-	-
Increase in share capital	193,950	-	193,950
Net loss in 2007	-	(48,635)	(48,635)
Translation reserve		3,676	3,676
<b>Balance as of December 31, 2007</b>	<b><u>193,950</u></b>	<b><u>(44,959)</u></b>	<b><u>148,991</u></b>

General Manager: Razvan Rosu

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Financial Manager: Angela Iordan

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The accompanying notes are an integral part of this financial statements

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))**

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**1. BACKGROUND**

ATTICA IMAKO MEDIA SRL ("the Company") was set up initially as a limited liability company, under the Romanian law, in October 18, 2007, through the association of two individual persons, i.e. Mrs. Angela Iordan and Mr. Razvan Rosu. The legal status of the Company has not changed ever since.

However, in December 2007 the two associates in Attica Imako Media SRL sold their parts in the Company to the Cyprus resident company named CIVICO Ltd and the Greek resident company named Imako Media S.A.

The main activity developed by ATTICA IMAKO is that of editing and publishing of the "INSTYLE" magazine on the Romanian market, under the license of the American Company TIME INC. USA, which will be launched from April 2008. There was a distinct license contract concluded with the above-mentioned Company, which stipulates the terms and conditions under which the publishing and distribution process takes place.

As of December 31, 2007 the Company operates with 9 full-time employees

**2. OPERATING ENVIRONMENT**

Over recent years, Romania has undergone substantial political and economic change. Romania is an emerging market and does not possess the well-developed business infrastructure, which generally exists in a more mature free market economy. As a result, operations carried out in Romania involve significant risks, which are not typically associated with those in developed markets. Instability in market reform could subject the Company to unpredictable changes in the basic business infrastructure under which it currently carries out its operations. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors could significantly affect the Company's ability to operate commercially. It is not possible to estimate what changes may occur or the resulting effect of any such changes on the Company's financial condition or future results of operations.

**3. BASIS OF PRESENTATION**

The Company maintains its books and records in accordance with accounting principles and practices mandated by the Romanian Government, i.e. Romanian Accounting Standards ("RAS"). The Company's fiscal year-end is December 31. The accompanying financial statements reflect certain adjustments and reclassifications, not recorded in the accounting records of the Company, in order to conform the statutory balances with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board. A summary of the significant adjustments made in order to conform to IFRS.

The financial statements have been authorized for being issue by the Company's management on January 31<sup>st</sup>, 2007.

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))**

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of Accounting

Denomination

The local currency RON becomes functional currency and it is used in parallel with the RAS ("Lei");

b) EUR Financial Statements

In 2007, because the company is owned 50% by Attica Publication SA Greece and 50% by Imako Media Greece, the company applies IAS 21 (the presentation currency is EURO).

Amounts in EUR shown in the accompanying financial statements have been included solely for the presentation purposes and are translated from RON at the official RON exchange rate of EUR announced by the National Bank of Romania as at December 31, 2007 of 1 EUR = 3.6102 RON, for the current and prior year balances and the average of the exchange rate forecasted by the National Bank of Romania for the year ended December 31, 2007 of 1 EUR = 3.3373 RON . Such translation should not be considered as a representation that the RON amounts have been or could be converted into EUR at this or any other rate.

c) Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

d) Foreign Currency Transactions

Transactions in foreign currencies are translated into RON by applying the exchange rates current at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into RON at the exchange rates current at the balance sheet date. Realized and unrealized exchange gains and losses are charged or credited, as appropriate, to the income statement.

e) Property, plant and equipment

Property, plant and equipment are carried at restated cost.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which are set out below:

	<b>Useful</b>
	<b><u>Lives</u></b>
Machinery and equipment	5 years
Furniture and fixture	3-5 years

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The useful life and depreciation method is reviewed periodically to ensure that the method and the useful lives are consistent with the expected pattern of economic benefits from the respective category of assets.

Maintenance and repairs, including minor renewals and improvements are charged to the income statement as incurred.

In cases where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible asset beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of tangible asset.

f) Impairment of Assets

Fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income for items of fixed assets and intangibles carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded in income.

g) Intangible Assets

Intangible assets include constitution expenses, amortized on a straight-line basis, over 1 year. The useful life and amortization method is reviewed periodically to ensure that the method and the periods of depreciation are consistent with the expected pattern of economic benefits from the respective category of assets.

h) Inventories

Inventories are stated at the lower of cost and net realizable value. The first-in-first-out (FIFO) cost formula was used to determine the cost of inventories.

Where necessary, provisions are made for excessive, obsolete and defective inventories.

i) Receivables

Receivables initially stated at fair value of consideration given are shown net of a provision for doubtful accounts, estimated based on known relevant factors affecting recoverability. Ultimate losses may vary from the current estimates.

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

j) Cash and cash equivalents

Cash includes cash on hand and in current accounts. Cash in foreign currency is translated at period-end exchange rates. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to insignificant risk of change in value.

k) Current Taxation

The current taxation charge is calculated in accordance with Romanian taxation regulations and is based on the results reported in the income statement of the Company prepared under Romanian Accounting Standards after adjustments for tax purposes.

Current income taxes are provided on statutory income, as adjusted for certain items by tax legislation, at a rate of 16% applicable to year 2007.

l) Deferred Taxation

In accordance with IAS 12, deferred tax liabilities and assets are recognized for the tax effects attributable to differences between the tax and book bases of assets and liabilities (i.e. future deductible or taxable temporary differences) and carry forwards, using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets is then reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

The tax rate for 2007 is 16%.

m) Revenue and Expense Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales, which exclude VAT and is presented net of discounts, are recognized when delivery of goods or rendering of the service has taken place and transfer of risks and rewards has been completed. Cost of sales is presented net of discounts received from suppliers.

Revenues and expenses are recognized on accrual basis. Advertising revenues are recorded net of discounts granted by the Company, such as preference, rate card, agency, and prepayment discounts.

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

n) Barter transactions

Revenue from barter transactions (advertising space in the magazines provided in exchange for goods and services) is recognized as income when commercials are published, and merchandise or services received are charged to expense or capitalized as appropriate when received or used.

The Company records barter transactions at the estimated fair market value of goods or services received. In cases where the Company has elected to enter into barter agreements as an alternate method of payment, strictly for economic reasons, the Company values the barter agreement at the lower of the fair value of the asset received and services provided. If merchandise or services are received prior to the publishing of a commercial, a liability is recorded. Likewise, if a commercial is published by the Company prior to receiving the merchandise or services, a receivable is recorded.

o) Financial Instruments

Financial assets and financial liabilities carried on the balance sheets include cash, trade and other accounts receivable and payable, loans, borrowings and investments. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this note.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument classified as a liability are reported as an expense or income as incurred. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

p) Dividends

The dividends are recorded in the financial statements when declared by the Company and approved by the shareholders.

q) Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

r) Contingencies

Contingent liabilities are not recognized in the accompanying financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the accompanying financial statements but disclosed when an inflow of economic benefits is probable.

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

s) Legal Reserve

A legal reserve, included in accumulated deficit, is appropriated out of the statutory year-end profit at the rate of 5%, until the total reserve reaches 20% of the historical paid-in share capital, according to the statutory regulations.

t) Related Parties

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party.

Related parties also include individuals that are principal owners, management, and members of the Company's Board of Directors and members of their families.

u) Employee Benefits

Short-term employee benefits

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expenses as services are rendered.

Post-employment benefits

Both the Company and its employees are legally obliged to make defined contributions (included in the social security contributions) to the National Pension Fund, managed by the Romanian State Social Security (a defined contribution plan financed on a pay-as-you-go basis). As such, the Company has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions as they fall due. If the Company ceases to employ members of the Romanian State Social Security plan, it will have no obligation to pay the benefits earned by its own employees in previous years. The Company's contributions relating to defined contribution plans are charged to income in the year to which they relate.

Termination benefits

The Company is not obliged, by law or collective labor contract, to pay termination indemnities in cases of reduction in labor force.

v) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

w) Subsequent events

Post-year end events that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate (adjusting events), are reflected in the accompanying financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))**

**5. INTANGIBLE ASSETS, NET**

Intangible assets represent constitution expenses and the movements in 2007 are as follows:

<u>Amounts in RON</u>	<u>Inception on</u> <u>October 18,</u> <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31,</u> <u>2007</u>
Gross value	-	747	-	747
Accumulated amortization	-	85	-	85
<b>Net book value</b>	<b>-</b>	<b>662</b>	<b>-</b>	<b>662</b>

<u>Amounts in EUR</u> <u>(for reader's convenience)</u>	<u>Inception on</u> <u>October 18,</u> <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31,</u> <u>2007</u>
Gross value	-	207	-	207
Accumulated amortization	-	24	-	24
<b>Net book value</b>	<b>-</b>	<b>183</b>	<b>-</b>	<b>183</b>

**6. PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment movements in 2007 are as follows:

<u>Amounts in RON</u>	<u>Inception on</u> <u>October 18,</u> <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31,</u> <u>2007</u>
<b>Gross book value</b>				
Machinery & equipment	-	28,866	-	28,866
<b>Total</b>	<b>-</b>	<b>28,866</b>	<b>-</b>	<b>28,866</b>
<b>Accumulated depreciation</b>				
Machinery & equipment	-	438	-	438
<b>Total</b>	<b>-</b>	<b>438</b>	<b>-</b>	<b>438</b>
<b>Net book value</b>	<b>-</b>	<b>28,428</b>	<b>-</b>	<b>28,428</b>

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))

**6. PROPERTY, PLANT AND EQUIPMENT, NET (continued)**

<u>Amounts in EUR</u> (for reader's convenience)	<u>Inception on</u> <u>October 18,</u> <u>2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31,</u> <u>2007</u>
<b><u>Gross book value</u></b>				
Machinery & equipment	-	7,996	-	7,996
<b>Total</b>	<b>-</b>	<b>7,996</b>	<b>-</b>	<b>7,996</b>
<b><u>Accumulated depreciation</u></b>				
Machinery & equipment	-	122	-	122
<b>Total</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>122</b>
<b>Net book value</b>	<b>-</b>	<b>7,874</b>	<b>-</b>	<b>7,874</b>

**7. CASH AND CASH EQUIVALENTS**

As of December 31, 2007, cash balances are made up of the following:

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2007</u> (for readers' convenience) EUR
	<b>RON</b>	<b>EUR</b>
Bank accounts in ROL	6,932	1,920
Bank accounts in hard currency	579,531	160,526
Cash in hand	671	186
<b>TOTAL</b>	<b>587,134</b>	<b>162,632</b>

**8. RELATED PARTIES, NET**

Company's balances with related parties as of December 31, 2007, are summarized below:

<u>Amounts in RON</u>	<u>December 31, 2007</u>		
	<u>Receivable</u>	<u>Payable</u>	<u>Net</u>
EDITEXT INTERNATIONAL	-	(10,905)	(10,905)
PBR PUBLISHING SRL	-	(36,964)	(36,964)
<b>TOTAL</b>	<b>-</b>	<b>(47,869)</b>	<b>(47,869)</b>
<b>Total related party receivables net</b>	<b>-</b>	<b>(47,869)</b>	<b>(47,869)</b>

**ATTICA IMAKO MEDIA SRL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 18 TO DECEMBER 31, 2007**  
**(All figures expressed in RON (EUR for readers' convenience, as explained in Note 4b))**

**8. RELATED PARTIES, NET (continued)**

<u>Amounts in EUR</u> (for readers' convenience)	<u>December 31, 2007</u>		
	<u>Receivable</u>	<u>Payable</u>	<u>Net</u>
EDITEXT INTERNATIONAL	-	(3,021)	(3,021)
PBR PUBLISHING SRL	-	(10,239)	(10,239)
<b>TOTAL</b>	<b>-</b>	<b>(13,260)</b>	<b>(13,260)</b>
<b>Total related party receivables net</b>	<b>-</b>	<b>(13,260)</b>	<b>(13,260)</b>

The nature of these related party transactions is summarized below:

Expenses

Company's costs with related parties in 2007 consist of:

Supplier (related party)	Nature of transaction	Year ended December 31, 2007	Year ended December 31, 2007
		RON	(for readers' convenience) EUR
PBR PUBLISHING SRL	rent building	12,636	3,785
PBR PUBLISHING SRL	legal fees	4,142	1,241
PBR PUBLISHING SRL	others	1,324	397
EDITEXT INTERNATIONAL SRL	editorial	10,905	3,269
<b>TOTAL</b>		<b>29,007</b>	<b>8,692</b>

**9. ACCOUNTS PAYABLE**

As of December 31, 2007, accounts payable consists of:

	December 31, 2007	December 31, 2007
	RON	(for readers' convenience) EUR
Audit	15,036	4,165
Computers	9,131	2,529
Other services	6,394	1,771
<b>TOTAL</b>	<b>30,561</b>	<b>8,465</b>

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**10. DUTIES AND TAXES PAYABLE**

As of December 31, 2007, the Company has the following tax liabilities:

	<u>December 31, 2007</u>	<u>December 31, 2007</u> (for readers' convenience)
	RON	EUR
State Budget		
Tax on salaries	3,257	902
VAT	(14,690)	(4,069)
<b>Total</b>	<u>(11,433)</u>	<u>(3,167)</u>
<b>Balance not including penalties:</b>	<u>(11,433)</u>	<u>(3,167)</u>

All potential penalties due by the Company as of that date were assessed by the tax authorities and booked by the Company in the statutory accounts and in the IFRS accounts..

**11. OTHER CURRENT LIABILITIES**

Other current liabilities as of December 31, 2007 respectively, consist of amounts payable to employees.

	<u>December 31, 2007</u>	<u>December 31, 2007</u> (for readers' convenience)
	RON	EUR
Salaries liabilities	<u>11,335</u>	<u>3,140</u>
<b>TOTAL</b>	<u>11,335</u>	<u>3,140</u>

**12. SHARE CAPITAL**

As of December 31, 2007 share capital of the Company has two shareholders, CIVICO Ltd. and Imako Media S.A and amounts to RON 700.200 (EUR 193,950) nominal value and is fully paid.

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**13. OTHER OPERATING EXPENSES**

Other operating expenses for the years ended December 31, 2007 include the following:

		<b>Year ended December 31, 2007</b>	<b>Year ended December 31, 2007</b>
		<b>RON</b>	<b>(for readers' convenience) EUR</b>
Administrative costs	(a)	158,501	47,494
Company overhead	(b)	19,443	5,826
Depreciation and amortization		523	157
<b>TOTAL</b>		<b>178,467</b>	<b>53,477</b>

a) Administrative costs for the years ended December 31, 2007 include the following:

		<b>Year ended December 31, 2007</b>	<b>Year ended December 31, 2007</b>
		<b>RON</b>	<b>(for readers' convenience) EUR</b>
Rent		12,636	3,737
Transport and travel		65,476	19,362
Stationary and supplies		5,556	1,643
Petty inventories		11,644	3,443
Copyright		32,569	9,631
Consulting fees		30,620	9,055
<b>TOTAL</b>		<b>158,501</b>	<b>46,871</b>

b) Company overhead for the years ended December 31, 2007 include the following:

		<b>Year ended December 31, 2007</b>	<b>Year ended December 31, 2007</b>
		<b>RON</b>	<b>(for readers' convenience) EUR</b>
Legal fees		5,955	1,761
External audit		12,636	3,737
Other		852	252
<b>TOTAL</b>		<b>19,443</b>	<b>5,750</b>

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**14. FINANCIAL LOSS, NET**

The financial loss for the years ended December 31, 2007 results from:

	<u>Year ended December 31, 2007</u>	<u>Year ended December 31, 2007</u>
	RON	(for readers' convenience) EUR
Interest income	1	-
Foreign exchange gain/(loss)	(319)	(96)
Other financial income/(expense)	16,476	4,938
<b>TOTAL</b>	<b>16,158</b>	<b>4,842</b>

**15. OTHER NON-OPERATING INCOME / (EXPENSE), NET**

Other non-operating income/(expense) for the years ended December 31, 2007 include the following:

	<u>Year ended December 31, 2007</u>	<u>Year ended December 31, 2007</u>
	RON	(for readers' convenience) EUR
Other non-op. income/(expenses)	1	-
<b>TOTAL</b>	<b>1</b>	<b>-</b>

**16. INCOME TAX EXPENSE**

The Company's current income tax is determined on the basis of statutory profits adjusted for non-deductible expenses and non-taxable incomes at a rate of 16%.

As of December 31, 2007, the Company computed a deferred tax asset on temporary differences, for which has been recorded an allowance of RON 2,048 (EUR 614) in the financial statements as of December 31, 2007:

	<u>Cummulative temporary differences</u>	<u>Deferred tax asset/ (liability)</u>	<u>Cummulative temporary differences</u>	<u>Deferred tax asset/ (liability)</u>
	RON	RON	EUR	EUR
To accrue expenses under IAS	12,636	2,022	3,786	606
To restate tangible assets, net	161	26	48	8
<b>TOTAL</b>	<b>12,797</b>	<b>2,048</b>	<b>3,834</b>	<b>614</b>

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**16. INCOME TAX EXPENSE (continued)**

The differences between regulations issued by the Romanian Ministry of Finance and the accounting rules applied in preparing these financial statements give rise to temporary differences between the carrying value of certain assets and liabilities for financial reporting and tax purposes. Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 16%.

The prima facie tax charge to the Statement of Operations is reconciled to the profits tax expense as follows:

	<b>December 31, 2007</b>	<b>December 31, 2007</b>
	<b>RON</b>	<b>(for readers' convenience) EUR</b>
<b>Net profit before taxation</b>	<b>(162,308)</b>	<b>(48,635)</b>
Romanian Tax rate applicable	16%	16%
Profits tax based on applicable rate	<b>(25,969)</b>	<b>(7,781)</b>
Tax effect of temporary differences	(2,048)	(614)
Tax effect of permanent differences	28,017	8,395
<b>Profits tax (income)/expenses in Income Statement</b>	<b>-</b>	<b>-</b>
 <b>PROFIT TAX TO BE PAID FOR THE YEAR</b>	 <b>-</b>	 <b>-</b>

**17. KEY MANAGEMENT COMPENSATION**

The compensation of the key management personnel of the Company for the year ended 31 December 2007 amounts to RON 10,425 (EUR 3,124).

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**18. FISCAL ENVIRONMENT**

The legislation and fiscal environment in Romania and their implementation into practice change frequently and are subject to different interpretations by authorities. The Romanian government has a number of agencies that are authorized to conduct audits ("controls") of Romanian companies as well as foreign companies doing business in Romania. These controls are similar in nature to tax audits performed by taxing authorities in many countries, but may extend not only to tax matters but to other legal or regulatory matters in which the applicable agency may be interested. In addition, the agencies conducting these controls appear to be subject to significantly less regulation and the company under review appears to have significantly less practical safeguards than is customary in many countries.

Management believes that it has adequately provided for tax liabilities in the accompanying financial statements. However, there is a risk that various authorities can take differing positions with regard to the interpretation of these issues (mainly in relation to value-added taxes, withholding taxes and transfer pricing issues relating to related party transactions) and the effect could be significant.