

**VATAN İMAKO YAYINCILIK A.Ş.
FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2008
TOGETHER WITH
AUDITOR'S REPORT**

VATAN İMAKO YAYINCILIK ANONİM ŞİRKETİ
AUDITOR'S REPORT FOR THE YEAR ENDED 31.12.2008

**To the Shareholders and Board of Directors of
Vatan Imako Yayıncılık A.Ş.
İstanbul**

1. We have audited the accompanying financial statements of Vatan Imako Yayıncılık A.Ş. (the Company), which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow for the year 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 entity's 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.

Eren Bağımsız Denetim ve Y.M.M. A.Ş.
Certified Public Accountants

Opinion

6. In our opinion, the financial statements present fairly, in all material respects, the financial position of Vatan Imako Yayıncılık A.Ş. as of 31 December 2008 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Member Firm of GRANT THORNTON International



Nazım Hikmet, FCCA
Partner

İstanbul, 18 February 2009

VATAN İMAKO YAYINCILIK A.Ş.
BALANCE SHEETS AS OF 31.12.2008 AND 2007
(Currency - New Turkish Lira)

(Amounts translated into EURO at the year end exchange rate for convenience purposes)

<u>ASSETS</u>	<u>Note</u>	<u>31.12.2008</u>		<u>31.12.2007</u>	
		<u>EURO</u>	<u>YTL</u>	<u>EURO</u>	<u>YTL</u>
<u>CURRENT ASSETS</u>					
Cash and Cash Equivalents	4	308,588	660,626	409,291	699,970
Trade Receivables	5	1,799,765	3,852,937	2,366,066	4,046,446
Inventories	6	74,398	159,272	94,042	160,830
Due from Shareholders Relating to Unpaid Share Capital		-	-	236,814	405,000
Other Current Assets	7	150,580	322,361	305,268	522,070
Total Current Assets		2,333,331	4,995,196	3,411,481	5,834,316
<u>NON - CURRENT ASSETS</u>					
Property, Plant and Equipment	8	66,166	141,648	87,887	150,305
Intangible Assets	9	134,950	288,902	224,318	383,629
Deferred Tax Asset	13	18,004	38,542	23,653	40,452
Total Non-Current Assets		219,120	469,092	335,858	574,386
TOTAL ASSETS		2,552,451	5,464,288	3,747,339	6,408,702

The accompanying notes are an integral part of these financial statements.

VATAN İMAKO YAYINCILIK A.Ş.
BALANCE SHEETS AS OF 31.12.2008 AND 2007
(Currency - New Turkish Lira)

(Amounts translated into EURO at the year end exchange rate for convenience purposes)

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Note</u>	<u>31.12.2008</u>		<u>31.12.2007</u>	
		<u>EURO</u>	<u>YTL</u>	<u>EURO</u>	<u>YTL</u>
<u>SHORT TERM LIABILITIES</u>					
Financial Liabilities	10	13,885	29,726	-	-
Trade Payables	11	1,385,425	2,965,917	1,776,754	3,038,604
Taxation on Income	13	-	-	5,610	9,594
Other Liabilities	12	252,765	541,116	295,070	504,633
Total Short Term Liabilities		1,652,075	3,536,759	2,077,434	3,552,831
<u>LONG TERM LIABILITIES</u>					
Reserve for Employee Termination Benefits	14	20,974	44,902	8,871	15,171
Deferred Tax Liability	13	41,005	87,784	92,511	158,212
Total Long Term Liabilities		61,979	132,686	101,382	173,383
<u>SHAREHOLDERS' EQUITY</u>					
Share Capital	15	630,605	1,350,000	789,381	1,350,000
General Reserves	16	261,612	560,060	157,290	268,998
Net Profit / (Loss) for the Year		(53,820)	(115,217)	621,852	1,063,490
Total Shareholders' Equity		838,397	1,794,843	1,568,523	2,682,488
Commitments and Contingencies	17				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,552,451	5,464,288	3,747,339	6,408,702

The accompanying notes are an integral part of these financial statements.

VATAN İMAKO YAYINCILIK A.Ş.
STATEMENTS OF INCOME FOR THE YEARS ENDED 31.12.2008 AND 2007
(Currency - New Turkish Lira)
(Amounts translated into EURO at the year end exchange rate for convenience purposes)

	<u>Note</u>	<u>01.01.-31.12.2008</u>		<u>01.01.-31.12.2007</u>	
		<u>EURO</u>	<u>YTL</u>	<u>EURO</u>	<u>YTL</u>
Net Sales	18	5,270,562	11,283,219	4,985,660	8,526,476
Cost of Sales	19	(3,378,933)	(7,233,619)	(2,693,527)	(4,606,470)
GROSS PROFIT		1,891,629	4,049,600	2,292,133	3,920,006
Marketing, Selling and Distribution Expenses	20	(1,505,525)	(3,223,028)	(1,273,742)	(2,178,354)
General Administrative Expenses	21	(522,789)	(1,119,186)	(260,497)	(445,502)
BASIC OPERATING PROFIT / (LOSS)		(136,685)	(292,614)	757,894	1,296,150
Other Income / (Expenses), net		18,780	40,204	(165)	(283)
Financing Income / (Expense), net	22	58,239	124,678	26,723	45,702
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR		(59,666)	(127,732)	784,452	1,341,569
Tax	13	(26,160)	(56,003)	(104,430)	(178,597)
Deferred tax income	13	32,006	68,518	(58,170)	(99,482)
NET PROFIT / (LOSS) FOR THE YEAR		(53,820)	(115,217)	621,852	1,063,490
Earnings before interest, tax, depreciation and amortization (EBITDA)	3	(70,892)	(151,765)	810,654	1,386,380

The accompanying notes are an integral part of these financial statements.

VATAN İMAKO YAYINCILIK A.Ş.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31.12.2008 AND 2007
(Currency - New Turkish Lira)
(Amounts translated into EURO at the year end exchange rate for convenience purposes)

	<u>Share Capital</u>		<u>General Reserves</u>		<u>Net Profit / (Loss) for the Year</u>		<u>Total</u>	
	<u>EURO</u>	<u>YTL</u>	<u>EURO</u>	<u>YTL</u>	<u>EURO</u>	<u>YTL</u>	<u>EURO</u>	<u>YTL</u>
Balance, 31.12.2006	729,139	1,350,000	-	-	145,288	268,998	874,427	1,618,998
Translation gain	60,242	-	-	-	12,003	-	72,245	-
Transfer to reserves	-	-	157,290	268,998	(157,290)	(268,998)	-	-
Net profit for the year	-	-	-	-	621,851	1,063,490	621,851	1,063,490
Balance, 31.12.2007	789,381	1,350,000	157,290	268,998	621,852	1,063,490	1,568,523	2,682,488
Translation loss	(158,776)	-	(31,637)	-	(125,080)	-	(315,493)	-
Dividend paid	-	-	-	-	(360,813)	(772,428)	(360,813)	(772,428)
Transfer to reserves	-	-	135,959	291,062	(135,959)	(291,062)	-	-
Net loss for the year	-	-	-	-	(53,820)	(115,217)	(53,820)	(115,217)
Balance, 31.12.2008	630,605	1,350,000	261,612	560,060	(53,820)	(115,217)	838,397	1,794,843

The accompanying notes are an integral part of these financial statements.

VATAN İMAKO YAYINCILIK A.Ş.
STATEMENTS OF CASH FLOW FOR THE YEARS ENDED 31.12.2008 AND 2007
(Currency - New Turkish Lira)
(Amounts translated into EURO at the year end exchange rate for convenience purposes)

	<u>01.01.-31.12.2008</u>		<u>01.01.-31.12.2007</u>	
	EURO	YTL	EURO	YTL
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (loss) before tax for the year	(59,666)	(127,732)	784,452	1,341,569
<u>Adjustment to reconcile net profit to net cash:</u>				
Depreciation and amortization expenses	65,793	140,849	52,760	90,230
Provision for employment termination benefits	13,888	29,731	8,871	15,171
Translation gain / (loss)	(82,325)	-	5,235	-
Operating cash flows provided before changes in working capital	(62,310)	42,848	851,318	1,446,970
Trade receivables	90,391	193,509	(954,076)	(1,631,660)
Inventories	728	1,558	4,643	7,941
Other assets	119,951	256,792	(259,201)	(443,286)
Due from shareholders relating to unpaid share capital	189,182	405,000	-	-
Trade payables	(33,953)	(72,687)	1,013,838	1,733,866
Other short term liabilities	17,042	36,483	86,181	147,387
Tax paid	(57,306)	(122,680)	(127,055)	(217,289)
Net Cash Flows Generated From Operating Activities	263,725	740,823	615,648	1,043,929
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of tangible fixed assets	(17,500)	(37,465)	(269,720)	(461,275)
Net Cash Flows generated used in Investing Activities	(17,500)	(37,465)	(269,720)	(461,275)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from financial liabilities	13,885	29,726	-	-
Dividend paid	(360,813)	(772,428)	-	-
Net Cash Flows generated used in Financing Activities	(346,928)	(742,702)	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(100,703)	(39,344)	345,928	582,654
Cash and Cash Equivalents at Beginning of Year	409,291	699,970	63,363	117,316
Cash and Cash Equivalents at the End of Year	308,588	660,626	409,291	699,970

The accompanying notes are an integral part of these financial statements.

-1-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

1. Corporate Information

Vatan Imako Yayıncılık A.Ş. was established on 6 April 2006 in İstanbul. It is engaged in publishing monthly magazines named Instyle since the beginning, Fortune since October 2007 and Instyle Home since November 2008 in Turkey.

As of 31 December 2008, the Company has 14 employees in Instyle magazine (2007: 16 employees) , 16 employees in Fortune magazine (2007: 23 employees) and 10 employees in Instyle Home magazine (2007: not applicable).

2. Basis of Presentation of Financial Statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

The Company which is incorporated in Turkey, maintains its books of account and prepares its statutory financial statements in accordance with the Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The financial statements have been prepared from statutory financial statements of the Company presented in New Turkish Lira (YTL) with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

Measurement currency and reporting currency

The currency used in these financial statements is New Turkish Lira, which is denoted by the symbol YTL.

Convenience translation of financial statements

For the convenience of the reader, the accompanying financial statements have been translated from New Turkish Lira to EURO with the Central Bank buying exchange rate at year-end (31.12.2008: EURO = YTL 2.1408, 31.12.2007: EURO = YTL 1.7102). Such convenience translations are not intended to comply with the provisions of IAS 21 “The Effects of Changes in Foreign Exchange Rates” or Financial Accounting Standards Board No.52 “Foreign Currency Translations” for the translation of financial statements.

Adoption of new and revised international financial reporting standards

- a) The new standards which are effective and changes and interpretations of current standards are as follows:

IFRIC 13, “Customer Loyalty Programmes” (Effective for fiscal periods beginning on or after 1 July 1 2008).

IFRIC 16, “Hedges of a net investment in a foreign operation” (Effective for annual periods beginning on or after 1 October 2008).

These new standards do not have any effect on the financial statements since they are not related with the Company’s operations.

-2-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

- b) The standards which are published but are not effective and are not early adopted by the Company as of the date of authorization of the financial statements, and the changes and interpretations to the current standards are as follows:

IFRS 2, “Share Based Payments (Revised) - Qualifying and Cancellation” (Effective for fiscal periods beginning on or after 1 January 2009).

IFRS 3, Business Combinations and IAS 27 Consolidated and Separate Financial Statements (revised) (effective for annual periods beginning on or after 1 July 2009).

IFRS 8, Operating Segments (Effective for financial years beginning on or after 1 January 2009).

IAS 1, “Presentation of Financial Statements” (Revised) (Effective for fiscal periods beginning on or after 1 January 2009).

IAS 23, “(Revised) Borrowing Costs” (Effective for fiscal periods beginning on or after 1 January 2009).

Amendments to IAS 32 and IAS 1: “Puttable Financial Instruments and Obligations Arising on Liquidation” (Effective for fiscal periods beginning on or after 1 January 2009).

IFRIC 15, “Agreements for the construction of real estate” (Effective for annual periods beginning on or after 1 January 2009).

3. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are as follows:

Related Parties

For the purpose of the accompanying financial statements, key personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries of the Company are referred to as related parties.

Cash and Cash Equivalents

Cash and cash equivalents include all short-term, highly liquid investments that are readily convertible to known amounts of cash and near to maturity that they present an insignificant risk of changes in value because of changes in interest rates.

Trade Receivables and Allowance For Doubtful Receivables

Trade and notes receivables are recognized at original invoice amount and discounted to present value less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. In case the provision decreases as a result of an event that occurs after write off, the amount is reflected on the income statement in the current period.

Based on an evaluation of its trade portfolio such as volume, character of outstanding loans, past loan experience and general economic conditions management provides a general reserve that it believes is adequate to cover possible losses and uncollectible amounts in the Company’s receivables, in addition to specific reserves provided for receivables in legal follow-up.

-3-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

Allowance for Unearned Interest Expense on Notes Receivable and Unrealized Interest Income on Notes Payable

Unearned interest is calculated on all the trade receivables and notes receivable and trade payables and notes payables at the balance sheet date, to set an allowance for unearned interest expense on receivables and and unrealised interest income on payables.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated by using weighted average method.

Property, plant, equipment and intangible assets and related depreciation and amortization

Property, plant and equipment balances are measured at the acquisition cost less the accumulated amortisation that is calculated according to their useful lives on a straight-line basis.

Depreciation and amortization are provided on pro-rata basis over the useful life of the assets. The estimated useful lives of property, plant, equipment and intangible assets are as follows:

	<u>Year</u>
Furniture, fixtures and office equipment	14
Leasehold improvements	5
Intangible assets	5

Intangible assets and related amortization

Intangible assets are measured at the acquisition cost less the accumulated amortisation that is calculated according to their useful life on a straight-line basis. Intangible assets are amortised on a straight line basis at 20 % per annum.

Impairment of Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

Employee Benefits / Retirement Pay Provision

Under the Turkish Law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Taxation and Deferred Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax: The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax: Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. After initial recognition, bank borrowings are subsequently measured at amortized cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are shown in current liabilities to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at their nominal value, discounted to present value as appropriate.

Provisions

A provision is recognized when and only when an enterprise 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

VATAN IMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

Commitments and Contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Financial Instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument.

Recognition and Derecognition of Financial Instruments

The Company recognizes a financial asset or financial liability in its balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion financial asset. The Company derecognizes a financial liability when and only when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Foreign Currency Transactions and Translation

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of such transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange rates used by the Company are as follows:

	31.12.2008	31.12.2007
US \$	1.5123	1.1647
EURO	2.1408	1.7102
GBP	2.1924	2.3259

Revenue Recognition

Revenue involves the goods and service sales invoiced value. Revenues are recognized on an accrual basis at the time deliveries of goods and services or acceptances are made, the transfer of risks and benefits related to good are realized, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company, at the fair value of the consideration received or receivable. The significant risks and benefits in sales are transferred when the goods are delivered or legal proprietorship is transferred to the customer. Interest income and expenses are recognized in the income statement on an accrual basis. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

Operating Expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

-6-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

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 these estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

EBITDA

EBITDA is defined as earnings before interest expense, income tax expense (benefit), non cash compensation, depreciation and amortization. EBITDA figure is included as certain investors may also use it as a measure of a company's ability to service and/or incur debt. This information should be read in conjunction with the Statements of Cash Flows contained in the accompanying financial statements.

-7-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

4. Cash and Cash Equivalents

Cash and cash equivalents include the following components:

	31.12.2008		31.12.2007	
	EURO	YTL	EURO	YTL
Cash on hand	3,362	7,197	5,292	9,051
Demand deposits at banks	95,025	203,429	9,308	15,919
Time deposits at banks	210,201	450,000	394,691	675,000
	308,588	660,626	409,291	699,970

As of 31.12.2008, time deposits are as follows;

Bank Name	Currency	Interest rate (%)	Maturity	YTL Equivalent
T. İş Bankası A.Ş.	YTL	14	02.01.2009	450,000
				450,000

Foreign currency balances of cash and cash equivalents and the net currency exposure position has been summarized on note 25.

5. Trade Receivables

	EURO	YTL	EURO	YTL
Trade receivables				
- Current accounts	1,843,287	3,946,109	2,439,033	4,171,234
- Post dated checks and notes receivables	3,202	6,855	8,483	14,508
Unearned interest on receivables (-)	(46,724)	(100,027)	(81,450)	(139,296)
Total	1,799,765	3,852,937	2,366,066	4,046,446

-8-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

The aging analysis of trade receivables as of 31 December 2008 are as follows;

	EURO	YTL
1 month ago	606,895	1,299,240
2 months ago	611,856	1,309,862
3 months ago	540,405	1,156,898
4 months ago	87,334	186,964
Total	1,846,490	3,952,964

As of 31.12.2008, YTL 2,883,903 (EURO 1,347,115) of trade receivables are comprised of factored receivables from Doğan Faktoring Hizmetleri A.Ş.. These factored receivables are transferred to Doğan Faktoring Hizmetleri A.Ş. in relation to the contracts made with main clients. As of 31.12.2008 factored receivable balances arising from invoices originally issued to clients are as follows;

	EURO	YTL
Time Medya Hizmetleri	94,062	201,367
Medya Hizmetleri A.Ş.	102,117	218,612
Mindshare Medya Hiz.A.Ş.	75,233	161,058
Tempo Omd Medya Hizmetleri A.Ş.	56,732	121,452
Optimum Media Direction Medya Hizmetleri A.Ş.	35,839	76,723
M.G. Medya Yayıncılık Hizmetleri Tic. A.Ş.	75,172	160,929
Rekta Reklam Ve Tanıtım Hiz.Ltd.Şti.	36,409	77,944
Universal Mccann Medya Planlama	63,628	136,215
Starcom Mediavest Group Medya Plan.Satınal.Dan.Paz.A.Ş.	30,077	64,388
Zara Tekstil Giyim San.Tic.Ltd.Şti	33,985	72,756
Mediacom İstanbul Medya	71,931	153,990
Unitim Moda Mağazacılık ve Tic. A.Ş.	20,234	43,318
Crns Saat ve Mümessillik Dış Tic. Ltd.Şti.	23,150	49,560
Kızıltan Dış Ticaret ve Ayakkabı San. Ltd. Şti.	24,855	53,210
Other	603,691	1,292,381
Total	1,347,115	2,883,903

-9-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

As of 31 December 2008, details of trade receivables are as follows;

	EURO	YTL
Doğan Factoring Hizmetleri A.Ş.	1,347,115	2,883,903
Doğan Dağıtım Satış Paz. ve Matbaacılık A.Ş.	374,377	801,466
De Agostini Hellas Ltd.	46,385	99,301
Zer Merkezi Hizmetleri Tic. A.Ş.	13,670	29,264
Other	64,942	139,030
Discount on trade receivables	(46,724)	(100,027)
Total	1,799,765	3,852,937

6. Inventory

	31.12.2008		31.12.2007	
	EURO	YTL	EURO	YTL
Raw materials	25,801	55,235	33,293	56,938
T-shirts and pareos	33,511	71,740	60,749	103,892
Merchandise	15,086	32,297	-	-
Total	74,398	159,272	94,042	160,830

7. Other Current Assets

	EURO	YTL	EURO	YTL
Prepaid expenses (*)	64,651	138,405	280,377	479,500
Interest income accrual	82	176	151	259
VAT carried forward	17,834	38,178	-	-
Prepaid taxes	26,664	57,083	-	-
Due from personnel	20,773	44,471	24,740	42,311
Sundry debtors	20,576	44,048	-	-
Other doubtful receivables	22,323	47,789	27,944	47,789
Provision for other sundry receivables	(22,323)	(47,789)	(27,944)	(47,789)
Total	150,580	322,361	305,268	522,070

(*) As of 31 December 2007 Prepaid expenses include YTL 290,101 (EURO 169,630) incurred in the last quarter of 2007 for the advertisement of Fortune Magazine, which has been introduced in October 2007 into Turkey and actually has to be spread over one year.

-10-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

8. Property, Plant and Equipment

<u>Cost</u>	31.12.2007		Additions		31.12.2008	
	EURO	YTL	EURO	YTL	EURO	YTL
Leasehold improvements	101,309	173,259	3,312	7,090	84,244	180,349
Fixtures and fittings	10,452	17,875	14,189	30,375	22,538	48,250
	111,761	191,134	17,501	37,465	106,782	228,599
<u>Accumulated depreciation</u>						
Leasehold improvements	21,813	37,304	16,849	36,070	34,274	73,374
Fixtures and fittings	2,061	3,525	4,695	10,052	6,342	13,577
	23,874	40,829	21,544	46,122	40,616	86,951
Net book value	87,887	150,305	(4,043)	(8,657)	66,166	141,648

The depreciation (in relation to property, plant and equipment) and amortization (in relation to intangible assets) charges for the years ended 31.12.2008 and 2007 are set out below:

	31.12.2008		31.12.2007	
	EURO	YTL	EURO	YTL
General administrative expenses	65,792	140,849	52,760	90,230
	65,792	140,849	52,760	90,230

-11-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

9. Intangible Assets

<u>Cost</u>	<u>31.12.2007</u>		<u>Additions</u>		<u>31.12.2008</u>	
	EURO	YTL	EURO	YTL	EURO	YTL
Establishment Costs	276,943	473,628	-	-	221,238	473,628
	276,943	473,628	-	-	221,238	473,628
<u>Accumulated amortization</u>						
Establishment Costs	52,625	89,999	44,248	94,727	86,288	184,726
	52,625	89,999	44,248	94,727	86,288	184,726
Net book value	224,318	383,629			134,950	288,902

-12-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

As of 31.12.2008, capitalized expenses as establishment costs are summarized as follows;

	EURO	YTL
Writing copyrights	147,696	316,187
Printing expenses	23,537	50,388
Rental expenses	7,412	15,867
Paper expenses	9,301	19,911
Travel expenses	7,925	16,965
Other	25,369	54,310
Total	221,240	473,628

Amortisation of intangible assets is calculated according to their useful lives on a straight line basis. Amortisation rate of intangible assets is 20%.

10. Financial Liabilities

	<u>31.12.2008</u>		<u>31.12.2007</u>	
	<u>EURO</u>	Currency <u>YTL</u>	<u>EURO</u>	Currency <u>YTL</u>
<u>Short term portion</u>				
New Turkish Lira loans	13,885	29,726	-	-
Total	13,885	29,726	-	-

As of 31 December 2008, the bank loan was used for SSK payments. There is no interest relating to this short term bank overdraft facility.

11. Trade Payables

	<u>31.12.2008</u>		<u>31.12.2007</u>	
	<u>EURO</u>	YTL	<u>EURO</u>	YTL
Trade payables				
- Third parties	1,184,923	2,536,684	1,009,422	1,726,314
- Post dated checks and notes payables	119,543	255,917	-	-
Trade payables from related parties	127,506	272,965	828,642	1,417,144
Unearned interest on payables (-)	(46,547)	(99,649)	(61,310)	(104,854)
	1,385,425	2,965,917	1,776,754	3,038,604

-13-
VATAN IMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

As of 31 December 2008, maturity breakdown of post dated checks and notes payables were as follows:

	EURO	YTL
Up to 30 days	35,034	75,000
Within 31 – 60 days	56,176	120,261
Within 61 – 90 days	28,333	60,656
Total	119,543	255,917

The aging analysis of trade payables as of 31 December 2008 were as follows;

	EURO	YTL
1 month ago	259,649	555,857
2 months ago	121,385	259,860
3 months ago	36,903	79,002
4 months ago	77,976	166,932
More than 4 months ago	689,010	1,475,033
Total	1,184,923	2,536,684

-14-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

As of 31 December 2008, details of trade payables were as follows;

	EURO	YTL
Dogan Dış Tic.	48,517	103,866
Hürriyet Gazetecilik ve Matbaa A.Ş.	23,096	49,444
Promat Basım Yayın San. ve Tic. A.Ş.	140,611	301,020
Empa Kağıtçılık San.ve Tic.Ltd.Şti.	14,273	30,556
Bagımsız Gazeteciler Yayıncılık A.Ş. (Barter)	419,582	898,241
Bagımsız Gazeteciler Yayıncılık A.Ş.	924	1,978
<u>Credit Balance of Trade Receivables</u>		
Media Barters		
Dtv Haber Ve Görsel Yayıncılık A.Ş.	104,575	223,874
Bir Numara Telekomünikasyon Paz.Ve Servis Hiz.A.Ş.	91,744	196,406
Dogan Factoring Hizmetleri A.Ş.	70,533	150,996
Doğan Müzik Kitap Mağazacılık Paz. A.Ş.	46,665	99,900
Doğan Gazetecilik A.Ş.	42,975	92,000
Vakko İletişim Ve Raklamcılık Tic.A.Ş.	41,575	89,003
Işıl Televizyon Yayıncılık A.Ş.	37,349	79,957
Digital Platform İletişim Hizmetleri A.Ş.	23,828	51,010
Expense Barters		
Tav İşletme Hizmetleri A.Ş.	25,888	55,420
Saben Akaryakıt ve Teknik Malz. San. Tic. A.Ş.	21,364	45,735
L'Oreal Türkiye Kozmetik San. ve Tic. A.Ş.	16,172	34,622
Elca Kozmetik Ltd. Şti.	13,771	29,478
Related parties		
Vatan Medya A.Ş.	71,633	153,351
Vatan Dergi Grubu A.Ş. (Barter)	28,023	59,993
Vatan Dergi Grubu A.Ş.	27,850	59,621
	1,310,945	2,806,471
Other	121,028	259,095
Discount on trade payables	(46,548)	(99,649)
	1,385,425	2,965,917

-15-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

12. Other Current Liabilities

	31.12.2008		31.12.2007	
	EURO	YTL	EURO	YTL
Taxes and dues payable	19,923	42,652	28,529	48,790
Social security premiums payable	15,929	34,100	16,391	28,036
Expense accruals (*)	77,373	165,637	148,550	173,757
Deferred income (**)	139,540	298,727	101,600	254,050
Total	252,765	541,116	295,070	504,633

(*) Expense accruals comprised of the copyright payables due to Time Inc.. As of 31.12.2008, the Company's payable to Time Inc. was calculated over net magazine sale and net advertisement income.

(**) Deferred income means the sales income of January edition of the magazine.

13. Taxation on Income

The Company is subject to Turkish corporate taxes. The corporation tax rate on the profits for the calendar year 2008 is 20% (2007: 20%). Taxable profits are calculated by addition of tax disallowed expenses to and deduction of tax exemptions (investment income exemption) and deductions (investment incentive deductions) from the profit disclosed in the statutory income. No other taxes are paid unless profits are distributed.

Advance (prepaid) corporation taxes are payable on quarterly profits at the rate of 20% (2007: 20%). Such taxes after deduction of the taxes prepaid quarterly must be declared by the 14th of the second month following any tax period and paid by the 17th. Advance corporation tax may be offset against others debts to the government.

A 75% portion of the gains derived from the sale of investments and real property which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and must not be withdrawn from the entity for a period of 5 years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realized. However, profits from the sale of investments and immovables held for a minimum of two years will be exempt from taxes.

Dividends paid to non-resident corporations which have a place of business in Turkey or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Tax losses that are reported in the Corporation Tax return can be carried forward and deducted from the corporation tax base for a maximum of five consecutive years.

-16-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The tax liabilities included in the accompanying financial statements comprised:

	31.12.2008		31.12.2007	
	EURO	YTL	EURO	YTL
<u>Included in the balance sheet:</u>				
Corporation and income taxes	26,160	56,003	104,430	178,597
Prepaid income taxes	(52,824)	(113,086)	(98,821)	(169,003)
Tax provision in balance sheet	(26,664)	(57,083)	5,609	9,594
<u>Included in the balance sheet:</u>				
Deferred tax asset	18,004	38,542	23,653	40,452
Deferred tax liability	41,005	87,784	92,511	158,212
<u>Included in the income statement:</u>				
Corporation and income taxes	(26,160)	(56,003)	(104,430)	(178,597)
Deferred tax income	32,006	68,518	(58,170)	(99,482)
Taxation in the statement of income	5,846	12,515	(162,600)	(278,079)

-17-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

A reconciliation of the nominal (on the basis of the income tax rate of the Company and the Turkish subsidiaries) to the effective tax rate for the years ended 31.12.2008 and 2007 is provided below:

Reconciliation of taxation	01.01.-31.12.2008		01.01.-31.12.2007	
	EURO	YTL	EURO	YTL
Profit / (Loss) before tax per accompanying IFRS financial statements	(59,666)	(127,732)	784,452	1,341,569
Discount on notes payable / notes receivable, (net)	(15,912)	(34,064)	(187)	(320)
Doubtful debts provision expense	-	-	27,944	47,789
Severance pay provision	13,888	29,731	8,871	15,171
Establishment costs	162,058	346,933	(327,248)	(559,659)
Other adjustments	13,643	29,207	18,442	31,540
Net Profit per statutory financial statements	114,011	244,075	512,274	876,090
Disallowable expenses	16,789	35,941	9,879	16,895
Profit before tax per statutory records:	130,800	280,016	522,153	892,985
Tax calculated at a tax rate of 20%	26,160	56,003	104,430	178,597

-18-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

The Company recognizes deferred tax assets and liabilities based upon temporary differences between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes. The following are the major deferred tax liabilities and assets:

	Cumulative temporary difference				Deferred tax			
	31.12.2008		31.12.2007		31.12.2008		31.12.2007	
	EURO	YTL	EURO	YTL	EURO	YTL	EURO	YTL
Deferred tax asset								
Retirement pay provision	20,974	44,902	8,871	15,171	4,195	8,980	1,774	3,034
Unearned interest on receivables	46,724	100,027	81,450	139,296	9,344	20,003	16,290	27,859
Provision for doubtful receivables	22,323	47,789	27,944	47,789	4,465	9,559	5,589	9,559
					18,004	38,542	23,653	40,452
Deferred tax liability								
Unearned interest on payables	46,548	99,649	61,311	104,854	9,310	19,930	12,262	20,971
Establishment costs	158,479	339,271	231,612	396,103	31,695	67,854	46,323	79,221
Prepaid expenses	-	-	169,630	290,101	-	-	33,926	58,020
					41,005	87,784	92,511	158,212
					(23,001)	(49,242)	(68,858)	(117,760)

As of 31 December 2008 deferred taxes were provided at the rate of 20% (31.12.2007: 20%).

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

14. Reserve for Employee Termination Benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company, and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay limited to a maximum of 2,173 (2007: YTL 2,030) at 31 December 2008 per year of employment at the rate of pay applicable at the date of retirement.

As described in Note 3, in the accompanying financial statements, the Company reflected a liability for termination benefits based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted to present value at the balance sheet date by using average market yield, expected inflation rates and an appropriate discount rate.

The liability is not funded, as there is no funding requirement.

15. Share Capital

The authorized and paid-in share capital of the Company comprised of 1,350,000 ordinary (31.12.2007: 1,350,000) shares.

The shareholders of the Company and their percentage shareholdings were as follows:

	31.12.2008				31.12.2007			
	Shareholding (EURO)		Shareholding (YTL)		Shareholding (EURO)		Shareholding (YTL)	
	%	Amount	%	Amount	%	Amount	%	Amount
Vatan Dergi Grubu A.Ş. İmako Media Anonimi	49.78	313,901	49.78	672,000	49.78	392,936	49.78	672,000
Eteria	50.00	315,303	50.00	675,000	50.00	394,690	50.00	675,000
Nüket Mutlu	0.07	467	0.07	1,000	0.07	585	0.07	1,000
Güneş Mutlu	0.07	467	0.07	1,000	0.07	585	0.07	1,000
Serdar Mutlu	0.07	467	0.07	1,000	0.07	585	0.07	1,000
Share capital		630,605	100	1,350,000	100	789,381	100s	1,350,000

16. General Reserves

General reserves comprise legal reserves, undistributed profits. The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above.

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

17. Contingencies and Commitments

As of 31 December 2008, based on the representation legal counsel, there were 2 lawsuits opened on behalf of the Company of YTL 44,714 and 1 lawsuit filed against the Company of YTL 30,556.

18. Net Sales

An analysis of net sales is given below:

	01.01.-31.12.2008		01.01.-31.12.2007	
	EURO	YTL	EURO	YTL
Domestic sales	42,242,978	90,433,768	50,561,009	86,469,438
Other sales	64,218	137,477	11,993	20,511
Sales discounts	(36,299,554)	(77,710,086)	(45,074,421)	(77,086,275)
Sales returns	(646,186)	(1,383,355)	(425,540)	(727,758)
Other deductions	(90,894)	(194,585)	(87,381)	(149,440)
	5,270,562	11,283,219	4,985,660	8,526,476

As of 31 December 2008, detail breakdown of net sales in magazines term were as follows;

	Instyle	Fortune	Instyle Home	Other Magazines	Total
Sales	1,845,443	1,264,709	267,634	95,614	3,473,400
Returns	(551,307)	(718,054)	(30,069)	(83,925)	(1,383,355)
Net Sales	1,294,136	546,655	237,565	11,689	2,090,045
Paid Advertisement	61,139,200	19,360,739	2,065,200	-	82,565,139
Discounts	(55,570,131)	(17,050,739)	(1,903,053)	-	(74,523,923)
Media Barter	1,735,575	1,281,500	88,200	-	3,105,275
Discounts	(1,608,021)	(1,145,300)	(83,790)	-	(2,837,111)
Expense Barter	312,500	313,000	-	-	625,500
Discounts	(262,564)	(281,074)	-	-	(543,638)
Net Advertisement Income	5,746,559	2,478,126	166,557	-	8,391,242
Other Income	6,867	6,867	3,376	120,367	137,477
Total	7,047,562	3,031,648	407,498	132,056	10,618,764
Commission Gross Up	396,708	189,562	78,185	-	664,455
Net Revenue	7,444,270	3,221,210	485,683	132,056	11,283,219

-21-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

19. Cost of Sales

	01.01.-31.12.2008		01.01.-31.12.2007	
	EURO	YTL	EURO	YTL
<u>Production activity</u>				
Direct material cost	1,037,720	2,221,550	1,020,351	1,745,004
Indirect labor cost	1,257,482	2,692,018	674,637	1,153,764
General production overhead	1,078,806	2,309,508	998,539	1,707,702
I. COST OF GOODS SOLD	3,374,008	7,223,076	2,693,527	4,606,470
<u>Trade activity</u>				
1. Beginning merchandise inventory (+)	-	-	-	-
2. Purchases during the period (+)	20,011	42,840	-	-
3. Ending merchandise inventory (-)	(15,086)	(32,297)	-	-
II. COST OF MERCHANDISE SOLD	4,925	10,543	-	-
COST OF SALES (I+II)	3,378,933	7,233,619	2,693,527	4,606,470

As of 31 December 2008, detail breakdown of cost of sales in magazines term were as follows;

	Instyle	Fortune	Instyle Home	Other Magazines	Total
Paper	937,438	237,601	92,144	-	1,267,183
Printing	663,241	224,500	66,626	-	954,367
Editorial employee costs	909,286	1,552,675	230,057	-	2,692,018
Royalties	510,271	174,692	18,475	-	703,438
Other CGS	594,016	303,960	43,639	-	941,615
Cost of merchandise sold	-	-	-	10,543	10,543
Commissions	396,708	189,562	78,185	-	664,455
Total Cost of sales					7,233,619

-22-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

20. Marketing, Selling and Distributing Expenses

	01.01.-31.12.2008		01.01.-31.12.2007	
	EURO	YTL	EURO	YTL
Advertising expenses	1,132,279	2,423,983	811,244	1,387,389
Consulting expenses	14,013	30,000	-	-
Insert expenses	51,600	110,465	59,357	101,513
Distribution expenses	109,706	234,858	101,661	173,860
Promotion expenses	180,270	385,923	195,188	333,811
Other	17,657	37,799	106,292	181,781
	1,505,525	3,223,028	1,273,742	2,178,354

As of 31 December 2008, detail breakdown of marketing, selling and distributing expenses in magazines term were as follows;

	Instyle	Fortune	Instyle Home	Other Magazines	Total
Advertising expenses	997,119	1,177,908	242,249	6,707	2,423,983
Consulting expenses	18,000	12,000	-	-	30,000
Insert expenses	93,524	4,345	12,597	-	110,465
Distribution expenses	126,342	63,178	31,218	14,120	234,858
Promotion expenses	186,250	136,086	63,579	8	385,923
Other	7,421	7,154	518	22,706	37,799
					3,223,028

21. General Administrative Expenses

	01.01.-31.12.2008		01.01.-31.12.2007	
	EURO	YTL	EURO	YTL
Transporting expenses	16,257	34,803	17,701	30,273
Traveling expenses	15,089	32,303	7,594	12,987
Consulting expenses	370,115	792,343	114,125	195,177
Office expenses	9,865	21,119	21,108	36,099
Taxes paid	7,794	16,685	3,389	5,796
Severance pay prov. expense	13,888	29,731	8,871	15,171
Doubtful debts prov. expense	-	-	27,944	47,789
Depreciation and amortisation expense	65,793	140,849	52,760	90,230
Other	23,988	51,353	7,005	11,980
	522,789	1,119,186	260,497	445,502

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

As of 31 December 2008, detail breakdown of general administrative expenses in magazines term were as follows;

	Instyle	Fortune	Instyle Home	Other Magazines	Total
Transporting expenses	26,965	6,687	1,127	24	34,803
Traveling expenses	9,756	22,547	-	-	32,303
Consulting expenses	355,026	320,314	22,628	94,375	792,343
Office expenses	12,670	8,449	-	-	21,119
Taxes paid	10,223	5,359	1,103	-	16,685
Severance pay prov. expense					29,731
Depreciation and amortisation expense					140,849
Other	31,253	19,964	105	31	51,353
					1,119,186

22. Financing Income / (Expense), net

	01.01.-31.12.2008		01.01.-31.12.2007	
	EURO	YTL	EURO	YTL
Interest income	38,762	82,982	40,252	68,839
Foreign exchange gains / (losses), net	14,148	30,289	3,049	5,214
Interest paid on loans	(6,869)	(14,705)	(29,654)	(50,715)
Unearned interest income / (expense), net	15,912	34,064	187	320
Other	(3,714)	(7,952)	12,889	22,044
	58,239	124,678	26,723	45,702

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

23. Net Profit / (Loss) For The Years

The following entries summarize the effects of the out-of book adjustments to the Company statutory financial statements, as of 31 December 2008 for the purpose of fair presentation in accordance with IFRS (Note 2) as reflected in the accompanying financial statements:

	01.01.-31.12.2008		01.01.-31.12.2007	
	EUR	YTL	EUR	YTL
Net Profit per statutory financial statements	114,011	244,075	512,273	876,090
Unearned interest income and unrealised interest on payables and receivables, net	15,912	34,064	187	320
Establishment costs	(162,058)	(346,933)	327,248	559,659
Provision for retirement pay	(13,888)	(29,731)	(8,871)	(15,171)
Provision for doubtful debts	-	-	(27,944)	(47,789)
Taxes paid	(26,160)	(56,003)	(104,430)	(178,597)
Deferred tax adjustment (historical amounts)	32,006	68,518	(58,170)	(99,482)
Other	656	1,404	-	-
Total net effects of adjustments (historical amounts):	(39,521)	(84,606)	640,293	1,095,030
Aggregate effect of restatements on balance sheet items	(14,299)	(30,611)	(18,442)	(31,540)
Net profit per accompanying financial statements	(53,820)	(115,217)	621,851	1,063,490

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

24. Related Party Disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions. For the purpose of these financial statements shareholders are referred to as related parties. Related parties also include individuals that are principle owners, management and members of the Company's Board of Directors and their families. In the course of conducting its business, the Company conducted various business transactions on commercial terms with related parties shown below which were not included in the financial statements.

	31.12.2008		31.12.2007	
	EURO	YTL	EURO	YTL
Due to related parties				
Vatan Dergi Grubu A.Ş.	71,633	153,351	282,531	483,185
Bağımsız Gazeteciler Yayıncılık A.Ş.	-	-	277,745	475,000
Vatan Medya Yayıncılık ve Haber Ajansı A.Ş.	27,850	59,621	175,996	300,988
Bağımsız Gazeteciler Yayıncılık A.Ş.(Barter)	-	-	53,949	92,264
Vatan Dergi Grubu A.Ş.(Barter)	28,023	59,993	38,421	65,707
Total	127,506	272,965	828,642	1,417,144
	EURO	YTL	EURO	YTL
Sales to related parties				
Vatan Dergi Grubu A.Ş.	194,666	416,740	215,764	369,000
Bağımsız Gazeteciler Yayıncılık A.Ş.	-	-	92,562	158,300
Kemer Yayıncılık Pazarlama San. Ve Tic. A.Ş	-	-	611,846	1,046,379
Total	194,666	416,740	920,172	1,573,679

-26-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

	01.01-31.12.2008		01.01-31.12.2007	
	EURO	YTL	EURO	YTL
Sales discounts and other discounts from related parties				
Vatan Dergi Grubu A.Ş.	182,283	390,231	204,976	350,550
Bağımsız Gazeteciler Yayıncılık A.Ş.	-	-	87,934	150,385
Kemer Yayıncılık Pazarlama San. Ve Tic. A.Ş.	-	-	580,099	992,085
Total	182,283	390,231	873,009	1,493,020
Purchase from group companies				
Vatan Dergi Grubu A.Ş.	51,523	110,300	24,781	42,381
Bağımsız Gazeteciler Yayıncılık A.Ş.	-	-	104,973	179,525
Vatan Medya Yayıncılık ve Haber Ajansı A.Ş.	388,047	830,731	216,856	370,867
Total	439,570	941,031	346,610	592,773
Selling and marketing expenses				
Vatan Dergi Grubu A.Ş.	434,632	930,461	332,356	568,395
Bağımsız Gazeteciler Yayıncılık A.Ş.	-	-	237,959	406,957
Kemer Yayıncılık Pazarlama San. Ve Tic. A.Ş.	-	-	12,671	21,670
Total	434,632	930,461	582,986	997,022
General administrative expenses				
Vatan Dergi Grubu A.Ş.	327,780	701,712	82,621	141,299
Bağımsız Gazeteciler Yayıncılık A.Ş.	-	-	22,891	39,148
Vatan Medya Yayıncılık ve Haber Ajansı A.Ş.	3,539	7,576	1,368	2,339
Total	331,319	709,288	106,880	182,786

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

25. The Nature and Level of Risks arising From Financial Instruments

The table below summarizes the foreign monetary position risk of the Company as of 31.12.2008. The recorded amounts of the foreign monetary assets kept by the Company and those of the payables in terms of total amounts and foreign exchange are as follows:

	31.12.2008
Foreign Currency Assets	220,980
Foreign Currency Liabilities	38,798
Net Currency Position	182,182

31.12.2008	USD	EURO	GBP	YTL Equivalent
Cash and cash equivalents	8,740	12,487	100	40,170
Trade receivables and other assets	19,500	50,684	-	137,994
Other current assets	-	20,000	-	42,816
Total foreign currency assets	28,240	83,171	100	220,980
Trade payables and other liabilities	25,655	-	-	38,798
Total foreign currency liabilities	25,655	-	-	38,798
Net foreign currency position	2,585	83,171	100	182,182

-28-
VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

Supplementary Disclosures on financial instruments

(a) *Capital Management Policies and Procedures*

The risk related with each of the capital class and Company capital cost is considered by the top management of the Company.

The primary objective of the Company's capital management objectives is to ensure that it maintains a healthy capital structure in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. The Company manages the capital structure so as to ensure the Company's ability to continue as a going concern; and maximize its profitability by maintaining an adequate capital to overall financing structure ratio.

(b) *Financial instruments and categories*

	31.12.2008	31.12.2007
Financial assets		
Cash and cash equivalents	660,626	699,970
Trade receivables	3,852,937	4,046,446
	4,513,563	4,746,416
Financial liabilities		
Financial liabilities	29,726	-
Trade payables	2,965,917	3,038,604
	2,995,643	3,038,604

(c) *Market risk*

The Company is exposed to financial risks arising from changes in currency rate (paragraph d), interest rate (paragraph e) and price risk (paragraph f) which arise directly from its operations.

The market risks that the Company is exposed to are measured on the basis of sensitivity analysis.

In view of the market risks and global crisis which have occurred in particular, in the last quarter of 2008, the Company's risk management policies and processes used to measure those risks have been prudent and based on the assumption that the economy will contract in some ways.

(d) *Foreign currency risk*

The Company may have transactional currency exposure from foreign currency denominated transactions.

The Company is exposed to foreign currency risk arising from the translation of foreign currency denominated assets and liabilities to YTL currency. The foreign currency denominated assets and liabilities mainly include bank deposits and trade payables and trade receivables. The Company is not in short position; therefore there is no foreign currency risk to concern.

VATAN İMAKO YAYINCILIK A.Ş.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Currency- New Turkish Lira)

(e) *Interest rate risk management*

The Company is exposed to insufficient interest rate risk. Consequently, The Company is not exposed by interest rate changes.

(f) *Price risk*

The Company may be exposed to price risk due to a possible decrease in advertisement unit price by the competitors. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

(g) *Credit risk management*

As shown on balance sheet, The Company is using length of credits which is purchased from capital and suppliers.

(h) *Liquidity risk management*

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Company manages its liquidity needs by regularly planning its cash flows or by maintaining sufficient funds and borrowing sources by matching the maturities of liabilities and assets.