trader media east

Annual Report
for the year ended 31 December 2006

Contents

Financial Highlights

(in USD millions)	2006	2005 [1]
• Revenues	211.4	191.5
• Operation EBITDA	65.2	68.8
Margin%	30.8%	35.9%
• Consolidated EBITDA	57.3	65.8
Margin %	27.1%	34.4%
• Net Income from continuing operations	13.3	33.7
• Net Income from discontinued operations	(16.4)	(1.2)
• Free Cash Flow	20.8	37.3
• Cash used for acquisitions	104.1	2.4
• Net Debt	112.7	17.3
• Net Debt multiple	1.97 x	0.3 x

(1) In 2005, we were part of the Trader Classified Media group.

Chairman's Statement

2006 overview and financial results

It is my pleasure to submit our first Annual Report and consolidated financial statements for the year ended 31 December 2006.

On 13 February 2006 Trader Media East Limited (TME), a newly-created provider of classified advertising operations in Central and Eastern Europe successfully completed its international initial public offering and was admitted to the official list of the UKLA.

The Company experienced a difficult initial period of trading and in March 2006 advised the market of revised revenue growth and EBITDA expectation arising from unexpectedly poor trading in our Moscow real estate and Hungarian businesses. Over the ensuing months the Board and Executive Management team devoted every effort to manage the business to its revised targets and investors were regularly appraised of our progress.

TME steadily recovered from its earlier setbacks and established a strong foundation for future growth based on encouraging market fundamentals of solid consumer spending and increasing internet usage in 2006. The Board became increasingly confident of TME's medium and long-term potential.

During the second half of the year the Company's improved performance attracted a number of existing shareholders and other investors to examine the possibility of acquiring part or all of the Company and NM Rothschild & Sons Limited were appointed as advisors to the Company in accordance with the rules of the City Code on Takeovers and Mergers.

On 4 January 2007 the Board of Hurriyet Invest B.V. and TME announced that they had reached an agreement on the terms of a recommended cash offer of US$10.00 per TME share and this offer was declared unconditional on 16 March 2007. The share transfer was effected on 29 March 2007 giving Hurriyet approximately 67.29% of the share capital of the Company.

After a disappointing first half where we suffered from a market decline in Moscow and experienced poor results in Hungary, our performance improved strongly during the second half to reach an annual organic revenue growth of 8.1%, leading us to total sales of $211.4 million.

We achieved an EBITDA of $57.3 million at a margin of 27.1%, down by 12.9% from the previous year. The biggest influence on the reduction in EBITDA margin was (i) the implementation of a corporate organizational structure required for a publicly listed company, (ii) a decline in trading margin from revenues not achieving our initial expectations, and (iii) the need to invest in our Moscow business through increased marketing and additional resources in support of the sales force.

During the year we continued our search for key acquisitions resulting in the purchase of the website Posao.hr in Croatia in December 2006, with a high potential for growth, and, in early 2007, the finalisation of the acquisition of Impress Media in Moscow, one of the leaders in professional real estate publications. Furthermore, we reached an agreement to dispose of Kisokos, our Hungarian directory business, identified as a non-core business.

The Group continued to generate strong cash flows and met reimbursement commitments under the Senior Credit Facility Agreement. The Group was left with $20.8 million cash on the balance sheet compared with $18.7 million in 2005.

Dividend

Our policy is to reinvest cash generated in our business. Consequently, we do not plan to make any distributions in the near future.

Outlook

The Company is successfully integrating its publications into wider market places through regional expansion and channels. We plan to significantly increase our Internet presence in 2007 through an on-going investment in our Competency Center in Warsaw, strategic partnerships and future possible acquisitions. We also expect to increase our print revenues through launching new vertical publications in several countries in which we operate.

Changes to the Board

We saw some important changes to the Board in 2006 and 2007. In July 2006, Mr Didier Breton was appointed as an adviser to a competitor group, and Mr Ruud Waals, employed by our ex-owner Trader Classified Media, left the Board. These vacancies were filled by Ms Vuslat Doğan Sabancı, CEO of Hurriyet Invest B.V., and Mr Jan-Eric Wildenberg in March 2007.

Pieter Eduard Hamming
Chairman

14 June 2007

Directors and Advisers

Current Directors	Pieter Eduard Hamming, *Chairman* Pierre-François Catté, *Chief Executive Officer and Director* Vuslat Doğan Sabancı, *Director* Anatoly Karachinsky, *Director* Paul F.E. Tesselaar, *Director* Anthony C. van Kempen, *Director* Jan-Eric Wildenberg, *Director*
Company Secretary	Rhonda Friesen
Registered Office	22 Grenville Street St Helier, Jersey JE4 8PX Channel Islands
Business Address	Kingsfordweg 151 1043 GR Amsterdam The Netherlands
Company Registration	Registered in Jersey Number 91704
Independent Auditors	PricewaterhouseCoopers CI LLP 22 Colomberie St Helier, Jersey JE1 4XA Channel Islands
Legal Advisers as to Jersey Law	Mourant du Feu & Jeune 22 Grenville Street St Helier, Jersey JE4 8PX Channel Islands
Solicitors	Fried, Frank, Harris, Shriver & Jacobson (London) LLP 99 City Road London EC1Y 1AX United Kingdom
Principal Bankers	ABN AMRO Bank N.V. Gustav Mahlerlaan 10 P.O. Box 283 1082 PP Amsterdam PAQ HQ 6044 The Netherlands
Website	Further financial, corporate and shareholder information is available in the Investor Centre section of the TME Group's website: www.tmeast.com

Corporate Governance

The 2003 Combined Code of Corporate Governance (the "**Combined Code**") sets out certain corporate governance recommendations in relation to public limited companies incorporated in England and Wales. There are no corporate governance recommendations applicable to companies incorporated in Jersey, but the Company intends so far as it is able to apply the underlying principles of the Combined Code, having regard to its size and stage of development.

The Board is committed to maintaining high standards of Corporate Governance. This statement, together with the Directors' Report and the Report on Remuneration set out on pages 10 to 17, describes how the Company has applied the relevant principles of the Combined Code. The Board believes that the Company complies with most of the Combined Code and any exceptions are explained.

Corporate governance compliance statement

As a Jersey incorporated company, the Company is governed according to its articles of association and the relevant provisions of the Companies (Jersey) Law 1991. The Board is responsible for the proper management of the Company and confirms that the Company has complied throughout the financial year with most of the relevant provisions set out in the Combined Code. Any exceptions have been disclosed throughout this Annual Report as applicable.

Going concern basis

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

The Board

The current composition of the Board is as follows:

Mr Pieter Eduard Hamming, *Chairman of the Board and Senior Independent Director*
Mr Pierre-François Catté, *Chief Executive Officer and Executive Director*
Ms Vuslat Doğan Sabancı, *Non-executive Director*
Mr Anatoly Karachinsky, *Independent Non-executive Director*
Mr Paul F.E. Tesselaar, *Independent Non-executive Director*
Mr Anthony C. van Kempen, *Independent Non-executive Director*
Mr Jan-Eric Wildenberg, *Non-executive Director*

The Board is responsible and accountable for the Group's operations. The Board has a formal schedule of matters for which they have sole responsibility, including the Group's strategic plans, acquisitions or disposals, capital expenditure, all financing matters, annual operating plan and budget and our operating and financial performance. The Board meets regularly and a table of attendance is shown on page 9.

The Board also delegates specific responsibilities to committees, each of which has clear written terms of reference, as described below. The Board did not believe that it was necessary to use external resources to review its performance during 2006 but chose to evaluate its own performance, that of its committees and of its directors. The Board was broadly satisfied with its performance.

The Board believes that an increasing amount of work is undertaken by the Audit and Compensation Committees and that non-executive directors can only properly fulfil their responsibilities if they are present during committee meetings and are able to follow the detail of discussions and debate held at those meetings.

As the Chairman serves on the Compensation Committee, it is recognized that the Company does not comply with certain parts of the Combined Code. The Board notes that the Financial Reporting Council has recognised this issue and that the amended Combined Code has made allowance for Chairmen to serve on Compensation Committees. During 2007 the Board proposes to review whether this policy remains appropriate.

There are currently seven directors: Chairman and Senior Independent Director, Pieter Eduard Hamming; Chief Executive Officer and Executive Director, Pierre-François Catté; and five other non-executive directors. The directors' biographies are set out on pages 13 to 14 and illustrate the directors' breadth of experience.

The division of responsibilities between the Board and the Chief Executive has been set out in writing and approved by the Board. The non-executive directors are subject to re-appointment on an annual basis at the Company's Annual General Meeting. Before a non-executive director is proposed for re-election by shareholders, the Compensation Committee (which is responsible for the roles identified by the Combined Code which would be reserved for a "Nomination Committee") meets to consider whether a non-executive director's performance continues to be effective and whether he/she demonstrates a commitment to the role.

Each director is subject to re-election by shareholders on an annual basis. An assessment is made of any training needs on a director's appointment and the appropriate training provided, if applicable. All directors have access to the Company Secretary and, in the furtherance of their duties, may take independent professional advice if necessary at the Company's expense.

The Board believes that the Chairman was and remains independent since the date of his appointment.

Relations with shareholders

The Company encourages two-way communication with its investors and responds quickly to all queries received orally or in writing. The Chief Executive Officer and the Chief Financial Officer meet regularly with analysts and institutional shareholders. The Chief Executive Officer and the Chief Financial Officer report to the Board giving details of comment and "feedback" received from analysts and institutional investors. At the Annual General Meeting all directors, including Committee Chairmen, are available for questions. Communication is also made through the website, which is regularly updated.

Audit Committee

The Audit Committee is comprised of three non-executive directors. Ms Doğan Sabancı, CEO of Hurriyet Invest B.V., a majority shareholder of the Company, is a member of the Audit Committee. The other two directors are independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment.

The Audit Committee meets at least four times a year and is responsible for reviewing, prior to its publication, any financial information made public through quarterly and half-year press releases on the Company's results, monitoring the Company's financial, accounting and legal practices against relevant ethical standards, reviewing any changes in accounting methods and main judgments made by management at the close of the half-year and annual consolidated financial statements and supervising the Company's compliance with accounting and financial internal control processes.

The Audit Committee will also recommend the choice of independent auditors to the Board, to be put to shareholders for approval at the Annual General Meeting. It will also discuss with the auditors their findings. In addition, the Audit Committee will direct the Company's internal audit function and review and analyze the reports issued by the internal audit team after a written response from management.

The performance of the external auditors is evaluated by the Audit Committee each year. Central to this evaluation is scrutiny of the external auditors' independence, objectivity and viability. To maintain the independence of the external auditors, the provision of non-audit services is limited to tax and audit-related work that fall within specific categories. The appointment of our auditors to perform these non-audit services has been pre-approved by the Audit Committee.

The Committee has formal written terms of reference which are available upon written request addressed to the Company Secretary.

The members of the Audit Committee at the date of this report were:

Anthony C. van Kempen, *Chairman*
Paul F.E. Tesselaar
Vuslat Doğan Sabancı

Compensation Committee

The Compensation Committee is comprised of three non-executive directors. Ms Doğan Sabancı, CEO of Hurriyet Invest B.V., majority shareholder of the Company, is a member of the Compensation Committee. The other two directors are independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment.

The Compensation Committee meets at least four times a year and is responsible for establishing and controlling the internal practices and rules developed in terms of financial compensation for the members of the Board, certain members of executive management and other key employees. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as directors, as the need may arise, and determining succession plans for the Chairman and Chief Executive Officer of the Company.

The Report on Remuneration set out on pages 10 to 11 contains a more detailed description of the Company's policies and procedures for executive remuneration. The Chief Executive Officer, the General Counsel and Group HR Manager, as appropriate, attend meetings of the Committee but they do not participate in discussions on their own remuneration.

The Committee has formal written terms of reference which are available upon written request addressed to the Company Secretary.

The members of the Compensation Committee at the date of this report were:

Paul F.E. Tesselaar, *Chairman*
Pieter Eduard Hamming
Vuslat Doğan Sabancı

Nomination Committee

The Compensation Committee is additionally responsible for the roles identified by the Combined Code which would be reserved for a "Nomination Committee". Consequently, the Compensation Committee also meets as required to select and propose to the Board suitable candidates of appropriate calibre for appointment as directors.

Internal financial control

The directors are responsible for the Group's established system of internal financial control and for reviewing its effectiveness. During the review the Board has not been advised of any failings or weaknesses which were deemed to be significant. No system of internal financial control can provide absolute assurance against material misstatement or loss. Such a system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key procedures that have been established and designed to provide effective internal financial control are:

- *Management and organisational structure*. The existing organisational structure is considered appropriate to the size of the Group. This clearly identifies levels of delegated responsibility to operational management. The performance of senior management is regularly evaluated and individual employees' responsibilities are clearly defined and communicated.

- *Financial reporting.* Part of the comprehensive management reporting discipline involves the preparation of detailed annual budgets by all operating units. These budgets are reviewed by the executive management and are ultimately summarised and submitted to the Board for approval. Monthly revenue and profit returns are received from all operating units followed by the issuance of monthly management accounts, which are prepared promptly and reported against the approved budget. Consolidated monthly management accounts are prepared, including detailed profit analysis (with comparisons to budget, latest forecasts, prior year and consensus market opinion), and treasury report (including comparison to our financial covenants), providing relevant, reliable and up-to-date financial and other information to the Board. Revised profit and cashflow forecasts for the current year are prepared and submitted to the Board at quarterly intervals during the year.

- *Investment appraisal*. We have a clearly defined framework for capital expenditure which is controlled centrally. Appropriate authorisation levels and limits beyond which such expenditure requires the prior approval of the Executive Management Team or, in certain circumstances, the Board, are clearly set. There is a prescribed format for capital expenditure applications which places a high emphasis on the overall Group strategy or logic for the expenditure, and demands a comprehensive and sound financial representation of the business case being put forward. All significant corporate acquisitions or investments are controlled by the Board on the basis of proposals advanced by the Executive Management Team or a Board sub-committee and are subject to detailed investment appraisal and performance of due diligence procedures prior to approval by the Board.

- *Functional reporting.* A number of our key functions, including treasury, taxation, internal audit and risk management, litigation, IT strategy and development and insurance are dealt with centrally. Each of these functions reports to the Board on a regular basis through the Chief Executive Officer, Chief Financial Officer and General Counsel, as appropriate. The treasury function operates within the terms of clearly defined policy statements. The policy statements exist to ensure that we are not exposed to any unnecessary risk and that where appropriate there is hedging against foreign currency and interest rate risks. The Audit Committee reviews reports from management, the internal audit department and the external auditors to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

- *Internal audit.* During a part of 2006 and the beginning of 2007, the Company did not have an internal auditor. The Company is in the process of seeking a suitable candidate and expects to fill this position in the near future.

Table of attendance at meetings

	Board	**Audit Committee**	**Compensation Committee**	**AGM**
Number of meetings in the year	**13**	**7**	**6**	**1**
P.E. Hamming	12	—	6	1
P.F. Catté	13	—	6 [3]	1
V. Doğan Sabancı [1]	—	—	—	—
A. Karachinsky	6	—	—	—
P.F.E. Tesselaar	12	3	5	—
A.C. van Kempen	13	7	—	1
J.E. Wildenberg [1]	—	—	—	—
D. Breton [2]	5	2	2	—
R. Waals [2]	6	4	—	—

(1) At the Board meeting held on 19 March 2007, Ms Vuslat Doğan Sabancı and Mr Jan-Eric Wildenberg were appointed as additional directors effective 20 March 2007.

(2) Mr Didier Breton and Mr Ruud Waals retired from the Board on 28 July 2006 and did not seek reappointment at the Annual General Meeting held on 28 July 2006.

(3) Attendance by invitation.

Report on Remuneration

Directors are paid a fixed annual fee on a quarterly basis. Members of the Audit Committee and/or Compensation Committee are paid an attendance fee of €1,000 per meeting.

Service contracts

Non-executive directors

There are no service contracts in force between any non-executive director and the TME group. Each of the non-executive directors has a letter of appointment setting out the terms and conditions of his appointment. The letters of appointment do not provide for any benefits to be paid to the non-executive directors upon the termination of their appointments nor do they provide for a specific notice period. There are no commission or profit-sharing arrangements in their letters of appointment.

Executive directors

Pierre-François Catté, the only executive director of TME, has a service contract dated 13 February 2006. Mr Catté's contract does not have a fixed term and the contract is subject to applicable French *Conventions Collectives* (national agreements governing employment contracts and their execution in France, negotiated for and applicable to a specific profession) which provides for a notice period of up to three months. Mr Catté's current annual salary is €200,000 per annum and he is entitled to a bonus of up to €200,000 per annum. In addition to his annual salary, Mr Catté is entitled to receive an expat benefit in respect of each day spent outside of France of up to €100,000 per annum as well as the use of a car, mobile phone, blackberry and laptop. There is no commission or profit-sharing arrangement in Mr Catté's contract.

Upon termination of his service contract by TME, unless Mr Catté has committed gross misconduct, he is entitled to two years' salary and the aforementioned bonus (but excluding expat benefits) and compensation for loss of the opportunity to exercise any restricted stock holdings or options in TME that he may have. The termination provision remains applicable even after a change of control of TME.

Directors' remuneration

For each director, remuneration can be analysed as follows:

	2006 Basic Remuneration €	**2006** Committee Fees €	**2006** **Total** €
P.E. Hamming	30,000	6,000	**36,000**
P.F. Catté	20,000	—	**20,000**
V. Doğan Sabancı (1)	—	—	**—**
A. Karachinsky	20,000	—	**20,000**
P.F.E. Tesselaar	20,000	8,000	**28,000**
A.C. van Kempen	20,000	7,000	**27,000**
J.E. Wildenberg (1)	—	—	**—**
D. Breton (2)	10,000	4,000	**14,000**
R. Waals (2)	11,667	4,000	**15,667**
	131,667	29,000	**160,667**

(1) At the Board meeting held on 19 March 2007, Ms Vuslat Doğan Sabancı and Mr Jan-Eric Wildenberg were appointed as additional directors effective 20 March 2007.

(2) Mr Didier Breton and Mr Ruud Waals retired from the Board on 28 July 2006 and did not seek reappointment at the Annual General Meeting held on 28 July 2006.

In 2007, each of the non-executive directors (other than Mr Breton and Mr Waals who have since retired from the Board) was paid a one-off special payment of €20,000 by TME.

Directors' stock options and restricted stock

Details of directors' interests in stock options are provided on page 15. Mr Catté, the only executive director of the Company, holds 129,000 GDRs of the Company in the form of restricted stock. The purchase price is US$0.16 per share and 50 per cent. of the shares will vest on 7 February 2008 and the remaining 50 per cent. will vest on 7 February 2009.

Business Review and Future Prospects

A commentary of the Group's progress during the year and its future prospects are set out in the Operating and Financial Review on page 22 of this Annual Report.

Directors' Report
for the year ended 31 December 2006

The directors present their report and the audited financial statements for the year ended 31 December 2006.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Directors' responsibilities for the financial statements

Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period in accordance with generally accepted accounting principles and which show a true and fair view of the profit or loss of the Company for the period and of the state of the Company's affairs as at the end of the financial period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Company is required to keep proper accounting records which are sufficient to show and explain its transactions and are such as to (a) disclose with reasonable accuracy at any time the financial position of the Company at that time; and (b) enable the directors to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The directors confirm they have complied with the above requirements in preparing the financial statements.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

The maintenance and integrity of the website is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the website.

Principal activities

TME is a leading provider of print and online classified advertising in the Russian, CIS, Baltics and Eastern European region on the basis of geographic scope, readership and number of classified advertisements. The TME Group publishes 181 print titles (excluding our directory business in Hungary Kisokos), reaching approximately five million readers per week and hosts 12 websites, with approximately 4.2 million unique monthly visitors. TME is one of the largest companies in the region operating with weekly and daily newspapers and websites, primarily in the real estate, automotive and recruitment categories.

Results and dividends

The profit and loss account of the Group for the year ended 31 December 2006 is set out on page 42 of the Annual Report. No dividends were paid during the year.

Directors

The current composition of the Board is as follows:

Mr Pieter Eduard Hamming, *Chairman of the Board and Senior Independent Director*
Mr Pierre-François Catté, *Chief Executive Officer and Executive Director*
Ms Vuslat Doğan Sabancı, *Non-executive Director*
Mr Anatoly Karachinsky, *Independent Non-executive Director*
Mr Paul F.E. Tesselaar, *Independent Non-executive Director*
Mr Anthony C. van Kempen, *Independent Non-executive Director*
Mr Jan-Eric Wildenberg, *Non-executive Director*

Executive Directors

Pierre-François Catté, *Chief Executive Officer*

Mr Catté (50), French, has been acting as CEO and a member of our Board of Directors since November 2005. Prior to this, Mr Catté was Senior Vice President of Operations of Polycom, a world leader in integration of voice, video and data over the Internet. He has also spent 20 years with Hewlett Packard (the last 10 in the United States) running large companies acquired by Hewlett Packard. Mr Catté has extensive experience in technology marketing. He received an MBA from EM Lyon.

Non-executive Directors

Pieter Eduard Hamming, *Chairman of the Board and Non-executive Director*

Mr Hamming (59), Dutch, has been Chairman of our Board of Directors since January 2006. He was a member of the board of Vendex KBB from 1991 to 2005, and was chairman from 2000. He started his career in 1973 as manager at D.Ven, a food wholesaler in Amsterdam, thereafter working in several management capacities at Bührmann-Tettrode in The Netherlands, France and Belgium, HIJ Herenmode (now WE International) and Wehkamp (Great Universal Stores), where he was Deputy General Manager. He sits on the board of several Dutch associations, including SVM Pact, the Dutch Retail Trade Platform, the National Crime Control Platform and the Dutch Retail Council. Mr Hamming studied business economics at the University of Amsterdam.

Vuslat Doğan Sabancı, *Non-executive Director*

Ms Doğan Sabancı (36), Turkish, has been a member of our Board of Directors since March 2007. She is currently the Chief Executive Officer and a member of the Board of Directors of the Hurriyet Newspaper Publishing Company. Hurriyet Invest B.V., a subsidiary of the Hurriyet group, currently holds 67.29% of the share capital of TME. During the course of her career, she has held various positions within the Hurriyet group, including the positions of Chief Operating Officer and Vice President of Advertising. Prior to joining the Hurriyet group in 1996, Ms Doğan Sabancı's professional experience included work at the Wall Street Journal and the New York Times. Ms Doğan Sabancı graduated from Bilkent University with a BA in Economics and holds a Masters Degree in Media and Communications from Columbia University.

Anatoly Karachinsky, *Non-executive Director*

Mr Karachinsky (47), Russian, has been a member of our Board of Directors since January 2006. He is the founder, president and CEO of IBS Group (founded in 1992), the largest IT corporation in Russia with shares traded on the Frankfurt Stock Exchange. Having started his career as a computer engineer with a state research and development institution in 1981, he was an early entrepreneur in the Soviet Union, first as a director of the Austrian firm PROSYSTEM and subsequently as a senior manager of Intermicro, a Russian/Austrian joint venture. Mr Karachinsky has a degree in systems engineering from the Moscow Institute of Railroad Transport Engineers.

Paul F.E. Tesselaar, *Non-executive Director*

Mr Tesselaar (63), Dutch, has been a member of our Board of Directors since January 2006. He is currently an adviser to the Dutch press agency ANP where he served as its Chief Executive Officer from 1998 until April 2007. He is a Board member of Data Direction B.V. and Buurtlink. He also has experience in marketing and finance, serving as Managing Director of Chipper Netherlands (a joint card venture between Postbank and the Dutch telecom firm Kpn) and Managing Director of Bonaventura (weekly magazines). Mr Tesselaar received an MBA from Insead.

Anthony C. van Kempen, *Non-executive Director*

Mr van Kempen (58), Dutch, has been a member of our Board of Directors since January 2006. He has been a financial consultant since December 2003 and is currently associated with Boer & Croon Executive Managers. Prior to that he has held various directorships within the Achmea Group, one of the largest financial institutions in The Netherlands, and also worked for Unilever in various finance and audit capacities. Mr van Kempen is trained as a chartered accountant.

Jan-Eric Wildenberg, *Non-executive Director*

Mr Wildenberg (39), Dutch, has been a member of our Board of Directors since March 2007. He is currently Holding Controller at the Telegraaf Media Group (TMG) N.V. Prior thereto, he held the position of Director Corporate Headquarters (Amsterdam) of the TME group. Mr Wildenberg has over 14 years experience conducting financial audits. Mr Wildenberg graduated in business economics at the HES Amsterdam and is currently completing a Master's degree at the University of Amsterdam.

Directors' interests

The following options were granted to the directors of TME under the Company's Option and Incentive Plan implemented in February 2006, which was terminated in April 2007 in exchange for cash offered to all optionholders in connection with the recommended cash offer for the Company by Hurriyet Invest B.V. (the "**Offer**").

	Date of grant	**Earliest exercise date (25%)**	**Exercise price US$**	**Granted/ (Exercised)**	**Number at 31 Dec 2006**
P.E. Hamming	7 Feb 2006	7 Feb 2007	13.00	25,000	25,000
P.F. Catté [(1)]	7 Feb 2006	7 Feb 2007	13.00	20,000	20,000
V. Doğan Sabancı	—	—	—	—	—
A. Karachinsky	7 Feb 2006	7 Feb 2007	13.00	20,000	20,000
P.F.E. Tesselaar	7 Feb 2006	7 Feb 2007	13.00	20,000	20,000
A.C. van Kempen	7 Feb 2006	7 Feb 2007	13.00	20,000	20,000
J.E. Wildenberg	7 Feb 2006	7 Feb 2007	13.00	30,000	30,000
D. Breton [(2)]	7 Feb 2006	7 Feb 2007	13.00	20,000	—
R. Waals [(2)]	7 Feb 2006	7 Feb 2007	13.00	20,000	—
					135,000

(1) Pursuant to the Company's Share Restriction Agreement, Mr Catté was granted Restricted Stock, the purchase price of which is US$0.16 per share. 50 per cent. of the shares will vest on 7 February 2008 and the remaining 50 per cent. will vest on 7 February 2009.
(2) Pursuant to the Company's Option and Incentive Plan, options granted to Mr Didier Breton and Mr Ruud Waals lapsed on 28 July 2006.

No share options vested or were exercised in 2006.

The market price of the Company's shares at 31 December 2006 was US$10.00 and the range of market prices during the year was between US$6.90 and US$13.00.

No options were granted or exercised by any director in the period since 31 December 2006 and the signing date of these financial statements.

TME optionholders were offered, subject to the Offer becoming or being declared unconditional in all respects, the ability to cancel their outstanding options for a cash amount equal to:

- US$1.36 for each option with an exercise price of US$13.00
- US$2.19 for each option with an exercise price of US$9.90
- US$2.94 for each option with an exercise price of US$8.03
- US$3.28 for each option with an exercise price of US$7.38

All optionholders accepted the cash cancellation proposal and the TME Option and Incentive Plan was terminated in April 2007.

None of the directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the year, other than Mr Pierre-François Catté, the only director of TME who was a TME Shareholder. Mr Catté irrevocably undertook to accept the Offer in respect of the 13,270 TME Shares (represented by TME GDRs) in which he had a beneficial interest at 31 December 2006.

Policy on payment of creditors

It is Group policy, in respect of all of its suppliers, to settle the terms of payment when agreeing each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms. The average number of creditor days in relation to trade creditors outstanding depends on each country where we generally apply local practices.

Financial risk management

The Group finances its operations though the generation of cash from operating activities and from its Senior Credit Facility. It uses derivative instruments, including swaps, forward contracts, swaptions and options to manage the associated interest rate exposure, as far as certain foreign currency exposure arising from its international cash management system is concerned. Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances.

Charitable and political donations

The Group did not make any material charitable or political donations during the year.

Intangible assets

Historically, the Group has attributed value to its main tradenames, customer database and goodwill in allocating a part of the purchase price paid for its subsidiaries to these intangible assets. These values attributed to intangible assets are referred to in note 8 to the financial statements.

Purchase of own shares

The Company did not purchase any of its shares for cancellation during the year. The Company has authority to purchase up to 5% of the Company's issued ordinary share capital until 28 July 2007 or the conclusion of the 2007 Annual General Meeting, whichever is earlier.

Company Secretary

Ms Rhonda Friesen has been the Company Secretary since 26 September 2006.

Auditors

PricewaterhouseCoopers CI LLP have expressed their willingness to continue as auditors to the Company. However, the Group has entered into a process of request for proposal, which could lead to the reappointment of PricewaterhouseCoopers CI LLP or the appointment of another international firm as auditors to the Company. A resolution to reappoint or appoint new auditors and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting to be held on 19 July 2007.

By order of the Board

Rhonda Friesen
Company Secretary

19 April 2007

Registered office:

P.O. Box 87
22 Grenville Street
St Helier, Jersey
JE4 8PX
Channel Islands

Countries Overview

Russia, Baltics and CIS

Revenue (at the end of December 2006)	Million USD	Brand coverage	
Publication	154.9	Number of publications	162
Websites	2.8	Number of websites	6
Total	157.7		

Trader Media East, as it is now known, first invested in Russia and the Commonwealth of Independent States in 1996. The region now accounts for 75.0% of the Group's total revenue and achieved organic growth of 11.1% (excluding acquisitions and the impact of exchange rates) at the end of December 2006.

Moscow supplies 44% of the revenue realized in this region. The current national expansion program continues to be a focus. In 2006 the revenues made outside Moscow amounted to $88.1 million compared to $65.9 million in 2005 and $50.8 million in 2004.

Our main brand in Russia and the CIS, *Iz Ruk v Ruki* (from hand to hand), is printed daily and has an annual circulation of 53 million copies across Russia and the CIS.

All of our brands are supported by strong promotional activities and advertising to maintain their momentum in the market. There is a strong growth in vertical publications such as *Avto* and *Nedvizhimost*, our respective vehicle and real estate brands. We also publish supplements to *Iz Ruk v Ruki* in areas such as mortgages and gift items.

In early 2007, we finalized the purchase of Impress Media, one of the leaders on the professional Real Estate market. Through this acquisition we will enter the highly growing B2B Real Estate market and benefit from an additional 1,500 points of sale to distribute our current portfolio of publications. We will use our strong regional presence to significantly develop the Impress Media brands.

These initiatives are supported by recent investments in the sales force and by modernization of *Iz Ruk v Ruki* by changing it from black and white to full colour.

Internet is a strategic focus and growth opportunity in this region with Internet penetration growing rapidly. As well as general merchandise, we are addressing the job, real estate and auto segments with a portfolio of websites to allow cross selling and up-selling to our growing internet user base.

Our business in Russia and the CIS is still a high growth potential. It is founded on the leading classified advertising brand *Iz Ruk v Ruki*.

Hungary

Revenue (at the end of December 2006)	Million USD	Brand coverage	
Publication	31.4	Number of publications	11
Websites	3.1	Number of websites	1
Total	34.5		

In Hungary, we have 11 publications (after Kisokos elimination) and operate 1 website with an average of 690,000 unique monthly visitors and over 200% growth in traffic. We are a dominant operator in Hungary despite temporary market volatility.

Our main brand *Expressz* is undoubtedly a market leader with a daily generalist and five weekly vertical publications. Past acquisitions of *Mai Hirdetés* and *Ujpressz* completed our market position. In 2003, we invested in the free circulation publication *Szuperinfo* in Budapest. Later we expanded this business in the countryside through a franchise network, altogether reaching approximately 3 million households each week. In 2006 we invested invested in business expansion outside Budapest with our *Expressz* generalist brand.

The website www.expressz.hu was relaunched at the beginning of the year 2006 to provide a wider range of classified and display advertising offers for both private and professional customers.

The expansion and further investment in development of our online business and sales channels in 2007 will enhance our leader position in the market and boost the revenue in Hungary.

Poland

Revenue (at the end of December 2006)	Million USD	Brand coverage	
Publication	3.9	Number of publications	6
Websites	2.9	Number of websites	3
Total	6.8		

In 2006 we published six vertical publications of which four vehicle and two real estate. We covered cities such as Warsaw and Wroclaw, as well as central and south-eastern provinces.

Our internet presence in Poland is the most advanced of the Trader Media East countries with one generalist and two vertical sites all carrying our most developed and complete offer portfolio for both private and professional clients.

The general merchandise site www.kupsprzedaj.pl underwent a complete relaunch last year with a new look and feel and greatly improved usability and functionalities. This investment has established the website as the content leader in Poland in several categories.

Our two vertical websites, www.autotrader.pl (vehicle) and www.domiporta.pl (real estate), were both re-launched in July 2006. The former is now one of the biggest vehicle verticals in Poland, and the latter already has 260,000 listings.

With our generalist and real estate websites we partner closely with leading portal sites providing us strong growth of traffic and content.

Trader Media East has a well-established Internet development centre in Warsaw, with a local and Russian programming team and specialists, providing a national trading platform with enhanced ease of use and increased functionality, using the layered software architecture of our Rapid Application Development technology.

Croatia

Revenue (at the end of December 2006)	Million USD	Brand coverage	
Publication	12.2	Number of publications	3
Websites	0.2	Number of websites	4
Total	12.4		

In 2004 we consolidated our established position in Central Europe with the acquisition of a 70% stake in Oglasnik, the leading classified brand in Croatia, which we estimate has a 60% share of the classified publication market. This brand offers three editions each week, which together list more than 300,000 ads every month. In April and May 2006, Oglasnik successfully launched two new specialized magazines, *Oglasnik Automoto* (vehicles) and *Oglasnik Nekretnine* (real estate).

Even though the Internet market is still at an early stage of development in Croatia, our generalist website Oglasnik.hr attracted over 200,000 unique monthly visitors and had over 100,000 listings by the end of January 2007. Oglasnik also launched an affiliate site with the largest Croatian portal net.hr.

The website www.auti.hr, the first online vertical by Oglasnik, was launched in September 2006 and is a specialized vehicle vertical displaying ads from private and professional advertisers. Although it was only recently launched on the market, auti.hr displays the highest number of ads vs. its competitors (more than 7,000 ads) and www.auti.hr is already recognized as the central online market place for cars in Croatia.

Launched in November 2006, www.nekretnine.net is the second online vertical by Oglasnik. It is a specialized real estate vertical and displays ads from private and professional advertisers, with over 6,000 ads. In December 2006 Oglasnik acquired a 70% stake of the website www.posao.hr, the number two job portal in Croatia.

Operating and Financial Review

We are pleased to present the consolidated financial results of Trader Media East Limited ("**Trader Media East**" or "**TME**" or the "**Group**" or **"We"**) for the year ended December 31, 2006.

The financial results for both periods have been prepared on the basis described below, in the section "Basis of Presentation".

This report contains statements regarding future events or conditions that may or may not be accurate in the future. You should refer to the risks identified in the "Forward Looking Statements" section of this report.

History and Formation of the Company

We are a leader of online and print classified advertising with strong local brands serving local markets in Central and Eastern Europe. We produce 182 print titles, with 5 million readers per week and host 13 websites, with 4.3 million unique monthly visitors and employ 4,900 people in 8 countries.
Historically, our business was part of the Trader Classified Media group ("TCM"). In early 2006, TCM placed its Russian, CIS and Eastern European operations into a new holding company, Trader Media East Limited, our parent company. The subsequent offering of TME's shares by TCM on the main market of the London Stock Exchange was successfully completed in February 2006. Since this date, we operate independently from TCM. In February 2006, we purchased from the minority shareholder and Russian general manager the remaining 12% of Pronto-Moscow, our operating subsidiary in Moscow and mother company of our businesses in Russia, Belarus and Kazakhstan.

Our branded classified advertising websites and publications and related specialized services have leading positions in specific markets in the following countries: Belarus, Croatia, Hungary, Kazakhstan, Lithuania, Poland, Russia and Ukraine. Through our integrated print and online strategy, we offer buyers and sellers a comprehensive and focused forum for consumer-to-consumer and business-to-consumer transactions.

Historically, we have increased revenues primarily by expanding into new territories, segmenting existing markets through verticalization, acquiring publications and selling services for additional fees. We have also increased operating cash flow by implementing operating practices that improve performance and control costs throughout our organization.

Major Developments

Disposal of Kisokos

In September 2006, TME announced a potential disposal of the Kisokos directory business and its consequent classification as discontinued operations in the financial statements for the year ended December 31, 2006.
We have made the decision to close down the operations, which is reflected in the financials as of December 31, 2006, unless we find a buyer in the next coming months.
At the balance sheet date, the business is accounted at fair value for a net book value amounting to $2.1 million, corresponding to the amount that we have considered to be fully recoverable, and a provision for impairment amounting to $14.3 million has been booked.

Recommended Cash offer for Trader Media East

Following the agreement between the boards of Hürriyet Gazetecilik ve Matbaacilik A.S. and Trader Media East to recommend a cash offer of US$10.00 per TME Share (including each TME Share represented by a TME GDR) (the "Offer"), Hurriyet Invest B.V. announced on March 16, 2007 that all of the conditions to the Offer had been satisfied or waived and, accordingly, the Offer was declared unconditional in all respects. Hurriyet Invest B.V. has received valid acceptances representing approximately 67.29% of TME's share capital.

Basis of Presentation

The consolidated financial statements of Trader Media East cover the year ended as of December 31, 2006. The results presented for this period are the consolidated results of TME and its subsidiaries (as acquired in January 2006 in the course of the Restructuring), from January 1, 2006 to December 31, 2006.

The 2005 comparative information presented have been prepared from the consolidation returns prepared by TCM operations subsequently acquired by Trader Media East for the purposes of the consolidated financial statements of TCM using TCM historical bases in the assets, liabilities and result of operations. Trader Media East operations have been historically part of the TCM business and its assets and liabilities were held by several indirect subsidiaries of TCM. The 2005 financial information include the historical assets, liabilities, revenue and expenses that were directly recorded by the Trader Media East subsidiaries acquired through the restructuring during the periods presented. Trader Media East did not previously operate as a separate, stand-alone company. The 2005 comparative information reconciles with the combined accounts already published in 2005, modified for some minor adjustments.

Trader Media East's results until December 31, 2005 were included in the consolidated financial statements of TCM on a regional basis, and there are accordingly no separate historical equity accounts for Trader Media East. Changes in invested equity represent TCM net investment in Trader Media East after giving effect to the net earnings of Trader Media East, dividends paid and transfers (including cash) to and from TCM.

In 2005 and January 2006, the consolidated financial statements include allocations of certain TCM corporate expenses, including legal, accounting, operation, acquisition, as well as treasury and other corporate and infrastructure costs. The expense allocations have been determined on the basis that TCM and Trader Media East considered as being a reasonable reflection of the utilization of services provided or corresponding to the benefit received by Trader Media East. Since February 2006, Trader Media East has used its newly created own corporate structures.

Business Overview

Our registered office is in Jersey and we maintain our principal administrative offices in The Netherlands. Our operating structure is designed to provide centralized control over financial management, acquisitions, strategic partnerships and Internet development. We provide local managers with support for finance, sales, marketing, production and distribution while giving them the responsibility and the flexibility to react quickly and effectively to varying local market conditions. Within each of our major metropolitan and regional markets, we have operations managers, sales and marketing teams, a production group and distribution managers.

Sales and Marketing

We sell advertisements in our print publications and on our websites through our local direct sales force, centralized marketing team and customer service call centers. Our websites and a limited number of our print publications, such as *Iz Ruk v Ruki* in Russia, have a national reach, and in these cases we solicit national advertising, either directly or through advertising agencies. In December 2006, our field sales force consisted of approximately 2,000 individuals operating almost exclusively at the local level. All our sales personnel receive commissions-based compensation.

Each of our local print and online media operations has a dedicated direct sales force focused on retaining existing advertisers and acquiring new ones, particularly local businesses such as car dealers, real estate brokers and other local retailers, through sales visits to customers. In addition, our sales forces in both our satellite offices and call centers up-sell enhancements to advertisements and value-added services including our ‘‘Power Pages’’ solutions and inventory lot management. Our local sales forces are also instrumental in promoting our websites to advertisers in our print publications with integrated print and online advertising offered to professional advertisers for an incremental fee. Our local managers set advertising rates and cover prices of our local publications, after consultation with our centralized management. The advertisements we sell typically run for one to four editions and are generally published on a daily, weekly or monthly basis.

Customers typically place advertisements in our publications either through our local call centers (via standard or premium rate telephone lines) or by filling in a coupon from the relevant publication and taking it to one of our ad placement offices located within each city or region. Our customers in Moscow may also place advertisements either by purchasing a telephone card from one of our ad placement offices and placing an advertisement over the phone, by purchasing an Internet card from one of our websites or ad placement offices and placing the advertisement online, or via SMS and MMS services by mobile phone.

Distribution of Print Publications

We distribute our products through a variety of channels, including:

- independent wholesalers: third party distributors who purchase from us directly at wholesale prices and sell through their own sales networks or to other networks;
- individual distributors; and
- satellite offices.

Our ability to distribute publications in an efficient and cost-effective manner is a decisive factor in our business. All of our publications have or share an internal distribution department dedicated to managing the distribution process. Local distribution managers, through frequent contact with wholesalers, third party distributors and retailers, closely monitor the flow of publications to ensure that an adequate number of copies are available for sale or distribution, while minimizing the number of unsold or undistributed copies. In many of our regions, this process has been automated through the use of planning software. Our distribution channels vary from region to region and we have sought to expand our distribution network where feasible.

Production, Printing and Technology

We prepare our own page layout design for print publications using desktop publishing systems with modern commercial software packages. This is efficient in terms of the amount of labor and materials required and helps minimize the lead-time necessary to produce each edition. These digitally formatted layouts can be conveniently transferred by our designers to printing facilities or uploaded to websites at minimal added cost.

A majority of our publications are printed by third party printers and we seek to outsource our printing wherever possible in order to control costs. We seek to establish contracts (generally for 12-month terms with the option to extend) with reliable and proven printers, typically on a publication-by-publication basis. In addition, we have invested in three in-house printing facilities in Russia in order to ensure availability of printing facilities, increase control and security over our content (i.e., to prevent advertisements from being copied by competitors) and to overcome technical limitations of third party printing in terms of print volume and frequency.

With the help of our Internet Competency Center in Warsaw, we are implementing a technology initiative focusing on providing a comprehensive and flexible technology platform to support our online strategy.

Paper Supply

We typically consolidate purchases of large quantities of paper in each country to obtain volume discounts. We buy paper either directly from paper manufacturers or from third party printers. In the absence of fixed price, long-term contracts or discount arrangements, we purchase paper at market prices. Historically, we have been able to charge higher cover prices to compensate for paper price increases. In 2005 and in 2006, paper costs represented approximately 9% and 10% of our revenues, which we believe is significantly less than traditional newspapers. We generally do not have editorial content and, therefore, almost every page of our publications generates revenues.

Full year 2006 – key operating results by geographic segment

The key operating indicators we use to measure the performance of our consolidated operations are EBITDA and EBITDA margin and of our geographical operating units on a regional level are Operation EBITDA (operating profit before certain expenses) and Operation EBITDA margin.

We define EBITDA as operating profit before depreciation and amortization, non-cash compensation expense and write down on impaired assets and EBITDA margin as the ratio of EBITDA to revenues.

We define Operation EBITDA (or operating profit before certain expenses) as EBITDA before management service expenses / corporate costs and Operation EBITDA margin as the ratio of Operation EBITDA to revenues.

None of EBITDA, EBITDA margin, Operation EBITDA or Operation EBITDA margin is defined under US GAAP.

We present EBITDA (and the related measures EBITDA margin, Operation EBITDA and Operation EBITDA margin) because it is the measure we use to evaluate the performance of our operating units and because it is a widely accepted financial indicator of a group’s ability to incur and service debt.

However, EBITDA (a) is not intended to be a performance measure that should be regarded as an alternative to, or as more meaningful than, operating profit or net earnings, as an indicator of operating performance or cash flow from operations or as a measure of liquidity; (b) is not intended to represent funds available for dividends, reinvestment or other discretionary uses; (c) should not be a consideration in isolation or as a substitute for measures of performance prepared in accordance with US GAAP; and (d) may be calculated differently by other companies in our industry, or may be used for different purposes than the purposes we use it for, limiting its usefulness as a comparative measure.

The following table shows a summary of our revenues, Operation EBITDA and Operation EBITDA margin (defined as the ratio of Operation EBITDA to revenues) by geographic segment:

	December 31, 2006			December 31, 2005		
	Revenues	**Operation EBITDA**	**Operation EBITDA margin**	**Revenues**	**Operation EBITDA**	**Operation EBITDA margin**
	(millions of $)		**%**	**(millions of $)**		**%**
Russia, Baltics & the CIS	$157.7	$53.8	34.1	$136.6	$54.8	40.1
Hungary without Kisokos	34.5	7.2	20.9	38.4	9.9	25.8
Croatia	12.4	3.6	29.0	10.4	3.6	34.6
Poland	6.8	0.6	8.8	6.1	0.5	8.2
Total	**$211.4**	**$65.2**	**30.8**	**$191.5**	**$68.8**	**35.9**

Currency Fluctuations

We express our results in US dollar and generate revenues in eight currencies. The two most significant currencies are the Russian rouble, in which we have generated 63% of our revenues in 2006, and the Hungarian forint, in which we have generated 16% of our revenues in 2006. Our results can be significantly impacted by fluctuations in these currencies compared to the US dollar.

Set up below is a table of December 2006 average rates against the US dollar compared to 2005.

	December 31, 2006 average rate	***December 31, 2005 average rate***	***Fluctuation %***
Russian Rouble	0.0368	0.0353	4%
Hungarian Forint	0.0047	0.0050	(6%)

Inflation

Our costs are closely linked to domestic cost factors in the countries in which we operate. Inflation moderated in Russia during the past five years, decreasing from 15.8% in 2002 to 9.0% in 2006.

The table below presents changes in Russia's consumer price index from 2002 through 2006.

	2002	**2003**	**2004**	**2005**	**2006**
Consumer Price Index, December to December change in RUR…………………	15.8%	13.7%	10.9%	11.1%	9.0%

Revenues

Source of Revenues

We primarily derive revenues from selling advertising space in our publications. To a lesser extent, we derive revenues from paid circulation of some of our print publications and from additional services we provide. We generate revenues from print activities (96% in 2006 and 97% in 2005) and Internet activity (4% of revenues in 2006 and 3% in 2005).
We generate print revenues principally from four sources, or ”channels”, which are display advertisements, private and professional classified advertisements, circulation and services.
We earn circulation revenues primarily through sales to individuals who purchase at kiosks or newsstands, through subscriptions or from street vendors.
Service and other revenues include commissions earned for selling products and services to third parties including warranty services. They also include printing for third parties in Russia and revenues associated with services such as pre-paid telephone calling cards used by private customers to access our call centers and place advertisements. The commissions earned are a percentage of the value of the products or services.
We derive online revenues primarily from classified and display advertisements, including professional advertisements, consumer advertisements and banners. We also derive online revenue from subscription or one-off access fees to content and information we provide through our websites. In online revenues we include revenues deriving from products advertised solely on our websites, as well as the portion of revenues attributable to the online component (as determined by management based upon relative fair value) for bundled contracts providing both print and online advertisements.

The channel of revenue varies in importance depending on the individual publication. Our primary channels of revenue are:

	Relative importance of revenues by channel	
	Year ended December 31, 2006	Year ended December 31, 2005
	(percentage of total revenues)	
Print revenues	**96%**	**97%**
Classified Ads	33%	34%
Display	44%	45%
Circulation	13%	13%
Services & Other	6%	5%
Online revenues	**4%**	**3%**

Classified advertising is the key to our revenue generation. The revenues generated by this channel are split between private individuals and professionals, or business customers. We experience the highest margins with display advertisement, which constituted 44% of revenues in 2006 and 45% in 2005.

We publish private and professional classified advertisements and display advertisements on a daily, weekly and monthly basis depending on the publication, and recognize the related revenues at the time the advertisement is published. We defer revenues related to advertisements appearing on multiple occasions and recognize them proportionally during the period when the advertisement is run. We recognize circulation revenues on a weekly basis at the time a publication is sold to a customer. We recognize service revenues (i.e., commissions) as earned at the date the service products are sold, or when contracts are activated. We recognize online revenues at the time the advertisement is run. We recognize revenues from subscription and one-off access fees to content and information we provide through our websites over the period of usage, and other related services.

Consolidated Revenues

Revenues increased by $19.9 million, or 10.4%, to $211.4 million in 2006 from $191.5 million in 2005.

In order to reflect the effect of acquisitions on our financial statements, we measure revenues, EBITDA and Operation EBITDA on the basis of total growth and organic growth. In calculating organic growth, we include the revenue, EBITDA or Operation EBITDA contribution from an acquired business only with respect to entities that have been consolidated in our financial statements for at least twelve months.
Organic growth is computed by excluding the effect of foreign currency fluctuations.

	December 31, 2006	***December 31, 2005***	***Growth (%)***	***Organic Growth (%)***
Print revenues				
Display	$94.0	$85.6	9.8%	7.0%
Classified Ads	69.9	65.6	6.5%	4.8%
Circulation	26.6	25.0	6.4%	4.3%
Services & Other	11.9	10.0	19.0%	15.5%
Total Print revenues	**$202.4**	**$186.2**	**8.7%**	**6.3%**
Online revenues	9.0	5.3	69.8%	70.0%
Total revenues	**$211.4**	**$191.5**	**10.4%**	**8.1%**

Print revenues in 2006 increased by 8.7%, to $202.4 million from $186.2 million in 2005. Excluding exchange rate impact, organic print revenue growth was 6.3%, reflecting primarily the growth in classified and display advertising.

Online revenues in 2006 increased by 69.8%, to $9.0 million from $5.3 million in 2005, due primarily to expansion of the online business in the Group, and growth in the online advertising market in general, particularly in the classified advertising market. Organic growth was 70.0% compared to 2005.

Revenues by Geographic Segment

Region	***December 31, 2006***	***December 31, 2005***	***Growth***	***Organic Growth***
	(millions of $)		***%***	***%***
Russia, Baltics & the CIS	$157.7	$136.6	15.4%	11.1%
Hungary without Kisokos	34.5	38.4	(10.2)%	(5.7)%
Croatia	12.4	10.4	19.2%	16.3%
Poland	6.8	6.1	11.5%	6.0%
Total Revenues	**$211.4**	**$191.5**	**10.4%**	**8.1%**

Russia, Baltics and the CIS.
Russia & CIS grew by 11.1% organically. Moscow, representing 44% of Russian & CIS business, experienced a decline in organic revenue of (5.5%) whereas our regions outside Moscow grew by 29.0% organically. Moscow was impacted by the reduction of Real Estate advertising and by increased competitive pressure. We nevertheless saw some recovery in Moscow in the fourth quarter with an organic revenue growth of 2.6% vs. the fourth quarter of 2005, compared to a decline of respectively (10.7%), (8.9%) and (5.7%) in the first, second and third quarters.

Hungary without Kisokos.
Revenue declined organically by 5.7% compared to 2005 despite the 39.2% organic revenue growth in online. The performance in Hungary reflects the poor market conditions of the automotive and real estate markets. We believe it unlikely that Hungarian economic conditions will improve the prospects for these underlying markets in the short term. Results remain disappointing despite slight recovery in the last two quarters.

Croatia.
We noted a very strong organic growth of 16.3%, driven by a combination of strong display and professional advertising in our generalist publication and newly launched vertical publications. Croatia is also well positioned for online monetization with the launch of two new vertical websites. In 2006 we also closed the acquisition of a job website which will support our overall job development strategy.

Poland.
Poland through continued strong online organic growth showed a solid 6.0% organic revenue growth in 2006 compared to 2005 (+53.8% for internet).

Operating profit

Operation profit is as follows:

	December 31, 2006	December 31, 2005
	(millions of $)	
Consolidated EBITDA	$57.3	$65.8
Depreciation and amortization	(6.2)	(5.9)
Stock-based compensation expense	(3.4)	-
Other operating costs	(1.4)	-
Operating profit	**$46.3**	**$59.9**

Operating profit decreased by $(13.6) million from $59.9 million in 2005 to $46.3 million in 2006, a decrease of 22.7%. This decrease mainly arises from $8.5 million due to the decrease of the Consolidated EBITDA as explained below, $3.4 million due to the stock-compensation expense and $1.4 million to non-recurring costs incurred in connection with the Offer.

EBITDA

Consolidated EBITDA

Consolidated EBITDA decreased by $8.5 million, from $65.8 million in 2005 to $57.3 million in 2006, showing a decrease of (12.9%). Margin is experiencing a deterioration (27.1% versus 34.4% in 2005) due to declining print margin (30.3% versus 36.0% in 2005) and despite strong online margin improvement (42.2% versus 34.0% in 2005). Organically, EBITDA is declining by (15.3%) versus 2005.
The decrease reflected mostly:
- Increased investments in production, marketing and sales expenses and a change of mix between Moscow and the regions in Russia
- Revenue degradation in Hungary and in Moscow

Consolidated EBITDA	*December 31, 2006*	*December 31, 2005*	*Growth*	*Growth*	*Growth constant exchange rate*	*EBITDA Margin*
	(millions of $)			*%*	*%*	*%*
Operation Print EBITDA	$61.4	$67.0	$(5.6)	(8.4)%	(10.8)%	30.3%
Operation Online EBITDA	3.8	1.8	2.0	111.1%	114.6%	42.2%
Corporate Costs (1)	(7.9)	(3.0)	(4.9)	163.3%	168.0%	-
Consolidated EBITDA	**$57.3**	**$65.8**	**$(8.5)**	**(12.9)%**	**(15.3)%**	**27.1%**

(1) In 2005, we were part of the TCM group and our corporate costs resulted from an allocation of the TCM corporate costs to our business (Management service expense). In February 2006, we implemented our own corporate structures.

Operation Print EBITDA decreased by $(5.6) million, or (8.4%) in 2006 compared to 2005 of which (10.8%) organically.

Operation Online EBITDA increased $2.0 million, or 111.1%, in 2006 compared to 2005 of which 114.6% organically, which reflected strong development throughout the Group.

Operation EBITDA by Geographic Segment

Region	December 31, 2006	December 31, 2005	Change	Organic growth	2006	2005
	(millions of $)		%	%	EBITDA Margin %	EBITDA Margin %
Russia, Baltics & the CIS	$53.8	$54.8	(1.8)%	(5.7)%	34.1%	40.1%
Hungary	7.2	9.9	(27.3)%	(22.9)%	20.9%	25.8%
Croatia	3.6	3.6	0%	(1.6)%	29.0%	34.6%
Poland	0.6	0.5	20.0%	9.1%	8.8%	8.2%
Operation EBITDA	**$65.2**	**$68.8**	**(5.2)%**	**(7.7)%**	**30.8%**	**35.9%**

Russia, Baltics and the CIS.
Operation EBITDA showed a decrease of (1.8%), with a deterioration of margin (34.1% versus 40.1% in 2005) mainly attributable to a number of factors:

- A change of mix between Moscow and Regions through the decline of revenues in Moscow with high margins and the expansion of the business into lower margin Regions (which have a lower margin due to less critical mass and maturity of the business compared to Moscow)
- Investment in marketing
- Shift to colour in Moscow
- Payment of higher commissions to Display agencies in Moscow.

Hungary without Kisokos.
We incurred a decrease of Operation EBITDA by (27.3%) and a deterioration of the margin (20.9% versus 25.8% in 2005) primarily due to the revenue degradation.
Acceleration in online Operation EBITDA growth by 50.8% and improvement of the margin, amounting to 24.6% compared to 21.6% last year, has somewhat compensated for the above decreases.

Croatia.
Operation EBITDA was flat due primarily to strong revenue performance and to savings in print and paper costs offset by costs for launching new car and real estate publications.

Poland.
Operation EBITDA remained flat compared to 2005 and margin slightly increased at 8.8%. Print EBITDA was negative due to continued shift in business mix from print to online which experienced a significant growth by 68.4% with a margin of 27.5% compared to 26.2% in 2005.

Management service expenses / corporate costs

Management service expenses / corporate costs amounted to $7.9 million (or 3.7% of our revenues) in 2006 and $3.0 million in 2005, representing costs incurred as an independent group compared to management fees charged by TCM in 2005 when the TME countries were part of a larger group.

Stock-based compensation expense

In February 2006, Trader Media East implemented an equity incentive plan, through which certain employees of the Group, directors, and members of executive management have been granted with stock-options and restricted shares. These grants resulted in an expense by $3.4 million in 2006, compared to a negligible expense in 2005. Further to the announcement by Hurriyet Invest B.V. on 16th March 2007 that the Offer has been declared unconditional, TME option holders will be offered a cash amount varying between US$ 1.36 and US$ 3.28 per option (depending on the exercise price) in exchange for the cancellation of their options.

Depreciation and amortization

Depreciation and amortization in 2006 remained steady at $6.2 million compared to $5.9 million in 2005.

Other operating costs (non-recurring)

In connection with the Offer, we have incurred costs of non-recurring nature, mainly fees for legal and advisory services.

Other income and expenses

Interest expenses in 2006 increased by $11.5 million to $ 12.4 million from $0.9 million in 2005. These expenses are due to the interest and financing fees related to our Senior Credit Facility into which we entered on February 9, 2006, and on which we incurred a 7.9% effective rate (excluding fees).
Interest is due mainly on three term loans amounting in the aggregate of up to $140 million, that we have drawn down on the closing of the Offering, as well as a Revolver Line ($2.5 million as of December 31, 2006). These term loans have mainly been used:
- for $100 million, to purchase the 12% interest in Pronto-Moscow, previously held by the general manager of our Russian operations
- for $7.5 million, to refinance existing indebtedness in Hungary
- for $32.5 million, to pay outstanding related party balances with TCM, third party debt and certain fees, costs and expenses associated with the arranging and syndication of the Senior Credit Facility.

The rate of interest payable for each term loan is the sum, per annum, of the applicable margin (set at market rates and thereafter subject to adjustment according to the quarterly ratio of our Consolidated Net Debt to Consolidated EBITDA) plus the one, two, three or six month LIBOR or other interbank reference rate (as appropriate), plus any mandatory costs.

Income taxes

Expressed as a percentage of our income before tax, minority interest and discontinued operations, it represented 49% for 2006 compared to 30.9% for 2005. We are currently reviewing and redesigning our tax structure.

Minority interest

Minority interest for 2006 decreased to $4.3 million from $7.6 million in 2005, mainly due to the impact of the repurchase of the remaining 12% shares of Pronto-Moscow, previously held by the general manager of our Russian operations.

Net income from continuing operations

We generated net income from continuing operations of $13.3 million for 2006 compared to $33.7 million for 2005, a decrease of $(20.4) million, mainly due to the decrease of the operating profit by $13.6 million and increase of the interest expense of $(11.5), partly offset by a decrease of the income taxes and minority interest by $ 4.6 million.

Net loss from discontinued operations

Net loss from discontinued operations include the following Kisokos items:

	December 31, 2006	***December 31, 2005***
	(millions of $)	
Revenues	$4.5	$6.4
Operating profit before certain expenses	(2.3)	(0.9)
Depreciation and amortization	(0.5)	(0.6)
Provision for impairment	(14.3)	-
Income tax and other	0.7	0.3
Net loss from discontinued operations	**$(16.4)**	**$(1.2)**

Credit agreement

On February 9, 2006, we entered into a $250 million multi-currency senior secured term loan and revolving credit facility (the ”Senior Credit Facility”), with BNP PARIBAS as Global Co-ordinator and BNP PARIBAS and WestLB AG, London Branch, as Mandated Lead Arrangers. Borrowers under the facility are Trader East Holdings B.V., a wholly-owned subsidiary of Trader Media East, and certain of its subsidiaries (the ”Borrowers”). The Senior Credit Facility has a five-year term and consists of three term loans of up to $140 million. In addition, the Senior Credit Facility provides a revolving credit facility of up to $25 million and an acquisition facility of up to $85 million, to be made available to certain Borrowers.
This Credit Facility has been repaid upon the Change of Control occurring pursuant to the Offer.

Liquidity and capital resources

Historically, our working capital requirements have been minimal, and cash flow from operations has been sufficient to finance our operations. We have primarily financed acquisitions from free cash flow and from third party and related party borrowings.

Net cash provided by operating activities amounted to $26.5 million and $43.8 million in 2006 and 2005 respectively. The decrease essentially reflects the reduction in net income, partly offset by an increase in our working capital balances.

Net cash used in investing activities was $109.9 million and $7.9 million in 2006 and 2005, respectively. The increase primarily reflected the purchase of the minority interest in Pronto Moscow.
Net cash provided by financing activities amounted to $87.6 in 2006, reflecting mainly the drawdown of a $100 million for the repurchase of the minority interest of Pronto-Moscow.

Although it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with US GAAP, we use free cash flow as a measure of cash available for acquisitions and debt repayment. We define free cash flow as cash generated from operating activities after interest, tax and cash paid for capital expenditures. Free cash flow was $20.8 million and $38.3 million in 2006 and 2005, respectively.
Cash paid for capital expenditure amounted to $5.7 million and $5.5 million in 2006 and 2005 respectively, remaining steady at 3% of the revenues. Capital expenditure includes development costs incurred for our online business.

Other issues

Tax Claim in Russia

In June 2006, Pronto-Moscow received a claim amounting to $6 million from the tax authorities in relation to a tax dispute and penalties dating back to 1998. This tax claim was disputed by Pronto Moscow before the courts in Moscow on 20 September 2006, which ruled in our favor. The tax authorities appealed this decision and at the subsequent hearings in March 2007, the appellate court ruled in our favor. This ruling cannot be considered final until a period of 3 months following the judgment during which period a further appeal could be lodged. We consider that no provision for any settlement is necessary at this stage. In connection with this claim, the company deposited in escrow an amount of $4.0 million in July 2006.

Cash advance granted to TCM

Included in Other receivables is an amount of $3.4 due by TCM, representing cash advanced against the intention to pay a dividend of $5.9 relating to the pre-listing period. The dividend was not authorized and declared, and accordingly TME has claimed the repayment of the advance.
TCM disputes this claim but the directors of TME are confident in TME's entitlement to this amount.

Other amounts claimed by TCM

During the transition period, TCM and TME shared certain headquarter services resulting in the net recharge to TME of $0.2 million.
In addition to these costs, TME received invoices from TCM in an aggregated amount of $3.2 million, mainly relating to obligations entered into by TCM in relation to the completion of the Offering and to the historical cost of the intellectual property transferred to TME. TCM has also made TME aware of its intention to claim from TME the repayment of certain fees incurred during the Offering, but no invoice or formal claim has been received by TME. TME strongly believes that TCM is not entitled to receive any payment from TME in relation to any of these issues, and no amount relating thereto has been included in TME's statement of operations.

Current Trading and Prospects

Pierre-François Catté, Trader Media East's Chief Executive Officer, said:

"In the second part of 2006, TME has demonstrated that in a very competitive environment it has the capabilities to grow its revenues by over 10%, which is in line with the plan supporting the Board decision to recommend the Offer by Hurriyet Invest. As previously mentioned, we have built the foundation to sustain a growth of between 12% and 14%. We are committed to an aggressive online growth and print diversification strategy. The alignment with Hurriyet Invest's business strategies will enhance our ability to deliver the plan."

Critical Accounting Policies

Our accounts are prepared under US GAAP.

The preparation of financial information requires management to make judgments concerning the election of accounting methods, estimates and assumptions that are sensitive to changes in market conditions or other uncertainties that could affect our reported results. We outline below what we consider to be our critical accounting policies, the judgments used to develop our reported results and the sensitivity of these results to changes in conditions.

Purchase Price Allocation for Business Combinations

Our growth has been driven, in part, by acquisitions made since we commenced operations in 1991. A significant portion of the value related to these acquisitions has been determined to be goodwill or identifiable intangible assets, principally tradenames and advertising customer bases of the acquired entities. We typically prepare valuation studies when allocating purchase price consideration to intangible assets, based on discounted cash-flows.

We have estimated that the useful lives for tradenames considered as definite life assets range from 10 to 20 years and for advertising customer bases from 6 to 12 years. Commencing January 1, 2005, further to a change in estimate, certain tradenames with significant notoriety have been considered as indefinite life assets no longer subject to amortization, and are now tested for impairment at least once a year. We do not amortize goodwill pursuant to SFAS No. 142 ''Goodwill and Other Intangible Assets'' but subject goodwill to an annual impairment test. Therefore, the sensitivity of our choice of method regarding the use of the relief from royalty approach, the assumptions concerning the royalty rate, the turnover rate for professional customers, the useful life of assets and the projected net cash flows have significantly affected amortization expense recorded to date.

Impairment of Goodwill and Long-Lived Assets

As required by SFAS No. 142, goodwill is tested for impairment at least annually. We compare the carrying value of each of our reporting units, including goodwill and intangible assets, to the fair value of the reporting unit, based on its projected cash flows, discounted with the appropriate weighted-average cost of capital for each reporting unit. Our reporting units are based on geographic regions. We review long-lived assets and identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any assets may not be recoverable. Impairment is determined by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If this comparison indicates the asset is impaired, the impairment recognized is the amount by which the carrying amount of the asset exceeds the fair value of the asset. We measure fair value based on discounted cash flows using a discount rate reflecting the risk associated with the assets in question. The discount rates range from 10.8% for our businesses in Central Europe to 12.8% and 12.9% for our businesses in Russia and Hungary respectively, with the Group's weighted average cost of capital determined to be 12.6% in 2006.

The sensitivity of these assumptions, including the determination of our reporting units, the estimates of our future cash flows and the discount rates used to calculate the fair value of reporting units and long-lived assets could significantly affect the amount of impairment charges.
In addition, our future cash flow assumptions are sensitive to the continued perceived value of our brands, which to date have generally allowed us to generate cash flows sufficient to support the value of our acquisitions. The classified advertising publishing industry is competitive. In our local markets, we compete for both advertising revenues and readership with daily and weekly local newspapers, direct mail marketing companies, free circulation papers and other classified publications targeted to the same geographic area.

We also compete with pure online classified advertising businesses. These newspaper publishers and other print and online competitors could take market share from us in any of our local markets, negatively affecting our results of operations and could lead us to reduce our future cash flow assumptions with consequent potential impairment charges.

Deferred Tax Assets

As at December 31, 2006, we had $5.4 million of net deferred tax assets related to net operating loss carry forwards.

In assessing the value of these assets, we consider whether it is more likely than not that some portion or all of the deferred tax asset will be realized. The ultimate realization of these assets depends upon the generation of future taxable income during the periods in which the net operating losses can be carried forward. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

We reassess each year the likelihood of a future benefit in light of our improved profitability and expectations of future profitability. As a result, we recognized deferred tax benefits related to our reassessment of the future utilization of net operating losses carry forwards of $3.8 million in our 2006 income statements.

The amount of the deferred tax asset considered realizable, however, could change, with a charge or benefit to our income statement, if our estimates of future taxable income during the carry forward period or tax planning strategies are revised.

Forward-Looking Statements

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of Trader Media East or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcome to differ materially from those suggested by any such statements.
Those factors include, but are not limited to, risks or uncertainties relating to our highly competitive industry, our dependence on advertising including print and online advertising, our ability to make and integrate acquisitions, our ability to obtain financing for acquisitions

and other needs on terms acceptable to us, the uncertain operating environment created by political, economic and social conditions, including corruption, in some of the countries in which we operate, the currencies in which we do business, our ability to remit funds freely from the jurisdictions in which we operate, restraints on our operations resulting from minority holdings in some of our subsidiaries, our ability to manage foreign exchange exposures, our dependence on our management team and key personnel, our ability to attract and retain key sales staff, our content, our brands, our limited operating history of our online operations in the countries in which we do business, our inability to adapt to technological changes, as well as general economic and market conditions relating generally to emerging markets.

These forward-looking statements speak only as of the date of this document. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

Financial Statements

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Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRADER MEDIA EAST LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Trader Media East Limited which comprise the consolidated balance sheet as of 31 December 2006 and the consolidated statement of operations, the consolidated statement of changes in shareholders' equity and total comprehensive income, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and with the requirements of Jersey law. 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.

Auditors' Responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2006 and of the financial performance and cash flows of the Group for the year then ended in accordance with accounting principles generally accepted in the United States of America and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

Report on other legal and regulatory requirements

The Directors are also responsible for preparing the Financial Highlights, Chairman's Statement, the Corporate Governance Statement, the Report on Remuneration, the Business Review and Future Prospects Statement, the Directors' Report, the Countries Overview, and the Operating and Financial Review.

As required by the Listing Rules, we have also audited the information in the Report on Remuneration, set out in pages 10 to 11.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRADER MEDIA EAST LIMITED - CONTINUED

We are also required by the Listing Rules to assess whether the Corporate Governance Statement reflects the company's compliance with the adopted rules of the 2003 FRC Combined Code and to report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Financial Highlights, Chairman's Statement, the Corporate Governance Statement, the Report on Remuneration, the Business Review and Future Prospects Statement, the Directors' Report, the Countries Overview, and the Operating and Financial Review.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 110 of the Companies (Jersey) Law, 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
14 June 2007

TRADER MEDIA EAST

Consolidated Balance Sheets
(US Dollars in millions)

US Dollars in millions	December 31, 2006	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	$ 20.8	$ 18.7
Restricted deposits (note 2c)	4.0	0.9
Accounts receivable, net of allowance (note 6)	9.6	9.4
Other receivables (note 18)	13.4	5.9
Other current assets (note 2h)	24.3	6.0
Assets held for sale – current (note 19)	2.9	-
Total current assets	**75.0**	**40.9**
Long term assets		
Property, Plant and Equipment, net (note 7)	28.8	26.5
Goodwill, net (note 8)	126.0	66.4
Intangibles assets, net (note 8)	93.2	40.4
Other non current assets (note 2h)	7.4	1.8
Assets held for sale - non current (note 19)	0.8	-
Total Assets	**$ 331.2**	**$ 176.0**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 16.3	$ 6.3
Deferred revenues	4.2	2.6
Social and fiscal liabilities	6.7	5.5
Other liabilities	11.5	0.2
Payables to related party	-	3.5
Senior credit facility debt - current (note 9)	133.5	1.1
Liabilities held for sale - current (note 19)	1.6	-
Total current liabilities	**173.8**	**19.2**
Long term liabilities		
Senior credit facility and other debt – non current	0.2	6.1
Deferred income taxes (note 17)	29.8	12.8
Other long term liabilities	0.4	0.5
Related party long term liabilities	-	24.8
Total liabilities	**204.2**	**63.4**
Commitments and contingencies (note 14)		
Minority interests (note 5)	**3.2**	**7.6**
Common stock	8.0	-
Additional paid in capital	674.6	-
Accumulated other comprehensive income	30.6	12.1
Retained earnings	(589.4)	92.9
Shareholders' equity	**123.8**	**105.0**
Total liabilities and shareholders' equity	**$ 331.2**	**$ 176.0**

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

TRADER MEDIA EAST

Consolidated Statements of Operations
(US Dollars in millions)

US Dollars in millions, except shares and per share Amounts	December 31, 2006	December 31, 2005
Revenues	**$ 211.4**	**$ 191.5**
Operating costs and expenses :		
Cost of sales	(98.4)	(79.2)
General and administrative	(55.7)	(46.5)
Stock-based compensation expense (note 2o)	(3.4)	-
Depreciation and amortization	(6.2)	(5.9)
Other operating costs	(1.4)	-
Operating profit	**46.3**	**59.9**
Interest and financing fees (note 16)	(12.4)	(0.9)
Foreign exchange gain and other	0.9	0.8
Net financial result	**(11.5)**	**(0.1)**
Income before income tax and minority interest	**34.8**	**59.8**
Income tax net (note 17)	(17.2)	(18.5)
Income before minority interest	**17.6**	**41.3**
Minority interest (note 5)	(4.3)	(7.6)
Net income from continuing operations	**$ 13.3**	**$ 33.7**
Net loss from discontinued operations (note 19)	**$ (16.4)**	**$(1.2)**
Net income / (loss)	**$ (3.1)**	**$ 32.5**
Average number of shares outstanding (note 12)		
Basic	50 000 000	-
Diluted	50 000 000	-
Net income per share, in USD Dollar, basic		
From continuing operations	$ 0.266	-
From discontinued operations	($ 0.328)	-
Total	**($ 0.062)**	
Net income per share, in USD Dollar, diluted		
From continuing operations	$ 0.266	
From discontinued operations	($ 0.328)	
Total	**($ 0.062)**	

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

TRADER MEDIA EAST

Consolidated Statement of Changes in Shareholders' Equity and Total Comprehensive Income

(US Dollars in millions)

US Dollars in million	Common Stock	Invested Equity	Additional paid-in capital	Other Comprehensive Income	Retained earnings	Total shareholder's equity
As of December 31, 2004	**$ -**	**$ 77.4**	**$ -**	$ 21.5	**$ -**	**$ 98.9**
Invested equity		(17.0)				**(17.0)**
Net income for the year ended December 31, 2005		32.5				**32.5**
Currency translation adjustment				(9.4)		**(9.4)**
Comprehensive income for the year ended December 31, 2005						*23.1*
As of December 31, 2005		**92.9**		**12.1**		**105.0**
Reorganization adjustment		(92.9)			92.9	**-**
As of January 1, 2006				**$ 12.1**	**$ 92.9**	**$ 105.0**
Issuance of share (49 999 976 x 0.16$) and of share premium in the restructuring process (note 11)	8.0		671.2		(679.2)	**-**
Net loss for the year ended December 31, 2006					(3.1)	**(3.1)**
Compensation expense year end December 31, 2006			3.4			**3.4**
Net change related to cash-flow hedge, net of tax (note 10)				0.1		**0.1**
Currency translation adjustment				18.4		**18.4**
Comprehensive income for the year ended December 31, 2006						*18.5*
As of December 31, 2006	**$ 8.0**		**$ 674.6**	**$ 30.6**	**$ (589.4)**	**$ 123.8**

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

TRADER MEDIA EAST

Consolidated Statements of Cash Flows
(US Dollars in millions)

US Dollars in millions	December 31, 2006	December 31, 2005
Operating activities:		
Net income / (loss)	**($ 3.1)**	**$32.5**
Reconciliation of net income to net cash provided by operating activities:		
Minority interest	4.3	7.6
Amortization	1.8	2.0
Depreciation	5.0	4.5
Stock-based compensation	3.4	-
Provision for doubtful accounts	0.8	1.5
Unrealized foreign exchange gain (loss)	1.3	(1.7)
Non cash taxes	(1.3)	1.2
Non-cash interest and other	1.8	1.4
Provision for impairment	14.4	-
Net change in restricted deposit	(3.0)	(0.9)
Change in Accounts receivables	(2.4)	(1.4)
Change in Other receivables and other assets	(8.5)	0.7
Change in Income tax receivables	(0.1)	(1.0)
Change in Inventory	(0.3)	(0.6)
Change in Deposit, prepaid and other long term assets	-	(0.4)
Change in Accounts payables and other liabilities	11.3	(1.5)
Change in Income taxes payable	(0.3)	0.7
Change in Other liabilities	1.4	(0.8)
Net cash provided by operating activities	**26.5**	**43.8**
Investing activities:		
Cash paid for investments	(0.1)	(0.2)
Cash paid for property, plant and equipment	(5.7)	(5.5)
Cash paid for acquisitions, net of cash acquired (note 4)	(104.1)	(2.2)
Net cash used in investing activities	**(109.9)**	**(7.9)**
Financing activities:		
Cash received from borrowings	142.7	7.7
Cash repayments for borrowings	(17.1)	-
Cash paid for financing costs	(5.2)	(0.3)
Dividends paid to minority shareholders	(4.6)	(7.0)
Cash paid to related parties	(28.2)	(25.5)
Change in invested equity	-	(12.9)
Increase in bank overdraft balances	-	(0.2)
Net cash provided / (used) by financing activities	**87.6**	**(38.2)**
Effect of exchange rate changes on cash and cash equivalents	(1.9)	(1.6)
Net increase in cash and cash equivalents	**2.3**	**(3.9)**
Cash and cash equivalents at beginning of period (inc cash held by Kisokos)	18.7	22.6
Cash and cash equivalents at end of period (inc cash held by Kisokos)	**$ 21.0**	**$18.7**

Supplemental cash flow information and non-cash transactions:

Cash paid (received) for:	December 31, 2006	December 31, 2005
Interest	$8.8	$1.9
Income taxes (net of tax refunds)	17.9	16.9

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

Notes to the Consolidated Financial Statements
(US Dollars and other currencies in millions)

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION:

Background

Formation of the group

Trader Media East Limited (**"**TME**"**) was incorporated in November 2005 in Jersey. As of January 25, 2006, TME purchased from Trader Classified Media N.V. ("TCM"), its parent company at this date, and from some of its subsidiaries the operations located in Russia, Croatia, Hungary, Poland, Ukraine, Belarus, Kazakhstan and Lithuania. Main steps of this restructuring process (the "restructuring**"**) were:

- the incorporation by TCM of a wholly-owned subsidiary Trader East Holdings B.V. in The Netherlands.
- the purchase by Trader East Holdings from members of the TCM group of their investments in Hungary, Poland and Croatia in exchange for a promissory note to the TCM group.
- the contribution by TCM of its investment in Mirabridge International B.V., which owned 88% of Pronto-Moscow, in exchange for the shares of Trader East Holdings.
- the contribution by TCM of the shares of Trader East Holdings (and consequently its promissory note) to Trader Media East in exchange for a capital increase of TME beneficial to TCM.

On February 10, 2006, TME purchased from Leonid Makaron the remaining 12% shares of Pronto-Moscow, which operates the business located in Moscow and is the mother company of the operations located in the Russian regions, Belarus, Kazakhstan and Lithuania. Please refer to note 4- Acquisitions.

Listing of the Company

After this process, on February 10, 2006, TCM completed the listing of 43.5 million of TME's shares in the form of Global Depositary Receipts ("**GDRs**") on the main market of the London Stock Exchange, with unconditional trading commencing on February 13, 2006 (the "**Offering**"). TCM has retained a 13% interest in Trader Media East.

Letter Agreement with TCM

In a Letter Agreement dated January 25, 2006, TCM and Trader Media East agreed that the assets and earnings of operations transfer and promissory notes issued in connection with the restructuring were deemed to have taken place with economic effect on January 1, 2006.

DESCRIPTION OF THE BUSINESS

Trader Media East is a leader in classified advertising and owns leading publications and websites in major metropolitan and regional markets in the countries where it operates. Trader Media East's major publications and websites include:

- in Hungary, the publications *Expressz, Kepes Auto, Kepes Ingatlan, Mai Hirdetes, Szuperinfo,* and the website *www.expressz.hu*;
- in Moscow and major cities across Russia and the Commonwealth of Independent States, the publications *Iz Ruk v Ruki, Aviso, Avto, Nedvizhimost* and the websites *www.izrukvruki.ru* and *www.irr.ru*;
- in Croatia, the publication *Oglasnik* and the website *www.oglasnik.hr*; and
- in Poland, the publications *Auto Bit* and *Auto Biznes* and the websites *www.trader.pl* and *www.kupsprzedaj.pl*.

BASIS OF PRESENTATION

For all periods, the terms "**Trader Media East**", "**Group**" or the "**Company**" as used herein refer to Trader Media East Limited and its subsidiaries. The consolidated financial statements of Trader Media East cover the year ended as of December 31, 2006. The results presented for this period are the consolidated results of TME and its subsidiaries (as acquired in January 2006 in the course of the restructuring), from January 1, 2006 to December 31, 2006.

The 2005 comparative information presented has been prepared from the consolidation returns prepared by TCM operations subsequently acquired by Trader Media East for the purposes of the consolidated financial statements of TCM using TCM historical bases in the assets, liabilities and result of operations. Trader Media East operations have been historically part of the TCM business and its assets and liabilities were held by several indirect subsidiaries of TCM. This financial information includes the historical assets, liabilities, revenue and expenses that were directly recorded by the Trader Media East subsidiaries acquired through the Restructuring during the periods presented. Trader Media East did not previously operate as a separate, stand-alone company. The 2005 comparative information reconciles with the combined accounts published for 2005, modified for some minor adjustments.

Trader Media East's results until December 31, 2005 were included in the consolidated financial statements of TCM on a regional basis, and there are accordingly no separate historical equity accounts for Trader Media East. Changes in invested equity represent TCM net investment in Trader Media East after giving effect to the net earnings of Trader Media East, dividends paid and transfers (including cash) to and from TCM.

In 2005 and January 2006, the consolidated financial statements include allocations of certain TCM corporate expenses, including legal, accounting, operation, acquisition, as well as treasury and other corporate and infrastructure costs. The expense allocations have been determined on the basis that TCM and Trader Media East are considered as being a reasonable reflection of the utilization of services provided or corresponding to the benefit received by Trader Media East. Beginning February 2006, Trader Media East has used its own corporate structures.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation:

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). These financial statements include the results of consolidated entities as described above.

All majority-owned subsidiaries of Trader Media East business have been consolidated in the accompanying consolidated financial statements. Investments in affiliated companies over which the Company has a significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments of 20% or less are accounted for under the cost method. All significant intercompany accounts and transactions have been eliminated.

On September 18, 2006, our Board of Directors announced its decision to dispose of our Hungarian directory business, *Kisokos* in the near future. Accordingly, in the financial statements as of December 31, 2006, the net loss generated by Kisokos has been classified as net income from discontinued operations and its contribution to the assets and liabilities as assets and liabilities held for sale. The business has been accounted at fair value. Please refer to note 19 – Discontinued Operations.
For the periods presented, the cash-flow statements combine cash provided or used by the continuing and by discontinued operations.

(b) Cash and cash equivalents:

Cash and cash equivalents are defined as cash available in bank accounts and highly liquid instruments with an initial term of less than three months.

(c) Restricted deposit:

In 2005, restricted deposit reflects a placement in promissory notes further to the obtaining of a bank guarantee in the context of a tax audit in Russia. This deposit, subject to an interest of 4% per annum, has been redeemed during the first semester of 2006 after the positive settlement of the tax audit.
In 2006, we purchased a promissory note to obtain a bank guarantee in relation to an ongoing dispute with the tax administration in Moscow dating back to 1998. This promissory note, amounts to $4.0 million and bears 2% interest. Please refer to note 14 – Commitment and contingencies.

(d) Foreign currency translation:

Over the reporting periods, all entities use their local currency as their functional currency. The financial statements of these entities are translated into US Dollars, the reporting currency of Trader Media East, using the year-end exchange rate for balance sheet items and the weighted average exchange rate for items in the statements of operations.

(US Dollars and other currencies in millions)

Gains and losses arising from the translation are reported separately in the cumulative translation adjustment account as part of other comprehensive income. Transaction gains and losses arising from certain intercompany loans that have been designated as permanently invested have been classified as a component of the cumulative translation adjustment account.

	2005		2006	
	Average	**Closing**	**Average**	**Closing**
US/ RUR$	28.315	28.744	27.138	26.331
US/ HUF$	201.117	213.283	211.130	190.740
US/ HRK$	5.996	6.227	5.831	5.573
US/ PLZ$	3.246	3.262	3.106	2.913
US/ EUR$	0.807	0.844	0.796	0.758
US/ LTL$	2.887	2.915	2.747	2.617
US/ UAH$	5.154	5.052	5.243	5.256
US/ KZT$	134.151	133.960	130.676	132.060
US/ BYR$	2145.554	2147.121	2151.509	2151.509

(e) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Depreciation is computed for financial reporting purposes by use of the straight-line method over the estimated useful lives as follows:

<u>Asset</u>	<u>Estimated useful lives</u>
Buildings	25-50 years
Office furniture, computers and equipment	3-10 years
Software	1-5 years
Printing presses and related equipment	3-15 years
Leasehold improvements	2-20 years

Assets held under capital leases and leasehold improvements are amortized over the shorter of the term of the related lease or the useful life of the asset. Gains or losses on the sale of property, plant and equipment are recognized in the period of disposal of the asset. Improvements which extend the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred.

(f) Goodwill and intangible assets:

Goodwill represents the excess of purchase price over the fair value of identifiable assets and liabilities acquired. Intangible assets, substantially all of which resulted from business combinations, include tradenames and advertiser bases. Purchase price amounts allocated to these intangibles, and their related amortization periods, are determined principally by external valuation studies and by the Company. Tradenames with definite life and advertiser base are amortized using the straight-line method over their estimated useful lives, which range from 10 to 20 years for tradenames and from 6 to 12 years for the advertiser base. In accordance with SFAS No. 142, goodwill and intangible assets with indefinite useful lives are not amortized but subject to at least an annual assessment for impairment.

(g) Impairment of assets:

SFAS No. 142 prohibits the amortization of goodwill and purchased intangible assets with indefinite lives. The Company reviews goodwill and purchased intangible assets with indefinite lives for impairment annually in the last quarter and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. The Company compares the carrying value of each of its geographic reporting units, including goodwill and intangible assets, to the fair value of the reporting unit, based on its projected cash flows, discounted with the appropriate weighted-average cost of capital. If the carrying amount of a geographic reporting unit's goodwill exceeds its implied fair value, the Company records an impairment loss equal to the difference.

Long-lived assets, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset, which is based on discounted cash flows.

(h) Other assets, current and non-current:

Deferred financing fees are usually classified under the line "Other non-current assets", together with deferred acquisition fees, deferred income taxes recoverable after one year, long-term deposits and other long-term assets. However, as of December 31, 2006, deferred financing fees have been reclassified as current in the amount of $4.2 million, following our intention to enter into a full renegotiation of our credit (please refer to note 9 – Senior Credit Facility). These fees, related to our Senior Credit Facility, are deferred and amortized over the term of the financing agreement.

Other current assets include prepaid charges, inventories and $11.1 million deposit on an escrow account, corresponding to a portion of the purchase price of the 12% of Pronto-Moscow payable to Leonid Makaron. Please refer to note 4 – acquisitions.

(i) Revenue recognition:

The Group's primary source of print revenue is the sale of advertising space in its publications. Private and professional classified ads and display ads are published on a daily, weekly and monthly basis. The related revenues are recognized at the time the advertisement is published. Revenues related to advertisements appearing on multiple occasions are deferred and recognized during the period when the advertisement is run.
Circulation revenues, net of returns, are recognized on a weekly basis at the time when the publications are sold through to the customer. Circulation revenues are earned mainly through kiosks, newsstands and other points of sales.
Service and other revenues primarily include warranty services in Hungary and printing for third parties in Russia. The products or services are recognized as earned at the date the products are sold to the final customer, or when contracts are activated. In addition, other

revenue includes the sale of prepaid telephone cards, used by customers to call our centers to publish an ad. Prepaid telephone card revenue is recognized when the card is sold to the customer because the use of the card typically takes place in the month of its sale. Online revenues are derived primarily from classified ads and display ads, including professional ads, consumer ads and banners which are deferred and recognized during the period when the advertisement is run.

Other types of revenue include **(1)** subscription or one-off access fees to content and information provided through the Company's websites which are recognized over the period of usage and **(2)** revenues generated from paid line usage for connecting buyers and sellers or other related services. Online revenues include revenues on products sold solely through the company's websites and revenues for contracts providing both print and online advertisements for which an allocation of revenues attributable to online revenues has been made by management based upon relative fair value.

(j) Website development costs:

The Group recognizes website development costs in accordance with EITF No. 00-02, *"Accounting for Website Development Costs."* As such, the Group expenses all costs incurred that relate to the planning and post implementation phases for development of its websites. Direct costs incurred in the development phase are capitalized and recognized over the estimated useful lives. Costs associated with repair and maintenance of the website are included in operating costs and expenses in the consolidated statements of operations.

(k) Operating costs and expenses:

Operating costs and expenses include, in addition to depreciation, amortization, non-cash stock compensation expense and write down of assets impaired, costs of sales and general and administrative expenses. Cost of sales includes direct selling costs and production costs. General and administrative expenses include general and administrative expenses from the operations, marketing expenses and management and assistance fees from TCM. In 2006, operating costs also include legal and advisory fees incurred in connection with the Offer by Hurriyet Invest B.V**.** on the shares of the Company.

(l) Advertising expenses:

The Group expenses advertising costs as incurred in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Position 93-7, "*Reporting for Advertising Costs*". Advertising expenses are included in general and administrative expenses in the statements of operations. Advertising expenses amounted to $6.4, and $8.0 for the years ended December 31, 2005 and 2006, respectively.

(m) Income taxes:

Under the provisions of SFAS No. 109, "*Accounting for Income Taxes*", income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credits carryforwards. Deferred tax assets and liabilities are measured using 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 effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period during which the change is enacted.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. A valuation allowance is recorded to reduce a deferred tax asset to the portion which is more likely than not to be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Group will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2006. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The Company has not provided any deferred tax liability on the undistributed earnings of its foreign subsidiaries based upon its determination that such earnings will be indefinitely reinvested. Company management has decided that the determination of the amount of any unrecognized tax on cumulative undistributed earnings of the foreign subsidiaries is not practical since it would depend on a number of factors that cannot be known until such time as a decision to repatriate earnings might be made.

(n) Fair value of financial instruments:

The fair values of the Group's cash and cash equivalents, accounts receivable, other receivables, accounts payable, social and fiscal liabilities, income taxes payable and accrued liabilities and long-term debt having variable interest rates approximate their carrying values due to their short-term nature or the variable interest rate.

(o) Accounting for stock-based compensation:

The Company adopted SFAS No. 123 (revised 2004), *Share-Based Payment*, (SFAS No. 123(R)) which requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors based on estimated fair values. SFAS No. 123(R) supersedes the Company’s previous accounting under Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (APB No. 25), for periods beginning January 1, 2006. In March 2005, the SEC issued Staff Accounting Bulletin (SAB) No. 107 relating to SFAS No. 123(R). The Company has applied the provisions of SAB No. 107 in its adoption of SFAS No. 123(R).

The Company adopted SFAS No. 123(R), with the application of the accounting standard as of January 1, 2006. The Company’s consolidated financial statements as of and for the financial year ended December 31, 2006 reflect the impact of SFAS No. 123(R).

SFAS No. 123(R) requires companies to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s consolidated statement of earnings.

Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Company’s consolidated statement of earnings for year ended December 31, 2006 included compensation expense for the stock-based payment awards granted subsequent to January 1, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). In conjunction with the adoption of SFAS No. 123(R), compensation expense for all stock-based payment awards granted on or subsequent to January 1, 2006 is recognized using the graded-vesting method.

(p) Concentration of credit risk and significant customers:

Financial instruments, which potentially expose the Company to concentrations of credit risk consist primarily of cash and accounts receivable. Cash and cash equivalents are deposited with financial institutions which the Company believes to be of high credit quality. The Company does not believe that it is subject to any unusual financial credit risk related to cash and cash equivalent beyond the normal risk associated with commercial banking relationships. The Company establishes the allowance for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends and other information. No individual customer accounted for greater than 10% of accounts receivable at December 31, 2006 and 2005 or revenue for all periods presented.

(q) Use of estimates:

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements.
Management of the Group has made a number of estimates and assumptions, including an estimate of the useful life and the fair value of intangible assets, the fair value of each reporting unit, the realizability of deferred tax assets and the assessment of contingent liabilities, among others. Actual results could differ from those estimates.

(r) Earnings per share:

Basic earnings per share is computed using the weighted average number of common shares outstanding and diluted earnings per share is computed using the weighted average number of common and potentially dilutive common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of share options using the Treasury Stock method.
In the 2005 comparative financial information, Trader Media East historical capital structure is not indicative of its prospective structure since no direct ownership relationship existed among all the various units comprising Trader Media East. Accordingly earning per share has not been presented.

(s) Recent pronouncements

The FASB issued Statement of Financial Accounting Standards No. 155, “Accounting for Certain Hybrid Financial Instruments” (“SFAS No. 155”) in February 2006. SFAS No. 155 amends SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”), and SFAS No. 140 “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities” (“SFAS No. 140”) and addresses the application of SFAS No. 133 to beneficial interests in securitized financial assets. SFAS No. 155 establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. Additionally, SFAS No. 155 permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 is effective for fiscal years beginning after September 15, 2006. We are currently assessing the impact SFAS No. 155 will have on our consolidated financial statements.

The FASB issued Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140" ("SFAS No. 156") in March 2006. SFAS No. 156 requires a company to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset. A company would recognize a servicing asset or servicing liability initially at fair value. A company will then be permitted to choose to subsequently recognize servicing assets and liabilities using the amortization method or fair value measurement method. SFAS No. 156 is effective for fiscal years beginning after September 15, 2006. We are currently assessing the impact SFAS No. 156 will have on our consolidated financial statements and do not anticipate it will be material.

On July 13, 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109" ("FIN No. 48"). FIN No. 48 clarifies what criteria must be met prior to recognition of the financial statement benefit of a position taken in a tax return. FIN No. 48 will require companies to include additional qualitative and quantitative disclosures within its financial statements. The disclosures will include potential tax benefits from positions taken for tax return purposes that have not been recognized for financial reporting purposes and a tabular presentation of significant changes during each period. The disclosures will also include a discussion of the nature of uncertainties, factors which could cause a change, and an estimated range of reasonably possible changes in tax uncertainties. FIN No. 48 will also require a company to recognize a financial statement benefit for a position taken for tax return purposes when it will be more-likely-than-not that the position will be sustained. FIN No. 48 will be effective for fiscal years beginning after December 15, 2006. We are currently assessing the impact FIN No. 48 will have on our consolidated financial statements.

On September 15, 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 addresses how companies should measure fair value when they are required to use a fair value measure for recognition and disclosure purposes under generally accepted accounting principles. SFAS No. 157 will require the fair value of an asset or liability to be based on a market based measure which will reflect the credit risk of the company. SFAS No. 157 will also require expanded disclosure requirements which will include the methods and assumptions used to measure fair value and the effect of fair value measures on earnings. SFAS No. 157 will be applied prospectively and will be effective for fiscal years beginning after November 15, 2007 and to interim periods within those fiscal years. We are currently assessing the impact SFAS No. 157 will have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 will be effective on January 1, 2008. We are currently evaluating the impact of adopting SFAS 159 on our financial position, cash flows, and results of operations.

Notes to Consolidated Financial Statements (Continued)
(US Dollars and other currencies in millions)

3. GEOGRAPHIC INFORMATION:

The Group's geographic operating segments are organized on a regional basis for purposes of presenting internal financial information, consistent with its operating management structure. Geographical operating profit is analyzed by management at the EBITDA level. We define EBITDA as operating profit before depreciation and amortization, non-cash compensation expense, write down on impaired assets and other non-recurring operating expenses.

Amounts	December 31, 2006	December 31, 2005
EBITDA	**$ 57.3**	**$ 65.8**
Less:		
Stock-based compensation expense	(3.4)	-
Depreciation and amortization	(6.2)	(5.9)
Other operating costs	(1.4)	-
Operating profit	**$ 46.3**	**$ 59.9**

The Company considers its products to be classified advertisements, display advertisements and services. The channels through which these products are distributed, which today are print publications and Internet websites do not constitute separate business segments within the meaning of SFAS No.131 *"Disclosures about segments of an Enterprise and Related Information"*.

Year ended December 31, 2006	Russia & the CIS	Hungary	Poland	Croatia	Corporate	Total
Print revenues	$ 155.0	$31.4	$3.8	$12.2		$202.4
Online revenues	2.7	3.1	3.0	0.2		9.0
Total revenues	**157.7**	**34.5**	**6.8**	**12.4**	**-**	**211.4**
EBITDA	54.0	7.0	0.6	3.6	(7.9)	57.3
Interest (expense) income	(0.4)	(1.0)	(0.6)	(0.9)	(9.5)	(12.4)
Amortization	(0.1)	(1.1)	(0.1)	-	-	(1.3)
Depreciation	(3.1)	(1.3)	(0.1)	(0.2)	(0.2)	(4.9)
Income tax (expense) benefit	(15.5)	1.0	-	(0.8)	(1.9)	(17.2)
Total assets	**226.9**	**65.1**	**3.8**	**23.7**	**11.7**	**331.2**
Goodwill	**87.7**	**33.4**	**0.6**	**4.3**	**-**	**126.0**
Property, plant and equipment	**21.8**	**3.3**	**0.4**	**1.5**	**1.8**	**28.8**
Additions to property, plant and equipment	**2.5**	**0.4**	**0.3**	**0.6**	**1.9**	**5.7**

Notes to Consolidated Financial Statements (Continued)
(US Dollars and other currencies in millions)

Year ended December 31, 2005	**Russia & the CIS**	**Hungary**	**Poland**	**Croatia**	**Corporate**	**Total**
Print revenues	$ 135.4	$ 36.2	$ 4.3	$ 10.3	-	$ 186.2
Online revenues	1.2	2.2	1.8	0.1	-	5.3
Total revenues	**136.6**	**38.4**	**6.1**	**10.4**	**-**	**191.5**
EBITDA	54.8	9.9	0.5	3.6	(3.0)*	65.8
Interest (expense) income	0.1	(0.3)	(0.3)	(0.4)	-	(0.9)
Amortization	(0.6)	(1.0)	(0.1)	-	-	(1.7)
Depreciation	(2.5)	(1.5)	(0.2)	(0.0)	-	(4.2)
Income tax (expense) benefit	(16.3)	(1.8)	0.3	(0.7)	-	(18.5)
Total assets	**79.1**	**71.7**	**3.4**	**21.8**	-	**176.0**
Goodwill	**23.5**	**38.5**	**0.6**	**3.8**	**-**	**66.4**
Property, plant and equipment	**21.0**	**4.7**	**0.3**	**0.5**	**-**	**26.5**
Additions to property, plant and equipment	**$ 2.7**	**$ 2.2**	**$ 0.3**	**$ 0.5**	**-**	**$ 5.7**

* Management service expense incurred from TCM

Revenues generated by channel are as follows:

	December 31, 2006	**December 31, 2005**
Print revenues		
Display	$94.0	$85.6
Classified Ads	69.9	65.6
Circulation	26.6	25.0
Services & Other	11.9	10.0
Total Print revenues	**$202.4**	**$186.2**
Online revenues	9.0	5.3
Total revenues	**$211.4**	**$191.5**

(US Dollars and other currencies in millions)

4. ACQUISITIONS:

In 2006, we have invested in the following:

	Amounts paid
Purchase of the remaining 12% minority interest in our subsidiary Pronto-Moscow (Russia)	100.9
Acquisition of the remaining 7.6% minority interest in our subsidiary Szuperinfo (Hungary)	0.1
Acquisition of 70% of Internet Posao doo by our 70% owned subsidiary Oglasnik d.o.o. (Croatia)	0.7
On-account payment for the purchase of a 68.54% in Impress Media (Russia)	2.3
On-account payment for the purchase of 27% held by a minority shareholder in our subsidiary Bel-Pronto (Belarus)	0.1
Total cash paid for acquisitions	**$104.1**

Purchase of the minority interest in Pronto-Moscow (Acquisition agreement between Mirabridge B.V. and Leonid Makaron)

Under the Acquisition Agreement dated January 22, 2006, the Group purchased from Leonid Makaron, the general manager of our Russian and CIS operations, his interest in Pronto-Moscow, for a total consideration of $100.9. This amount includes a $10.5 which has been paid into an escrow account payable on December 31, 2007 and on which a 7% interest is due. In accordance with FAS 141, this portion of the purchase price has been booked at its fair value as part of the investment in Pronto Moscow.

The purchase price has been allocated to the main publication titles identified in Moscow and valued based on a discounted cash-flow method. These intangible assets and goodwill have been allocated to Russia and the CIS and valued in Russian Rubbles. For the purpose of the table below, the amounts have been translated into US dollars, using the applicable rate at the date of the transaction.

	December 31, 2006
Minority Shareholders	$ 3.6
Goodwill	57.9
Intangible assets	52.5
Deferred tax liabilities	(12.6)
Debt payable to the seller at fair value	(11.0)
Deposit on escrow account	10.5
Total cash paid for acquisition	**$ 100.9**

Acquisition of Minority Interests in Szuperinfo

Under the purchase agreement dated May 30, 2004 Expressz has agreed to buy from minority interest its 7.6% remaining shares in the Company Szuperinfo as of May 31, 2006. This acquisition represented $0.1 of cash paid for acquisition.

Acquisition of Internet Posao d.o.o. in Croatia

Posao.hr is a job site enabling employees to find a job and to prepare curricula vitae, and for employers, to publish openings and perform searches of curriculum vitae data based on specific criteria to find suitable candidates. The site was opened in October 2002, and since this date, has largely increased its number of visitors and registered users. Posao.hr has 25,000 visitors daily of which, more than 70% is within the age group of 25-44.
Our 70% owned subsidiary Oglasnik purchased 70% of Internet Posao d.o.o. for $0.7 million. The former ultimate owner of the website remains a minority shareholder owing 30% of the shares, on which a call option is exercisable between January 1, 2010 and December 31, 2011, and which price will be calculated on the basis of the online revenues generated by the company.
The group share in the purchase price has been allocated to the website Posao.hr.

Acquisition of Impress Media in Russia

Impress Media is one of the leaders in commercial real estate advertising in the Russian market with its publication Commercial Real Estate. It also organizes and hosts the well-known “Golden Brick” annual award event aimed at promoting the best developers in Russia. Impress Media’s product portfolio includes, among others, magazines such as Tvoya Ipoteka (“Your Mortgage”), Novy Adress (“New Address”) and Flooring Professional. The company generated nearly $6 million in sales in 2006.

In January 2007, Pronto-Moscow finalized the acquisition of 68.5% of the shares of the company for an amount of $4.5 million, plus due diligence and legal fees amounting to $0.3 million.

Pronto Moscow has granted the following put options to the minority shareholders:
- to each of the two minority shareholders each owning 8.2% of the shares of the Company, a put option on 2.5% of the shares of the company or on all shares held by them at the date of the exercise, exercisable from the date of completion of the share purchase agreement (the “Completion”) until and subject to the occurrence of certain events, including changes in management employment, substantial changes in the business or in the marketing strategy, sale of major publications for less than fair market value or alienation of other significant assets.
- to the minority shareholder owning 15% of the shares of the company, a put option on all shares held by him at the date of exercise, exercisable from the third anniversary of Completion to the seventh anniversary of Completion, or at any time from Completion upon the occurrence of certain events mentioned above.

The minority shareholders have also granted to Pronto Moscow the following call options:
- by each of the two minority shareholders each owning 8.2% of the shares of the company, a call option on any shares held by them at the time of the exercise, exercisable in the event of changes in management employment.
- by the minority shareholder owning 15 % of the shares of the company, on all shares held by him at the date of exercise, exercisable at any time between the fifth and the seventh anniversary of Completion.

In addition, one of the minority shareholders has a call option exercisable upon the occurrence of certain events, pursuant to which he is entitled to repurchase shares previously purchased by Pronto Moscow, subject to a maximum of 10.1%.

(US Dollars and other currencies in millions)

Under the put and call option agreements, the purchase price of the shares will be either a fixed amount or the result of a calculation based on EBITDA or Revenues.

On a preliminary basis, the purchase price allocation results in the identification of an additional publication title (Commercial Real Estate) for an amount of $2.8 million. This publication title will be amortized over 10 years. The remaining amount will be allocated to goodwill for $2.3 million.

At the end of 2006, the acquisition was not completed, but we paid a first instalment amounting to $2.3 million, which has been booked in the line “Other long-term assets” of the balance sheet.

Acquisition of an additional 27% interest in Bel-Pronto

In December 2006, we concluded a preliminary agreement with one of the minority shareholders of our 60% owned subsidiary in Belarus Bel-Pronto to express our intention to repurchase its 27% interest for a total amount of $1.5 million before the end of March 2007. A first instalment in the amount of $0.1 million was paid in December 2006.

5. MINORITY INTERESTS

In 2006, minority interests have changed as follows:

	Total Minority Interests
As of January 1, 2006	**$ 7.6**
Net income for year end December 31, 2006	4.3
Dividends paid	(4.6)
Purchase of minority interest (mainly on Pronto-Moscow)	(3.8)
Currency translation adjustment	(0.3)
As of December 31, 2006	**$ 3.2**

6. ACCOUNTS RECEIVABLE:

The following table presents the breakdown of accounts receivable and allowances:

	December 31, 2006	December 31, 2005
Accounts receivable, gross	$11.6	$13.1
Allowances	(2.0)	(3.7)
Accounts receivable, net	**$9.6**	**$9.4**

(US Dollars and other currencies in millions)

7. PROPERTY, PLANT AND EQUIPMENT:

The major classes of property, plant and equipment and related accumulated depreciation are as follows:

	December 31, 2006	December 31, 2005
Land	$0.1	$0.2
Buildings	3.8	3.7
Printing presses and related equipment	19.6	17.7
Office furniture, computers and equipment	15.7	14.0
Leasehold improvements	0.4	0.3
Software	12.4	8.8
Assets in progress	1.2	1.9
	53.2	46.6
Less accumulated depreciation	(24.4)	(20.1)
Property, plant and equipment, net	**$28.8**	**$26.5**

The variation in property, plant and equipment is as follows:

	December 31, 2006	December 31, 2005
Net balance at opening	$26.5	$27.8
Kisokos discontinuation	(0.8)	-
Acquisition of business	0.5	-
Additions	5.7	5.7
Depreciation	(4.8)	(4.3)
Disposal, write-offs and other	(0.6)	(1.1)
Currency translation adjustment	2.3	(1.6)
Net balance at closing	**$28.8**	**$26.5**

(US Dollars and other currencies in millions)

8. GOODWILL AND OTHER INTANGIBLES:

The breakdown in goodwill and intangible assets is as follows:

	December 31, 2006	December 31, 2005
Goodwill, net	$126.0	$66.4
Intangibles, net	93.2	40.4
Goodwill and intangibles, net	**$219.2**	**$106.8**

The major classes of goodwill and intangible assets, and related accumulated amortization are as follows:

	December 31, 2006	December 31, 2005
Goodwill	**$137.7**	**$77.1**
Less accumulated amortization	(11.7)	(10.7)
Goodwill, net	**$126.0**	**$66.4**

Accumulated amortization fluctuation results from currency translation adjustment.

Changes in goodwill are as follows:

	December 31, 2006	December 31, 2005
Net balance at opening	66.4	73.4
Kisokos discontinuation	(8.2)	-
Acquisitions of businesses and increase	58.1	1.9
Disposal, write-offs and other	(0.6)	(0.7)
Currency translation adjustment	10.3	(8.2)
Net balance at closing	**$126.0**	**$66.4**

The breakdown of intangible assets is as follows:

	December 31, 2006	December 31, 2005
Tradenames	$102.5	$48.3
Advertiser base	8.8	7.9
Other intangible assets	2.5	2.2
Intangibles	**113.8**	**58.4**
Less accumulated amortization	(20.6)	(18.0)
Intangibles, net	**$93.2**	**$40.4**

(US Dollars and other currencies in millions)

At December 31, 2006, the net carrying amount of intangible assets not subject to amortization is $84.9.
The variation of indefinite-life intangible assets is as follows:

	December 31, 2006	December 31, 2005
Net balance at opening	29.0	32.0
Acquisition and increase	49.1	-
Currency translation adjustment	6.8	(3.0)
Net balance at closing	**$84.9**	**$29.0**

The variation of definite-life intangible assets is as follows:

	December 31, 2006	December 31, 2005
Net balance at opening	11.4	14.6
Kisokos discontinuation	(6.0)	-
Acquisitions of businesses	-	0.1
Additions	3.4	0.5
Amortization	(1.3)	(1.8)
Disposal, write-offs and other	-	(0.1)
Currency translation adjustment	0.8	(1.9)
Net balance at closing	**$8.3**	**$11.4**

Estimated amortization expense of all our definite-life intangible assets for the next five years is $(1.4) per year.

9. SENIOR CREDIT FACILITY:

On February 9, 2006, we entered into a $250 million multi-currency senior secured term loan and revolving credit facility (the "**Senior Credit Facility**"), with BNP PARIBAS as Global Co-ordinator and BNP PARIBAS and WestLB AG, London Branch, as Mandated Lead Arrangers.

Facility renegotiation

The Senior Credit Facility requires the Group generally and the Borrowers to comply with certain customary covenants, including, but not limited to, a negative pledge as well as covenants that restrict our ability to dispose of certain assets, make certain acquisitions, enter into mergers, incur additional indebtedness, make certain distributions and change our core business.

The Senior Credit Facility also requires that we comply with certain financial covenants including ratios with respect to net debt to Consolidated EBITDA, Consolidated EBITDA to Consolidated Net Interest Payable, and Operating Cash Flow to Total Debt Service (each as defined in the Senior Credit Facility). The covenants also specify maximum permissible capital expenditures.

The Senior Credit Facility contains a number of customary events of default including: non-payment, failure to satisfy financial covenants, cross defaults, changes in our ownership and insolvency. Upon the occurrence and during the continuation of any event of default, the Lenders have the right, subject to waiver and applicable grace periods, to declare all or any portion of the obligations immediately due, cease advancing money or extending credit to any Borrower and terminate the Senior Credit Facility as to any future obligation of the Lenders.

Throughout 2006 the Group has complied with the above covenants with the exception of one minor infringement in December 2006 for which a waiver was subsequently granted. Management considers that as a consequence of the changing business profile of the Group and the need to reorganise our Group structure, a new credit facility will need to be renegotiated. As a consequence, the debt and related financing fees have been reclassified as current. Should the debt be extinguished, as a result of the reorganisation, the financing fees would be written-off.

Borrowers under the Senior Credit Facility are Trader East Holdings and certain of its subsidiaries. Obligations of the Borrowers under the Senior Credit Facility are guaranteed by Trader East Holdings, the Borrowers and certain of its subsidiaries and are secured by pledges of certain intercompany loans, pledges over shares in Trader East Holdings, Mirabridge and certain of our other subsidiaries and of certain bank accounts.

Change of Control

On the 31st January 2007 Hurriyet Invest BV announced that the boards of Hürriyet and TME had reached agreement on the terms of a recommended cash offer of US$ 10.00 per TME Share. On March 16, 2007, The Offer became unconditional. Consequently, the current credit facility will be subject to the change of control provisions set out in the agreement whereby lenders may require repayment of the debt outstanding and a cancellation of their commitments.

Description of the Senior Credit Agreement

Excluding the potential short-term repayment due to the issues mentioned above, the final maturity date of the Senior Credit Facility is five years from the date of signing. The Senior Credit Facility consists of three term loans available within 30 days of signing and amounting in aggregate up to $140 million. We have drawn down this amount on the closing of the Offering, as well as $1.0 million of Revolver Line. In addition, the Senior Credit Facility provides a revolving credit facility of up to $25 million and an acquisition facility of up to $85 million.

Term Loan Facility 1, with up to $100 million available for drawing, has been used to purchase the 12% interest in Pronto-Moscow held by the General Manager of our Russian operations.

Term Loan Facility 2, with up to $7.5 million available for drawing, has been used to refinance existing indebtedness of Trader Hungary Tanacsado Kft.

Term Loan Facility 3, with up to $32.5 million available for drawing, has been used to pay outstanding related party balances with TCM, third party debt and certain fees, costs and expenses associated with the arranging and syndication of the Senior Credit Facility.

The rate of interest payable for each term loan shall be the sum, per annum, of the applicable margin (set at market rates and thereafter subject to adjustment according to the quarterly ratio of our Consolidated Net Debt to Consolidated EBITDA) plus the one, two, three or six month LIBOR or other interbank reference rate (as appropriate), plus any mandatory costs.

Contractually and in the absence of early repayment due to covenant violation or change of control, the term loan facilities would be repaid in biannual, progressively increasing installments beginning in July 2006. The acquisition facility, if drawn, is to be repaid in equal biannual installments. All amounts outstanding under the revolving credit facility are due on the final maturity date, five years after the closing date of the Senior Credit Facility.

10. DERIVATIVE FINANCIAL INSTRUMENTS:

We use derivative instruments, including swaps, forward contracts, swaptions and options to manage certain foreign currency, commodity and interest rate exposures. We view derivative instruments as risk management tools and do not use them for trading or speculative purposes. Derivatives used for hedging purposes must be designated and effective as a hedge of the identified risk exposure at the inception of the contract. Accordingly, changes in the fair value of the derivative contract must be highly correlated with changes in the fair value of the underlying hedged item at inception of the hedge and over the life of the hedge contract.

Net change in the fair market value of the hedge instrument is presented as a component of other comprehensive income, net of tax effect, whereas unrealized gains or losses on interest rate, cross currency swaps or interest rate guarantees are classified as other long term assets or other long term liabilities as appropriate. Unrealized gains or losses are not recognized in the statement of operations, unless derivatives are terminated prior to their maturity or are no longer considered effective.

(US Dollars and other currencies in millions)

Hedging against interest rate:

	Notional amount	Cap – Floor	Maturity	Variable interest rate	Valuation gain/(loss) as of December 31, 2006
Collar	$ 15 million	5.75%-4.60%	7/20/2007	US Libor 3months	0.0
Collar	$ 20 million	6.25%-3.99%	10/20/2009	US Libor 3months	(0.0)
Collar	$ 13 million	6.00%-4.09%	10/20/2009	US Libor 3months	(0.0)
Swaption	$ 13 million	6.25%-3.94%	10/20/2009	US Libor 3months	0.0
Swaption	$ 10 million	6.00%-4.17%	4/20/2009	US Libor 3months	(0.0)
Swaption	$ 15 million	5.75%-4.27%	7/20/2008	US Libor 3months	(0.0)
Swap (USD)	$ 40 million	5.075%	4/20/2007	US Libor 3months	0.1
Swap (HUF)	HUF 1100 million	6.85%	4/20/2009	BUBOR 3 months	0.1
Swap (USD)	$ 3.5 million	4.93%	4/20/2010	US Libor 3months	0.0

Hedging against foreign currency exchange rate:

Option contract	Notional amount	Contract rate	Maturity	Foreign Currency exchange rate	Valuation gain/(loss) as of December 31, 2006
SWAP (Sell)	HUF 300 million	192.76	1/29/2007	HUF / USD	(0.0)

11. SHARE CAPITAL:

At January 1, 2006, Trader Media East Limited had an issued share capital of two shares of £1.0 each, that have been each subdivided and reconsolidated into 11.03125 shares of $0.16 as of January 25, 2006, then brought to 12 shares of $0.16 at the same date after that each member of the company have allotted and issued at par to them 0.96875 of a share. These shares have been transferred to TCM. A further number of 49,999,976 ordinary shares have been issued in the restructuring process to the benefit of TCM, being the final owner of the 50,000,000 ordinary shares of TME.

In February 2006, TCM completed the Offering of these 50,000,000 shares in the form of Global Depositary Receipts. TCM has retained an interest of 6,521,739 shares in the company, which has subsequently been sold to Hurriyet Invest B.V. in connection with the Offer which became unconditional on March 16, 2007.

(US Dollars and other currencies in millions)

12. EARNING PER SHARE

The following table presents the number of incremental weighted average shares outstanding used in computing diluted per share amounts:

	December 31, 2006
Weighted average shares outstanding — basic	50 000 000
Stock options and other	-
Weighted average shares outstanding — diluted	**50 000 000**

Weighted average shares outstanding — diluted for 2006 exclude any effect related to stock option (including those with exercise prices less than the average market price of our common shares, i.e. “in-the-money” options), as their inclusion would have been anti-dilutive under FAS 123(r).

13. SHARE OPTIONS:

In February 2006, TME implemented an Equity Incentive Plan. Under the Plan, some TME employees and members of the Board of Directors have been granted stock options. The vesting period is generally divided into four tranches, i-e 25% at each anniversary of the grant date. Key executive management members have also been granted restricted shares in an aggregated amount of 193,500 shares, vesting in two tranches in 2008 and 2009 and subject to a two year trading restriction period. The weighted average fair value of these restricted shares granted in 2006 was 12.89 $. No restricted shares were granted in 2005.

Stock-based compensation expense recognized under SFAS No. 123(R) for the financial year ended December 31, 2006 was $3.4 million which consists mainly of general and administrative expenses. For the year 2005, certain employees of combined entities benefited from TCM Equity Incentive Plan. Stock-based compensation expense in connection with this plan was immaterial at December 31, 2005.

Notes to Consolidated Financial Statements (Continued)
(US Dollars and other currencies in millions)

The weighted average fair value of options granted in 2006 was 5.14 $. No options were granted in 2005. The Company determines fair value of certain stock-based payment awards on the date of grant using the Black & Scholes model. This model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. Main hypothesises are as follows as of December 31, 2006:

	December 31, 2006
Expected dividend yield	0%
Expected stock price volatility	30%
Risk-free interest rate	4.68%
Expected life	7 years

As of December 31, 2006 all options are outstanding.
The following table summarizes the options activity under TME's Equity Incentive Plan:

		Exercise Price per share	
	Options	**Range**	**Weighted Average**
Balance, January 1st 2006	**-**	**-**	**-**
Granted	1 220 000	7.38 – 13.00	12.55
Exercised	-	-	-
Canceled / Forfeited	(40 000)	13.00	13.00
Balance, December 31, 2006	**1 180 000**	**7.38 – 13.00**	**$12.53**

The following table summarizes the weighted average remaining contractual life and the weighted average exercise price of options outstanding as of December 31, 2006.

	Outstanding options			**Exercisable options**	
Range of exercise price	**Number of shares**	**Weighted average remaining life (years)**	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
7,38 - 9,9	120 000	6,98	8,38	-	-
13	1 060 000	6,55	13	-	-
	1 180 000		12,53	-	-

As the Offer from Hurriyet Invest B.V. became unconditional, TME option holders will be offered the ability to cancel their outstanding options for a cash amount varying between US$ 1.36 and US$ 3.28 per option depending on the exercise price.

(US Dollars and other currencies in millions)

14. COMMITMENTS AND CONTINGENCIES:

a) The commitments reflecting minimum lease payments under existing operating leases for office space, automobiles and office equipment at December 31, 2006 amount to approximately:

	Operating Lease **Payments**
2007	$1.9
2008	2.0
2009	1.7
2010	1.6
2011 and thereafter	1.6
	$8.8

Lease expense amounted to $8.7 and $6.4 for the years ended December 31, 2006 and 2005, respectively.

b) The Group is or may be involved in various litigation and tax audits arising in the normal course of business in several countries. The Group believes that none of these actions, individually or in the aggregate, will have a material adverse effect on the consolidated financial statements. In particular,
- a media agent company filed a claim against one of our Hungarian subsidiaries, requesting payment of HUF 820.1 million (or $4.3) for an alleged breach of contract and breach of the Competition Act for failure to enter into an agreement in 2006. We are of the opinion that we have an excellent defence to the action and that the action should be dismissed. Consequently, no accrual has been made in our financial statements.
- In June 2006, Pronto-Moscow received a claim amounting to $6 million from the tax authorities in relation to a tax dispute and penalties dating back to 1998. This tax claim was disputed by Pronto Moscow before the courts in Moscow on 20 September 2006, which ruled in our favor. The tax authorities appealed this decision and at the subsequent hearings in March 2007, the appellate court ruled in our favor. This ruling cannot be considered final until a period of 3 months following the judgment during which period a further appeal could be lodged. The Company considers that no provision for any settlement is necessary at this stage. In connection with this claim, the company deposited in escrow an amount of $4.0 million in July 2006.

c) In connection with the transition from being a fully owned subsidiary of TCM to an independent group, there are some pending disputes which are referred to under note 18 on related party transactions.

d) In relation to the acquisition of a 70% stake in *Oglasnik*, Croatia, the Group granted certain rights including a put option over the 30% interest held by minority shareholders. This right is exercisable until July 2009 and the exercise price is determined through an earnings-based formula. Also, the Company has been granted a call option, exercisable from July 2007 to July 2009, over 6% held by the minority shareholders and determined through an earnings-based formula.

(US Dollars and other currencies in millions)

15. PENSION AND OTHER POST-EMPLOYMENT BENEFITS:

We apply local laws and regulations for granting to the employees pension plans or other post-employment benefits. Consistent with texts and regulations in force in the regions where we operate, the Company's employees have not benefited from any defined benefit plan over the periods presented. Accordingly, the Company's consolidated financial statements do not include any material provision relating to pensions or other similar post-employment benefits.

16. INTEREST AND FINANCING FEES:

The details of interest expense and financing fees are as follows:

	December 31, 2006	December 31, 2005
Interest income	$0.2	$0.2
Interest on related party balances	-	(0.8)
Senior credit agreement	(9.8)	(0.2)
Amortization of financing fees	(1.0)	(0.1)
Other financial expenses	(1.8)	-
	$(12.4)	**$(0.9)**

Financing fees related to debt issuance are amortized using the effective rate method over the term of the debt. Other financial expenses mainly include commitment fees.

17. INCOME TAXES:

Amounts for the years ended December 31, 2005 and 2006 differed from the amounts computed by applying the statutory income tax rate applicable in the Netherlands of respectively 31.5% and 29.6%, to income before income taxes and minority interest as indicated in the table below.

Year ended December 31,	**2006**	**2005**
Income before income taxes and minority interest – continuing operations:		
Netherlands	(21.2)	(0.9)
Foreign	56.0	60.7
	34.8	**59.8**
Expected statutory tax expense	(10.3)	(18.8)
Decrease in valuation allowance	(3.1)	(1.2)
Effect of foreign tax rate differences and impact of changes in tax rates	1.9	5.7
Non-deductible differences:		
Non-deductible expenses[1]	(2.4)	(1.6)
Other[2]	(3.2)	(2.6)
Total non-deductible differences	**(5.6)**	**(4.2)**
Other differences, net	(0.1)	-
Income tax provision, net	**$(17.2)**	**$(18.5)**

[1] Non-deductible expenses include certain corporate costs.
[2] Mainly includes withholding taxes on Russian & CIS dividends.

Notes to Consolidated Financial Statements (Continued)
(US Dollars and other currencies in millions)

The components of income tax expense are as follows:

	December 31, 2006	December 31, 2005
Current provision:		
Netherlands	(1.8)	(1.5)
Foreign	(17.4)	(16.8)
	(19.2)	**(18.3)**
Deferred benefit (provision):		
Netherlands	-	-
Foreign	2.0	(0.2)
	2.0	**(0.2)**
Income tax provision, net	**$(17.2)**	**$(18.5)**

The components of current income tax are classified in the consolidated balance sheets as follows:

	December 31, 2006	December 31, 2005
Other receivables	$2.7	$2.3
Social and fiscal liabilities	(0.6)	(0.9)

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are presented below:

	December 31, 2006	December 31, 2005
Deferred tax assets:		
Allowance for doubtful accounts	0.3	0.3
Operating loss carryforwards	5.5	1.5
Other	0.2	0.6
Gross deferred tax assets:	**6.0**	**2.4**
Valuation allowance	(0.1)	(0.6)
Net deferred tax assets	**5.9**	**1.8**
Deferred tax liabilities:		
Accrued liabilities		-
Fixed assets and intangibles and investments	(29.8)	(12.8)
Total deferred tax liabilities	**(29.8)**	**(12.8)**
Net deferred tax liability	**$(23.9)**	**$(11.0)**

(US Dollars and other currencies in millions)

The net deferred tax liability for the amounts shown above is classified in the Consolidated Balance Sheets as follows:

	December 31, 2006	December 31, 2005
Other current assets	1.3	0.5
Other non-current assets	4.6	1.3
Deferred income tax liabilities long term	(29.8)	(12.8)
Net deferred tax liability	**$(23.9)**	**$(11.0)**

At December 31, 2006, the Company had $44.2 of accumulated net operating loss carryforwards, available to offset future taxable income in various subsidiaries. $1.5 expires in various years from 2007 through 2009, $9.4 expires from 2010 through 2016 and $33.3 can be carried forward indefinitely.

18. RELATED PARTY TRANSACTIONS

Management and assistance contract

For 2005 and before the Offering, the consolidated entities signed a management and assistance contract with TCM to compensate for services incurred by TCM head office personnel for the benefit of the consolidated operations. These services were performed in following areas: management of operations, legal, finance, human resources, internal audit, information technology, marketing and acquisitions.
Accordingly, an amount of $3.0 has been recorded as expenses relating to Eastern European countries for 2005. In 2006, an amount of $0.2 has been charged by TCM to Eastern European countries, relating to the pre-listing period.

Cash advance granted to TCM

Included in Other receivables is an amount of $3.4 due by TCM, representing cash advanced against the intention to pay a dividend of $5.9 relating to the pre-listing period. The dividend was not authorized and declared, and accordingly TME has claimed the repayment of the advance.
TCM disputes this claim but the directors of TME are confident in TME's entitlement to this amount.

Other amounts claimed by TCM

During the transition period, TCM and TME shared certain headquarter services resulting in the net recharge to TME of $0.2 million.
In addition to these costs, TME received invoices from TCM in an aggregated amount of $3.2 million, mainly relating to obligations entered into by TCM in relation to the completion of the Offering and to the historical cost of the intellectual property transferred to TME. TCM has also made TME aware of its intention to claim from TME the repayment of certain fees incurred during the Offering, but no invoice or formal claim has been received by TME. TME strongly believes that TCM is not entitled to receive any payment from TME in relation to any of these issues, and no amount relating thereto has been included in TME's statement of operations.

(US Dollars and other currencies in millions)

19. DISCONTINUED OPERATIONS:

In September 2006, TME announced that the Kisokos directory business would be disposed of and consequently classified as discontinued operations in the financial statements for the year ended December 31, 2006.
TME is currently in the process of finding a potential buyer and in the absence of a firm offer as of the December 31, 2006, the financial statements reflect the close-down of the operations, and a subsequent merger between the Hungarian companies.
At the balance sheet date, the business is accounted at fair value for a net book value amounting to $2.1 million, corresponding to the amount that we have considered to be fully recoverable. Amounts included in the discontinued operations are as follows:

	December 31, 2006	December 31, 2005
Revenues	4.5	6.4
Operating profit before certain expenses	(2.3)	(0.9)
Depreciation and amortization	(0.5)	(0.6)
Provision for impairment	(14.3)	-
Income tax and other	0.7	0.3
Net loss from discontinued operations	**$(16.4)**	**$(1.2)**

	December 31, 2006	December 31, 2005
Operating cash-flow	(1.9)	(1.9)
Investing cash-flow	-	(1.4)
Net contribution to the change in cash of the discontinued operations	**$(1.9)**	**$(3.3)**

20. SUBSEQUENT EVENTS:

a) Events occurred between 31 December 2006 and 19 April 2007 (date of Board approval of the financial statements for Jersey statutory filing purposes)

Acquisition of Impress Media

In January 2007, we completed the acquisition of Impress Media in Russia. Please refer to Note 4 – Acquisitions.

Recommended Cash offer for Trader Media East

Following the agreement between the boards of Hürriyet Gazetecilik ve Matbaacilik A.S. (“Hürriyet”) and Trader Media East to recommend a cash offer of US$10.00 per TME Share (including each TME Share represented by a TME GDR) (the “Offer”), Hurriyet Invest B.V. announced on 16 March 2007 that all of the conditions to the Offer had been satisfied or waived and, accordingly, the Offer was declared unconditional in all respects. The Offer has been closed on 29 March 2007, and will not be extended beyond that date. Hurriyet Invest B.V. has received valid acceptances representing approximately 67.29% of the Company's share capital.

b) Events occurred between 19 April 2007 and 14 June 2007

Senior Credit Agreement

In May 2007, we completed the signing of our new senior credit agreement arranged by ABN AMRO, which amounts to a total facility of $200 million with a five-year maturity date.

Kisokos Sale

In May 2007, we completed an agreement for the sale of Kisokos, our directory business in Hungary, transferring the business operations under license with effect from April 2007.

Acquisition of Moje Delo

In June 2007, we acquired a 55% interest in Moje Delo d.o.o. in Slovenia for a nominal amount of €2 million plus an earn-out to be determined on the basis of 2007 financial results, subject to a maximum of €1,000,000, and payable (if any) by no later than 30 June 2008. Moje Delo is a leading provider of recruiting services in Slovenia both online and offline.

We have granted to the selling shareholders a put option on the remainder of the shares exercisable from January 2009 to January 2012 and have a call option exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and net financial debt of the company. We are currently assessing the purchase price allocation for this acquisition.

Early Payment of Outstanding Balance of Pronto Moscow Purchase Price

In February 2006, we purchased from Mr Makaron his 12% interest in Pronto Moscow, for an amount equal to $100.9 million. The first instalment in the amount of $90.4 million was paid in February 2006 and the remaining $10.5 million was placed in an escrow account to be released on 31 December 2007 with a gross return on such funds of 7% per annum.

In May 2007, we reached an agreement with Mr Makaron whereby the escrow account was subject to early release subject to the fulfilment of certain conditions. In June 2007, such conditions were met and the additional amount was paid to Mr Makaron.

Tax Audit in Croatia

In June 2007, we received a notification letter from the Croatian tax authorities whereby TCM Adria d.o.o. is requested to pay $0.7 million following proposed adjustments to earlier years.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Trader Media East Limited will be held at the Sheraton Amsterdam Airport Hotel & Conference Center, Schiphol Boulevard 101, 1118 BS Schiphol Airport, The Netherlands at 13.00 (Central European Time) on 19 July 2007 for the following purposes:

ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

Re-appointment of directors

1. To reappoint Paul F.E. Tesselaar as director of the Company.*

2. To reappoint Vuslat Doğan Sabancı as director of the Company.*

3. To reappoint Jan-Eric Wildenberg as director of the Company.*

Appointment of new directors

4. In order to fill the vacancy created by the retirement of Pieter Eduard Hamming, to appoint Roelof A. Quintus as a director and the Chairman of the Company.*

5. In order to fill the vacancy created by the retirement of Anthony C. van Kempen, to appoint Cem M. Kozlu as a director of the Company.*

6. In order to fill the vacancy created by the retirement of Anatoly Karachinsky, to appoint Ertuğrul Özkök as a director of the Company.*

7. In order to fill the vacancy created by the retirement of Pierre-François Catté, to appoint Hanzade Doğan Boyner as a director of the Company.*

Increase in number of directors

8. To increase the number of directors in office to eight (8).

Appointment of new director

9. To appoint Jacobus "Jack" Groesbeek as an additional director of the Company.*

Appointment of auditors

10. To reappoint PricewaterhouseCoopers CI LLP as auditors to the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the financial statements are laid before the Company.

11. To authorise the directors to determine the remuneration of the auditors.

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* Biographical details of directors under resolutions 1-7 and 9 can be found on pages 13, 14 and 78 of the Company's 2006 Annual Report or on the Company's website at http://www.tmeast.com.

Receiving of financial statements

12. To receive and consider the financial statements of the Company and the reports of the directors and auditors for the financial period ending on 31 December 2006.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution.

Purchase of own shares

13. THAT the Company be and is generally and unconditionally authorised for the purposes of Article 57 of the Companies (Jersey) Law 1991 as amended to make one or more purchases on the London Stock Exchange of shares of US$0.16 each (or Global Depositary Receipts, or GDRs, representing such shares) in the capital of the Company provided that:

    (a) The maximum aggregate number of shares authorised to be purchased is 2,500,000 (representing five per cent. of the Company's issued ordinary share capital);

    (b) The minimum price which may be paid for such shares is US$0.16 per share;

    (c) The maximum price which may be paid for a share shall not be more than five per cent. above the average of the middle market quotations for a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the share is purchased;

    (d) Unless previously renewed, varied or revoked, the authority conferred shall expire at the conclusion of the Company's next AGM or 12 months from the date of passing this resolution, if earlier; and

    (e) The Company may make a contract or contracts to purchase shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of shares in pursuance of any such contracts provided that such purchase is completed before the date which is 18 months from the date of passing this resolution.

Registered office:
22 Grenville Street
St Helier, Jersey
JE4 8PX
Channel Islands

BY ORDER OF THE BOARD

Rhonda Friesen
Company Secretary
Kingsfordweg 151
1043 GR Amsterdam
The Netherlands

14 June 2007

NOTES

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend the meeting and, on a poll, to vote instead of him. A proxy need not be a shareholder. A form of proxy is enclosed with this document, which should be completed in accordance with the instructions printed thereon. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person.

2. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed (or a copy of such power of attorney or other authority certified as a true copy to the satisfaction of the Company Secretary), must be deposited at the registered office of the Company, 22 Grenville Street, St Helier, Jersey, JE4 8PX (attention: Marie Moss/Christine Henry) not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

3. If the Annual General Meeting is adjourned through want of a quorum, the adjourned meeting will be held at the Sheraton Amsterdam Airport Hotel & Conference Center, Schiphol Boulevard 101, 1118 BS Schiphol Airport, The Netherlands at 13.00 (Central European Time) on 20 July 2007.

4. Inspection of documents: Copies of the following are enclosed herewith: Annual Report and financial statements for the year ended 31 December 2006.

5. The documents listed in note 4 above, (together with a copy of the current memorandum and articles of association of the Company) are available for inspection at the Company's registered office. Please contact Marie Moss/Christine Henry, Trader Media East, 22 Grenville Street, St Helier, Jersey, JE4 8PX or call Rhonda Friesen (Company Secretary) on Tel: +33 (1) 53 34 51 11.

6. Facsimile or email copies of the form of proxy will **not** be accepted.

7. It is proposed that the Chairman will demand a poll be taken forthwith in respect of each resolution.

EXPLANATORY NOTES

Resolutions 1-9
Re-appointment of directors; appointment of further directors; increase of number of directors to eight

1. In accordance with the Company's articles of association, all the existing directors retire from office at each Annual General Meeting. Each of Paul F.E. Tesselaar, Vuslat Doğan Sabancı and Jan-Eric Wildenberg has indicated that he/she is willing to act and offer himself/herself for re-appointment. The board of directors is satisfied that the performance, contribution and commitment of each of Paul F.E. Tesselaar, Vuslat Doğan Sabancı and Jan-Eric Wildenberg is such that they merit re-appointment.

   Accordingly, the board of directors recommends each such director's re-appointment.

2. Each of Pieter Eduard Hamming, Anatoly Karachinsky, Anthony C. van Kempen and Pierre-François Catté has indicated that he no longer wishes to act as a director of the Company and to retire at the conclusion of the Annual General Meeting.

3. In order to fill the vacancies created by the retirement of Pieter Eduard Hamming, Anatoly Karachinsky, Anthony C. van Kempen and Pierre-François Catté, the board recommends the appointments of Roelof A. Quintus, Cem M. Kozlu, Ertuğrul Özkök and Hanzade Doğan Boyner, as directors. The board of directors is satisfied that Roelof A. Quintus, Cem M. Kozlu, Ertuğrul Özkök and Hanzade Doğan Boyner will be valuable additions to the board of directors and refers shareholders to the biographical details of the proposed new directors set out in the Annex hereto.

4. The board of directors deems it appropriate to increase the number of directors to eight (8) and is satisfied that Jacobus "Jack" Groesbeek will be a valuable addition to the board of directors. Biographical details of the proposed new director is set out in the Annex hereto.

5. The Chairman receives a fixed annual fee of €30,000 paid on a quarterly basis. Each of the other directors receives a fixed annual fee of €20,000. Members of the Audit Committee and/or Compensation Committee are paid an attendance fee of €1,000 per meeting. Directors are paid out of the funds of the Company their travelling and other expenses properly and necessarily expended by them in attending board meetings or shareholder meetings or otherwise on the affairs of the Company.

Resolution 11
Appointment of auditors

1. Resolution 11 is seeking authority for the directors to fix the remuneration of the Company's auditors. This is a separate resolution to the appointment of the auditors in line with current best practice. The proposed level of remuneration expected to be paid to the auditors will be supplied to shareholders at the AGM.

Resolution 13
Purchase of own shares

1. The purpose of Resolution 13, which will be proposed as a special resolution, is to put in place a new authority to enable the Company to make market purchases of up to 2,500,000 shares of US$0.16 each (representing five per cent. of the Company's issued ordinary share capital as at 14 June 2007) or Global Depositary Receipts, or GDRs, representing such shares. The Company's exercise of this authority is subject to the stated upper and lower limits on the price payable which reflect the requirements of the provisions of Article 57 of the Companies (Jersey) Law 1991.

2. The Company will only exercise the power of purchase after careful consideration and in circumstances where, in the light of market conditions prevailing at the time, it is satisfied that it is in the best interests of the Company and of its shareholders generally to do so and where there would be a resulting increase in earnings per share. The Directors intend to keep under review the potential to purchase shares.

3. Under the Companies (Jersey) Law 1991, a Jersey company currently may not hold treasury shares and so any Ordinary Shares purchased will immediately be cancelled.

4. If granted, the authority conferred shall expire at the conclusion of the Company's next AGM or 12 months from the date of passing this resolution, if earlier.

Annex

Biographies of Proposed New Directors

Roelof A. Quintus, *Non-executive Director*

Mr Quintus (60), Dutch, has held various positions in the Quimex group for over 20 years. He is currently the Vice President Europe, Africa, Middle East & Russia/CIS of UCI Inc (formerly Quimex SA). Prior to this, Mr Quintus was founder, investor and/or director of various companies, including MSI SA (Geneva), Excel Energy Services Ltd (Nigeria), Excel Turbines Services Ltd (UK) and Internet Business Group Plc (Aim-listed). Mr Quintus holds a degree from the Institut des Hautes Etudes Internationales, University of Paris, an International Law Degree from the University of Paris and an MBA from Stanford Business School.

Cem M. Kozlu, *Non-executive Director*

Dr Kozlu (61), Turkish, has held various positions in The Coca-Cola Company since 1996, including President of the company's Central Europe, Eurasia and Middle East Group. Since 2006, he has been serving as Consultant to Coca-Cola Eurasia Group. Prior to joining The Coca-Cola Company, Dr Kozlu served as a Member of Parliament in the Turkish Grand National Assembly (1991-1995) and headed Turkish Airlines as Chairman and Chief Executive Officer (1988-1991) and as Chairman (1997-2003). He also sits on the boards of various organizations, including Hurriyet Gazetecilik ve Matbaacılık AS, Evyap Holding AS, Coca-Cola Icecek AS, Multon Juice Co., Moscow, The Coca-Cola Bottling Company of Saudi Arabia, International Airlines Training Fund (IATF), Switzerland, TAV Airports Holding Co., and DEIK (Foreign Economic Relations Board). Dr Kozlu holds a B.A. from Denison University, an MBA from Stanford University, a Ph.D in Administrative Sciences from the Bosphorus University, as well as an honorary doctorate from Denison University.

Ertuğrul Özkök, *Non-executive Director*

Mr Özkök (60), Turkish, is Editor in Chief, Columnist and member of the Board of Directors of the Hurriyet Newspaper Publishing Company. He is also Vice President and member of the Board of Directors of the Doğan Media Group. During the past 21 years, Mr Özkök has held various positions within the Hurriyet group. Mr Özkök graduated from Ankara University with a B.A. in journalism and holds a Ph.D in Communication Sciences from University of Paris 2.

Hanzade Doğan Boyner, *Non-executive Director*

Ms Doğan Boyner (35), Turkish, is the Chief Executive Officer of Doğan Gazetecilik. Prior to joining the Doğan group, she worked as a financial analyst at Goldman Sachs London. Ms Doğan launched and developed Doğan On-Line, one of Turkey's leading internet companies, and has been named by Fortune Magazine as one of the top women in Turkey having a prominent position in the world. She sits on the board of Doğan Holding and the World Association of Newspapers (WAN). Ms Doğan is a graduate of the London School of Economics and received an MBA in Finance and Marketing from Columbia University.

Jacobus "Jack" Groesbeek, *Non-executive Director*

Mr Groesbeek (55), Dutch, is the Managing Director and founder of Intruad Management B.V. He has over 29 years of senior management experience in trust company environments. In addition to being an independent director of a company listed on the New Zealand Stock Exchange, he is a director of numerous Dutch and Luxemburg holding companies. Mr Groesbeek holds a degree from the Nijenrode Business School and the Law Faculty of the University of Amsterdam.

TRADER MEDIA EAST LIMITED
(the "Company")

FORM OF PROXY

For use at the Annual General Meeting of the Company to be held at the Sheraton Amsterdam Airport Hotel & Conference Center, Schiphol Boulevard 101, 1118 BS Schiphol Airport, The Netherlands at 13.00 (Central European Time) on 19 July 2007 and any adjournment thereof.

Please refer to the accompanying Notice of Meeting (which contains the full text of the resolutions) and explanatory notes before completing this Form of Proxy.

I/We [*name in block letters*] ……………………………………………………………………………………

of [*address in block letters*] ……………………………………………………………………………………

being (a) member(s) of the above named Company, hereby appoint the Chairman of the Meeting or* [*name in block letters*] ……………..…………………………………………………………..

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 13.00 (Central European Time) on 19 July 2007 and at any adjournment thereof or on a poll in respect of [*insert number*]** ………………………………………………………… ordinary shares in the capital of the Company.

* An alternative proxy may be named if desired – delete as appropriate. A proxy need not be a member of the Company.

** If you appoint more than one proxy then you will need to specify the number of ordinary shares in respect of which the named proxy is entitled to vote. If you only appoint one proxy you do not need to specify the number of ordinary shares you hold.

I/We direct my/our proxy to vote as follows:

Resolutions	**For**	**Against**	**Abstain**
1. Reappointment of Paul F. E. Tesselaar as director of the Company.			
2. Reappointment of Vuslat Doğan Sabancı as director of the Company.			
3. Reappointment of Jan-Eric Wildenberg as director of the Company.			
4. Appointment of Roelof A. Quintus as a director and Chairman of the Company in order to fill the vacancy created by the retirement of Pieter Eduard Hamming.			
5. Appointment of Cem M. Kozlu as a director of the Company in order to fill the vacancy created by the retirement of Anthony C. van Kempen.			

6.	Appointment of Ertuğrul Özkök as a director of the Company in order to fill the vacancy created by the retirement of Anatoly Karachinsky.			
7.	Appointment of Hanzade Doğan Boyner to fill the vacancy created by the retirement of Pierre-François Catté.			
8.	Increase number of directors to eight (8).			
9.	Appointment of Jacobus "Jack" Groesbeek as a director of the Company.			
10.	Reappointment of PricewaterhouseCoopers CI LLP as auditors to the Company to hold office from the conclusion of the AGM to the conclusion of the next meeting at which financial statements are laid before the Company.			
11.	Authority for directors to determine the remuneration of the auditors.			
12.	Receipt of financial statements of the Company and the reports for the financial period ending on 31 December 2006.			
13.	Authority for directors to purchase the Company's shares.			

Date: 2007

Shareholder signature: ……………………………………………………………………………………

Capacity (if applicable): ……………………………………………………………………………………

If you signing this form as a director or officer of a body corporate or other entity, please indicate in what capacity you are signing and for whom you are signing eg "Director of X Limited" or "Director of X Limited as general partner of Y Limited Partnership").

Notes

1. Please indicate with an '**X**' in the appropriate box how you wish the proxy to vote.

2. The proxy will exercise his discretion as to how he votes or whether he abstains from voting:

   (a) on the resolutions referred to in this Form of Proxy if no instruction is given in respect of the resolutions; and

   (b) on any business or resolution considered at the meeting other than the resolutions referred to in this Form of Proxy.

3. To be valid this Form of Proxy and power of attorney or other authority (eg a board minute, delegated authority or authorised signatory list) under which it is executed (or a certified copy of such power of attorney or other authority) must be lodged at the registered office of the Company at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands (Attention: Marie Moss/Christine Henry) not later than 48 hours before the time appointed for the Annual General Meeting, adjourned meeting or for the taking of a poll. Completing and returning this Form of Proxy will not prevent you from attending the meeting and voting in person if you so wish.

4. A Form of Proxy executed by a corporation must be either under its common seal or signed by an officer or attorney duly authorised by the corporation.

5. In the case of joint holders, the name of all the joint holders should be stated in the Form of Proxy and all should sign it. Joint holders should elect one of their number to represent them in person or by proxy in their name. In default of such election, the vote of the senior who tends a vote in person or by proxy will be accepted to the exclusion of the votes of other joint holder(s). For this purpose seniority is determined by the order in which the names appear in the register of shareholders.

6. A proxy may be revoked by: (i) giving the Company notice in writing deposited at the Company's registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands (Attention: Marie Moss/Christine Henry) before the commencement of the Annual General Meeting or adjourned meeting or the taking of the poll at which the proxy is used; (ii) depositing a new Form of Proxy with the Company's before the commencement of the Annual General Meeting or adjourned meeting or the taking of the poll at which the proxy is used (although it should be noted that the new Form of Proxy will only be a valid proxy, as opposed to being capable of revoking an earlier Form of Proxy, if deposited not later than 48 hours before the time appointed for the Annual General Meeting or adjourned meeting or for the taking of a poll); and (iii) attending and voting in person.

7. Facsimile or email copies of this Form of Proxy will **not** be accepted.

FOR OFFICE USE ONLY	
Register No	
Holding	

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