Annual Report and Financial Statements for the year ended 31 December 2007

Contents

Financial Highlights

(in USD millions)	2007	2006
• Revenues	279.1	211.4
• Operations EBITDA	76.3	65.2
Margin %	27.3%	30.8%
• Consolidated EBITDA	62.3	57.3
Margin %	22.3%	27.1%
• Net Income from continuing operations	3.9	13.3
• Net Income / Expense from discontinued operations	0.6	(16.4)
• Free Cash Flow	25.2	20.8
• Cash used for acquisitions	4.7	104.1
• Net Debt	120.4	112.7
• Net Debt mutiple	1.93x	1.97x

Vision, Mission and Strategic Goals

TME's vision is to be the leading multinational classified advertising marketplace in all media platforms for our customers, and to generate high returns which will create long term shareholder value.

We offer our customers a unique proposition with a wide choice of generalist and vertical publications and websites in 11 Central and Eastern European countries. The Company has a robust and sustainable business outlook & growth concentrating on the core content categories of: automotive, real estate, jobs and general household merchandise.

The Company's strong organic growth and profitability we expect will be maintained by an intense focus on effective business management, the localisation of the existing products and maintaining the local values as the core of the operations delivered through the Internet and other channels.

Our unique strength is to provide our advertisers with the widest exposure of content in our regional and national brands - so that buyers have access to the widest choice of content and sellers have access to the largest marketplace of buyers.

By completing selective targeted acquisitions, mainly of leading classified publications and sites in our key geographic markets, Trader Media East expects to;

strengthen and leverage its market leadership within each operating country and region;

enter new high growth geographies with significant potential and the roll-out of selected pure online play platforms; and

diversify into niche segments.

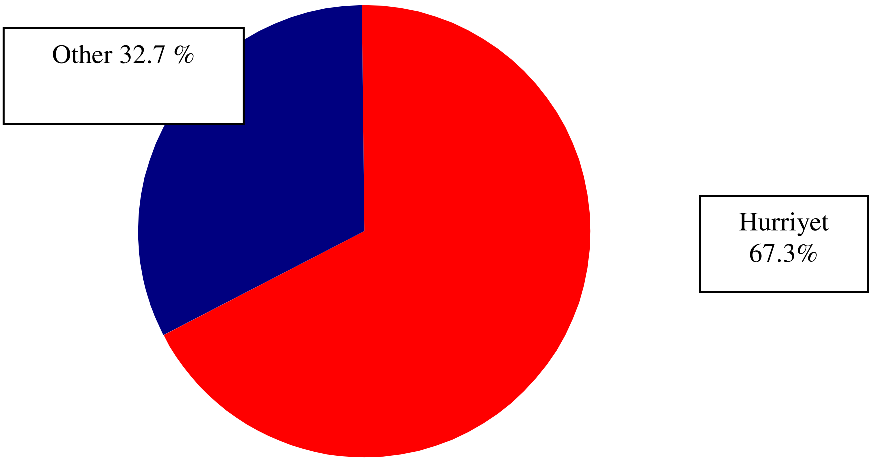
With its rich and balanced communities created around both our private and professional clients mainly in auto, real estate and job advertisements. TME's strategy is to achieve the dominant market share position in all segments it operates.

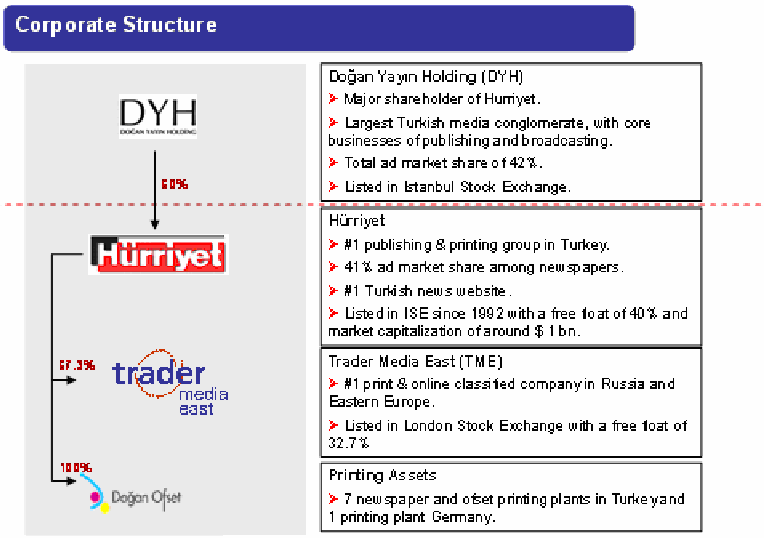
Corporate Profile

Hürriyet (1) acquired 67.3% of Trader Media East

Purchase price : US$ 10 per share

Acquisition cost : US$ 336.5 million





(1) Hurriyet Invest B.V. (Hurriyet) is a wholly owned subsidiary of Hurriyet Gazetecilik ve Matbaacilik A.S.

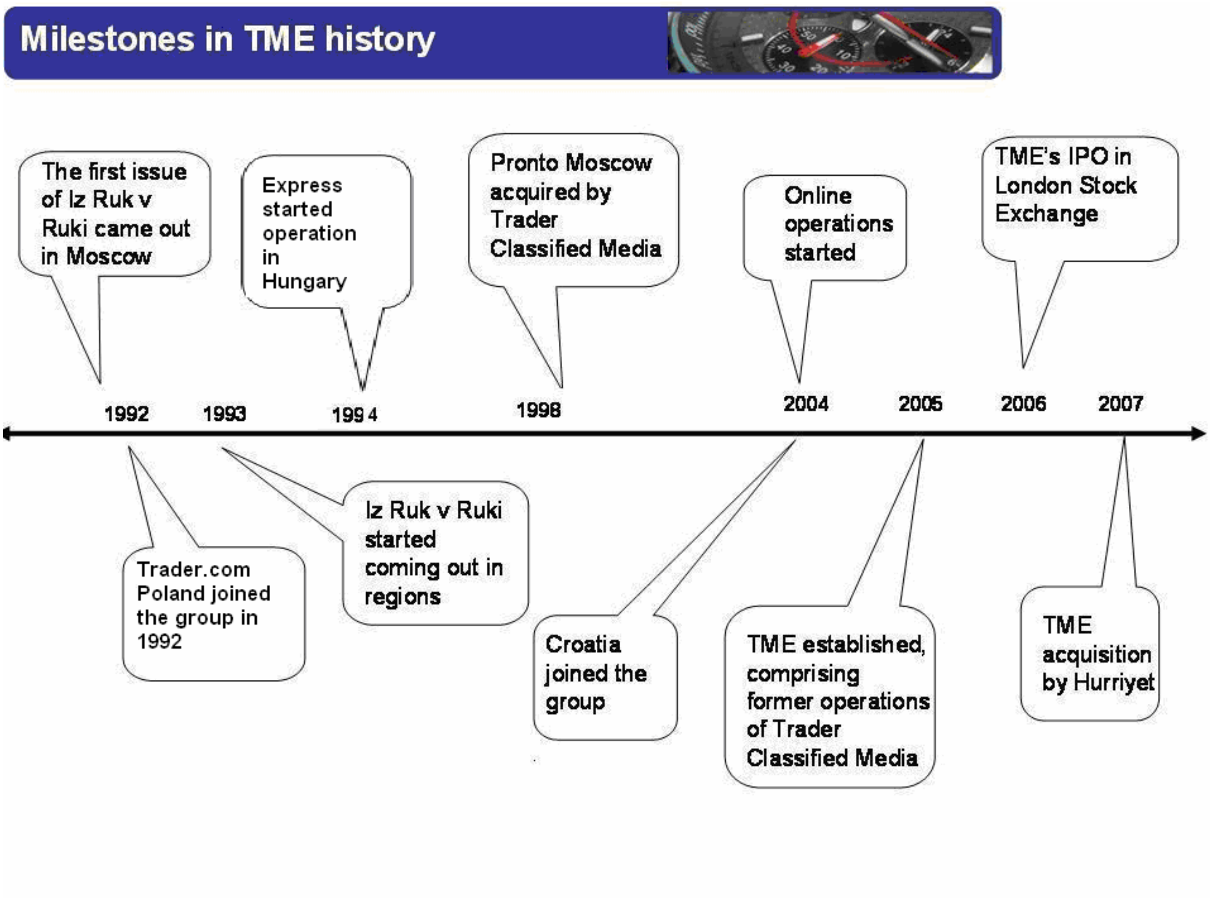
TME in Brief

Trader Media East is the leading marketplace for communities of real estate, auto and recruitment with strong local brands serving local markets in Central and Eastern Europe. Trader Media East produces 229 print titles, with 5 million readers per week and hosts 20 websites, with 6.7 million unique monthly visitors and employs 5,500 people in 11 countries.

Our branded classified advertising websites and publications and related specialised services have leading positions in specific markets in the following countries: Belarus, Croatia, Hungary, Kazakhstan, Lithuania, Poland, Russia, Ukraine. We describe Russia, Belarus, Kazakhstan, Lithuania and Ukraine collectively as "Russia, Baltics and the CIS".

Trader Media East is an independent business, comprising former operations of Trader Classified Media N.V., focused on online and print classified advertising in Central and Eastern Europe.

Milestones of TME



Hürriyet in Brief

Hürriyet met its readers for the first time on May 11, 1948 and thus began writing the history of Turkey. Since that day, as well as for the following 60 years, Hürriyet has gone to press without losing the true spirit in which it was founded. Over the years, Hürriyet has become an institution that lives by the slogan "every morning a new day begins and the printing presses turn." In becoming the most widely read newspaper in Turkey, Hürriyet mirrors a diverse society. Without abandoning its guiding principle of providing "impartial, first-hand, correct reporting," the publication moves towards the future as a role model in the media sector.

Founded within the Doğan Yayın Holding conglomerate, Hürriyet's main enterprise is journalism. However, through its affiliated firms and partnerships both inside and outside of Turkey, Hürriyet is also active in other areas such as printing, distribution, Internet services, book publishing, advertising, TV production, and marketing. As a further step forward, Hürriyet acquired a 67.3% interest in Trader Media East (TME) by a voluntary call at the London Stock Exchange in April 2007. This transaction has turned Hürriyet into a regional player for advertisement in nine countries including Russia. This major investment was also remarkable in the sense that it was the first time that a Turkish company acquired an international corporation that was already a leader in its field.

Hürriyet is printed in six cities in Turkey, as well as in the Doğan Printing Center in Frankfurt, Germany. Doğan Dağıtım, a leading distribution company in Turkey specialising in printed material, is responsible for the inland distribution of the newspaper.

In 2007, Hürriyet's average daily circulation was 572,000. In terms of both daily average net sales and advertising revenue, Hürriyet is the sector leader in Turkey. According to year 2007 figures, Hürriyet commanded a 12.2% share of the total advertising revenues in Turkey and had a 41% share of the total newspaper advertising revenue.

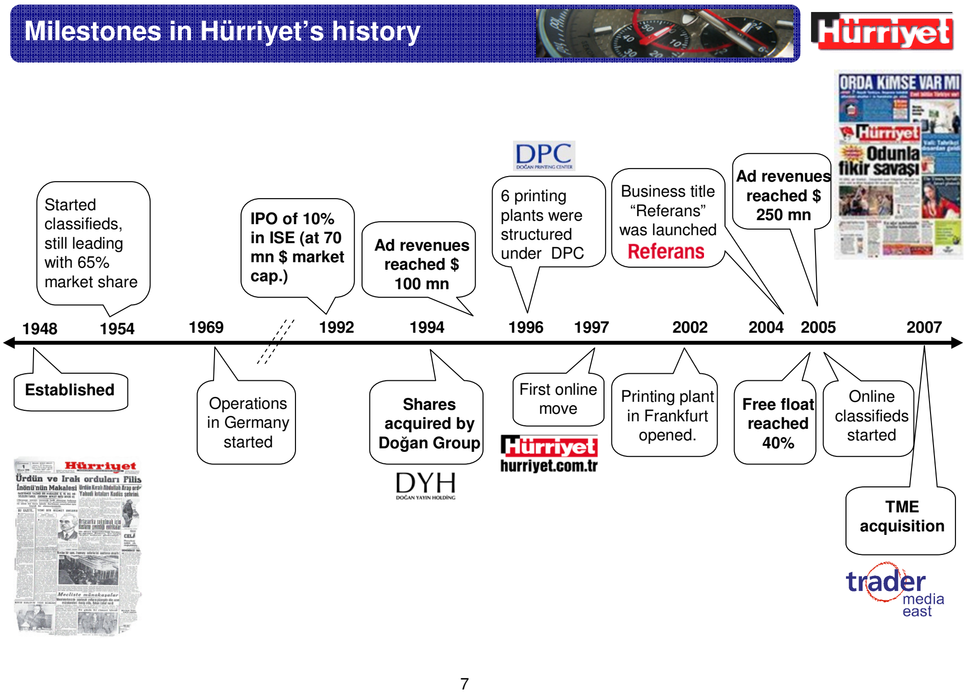
In 2007, Hurriyet total sales reached YTL 914 mn (USD 702 mn), with a net income of YTL 94 mn (72 mn) and a paid-in capital of YTL 421 mn (USD 363 mn).

Hürriyet went public in 1992, and currently 40% of its shares are traded on the Istanbul Stock Exchange (ISE).

Among the newspapers published in Turkey, Hürriyet has the strongest financial structure and is the first and only media company in the country to receive a credit rating from an international rating agency. With a credit scores of BB (stable outlook) in long-term foreign currency, BB (stable outlook) in long-term domestic currency, and AA (Tur) as determined by FitchRatings (September 3, 2007), Hürriyet has emerged as one of Turkey's most successful businesses in terms of creditworthiness.

Having successfully turned what began on a simple spring day in 1948 into a huge success story, Hürriyet's overarching goal in the coming years is to become one of the top 20 most reputable businesses in Turkey. Consequently, Hürriyet aims to remain true to its principles of corporate governance and excellence in journalism by establishing and maintaining the highest standards. Hürriyet aspires to distinguish itself further in the eyes of its readership, to become more accessible to the general public, and to focus on increasing the quality and efficiency of its workforce.

Milestones of Hurriyet



Chairman's Statement

2007 Overview and Financial Results

It is my pleasure to submit the Annual Report and Financial Statements for the year ended 31 December 2007.

After a difficult initial trading period, following the initial public offering in February 2006, TME steadily recovered during the year and re-initiated an encouraging growth pattern, helped by strong market fundamentals. During the second half of 2006, the Company's improved performance attracted potential investors to examine the possibility of acquiring part or all of the Company. Subsequently, 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 4th January 2007, the Board of Hurriyet Invest B.V. and TME announced they had reached agreement on the terms of a recommended cash offer of US$10.00 per TME share. This offer was declared unconditional on 16 March 2007. The share transfer was completed on 29 March 2007, giving Hurriyet 67.29% of the share capital of the Company.

Following the acquisition by Hurriyet, the Board approved a number of restructuring initiatives. To list them chronologically, some of the main decisions were the following:

- Pursuant to the change of control clause in the original credit agreement, TME entered into a new senior credit agreement, arranged by ABN Amro, with a total facility of US$200m. Of this, US$145m. was used to redeem the original facility leaving US$55m. available for acquisitions.

- Following a review of TME's activities and strategies, the Board resolved to move the functions performed in Paris in part closer to TME's field operations in Moscow and in part by realigning them with Hurriyet's headquarters in Istanbul.

- In July 2007, 5 new non-executive directors were appointed to the Board, including myself, following the retirement of 4 directors.

- Extensive changes were made to the Executive Management Team during 2007 with new management appointments in Strategy & Business Development, Finance, IT & Purchasing, Marketing, Sales & Human Resources and for the General Secretary & Legal Director position.

Upon the resignation of Pierre-Francois Catte, Chief Executive Officer, Vuslat Dogan Sabanci, Vice Chairwoman assumed the role of Chief Executive Officer in an acting capacity, until the appointment of Mr. Şahin Tulga on June 23rd, 2008. The Directors and I would like to thank her for her very effective leadership and strategic vision during this critical transition phase.

It is a credit to both the outgoing and current Executive Management Teams and Directors that such significant structural changes were made with minimal disruption to strategic and operational performance.

TME's trading performance for 2007 represents a significant improvement over 2006. Most importantly, the Company exceeded the annual organic revenue guidance of 12% to 14% in each quarter of the year, achieving instead an annual organic revenue growth of 16.5%, with total revenue growth of 32%.

Total growth reflects 6.1% growth from acquisitions and 9.4% from the exchange rate impact of the weakening US dollar. Underpinning this achievement is the performance of Russia and CIS which grew organically by over 24% and more than compensated for the somewhat disappointing performance of Hungary. Croatia and Poland performed respectably in the context of their competitive local environment.

Acquisition growth in 2007 largely arose from the acquisition of Impress Media in late 2006 and the acquisition of Moje Delo in Slovenia in 2007.

Operation EBITDA increased by 17% from US$65.2m in 2006 to US$76.3m in 2007 at a margin of 27.3%, lower by 3.6% from the previous year. After taking account of headquarters costs and one time expenses associated with the restructuring, including the costs of the closure of Paris, consolidated EBITDA amounted to US$62.3m in 2007 compared to US$57.3m in 2006.

Disposal of Trader.com (Polska) Sp z.o.o.

As part of our ongoing assessment of the strategic positions of our local publications, the Board approved the sale of Trader.com (Polska) Sp z.o.o. to Polish media group Agora SA for a cash consideration of US$54.3m. The transaction was completed on the 27th June.

Dividend

The Company's policy is to reinvest cash generated in the business. Consequently, the Board is not recommending a distribution at this stage.

Outlook

The Company is successfully pursuing expansion in its chosen markets, through regional expansion and by extending its presence in all classified media channels.

TME expects to increase its print revenues through the continued launching of new vertical publications in several countries, selective acquisitions and partnerships.

TME plans to expand its on line presence in 2008 in selected markets with a preference for those markets where its strong print position gives it a strategic advantage or where its objective of dominance is likely to be achieved.

To do this, the Company expects to continue investing in its existing internet activities and in acquisitions and strategic partnerships.

TME will remain open to both sale and purchase of on line assets, allowing TME to reposition its on line portfolio strategically, should attractive opportunities arise.

Overall, TME remains committed to the delivery of revenue growth, both organically and through selected acquisitions in all its core business sectors. To achieve this, TME is actively investigating opportunities in Eastern Europe and the CIS on a continued basis.

Roelof A. Quintus

Chairman

30 June 2008

Message from the President & Acting CEO

Esteemed Members of the Trader Media East Family, Dear Colleagues,

I would first and foremost like to say how pleased I am to address you for the first time as a member of the TME family, following the Company's successful acquisition last year by Hürriyet.

Even though this is a new company, TME is the irrefutable leader in the online and print classified media advertising market with established, strong brands from 229 publications and 20 websites serving local markets in Russia and Eastern Europe, covering a total of the countries with a combined population of 285 million. It is my pleasure to inform you that TME has had a very successful year and exceeded revenue targets by utilising the added value contributed by our new shareholder. The vast restructuring and reorganisation undertaken during the year, complete and continuous support from the Board and the valuable direction of the new executive team are the main drivers behind this success.

In recent years, Russia and Eastern Europe, along with the Ukraine, Poland and Croatia have been the regions drawing global attention due to their high growth potential. Today, many multinational companies have moved their production to these regions and have established close business relationships with countries such as China and India, while Russia and Eastern Europe form the periphery of this broad zone. In the meantime, the leading media companies in Europe seeking to penetrate these markets are also on the hunt for solid, promising companies in related business fields. As a matter of fact, this region is the second fastest growing media industry in the world after China.

Considering all aspects of regional dynamics, we are fully aware of tremendous opportunities as well as challenges. The majority shareholder of TME, Hurriyet Group, a Turkish group, has been operating in one of the most competitive markets for years and this brings us deep experience in competitiveness combined with running businesses in vulnerable economies such as Turkey up until the last 5 years. These two factors provide us with strengths that will be a real competitive advantage against other global and local players in all the countries we operate.

The companies under TME, offering classifieds in various categories, including real estate, automotive and job recruitment through their print products and websites, are all very well established leaders and possess the best known brands in the region. We know that maintaining a prominent brand in a market can only be achieved through ongoing effort. Our companies, under the umbrella of TME, generate strong earnings and operate in line with existing and efficient business models. The Company's ability to establish a well functioning business system in such a short period of time while creating a strong corporate culture that adds to its comparative advantages and promotes an entrepreneurial, dynamic, sales-led approach well-tuned to both rapidly changing technology and opportunities in the marketplace are the factors that account for this successful performance.

With respect to the operational performance, Russia and CIS make up a 78% share of TME's total profit; they are the key markets for our organisation. As the leading company in the region, Pronto-Moscow has rapidly expanded its activities with national brands such as Iz Ruk v Ruki and Job.ru. Vertical projects in real estate, transport, jobs and construction segments along with online operations have enhanced this expansion. With a total of 209 publications and 7 websites distributed in 104 cities within Russia and CIS, Pronto-Moscow achieved total revenues of US$ 218 million in 2007.

In Hungary, the business recorded US$ 35.5. million in revenue with 10 publications under the Expressz and Szuperinfo brands and one website, Expressz, in fields such as real estate, automotive and commercial vehicles. Vertical development is also planned with three new websites to be launched in 2008.

In Poland, total revenue of US$ 7.6 million was generated with six publications and five websites. The publications and websites cover a variety of fields including real estate, vehicles, trucks and heavy equipment. Our Internet presence in Poland was the most advanced within TME countries and our community site attracts a huge number of visitors daily.

TME's revenue in Croatia at the end of 2007 reached US$ 14.9 million and is made up of four publications and five websites covering commercial vehicles, jobs, automobiles and real estate fields. Oglasnik, acquired the remaining 30% stake of the jobs website, www.posao.hr and finished the post-acquisition integration successfully. Oglasnik is planning to further improve its online and offline editions in 2008 concurrent with its sustainable growth strategy; it plans to increase its market share to maintain its leadership.

In Slovenia, Moje Delo Ltd. is a leading provider of job postings within the country and concentrates on job seeking and career development products. The business recorded revenue of US$ 2.7 million in 2007 with two websites. Partnership with six out of eight of the largest newspapers, 14 magazines and 28 Slovene web pages provides rapid expansion opportunities for their advertising business.

Even though the balance between online and print classified media still indicates the strength of newspapers as of today and Internet has still a very low share in the market, it has obviously a very high growth rate and potential. In almost every country, our companies have achieved considerable increases in sales on the Internet and have obtained higher profitability over figures from the previous year; they have also strengthened their position in print classified media during 2007. Our opinion is that traditional media will maintain a strong position in the coming years, while the Internet will keep growing annually. In the meantime, online and print classified media will enrich each other. Based on this trend, TME, operating in fastest growing countries with low Internet penetration, aims to become the leading online classified & community company and will take its place among international players in this field while maintaining its strength in print classifieds.

TME is the leading marketplace for communities of real estate, auto and recruitment leading and flourishing local entrepreneurship as well. In this period, the market perspective of our Company will be to increase penetration into the Commonwealth of Independent States and to open to new markets. Our innovative approach and continuous investments in IT technology and R&D activities in order to achieve highest customer satisfaction will ensure TME's success toward this goal. Above all, is the support of our main shareholder, Hürriyet with its 65% total market share (80% in recruitment classifieds alone) and 60 years of experience in the media sector, along with the Doğan Group, the leading media group and strategic media partner in Europe operating in all areas of the sector, including TV, radio, newspapers, Internet, etc., behind Hürriyet. The experience and strength of Hürriyet has had an obvious impact on the performance of TME and we anticipate that this will continue to empower the market position of our Company.

In our global journey, we still have a long way to go. Along with the benefit gained from being part of the vast Hürriyet Group, our highly qualified, best-in the industry teams in each country is TME's main asset, leading the way to new and distinguished achievements. We are a large multinational, multicultural family working together in a vast geographical region with one spirit. Taking this opportunity, first of all, I would like to thank my colleagues for their commitment and overwhelming achievements. I would also like to express my gratitude to our shareholders for their trust and absolute support and last but certainly not least, to our stakeholders, for their dedicated support and cooperation.

Sincerely,

Vuslat Doğan Sabancı

30 June 2008

Board of Directors and Advisors

Current Directors	Mr Roelof A. Quintus, *Chairman of the Board and Senior Independent Director* Ms Vuslat Doğan Sabancı, *Executive Director* and Acting Chief Executive Officer Mr Paul F.E. Tesselaar, *Independent Non-executive Director* Mr Cem M. Kozlu, *Non-executive Director* Mr Ertugrul Ozkok, *Non-executive Director* Ms Begumhan Dogan Faralyali, E*xecutive Director* Mr Jacobus "Jack" Groesbeek, *Independent Non-executive Director* Ms Annelies van den Belt, *Independent Non-executive Director*
Company Secretary	Mr Hakan Hanli
Registered Office	22 Grenville Street St Helier, Jersey JE4 8PX Channel Islands
Business Address	Zwarteweg 6D 1412 GD Naarden The Netherlands
Company Registration	Registered in Jersey Number 91704
Independent Auditors	PricewaterhouseCoopers CI LLP 22 Colomberie St Helier, Jersey JEX 4XA Channel Islands
Legal Advisers as to Jersey Law	Mourant du Feu & Jeune 22 Grenville Street St Helier, Jersey JE4 8PX Channel Islands
Solicitors	Clifford Chance LLP 10 Upper Bank Street London, E14 5JJ 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

Directors' Biographies

<u>Roelof A. Quintus</u>

Chairman

Born in 1947, Roelof A. Quintus graduated from Stanford University (MBA 1971) and from Paris University (Maitrise 1969, IHEI 1969). Mr. Quintus has an entrepreneurial background and has always worked internationally. He founded/co-founded several companies, mostly in the Medical and Energy sectors, starting in 1975. Most recently, Mr. Quintus completed the sale of Quimex SA and Excel Energy Ltd., both Oil and Gas production equipment distribution companies created by him, to Exterran, a US oil services company. He is presently Managing Director of MSI SA, an O&G well service equipment distribution company and building up two related companies in the same energy sector.

<u>Vuslat Doğan Sabancı</u>

Acting Chief Executive Officer, Member of the Board Hürriyet Newspaper and Printing Incorporated

Vuslat Doğan Sabancı was named as the Chief Executive Officer of Hürriyet on January 2004. As the Company's senior business executive, she is responsible for its business strategy and she runs the enterprise on a day-to-day basis.

Over the last 4 years, since she became the Chief Executive Officer she steered the company in line with a global business perspective, emphasizing strong presence in developing media markets through acquisitions. Besides this initiative, she led the company in its efforts to compete in the new media business by launching successful online endeavours. During her tenure, Hürriyet's social presence was strengthened thanks to social responsibility campaigns.

Among these initiatives are:

- Acquisition of Trader Media East, the most successful online and print advertising medium of Russia, CIS and other countries in the region.
- Initiating and strengthening the online presence of Hürriyet by the pioneering launching of its web-site and turning it into the # 1 Turkish web-site.
- Launching online serial advertising sites for real estate and motor cars in Turkey to position Hürriyet favourably in this new and expanding advertising segment.
- Launching and strengthening existing newspaper brands in Hürriyet portfolio like Turkish Daily News and launching business newspaper Referans.
- Running a campaign against domestic violence and starting a campaign to instill the idea of human rights into the minds of the Turkish people in order to broaden the base of democracy.
- Institutionalizing the inner operations of Hürriyet and establishing procedures to bring about more objectivity in day to day management.

Despite the macroeconomic challenges thrown by the domestic economy, Ms. Doğan Sabancı managed to grow Hürriyet under her stewardship. Hürriyet stock became one of the leading shares in Istanbul Stock Exchange among foreign investors.

Ms. Doğan Sabancı, joined Hürriyet in 1996 as the Vice President in charge of advertising. Three years later she rose to the rank of Group President for Marketing Operations, where her responsibilities included marketing, sales, human resources and IT operations.

Before joining Hürriyet, Ms. Doğan Sabancı worked in the editorial management department of The New York Times for a year, followed by employment at The Wall Street Journal, where she helped in the formation of the Asian Business World News Channel and the Latin American Edition of the Journal.

Ms. Doğan Sabancı graduated from Bilkent University with a degree in Economics. She continued her education at Columbia University in New York, where she received an MA in International Media and Communications.

She is married with two sons.

Mrs. Begumhan Dogan Faralyalı

Ms. Dogan Faralyalı is a graduate of London School of Economics. After getting her bachelor degree in Economics and Philosophy in 1998, Ms. Dogan joined Arthur Anderson in NY as a junior consultant. She has continued her consultancy career at Monitor&Co in London, where she was mainly involved in large restructuring projects for the leading media and technology companies across Europe.

Ms. Dogan Faralyalı left consultancy to study for an MBA degree from Stanford University Graduate School of Business, which she obtained in 2004.

Upon completion of her MBA, Ms. Dogan Faralyalı took on the responsibility to expand Dogan Media Group ("DMG") internationally. DMG is the preeminent media group in Turkey with leading market shares in publishing, broadcasting, printing and distribution.

One of the key challenges of Dogan Media Group was to expand outside of Turkey as the group had already captured dominant market shares across all mediums in her home market. As the executive board member and VP of international investments, Ms. Dogan Faralyalı developed the group's expansion strategy and focused on investment opportunities in Europe including Eastern Europe and Russia. Her projects included the successful acquisition of Trader Media East (LSE: TME) by Hurriyet (ISE: HUGZT, a DMG subsidiary) for US$500 million in 2007, the largest international acquisition of DMG to date. She continues to serve as a Director on the Board of Trader Media East.

Ms. Dogan Faralyalı is also the founder and the Chairwoman of Kanal D Romania, which a Joint Venture of DMG and Swiss Ringier Group, and is the first green field investment of Dogan Media Group outside Turkey. Kanal D Romania was launched in February 2007 and has already captured fifth largest audience share in the highly competitive Romanian broadcasting market.

Ms. Dogan Faralyalı is a board member of Turkish American Businesspeople Association, a highly respected organization aiming to improve relationship between the business communities of the two countries. She also serves as a board member of World Wildlife Foundation in Turkey.

Cem Kozlu

Director

Dr. Cem M. Kozlu was born in 1946. He holds a B.A.(Denison University); an MBA (Stanford University); a Ph.D. in Administrative Sciences (Bosphorus University) and Honorary Doctorate (Denison University). Dr. Kozlu served as Managing Director of Komili Holding A.S; Komili Marketing&Foreign Trade Co.; Marketing Manager of Procter&Gamble,Geneva; Marketing Specialist in the National Cash Register Co.,Ohio.He joined The Coca-Cola Company in 1996 as Managing Director, Turkey, Caucasus&Central Asian Rep. Operations. Then, he served as President to Central Europe&Eurasia Group in 2000 and also Middle East in 2001 through 2006. Currently, Mr. Kozlu is serving as Consultant to Eurasia Group.Dr. Kozlu served as a Member of Parliament (1991-1995) and headed Turkish Airlines as Chairman and CEO (1988-1991);and as Chairman (1997-2003). He served as President to Association of European Airlines in 1990.Dr. Kozlu is a board member of The Coca-Cola Bottling Company of S.Arabia; Trader Media East Ltd. He is President to International Airlines Training Fund.He serves on the boards of TAV Airports Holding Co.; Hürriyet Newspaper &Printing Co.; Coca-Cola Icecek Co.; Evyap Industry&Trading Co.; Godiva; Anadolu Industry Holding; Efes Brewery& Malt Industry; Kamil Yazıcı Management&Consulting Co.; Foreign Economic Relations Board and For You Co.Ltd. He is a trustee of Anadolu-J.Hopkins Health Center, Sabancı University, Istanbul Modern Arts Foundation. Dr. Kozlu has six books on business and economics.

Paul F. E. Tesselaar

Director

Mr Tesselaar (63), Dutch, has been a member of our Board of Directors since January 2006.

He served as Chief Executive Officer of ANP ,the Dutch press agency, 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.

Ertugrul Ozkok

Director

Born in 1947 in Izmir, Ertuğrul Özkök graduated from Izmir Namık Kemal High School and entered the College of Journalism and Broadcasting at the Ankara Faculty of Political Sciences. Following his graduation in 1969, he worked as a reporter at TRT for a year and later continued his studies in France, where he earned a Ph.D in communication science. Upon his return to Turkey, Özkök began working as a lecturer at Hacettepe University. In 1986, he became an associate professor and left the university to join the Hürriyet newspaper, where he served as the Ankara and Moscow representative. He currently serves as Editor-in-Chief and Vice President of Doğan Yayın Holding and as a daily political commentator. Özkök began his writing career in 1982 with the publication of his first book entitled “Art, Communication and Power,” followed by “The Unraveling of the Masses” in 1984, “Farewell Rebellion” in 1987 and “Stalin Baroque” in 1989.

Jacobus “Jack” Groesbeek

Director

Mr. Groesbeek (55), Dutch, is the Member 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 Luxemberg holding companies. Mr. Groesbeek holds a degree from the Nijinrode Business School and the Law Faculty of the University of Amsterdam.

Annelies van den Belt

Director

Annelies joined ITV consumer on January 8 as Managing Director for ITV Broadband. Prior to ITV she was Director of New Media at Telegraph Media Group (TMG). At TMG she was responsible for all New Media products and platform and re-launched the main website in May 2006.

Previously she worked at News International where she joined the group as Business Development Director in 2000. From there Annelies became Digital Director of the Times Newspaper Group’s online sites and then Deputy Advertising Sales Director for both The Times and The Sunday Newspapers. Annelies was with the company until 2005.

Prior to her digital roles at News International in London, Annelies who is fluent in six languages, worked in countries around the world, including Russia, Japan and Holland. Whilst in Russia she was the publisher of a range of publications including The Moscow Times, St Petersburg Times, Russia Business Review, Russian Playboy and launched Men’s Health there in December 1997.

Before embarking on her career Annelies studied in both Holland and Japan. She currently lives in London with her husband and two children.

Executive Management

The head quarters management team is based in Istanbul and comprises;

Vuslat Dogan Sabanci, President & Acting Chief Executive Officer

Can Gokcebay, Vice President Finance, IT & Purchasing

Ciler Yildiz, Vice President, Marketing, Sales & Human Recourses

Leonid Makaron, Vice President Strategy & Business Development

Ahmet Ozer, Vice President Strategy & Business Development - Hurriyet & TME

Hakan Hanli, General Secretary & Legal Director

Eero Korhonen, On-line Category Manager-Jobs.

Our newly appointed Chief Executive Officer is Mr. S. Şahin Tulga, whose biography appears below.

Mr. Şahin Tulga joined Trader Media East as Chief Executive Officer as of June 2008.
Born in Ankara in 1953, Mr. Tulga graduated from Massachusetts Institute of Technology, Cambridge with BSc degree in Mechanical Engineering in 1976. He also holds MSc degrees from MIT on both Mechanical and Civil Engineering.

Having 25 years of experience in the IT & Telecom industries, Mr. Tulga started his career at MIT as a Research Engineer (1979-80) and then served as Research and Development Manager in DRD Corporation in USA (1980 – 1983). Upon his return to Turkey in 1984, Mr. Tulga worked as the General Manager at Bordata Inc. (1984-1989), as General Manager in Entek Inc. (1990 – 1993), as Country Manager at Digital Equipment, Turkey (1993 – 1998), as Vice President at Vestel USA (1998 – 1999) and as General Manager at Lucent Technologies Turkey (1999 – 2001) respectively. Prior to TME, Şahin Tulga was the CEO of HP Turkey for the last 7 years.

Throughout his career, Mr. Şahin Tulga significantly contributed to the success of the companies he worked for. During his leadership, HP Turkey's revenues grew by 8.5 times and the company increased its market share substantially.
Mr. Tulga is married with 2 daughters. He resides in Istanbul, Turkey.

Corporate Governance

The 2006 Combined Code of Corporate Governance (the "**Combined Code**") sets out certain corporate governance recommendations in relation to companies that are admitted to listing by the UK Listing Authorities and incorporated in England and Wales. The Combined Code, as such, does not strictly apply to companies incorporated in Jersey, however, 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 Report of the Board of Directors and the Report on Remuneration set out on pages 25 and 27, 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 judgment, 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. Roelof A. Quintus (*Chairman of the Board*)
Ms. Vuslat Doğan Sabancı(*Vice Chairwomen & Chief Executive Officer*)
Ms. Begümhan Doğan Faralyalı (*Executive Director*)
Mr. Jacobus "Jack" Groesbeek ((*Non-executive Director*)
Mr. Cem M. Kozlu ((*Non-executive Director*)
Mr. Paul F. E. Tesselaar ((*Non-executive Director*)
Mr. Ertuğrul Özkök ((*Non-executive Director*)
Ms. Annelies van den Belt ((*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 24.

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 2007 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 fulfill their responsibilities if they are present during committee meetings and are able to follow the detail of discussions and debate held at those meetings.

There are currently eight directors: Chairman and Senior Independent Director, Roelof Quintus and Vice Chairwomen and Chief Executive Officer Vuslat Dogan Sabanci; and six other directors of which five are independent and Ms. Begümhan Doğan Faralyalı is an *Executive Director*. The biographies are set out on pages 14 to 17 and illustrate the directors' breadth of experience.

The division of responsibilities between the Board and the Chief Executive Officer 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 directors or alternates are available for questions. The chairman and chairperson of the Compensation Committee have obligations that prevent them attending the AGM. Communication is also made through the website, which is regularly updated.

Audit Committee

The Audit Committee is comprised of two non-executive directors and a representative of Hurriyet. Mr. Roelof Quintus and Mr. Paul F. E. Tesselaar 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. Mr. Soner Gedik is an employee of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

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:
Paul F.E. Tesselaar (Chairman)
Roelof A. Quintus
Soner Gedik

Compensation Committee

The Compensation Committee is comprised of three non-executive directors. Ms Doğan Sabancı, CEO of Hurriyet Gazetecilik ve Matbaacilik A.S.., 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 25 to 26 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:

Mr. Roelof A. Quintus (Chairman)
Ms. Vuslat Doğan Sabanci
Mr. Cem M. Kozlu

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.

Financial Control & Risk Management Practices

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 cash flow 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.

Table of attendance at meetings

	Board	Audit Committee	Compensation Committee	Nomination Committee	AGM
Number of meetings in the year	**11**	**6**	**7**		
					1
P.E. Hamming (1)	8	-	5		1
P.F. Catté (2)	8	-	-		
V. Doğan Sabancı (3)	5	-	5		
A. Karachinsky (1)	4	-	-		
P.F.E. Tesselaar (3)	11	5	4		1
A.C. Van Kempen (1)	8	5	-		1
J.E. Wildenberg (3)	4	-	-		
R. A. Quintus (4)	3	2	2		
Y. B. Doğan Faralyalı (4)	3	-	-		
E. Özkök (4)	3	-	-		
C. M. Kozlu (4)	3	-	2		
J. Groesbeek (4)	3	-	-		
A. Van den Belt (5)	-	-	-		
S. Gedik (6)	-	2	-		

(1) Mr. P. E. Hamming, Mr. A. Karachinsky, and Mr. A.C. Van Kempen retired from the Board at the AGM held on 19 July 2007.

(2) Mr. P. F. Catté resigned from the Board as of 10 October 2007.

(3) Mrs. Vuslat Doğan Sabancı, Mr. P. F. E. Tesselaar, and Mr. J. E. Wildenberg were re-appointed at the AGM held on 19 July 2007. Mr. Jan – Eric Wildenberg resigned from the Board as of 28 December 2007.

(4) Mr. R. A. Quintus, Mr. Y. B. Doğan Faralyalı, Mr. E. Özkök, Mr. C. M. Kozlu, and Mr. J. Groesbeek were appointed at the AGM held on 19 July 2007.

(5) Mr. A. Van Den Belt was appointed on 2 January 2008.

(6) Mr. S. Gedik was appointed as a member of the Audit Committee on 19 July 2007.

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 or her 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 was Director and Chief Executive Officer until his departure on 10 October 2007. Until that time he was the only executive director of TME and was employed under a service contract dated 13 February 2006. Mr Catté's contract did not have a fixed term and the contract was 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 provided for a notice period of up to three months. Mr Catté's annual salary was €200,000 per annum and he was entitled to a bonus of up to €200,000 per annum. In addition to his annual salary, Mr Catté was 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 was no commission or profit-sharing arrangement in Mr Catté's contract.

Upon termination of his service contract, Mr. Catté became 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 had. The amounts paid under the terms of the contract were;

- Salary compensation : € 874,967
- Restricted stock and stock option compensation : € 64,958
- Total : € 939,925

Upon the departure of Mr. Catté, V. Doğan Sabancı assumed the role of Acting Chief Executive Officer additional to her position as Vice Chairwoman of the Board. She has no service contract and receives no compensation from TME other than Director fees as set out above.
T. B. Dogan Faralyalı is also an executive director of the company but has no service contract and receives no compensation from TME other than Director fees as set out below.

Directors’ remuneration

Directors’ remuneration is set out below:

euros	2007 Basic Remuneration	2007 Committee Fees	2007 Director's Bonus	2007 Stock Option Compensation	2007 Total
P. E. Hamming	22.500	5.000	20.000	25.011	72.511
P. F. Catte	10.000			20.009	30.009
A. Karachinsky	10.000		20.000	20.009	50.009
P.F.E. Tesselaar	20.000	9.000	20.000	20.009	69.009
A.C. Van Kempen	15.000	5.000	20.000	20.009	60.009
J.E. Wildenberg	15.000				15.000
V. Doğan Sabancı	15.000	5.000			20.000
Cem Kozlu	10.000	2.000			12.000
T.B. Doğan Faralyalı	10.000				10.000
E. Özkök	10.000				10.000
R. Quintus	15.000	4.000			9.500
J. Groesbeek	10.000				10.000
TOTAL	162.500	30.000	80.000	105.046	377546

Directors’ stock options and restricted stock

Details of directors’ interest in stock options are provided on page 29. All directors accepted the cash cancellation proposal offered to option holders upon termination of the TME Options and Incentive Plan. Mr. Catté also held 129,000 GDRs of the Company in the form of restricted stock which were cancelled on his departure. All directors accepted the cash offered to option holders upon termination of the plan.

Report of the Board of Directors

The directors present their report and the audited financial statements for the year ended 31 December 2007.

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; and

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 229 print, reaching approximately five million readers per week and hosts 20 websites, with approximately 6.7 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 2007 is set out on page 60 of the financial statements. No dividends were paid during the year.

Directors

The composition of the Board at the time of the 2006 Annual General Meeting held on 19th July 2007 was as follows:

Mr Pieter Eduard Hamming, Chairman of the Board and Senior Independent Director
Mr Pierre-François Catte, 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

Since that date the following Directors have resigned, Mr. Pieter-Eduard Hamming, Mr. Pierre-François Catte, Mr. Anatoly Karachinsky, Mr. Anthony C. Van Kempen and Mr. Jan-Eric Wildenberg and six new appointments made.

Accordingly the current composition of the Board is as follows:

Mr Roelof A. Quintus, Chairman of the Board and Senior Independent Director
Ms Vuslat Doğan Sabancı, Acting Chief Executive Officer and Executive Director
Mr Paul F.E. Tesselaar, Independent Non-executive Director
Mr Cem M. Kozlu, Non-executive Director
Mr Ertugrul Ozkok, Non-executive Director
Ms Begumhan Dogan Faralyali, Executive Director
Mr Jacobus “Jack” Groesbeek, Independent Non-executive Director
Ms Annelies van den Belt, Independent Non-executive Director

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 was US$0.16 per share. The Restricted Stock was cancelled on his departure in October 2007.
[(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 options were granted or exercised by any director in the period since 31 December 2007 and the signing date of these Financial Statements and all accepted the cash offered to optionholders on termination of the plan.

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 11 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 19 July 2007.

At the 2008 Annual General Meeting the company will seek shareholder approval to renew this authority.

Secretary

Ms Rhonda Friesen was the Secretary from 26 September 2006 until 14th September 2007 at which date Mr. Hakan Hanli was appointed to the position.

Auditors

PricewaterhouseCoopers CI LLP have expressed their willingness to continue as auditors to the Company.
A resolution to reappoint the auditors and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting to be held on 30 July 2008.

By order of the Board

Hakan Hanlı
Secretary

30 June 2008

Registered office:

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

General Overview & 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, 2007.

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 229 print titles, with 5 million readers per week and host 20 websites, with 6.7 million unique monthly visitors and employ 5,500 people in 11 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 specialised 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 verticalisation, 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 organisation.

Major Developments

Hurriyet Offer

Further to the offer made by Hurriyet Invest BV on 4th January 2007 to acquire the entire issued share capital of TME, Hurriyet has purchased approximately 67.29% of our issued share capital. The offer was closed on 29th March 2007.

Senior Credit Agreement

In May 2007, we entered into our new senior credit agreement arranged by ABN AMRO, which provides for a total facility of $200 million with a five-year maturity date.

Early Payment of Outstanding Balance of Pronto Moscow Purchase Price

The outstanding balance of $10.5 million which was placed in an escrow account to be released on 31 December 2007 with a gross return on such funds of 7% per annum, was released early in June 2007 based on fulfilment of certain conditions by Mr. Makaron.

Disposal of Kisokos

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

Acquisition of Impress Media Marketing

During the first quarter of 2007, we completed the acquisition of a majority stake in Impress Media Marketing, one of the leaders in commercial real estate advertising in the Russian market with its publication Commercial Real Estate.

Acquisition of Moje Delo

In June 2007, we acquired a 55% interest in Moje Delo d.o.o. in Slovenia. Moje Delo is a leading provider of recruitment services in Slovenia both online and offline.

Relocation of Paris Organisation

Following a review of the Groups' activities and strategic plans, the Board has resolved that the functions located in Paris will provide a more efficient contribution to the Group's performance by closer alignment with TME's field operations and Hurriyet's headquarters in Istanbul. The major part of the relocation was completed by the year end.

Subsequent Event – Sale of Trader.com (Polska) Sp. Z.o.o.

On May 14, 2008, TME agreed to sell Trader.com (Polska) Sp. Z.o.o. ("Trader.com") to Polish media group Agora SA, for a cash consideration of US$ 54.3. The transaction was completed on June 27th, 2008.

Basis of Presentation

The consolidated financial statements of Trader Media East cover the year ended as of December 31, 2007. 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).

Since February 2006, Trader Media East has used its own corporate structures but for January 2006, part of the comparative year, 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 utilisation of services provided or corresponding to the benefit received by Trader Media East.

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 centralised 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, centralised 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 2007, our field sales force consisted of approximately 2,460 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 2006 and in 2007, paper costs represented approximately 10% and 9% 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.

On-line

Trader Media East online experienced it's highest growth year in 2007 after a dedicated focus of all stakeholders in the company towards the growth of the contribution of it's online operations to the overall business.

As a strategic area for growth, efforts and investments to achieve this growth have been set on talent and qualification of business and marketing teams, excellence in product development delivery and speed and a company-wide effort to use it's sales channels (direct, indirect) in the optimal set up to meet the increasing challenges of the Internet market.

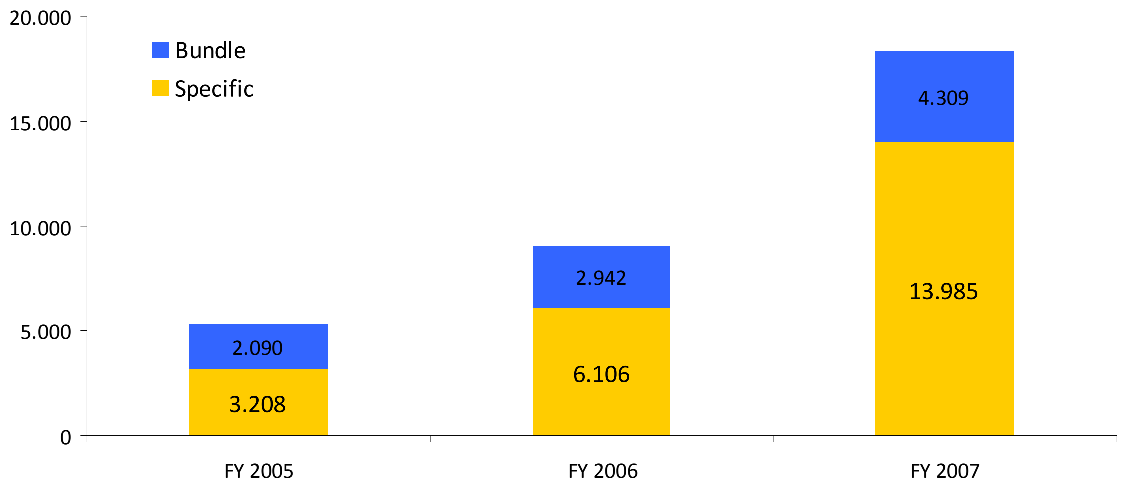
In key markets critical steps have been taken, including a complete re-launch of the business model of the leading job portal of Russia, Job.ru

To provide leverage to the sales efforts, new products formats have been released across all markets therefore facilitating the revenue growth in 2007. In this consistent effort to maximise the distribution and efficiency for our advertisers' content, we have made extensive and strategic use of multi-channel offers and multimedia packaging and pricing, increasing the service value to clients and the efficiency of their advertising investment.

Throughout the year on-going training and a sustained internal communication effort has ensured a full fledged focus of all company units to meet the increasingly challenging and complex goals of the Internet marketplace, but never forgetting the power of print media in the mix to reach those goals.

In 2007 we have continued to foster the tight collaboration of teams across all units and across all countries to ensure alignment in the strategic goals and successful execution of these goals.

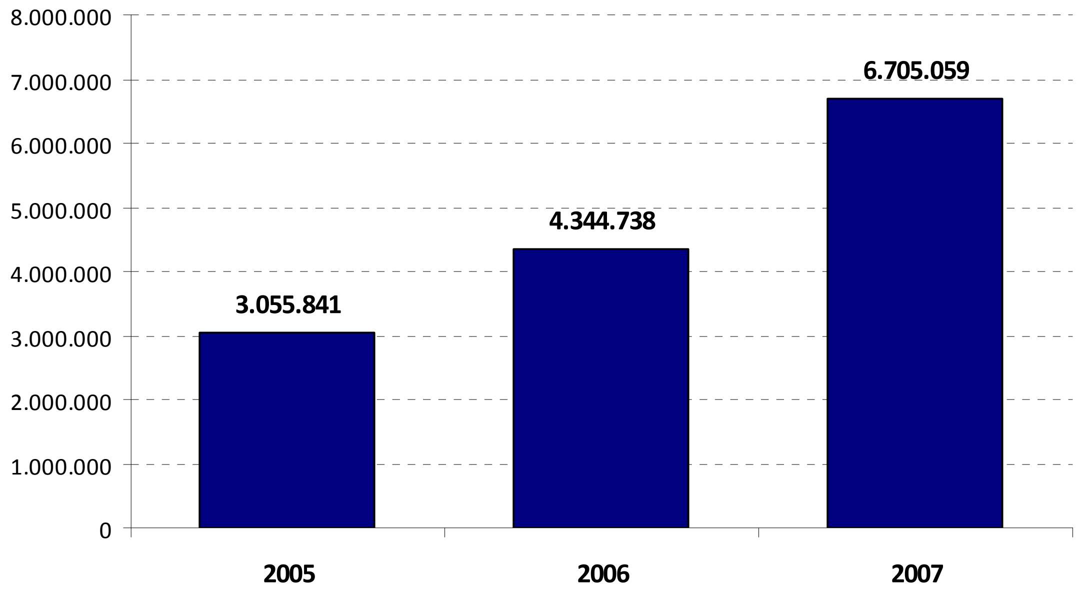
Breakthrough revenue growth in 2007 – (000$)



Breakthrough contribution to total turnover in 2007 – (000$)

000 US$	FY 2005	FY 2006	FY 2007
TME Online Revenue	**5.298**	**9.048**	**18.294**
TME Total Revenue	**191.456**	**211.393**	**279.138**
% of Online over total	***2,8%***	***4,3%***	***6,6%***
Online Revenue YOY increase		**71%**	**102%**

Break nique monthly visitors)



<u>Full year 2007 – key operating results by geographic segment</u>

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 company'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, 2007			**December 31, 2006**		
	Revenues	**Operation EBITDA**	**Operation EBITDA margin**	**Revenues**	**Operation EBITDA**	**Operation EBITDA margin**
	(millions of $)		**%**	**(millions of $)**		**%**
Russia, Baltics & the CIS	$218.4	$67.8	31.0	$157.7	$53.8	34.1
Hungary without Kisokos	35.5	5.0	14.0	34.5	7.2	20.9
Croatia	14.9	3.6	24.3	12.4	3.6	29.0
Poland	7.6	(0.3)	(3.9)	6.8	0.6	8.8
Slovenia	2.7	0.3	9.4	-	-	-
Total	**$279.1**	**$76.3**	**27.3**	**$211.4**	**$65.2**	**30.8**

Currency Fluctuations

We express our results in US dollar and generate revenues in eleven currencies. The two most significant currencies are the Russian rouble, in which we have generated 66% of our revenues in 2007, and the Hungarian forint, in which we have generated 13% of our revenues in 2007. Our results can be significantly impacted by fluctuations in these currencies compared to the US dollar.

Set up below is a table of December 2007 average rates against the US dollar compared to 2006.

	December 31, 2007 average rate	***December 31, 2006 average rate***	***Fluctuation %***
Russian Rouble	0.0392	0.0368	6%
Hungarian Forint	0.0055	0.0047	15%

Inflation

Our costs are closely linked to domestic cost factors in the countries in which we operate. Inflation has been high in Russia during the past five years. After showing some improvement in 2006 Russia missed it's 2007 target of 8% with CPI increasing to 11.9%.

The table below presents changes in Russia's consumer price index from 2003 through 2007.

	2003	**2004**	**2005**	**2006**	**2007**
Consumer Price Index, December to December change in RUR …………………	13.7%	10.9%	11.1%	9.0%	11.9%

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 (93% in 2007 and 96% in 2006) and Internet activity (7% of revenues in 2007 up from 4% in 2006).

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, 2007	Year ended December 31, 2006
	(percentage of total revenues)	
Print revenues	**93%**	**96%**
Classified Ads	31%	33%
Display	46%	44%
Circulation	10%	13%
Services & Other	6%	6%
Online revenues	**7%**	**4%**

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”.

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 46% of revenues in 2007.

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 US$67.7 million, or 32%, to US$279.1 million in 2007 from US$211.4 million in 2006.

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, 2007	*December 31, 2006*	*Growth (%)*	*Organic Growth (%)*
Print revenues				
Display	$127.5	$94.0	35.6%	18.8%
Classified Ads	85.8	69.9	22.7%	13.6%
Circulation	28.5	26.6	7.1%	-1.9%
Services & Other	19.0	11.9	59.7%	24.7%
Total Print revenues	**$260.8**	**$202.4**	**28.9%**	**14.6%**
Online revenues	18.3	9.0	103.3%	57.6%
Total revenues	**$279.1**	**$211.4**	**32.0%**	**16.5%**

Print revenues in 2007 increased by 28.9%, to US$260.8 million from US$202.4 million in 2006. Excluding exchange rate impact, organic print revenue growth was 14.6%, reflecting primarily the growth in classified and display advertising.

Online revenues in 2007 increased by 103.3%, to US$18.3 million from US$9.0 million in 2006, 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 57.6%.

Revenues by Geographic Segment

Region	*December 31, 2007*	*December 31, 2006*	*Growth*	*Organic Growth*
(millions of $)			*%*	*%*
Russia, Baltics & the CIS	$218.4	$157.7	38.5%	24.7%
Hungary without Kisokos	35.5	34.5	2.9%	-10.9%
Croatia	14.9	12.4	20.2%	6.7%
Poland	7.6	6.8	11.8%	-0.4%
Slovenia	2.7	-	-	-
Total Revenues	**$279.1**	**$211.4**	**32%**	**16.5%**

Russia, Baltics and the CIS.
Russia & CIS grew by 24.7% organically, driven both by print (22.3%) and online (156.1%)
The focus of growth in 2007 was however in the Russian regions and CIS – experiencing organic growth of 33% and 37% respectively.

Hungary without Kisokos.
Revenue declined organically by 10.9% compared to 2006 despite the 7.8% organic revenue growth in online. The performance in Hungary reflects the poor market conditions of the automotive and real estate markets. We believe that Hungarian economic conditions will continue to be challenging in the short term.

Croatia.
Despite a market environment in Croatia that is highly competitive organic growth was 6.7%. Online organic growth was 125.6%. With the acquisition of Posao.hr a jobs website in December 06 Online revenues increased 295% in 2007. The Offline business continued to perform well with respectable organic revenue growth of 4.4%.

Poland.
Development of the Online business continued in 2007 with organic growth of 15.2%. Online business now accounts for 50% of total revenue in Poland.

Slovenia
The acquisition of Mojedelo was completed in June 2007 and added revenue of US$2.7 m to the group in 2007. Mojedelo operates in the job sector with the leading Online recruitment portal, and is poised to launch/monetise websites in Bosnia and Serbia in 2008.

Operating profit

Operation profit is as follows:

(millions of $)	***December 31, 2007***	***December 31, 2006***
Consolidated EBITDA	$62.3	$57.3
Depreciation and amortization	(8.4)	(6.2)
Stock-based compensation expense	(3.5)	(3.4)
Other Operating costs	(8.9)	(1.4)
Operating profit	**$41.5**	**$46.3**

Operating profit decreased by US$4.8 million from US$46.3 million in 2006 to US$41.5 million in 2007, a decrease of 10%. This decrease arises from an increase in depreciation and amortisation and non recurring costs including US$4.4 million related to the acquisition of TME, US$3.3 million of goodwill impairment of Ujpressz, and US$1.5 million in redundancy payments related to the re-location of the Corporate Headquarters.

EBITDA

Consolidated EBITDA

Consolidated EBITDA increased by US$5 million, from US$57.3 million in 2006 to US$62.3 million in 2007, an increase of 8.7%. The margin deteriorated (22.3% versus 27.1% in 2006) due to a decline in both print margin (27.5% versus 30.4% in 2006) and online margin (24.4% versus 41.7% in 2006). Organically, EBITDA is declining by (3.8%) versus 2006.

The decrease reflected mostly:
- Increased investments in production, marketing and sales expenses and growth in the Russian regions which operate on lower average margins than Moscow.

Consolidated EBITDA ***(millions of $)***	***December 31, 2007***	***December 31, 2006***	***Growth***	***Growth*** ***%***	***Growth constant exchange rate*** ***%***	***EBITDA Margin 2007*** ***%***
Operation Print EBITDA	$71.9	$61.4	$10.5	16.9%	9.2%	27.5%
Operation Online EBITDA	4.4	3.8	0.6	18.5%	8.2%	24.4%
Corporate Costs (1)	(12.2)	(7.0)	(5.2)	(76.0)%	(65.2)%	-
Competency Centre	(1.8)	(0.9)	(0.9)	(90.3)%	(81.8)%	-
Consolidated EBITDA	**$62.3**	**$57.3**	**$5.0**	**8.7%**	**1.3%**	**22.3%**

(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. Corporate costs for 2007 include US$1.9 million in structuring costs relocating the Corporate Headquarters from Paris to Istanbul.

Operation Print EBITDA increased by US$10.5 million, or US16.9% in 2007 compared to 2006, of which 4.4% was organic.

Operation Online EBITDA increased US$0.6 million, or 18.5%, in 2007 compared to 2006 of which 9.1% was organic.

Operation EBITDA by Geographic Segment

Region ***(millions of $)***	***December 31, 2007***	***December 31, 2006***	***Change*** ***%***	***Organic growth*** ***%***	***2007*** ***EBITDA Margin %***	***2006*** ***EBITDA Margin %***
Russia, Baltics & the CIS	$67.8	$53.8	26.1%	13.7%	31.0%	34.1%
Hungary	4.9	7.2	(31.4)%	(40.6)%	14.0%	21.0%
Croatia	3.6	3.6	(0.2)%	(3.9)%	24.3%	29.2%
Poland	(0.3)	0.6	(148.1)%	(142.6)%	(3.9)%	9.1%
Slovenia	0.3				9.4%	
Operation EBITDA	**$76.3**	**$65.2**	**17.0%**	**4.7%**	**27.3%**	**30.9%**

Russia, Baltics and the CIS.
Operation EBITDA showed an increase of 26.1%, with a decrease of margin (31% versus 34.1% in 2006) mainly attributable to a number of factors:
- A change of mix between Moscow and Regions, through the higher growth in the regions which operate at lower margins due to less critical mass and maturity of the business compared to Moscow)

- Operational costs increased as a result of continued investment in the sales organisation and the additional costs of full colour printing.

Hungary without Kisokos.
We incurred a decrease of Operation EBITDA by (31.4%) and a deterioration of the margin (14% versus 21% in 2006) primarily due to the revenue degradation. The impact of declining revenue puts strain on the Hungarian cost structure but this is being addressed by management in the form of headcount reduction, sublease of office space and the lowering of the use of contract services.

Croatia.
Operation EBITDA was flat due primarily to additional costs incurred to support the launch of real Estate and Vehicle vertical publications as well as a major investment in marketing for the Online business.

Poland.
Operation EBITDA decreased compared to 2006 and margin became negative, partly as a result of investment in personnel to strengthen the Online team.

Management service expenses / corporate costs

Management service expenses / corporate costs amounted to $12.2 million (or 4.4% of our revenues) in 2007 and $7.0 million in 2006. The increase is partly due to costs related to the re-location of the corporate headquarters from Paris to Istanbul ($1.9 million).

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 US$3.5 million in 2007, US$3.4 million in 2006, compared to a negligible expense in 2005. Further to the announcement by Hurriyet Invest B.V. on 16th March 2007 that the Offer has been declared unconditional, TME option holders has been offered a cash amount varying between US$ 1.36 and US$ 3.28 per option (depending on the exercise price) in exchange for the cancellation of their options. The difference between the amount paid to option holders and expense accrued has been added to shareholders' equity.

Depreciation and amortisation

Depreciation and amortisation has increased from US$6.2 in 2006 to US$8.4 in 2007. This increase is mainly because TME was incorporated in February 2006 and depreciation and amortisation incurred for 2006 was for 11 months, instead of the full 12 months in 2007. In addition, the depreciation charge of newly acquired companies as well as fixed asset and intangible additions for the year has contributed to the increase of this amount.

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.

Financial income and expenses

Net financial expense has increased from US$12.4 million in 2006 to US$13.6 in 2007. In 2006 and up to May 2007, these expenses are due to the interest and financing fees related to our Senior Credit Facility with BNP in which we entered on February 9, 2006.

In May 2007, we have entered into a new credit agreement arranged by ABN AMRO, with five years maturity date. At the refinancing date, we have drawn down an amount of US$145 million, mainly to replace the previous debt to BNP and finance the new financing fees incurred through the refinancing. An additional US$2.8 million was drawn in July 2007 to finance new acquisitions.

Income taxes

Our effective tax rate for profit making subsidiaries is 32% on average. When expressed as a percentage of our income before tax, minority interest and discontinued operations, the calculation of 71% is attributable to corporate costs, one-off consultancy costs incurred during sales to Hurriyet Invest and loss making subsidiaries. These expense items draw down income before tax, minority interest and discontinued operations increasing the proportion of tax. We are currently reviewing and redesigning our tax structure for more efficiency.

Minority interest

Minority interest for 2007 increased to US$7.1 million from US$4.3 million in 2006, mainly due to the impact of acquisitions in Russia and Slovenia and to the increase of operating performance in the Russian & CIS regions mainly.

Net income from continuing operations

We generated net income from continuing operations of US$3.9 million for 2007 compared to US$13.3 million for 2006, a decrease of US$(9.4) million, mainly due to the decrease of the operating profit by $4.8 million, increase of the tax expense by US$8.5m due to non-tax deductible items in other operating costs and increased minority interests due to increased operating profit before non tax deductible items especially in Russian and CIS subsidiaries, and new acquisitions. These decreasing factors are partly offset by an increase in foreign exchange gain due to appreciation of the currencies of countries we operate in, against US Dollar.

Net income/ (loss) from discontinued operations

Net income/ (loss) from discontinued operations include the following Kisokos items:

	December 31, 2007	*December 31, 2006*
	(millions of $)	
Revenues	$0.2	$4.5
Operating profit before certain expenses	(1.2)	(2.3)
Depreciation and amortisation	(0.5)	(0.5)
Provision for impairment	2.0	(14.3)
Income tax and other	0.3	0.7
Net income/ (loss) from discontinued operations	**$0.6**	**$(16.4)**

Credit agreement

On May 17, 2007 we have entered into a US$200 million credit facility agreement with ABN Amro Bank N.V. mainly to refinance the BNP Paribas loan obtained on February 9, 2006, restructuring and new acquisitions. As of 31 December, 2007, US$144.8 million of this loan is utilised.

Liquidity and capital resources

Net cash provided by operating activities amounted to US$28.1 million and US$26.5 million in 2007 and 2006 respectively. Although there has been an improvement in both Operational EBITDA and EBITDA after corporate expenses, liquidity has stayed relatively constant due to corporate costs and one-off items.

Net cash used in investing activities was US$14.7 million and US$109.9 million in 2007 and 2006, respectively. In 2007, we purchased fixed assets for US$10.7 million and paid US$4.7 million in aggregate for the acquisitions of Impress Media and Moje Delo mainly.

Settlement of the Issues with TCM

In July 2007, our Board of directors authorised the payment of the pre-IPO dividend claimed by our previous owner Trader Classified Media for an amount of US$6.0 million. We also agreed to pay an amount of US$1.0 million for the development costs of our websites incurred by Trader Classified Media before the IPO. As of 31 December, 2007, these amounts are paid-off.

Critical Accounting Policies

Our accounts are prepared under US GAAP. Starting from 2008, our accounts will be prepared under IFRS.

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 amortisation, 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 amortisation 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 recognised 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 12.5% for our businesses in Hungary to 12.8% and 13.2% for our businesses in Russia and Central Europe respectively, with the Group's weighted average cost of capital determined to be 12.8% in 2007.

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, 2007, we had $5.7 million of net deferred tax assets related to net operating loss carry forwards.

In assessing the realisation 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 realised. A valuation allowance is recorded, if necessary, to reduce a deferred tax asset to the portion which is more likely than not to be realised. The ultimate realisation 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 realise the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2007 and 2006. The amount of the deferred tax asset considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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.

Operational Performance by Countries

Russia, Baltics & CIS

Revenue (at the end of December 2007)	US$ m	Brand coverage	
Publication	210.623	Number of publications	209
Websites	7.747	Number of websites	7
Total	218.370		

Russia and CIS are the key markets for TME. In 2007, shares of those regions in TME revenue were 78% (US$ 218.4 million), in EBITDA 88% (in 2006 81%).
Russian regions and CIS played essential roles in the revenue growth of the Pronto-Moscow Ltd. Group.

The company, which has such national brands such as Iz Ruk v Ruki and Job.ru, has been extending its presence year by year in Russia and in the CIS. Based on the current trend it is likely that the growth rate of regional advertising markets will exceed Moscow. There has been development in these regions not only because of the key universal edition Iz Ruk v Ruki, but also because of vertical projects in real estate, transport, jobs and construction segments and also on-line resources. The Company's strategy is to take advantage of being a strong nationwide player.

In 2007, the Company introduced Iz Ruk v Ruki to two more cities and also launched 22 vertical projects.

In 2007, the Company not only strengthened its position in print classified media, but also achieved considerable increases in sales on the Internet; it also maintained profitability. According to 2007 profit indexes, Pronto-Moscow Ltd is listed among the top ten leading on-line companies in Russia with revenues of US$ 7.8 million. Another important figure is the considerable profit increase from Internet-resources, a rise of 156.1% in comparison with 2006.

The online business model is one in which package products are offered to clients with highly efficient advertising placement in print editions and through the internet.

Financial results for 2007 showed not only significant growth of business and market share, but also the maintenance of profitability, in spite of high inflation rates and investments for marketing, distribution, direct sales and the distribution of new editions. As a result, the Company continues to be a highly effective business, with a profitability rate of 31% in 2007, which is one of the highest indexes in the industry.
Within the framework of the strategy for edition portfolio diversification, Pronto-Moscow acquired controlling stock of Impress Media company, which is the editor of the Commercial Real Estate magazine and founder of CRE Awards. The Company's revenue in 2007 was US$ 10.5 million.

Pronto-Moscow has operated in the Russian advertising-informational market since January 14, 1992. Its editions are distributed in 700 cities around Russia and the

CIS. There are more than 5,000 distribution points in Moscow and its immediate region.

Pronto-Moscow Ltd Group includes the largest printing network in Moscow and in 100 cities in the CIS and Baltic states, including newspapers for free ads such as: Iz Ruk v Ruki, Aviso, Rabota Segodnya, magazines Iz Ruk v Ruki – Avto, Commercial Avto, Photonedvigimost'. Iz Ruk v Ruki, Vse Avto, Vsya Nedvigimost', Auto Gallery, Magazine, Commercial Real Estate, Tvoya Ipoteka, Golf Digest, 11 information b2b editions and also several Internet resources, among which the leaders are www.job.ru и www.irr.ru.

Hungary

Revenue (at the end of December 2007)	US$m	Brand coverage	
Publication	31.7	Number of publications	11
Websites	3.8	Number of websites	1
Total	35.5		

The overall advertising market has been declining while the speed of classified content migration toward the Internet had been accelerating throughout 2007. Despite this, we have been able to increase our total number of classified and display advertisements within the total portfolio.

After the completion of the sale of the unsuccessful Kisokos, we have issued 11 publications – under two brands, Expressz and Szuperinfo - and operate one website again under the Expressz brand, with an average of 840,000 individual monthly visitors and over 150% increase in traffic.

Internet has remained our strategic focus and growth opportunity for the future, we have invested a lot of effort into traffic generation parallel to the improvement of the site. Concurrently, we have worked on the development of three new vertical sites to be launched throughout 2008. This will further enhance our leadership position in the market place, which will give us greater monetisation potential for our on-line business next year.

Expressz daily has continued to be our leading product in Hungary; it is the only daily classified paper printed and issued nationwide; it has an annual circulation of 5.5 million copies.

The brand continued to be Budapest focused in content and sales. Expressz is the best known brand in the classified advertising sector with an outstanding national awareness of 79%. It remains the market leader, despite the volatile market trend in the classified business.

We have started to develop editorial content in our real estate and car magazines to increase usability and product features vs. its competitive products, while we have further strengthened our commercial vehicle magazine's dominant market position by changing its quality from black and white to full colour. We have increased the number of special editions to maximise the revenue generating potential of our brands.

Szuperinfó has a strong, dominant position among free-distributed publications with local, regional and national advertisers. We operate the brand's 64 different publications through a franchise, while we publish two of the group. We have made a major effort to complete the full geographical coverage of the country with relevant regional publishers, which we have completed at the end of the year, and have reached 2.6 million households and 3.3 million readers per week.

We supported our products by national promotion, communication and merchandising activities in order to maintain our leadership. We developed major rebranding activities and communication campaigns for 2008 both for Expressz and Szuperinfó brands in order to further strengthen their market position and to be able exploit their potential, especially in new sales channels such as media agencies and B2B.

Poland

Revenue (at the end of December 2007)	US$m	Brand coverage	
Publication	3.8	Number of publications	6
Websites	3.8	Number of websites	5
Total	7.6		

In 2007 we published six vertical publications of which there are two vehicle, three real estate and one trucks & heavy equipment. 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 three vertical sites all carrying our most developed and complete offer portfolio for both private and professional clients. Our community site attracts huge number of visitors.

Our vertical websites are widely known and visited verticals in Poland.
www.Autotrader.pl (vehicle) with its community site and www.Autofoto.pl have a strong position in the market. www.Domiporta.pl (real estate) is one of the content leaders in Poland. Launched in the middle of 2007 www.Tabor24.pl (heavy equipment & trucks) in a very short time achieved a huge number of listings and visitors. The general merchandise site www.kupsprzedaj.pl is still the leader in several categories.

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

Through cooperation with professional societies and branch leaders our brands are recognisable to professionals as a source of knowledge on market trends.

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 2007)	US$m	Brand coverage	
Publication	13.9	Number of publications	4
Websites	1.0	Number of websites	5
Total	14.9		

Online business had close to 300% growth in revenue vs. 2006, reaching almost 7% of total revenue in 2007. Even though the internet market is now very competitive in Croatia, with many international and local competitors we are building our position as one of the top 5 digital network groups, having more than 400.000 UMV in January 2008, and reach to 27% of all Croatian internet users.

In April 2007 Oglasnik acquired the rest of a 30% stake in a job web site, www.posao.hr, and finished post-acquisition integration successfully. Job web site is still number two in terms of traffic, but it is improving continuously, having more than 4.000 job ads and reach more than 110.000 UMV in January 2008.

Our generalist website www.oglasnik.hr, was completely redesigned in March 2007, attracts over 250,000 unique monthly visitors and had over 100,000 listings by the end of January 2008. Oglasnik also launched affiliate sites with the largest Croatian portals www.net.hr, (2006) and www.tportal.hr, (January 2008).

The website www.auti.hr, a specialised vehicle vertical website, is already recognised as the central online market place for cars in Croatia with more than 120.000 unique monthly visitors by the end of January 2008, and the highest number of ads vs. its competitors, more than 15.000 ads.

The website www.nekretnine.net, is a specialised real estate vertical. The website is trying to reach number two position in terms of traffic, on the most competitive internet market segment in Croatia. The website has the highest number of ads vs. its competitors with more than 18.000 ads, and having 60.000 UMV in January 2008.

Offline business still has moderate growth in 2007, with more than 4%. The offline business has strong negative impact from the fast development of internet and free distribution offline products.

Even though the offline market is very competitive, with many new competitors and with big publishers entering the classified segment, we are still market leader in classifieds by far, having around 60% of market share. Oglasnik, as the leading classified brand in Croatia, launched new regional generalist product in April 2007 in the South-West part of Croatia taking significant market share from local competitors.

Also all other offline products were further developed during 2007 in terms of content, editorial content in vertical products such as Oglasnik Automoto for vehicles and Oglasnik Nekretnine for RE; in terms of design, new clients and a higher number of

ads and pages, this explains how we improved our market leader position both in circulation, content and revenues in the offline classified market.

During 2008, the Oglasnik Group will continue with further improvement of its offline and online editions to maintain sustainable growth, increase market share and stay market leader. We will do this by organic growth, but also with new acquisitions both offline and online in order to consolidate existing markets, but also to enter some new areas of business.

Slovenia

Revenue (at the end of December 2007)	US$m	Brand coverage	
Print	0.8		
Websites	1.9	Number of websites	2
Total	2.7		

Moje Delo ltd. is a leading Slovenian provider of job postings, job seeking and career development products in Slovenia. With its unique and progressive marketing approach, it is creating a market and selling services to companies and individuals interested in career and job search. We want to provide companies and individuals with every product necessary for career and HR development.

Partnership with 6 out of 8 of the largest Slovene newspapers, 14 magazines (including Cosmopolitan, Mens Health) and 28 Slovene WebPages gives us an extended advertising reach, helping us to pursue our rapid growth.

Our product and service portfolio includes Slovenia's largest recruitment portal, Slovenia's largest educational portal, an HR magazine, HR seminars, employer brand development products, career books, job fairs, career product & services for job seekers and web advertising.

We are a trend setter in HR (employer branding) and the career sector. Using the Internet and outsourcing enables us to rapidly develop new services, low sales costs and fixed margins on every product sold. Clever use of our media and partner network enables us to quickly launch new product interest and accelerate awareness and sales of new services.

We are a fast growing Company and our portals were launched on January 20, 2004; they generated 100% growth in revenue last year. Our star sales products are job postings and job fairs. In years to come we will maintain revenue growth, due to job postings growth, larger sales of high priced Employer brand development products and career & job search product for job seekers.

In 2007, we expanded our activities to include Bosnia and Herzegovina and Serbia with career portals Boljiposao.ba and Boljiposao.com. At the end of 2007, we employed six people in each country and we are number two in the market.

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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 and its subsidiaries (the "Group") which comprise the consolidated balance sheets as of 31 December 2007 and the consolidated statements of operations, the consolidated statements of changes in shareholders' equity and total comprehensive income, the consolidated statements 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 2007, and of its financial performance and its cash flows 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.

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

Report on other legal and regulatory requirements
The Directors are also responsible for preparing the Financial Highlights, the Vision, Mission and Strategic Goals, the Corporate Profile, the Chairman's Statement, the Message from the President and Acting CEO, the Corporate Governance Statement, the Report on Remuneration, the Report of the Board of Directors, the General Overview & Financial Review, and the Operational Performance by Countries.

As required by the Listing Rules, we have also audited the information in the Report on Remuneration, set out in pages 25 to 26.

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 2006 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, the Vision, Mission and Strategic Goals, the Corporate Profile, the Chairman's Statement, the Message from the President and Acting CEO, the Corporate Governance Statement, the Report on Remuneration, the Report of the Board of Directors, the General Overview & Financial Review, and the Operational Performance by Countries.

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
30 June 2008

TRADER MEDIA EAST LIMITED
Consolidated Balance Sheets
(Amounts expressed in millions of US Dollars unless otherwise indicated)

	December 31, 2007	December 31, 2006
Current assets		
Cash and cash equivalents (note 6)	$ 25.2	$ 20.8
Restricted deposits (note 2d)	-	4.0
Accounts receivable, net of allowance (note 7)	14.4	9.6
Other receivables (note 8)	11.1	13.4
Other current assets (note 2e and 9)	11.3	24.3
Assets held for sale - current (note 22)	2.4	2.9
Total current assets	**64.4**	**75.0**
Long term assets		
Property, Plant and Equipment, net (note 10)	34.5	28.8
Goodwill, net (note 11)	139.5	126.0
Intangibles assets, net (note 11)	102.6	93.2
Other non-current assets (note 2e and 9)	11.7	7.4
Assets held for sale – non-current (note 22)	1.4	0.8
Total long term assets	**289.7**	**256.2**
Total assets	**$ 354.1**	**$ 331.2**
Current liabilities		
Accounts payable and accrued liabilities	$ 13.3	$ 16.3
Deferred revenues	6.4	4.2
Social and fiscal liabilities	13.5	6.7
Other liabilities	-	11.5
Senior credit facility debt - current (note 12)	18.1	133.5
Liabilities held for sale - current (note 22)	-	1.6
Total current liabilities	**51.3**	**173.8**
Long term liabilities		
Senior credit facility and other debt – non-current (note 12)	127.0	0.2
Deferred income taxes (note 20)	33.6	29.8
Other long term liabilities	0.7	0.4
Total long term liabilities	**161.3**	**30.4**
Total liabilities	**212.6**	**204.2**
Commitments and contingencies (note 17)		
Minority interests (note 5)	**4.1**	**3.2**
Common stock	8.0	8.0
Additional paid in capital	678.1	674.6
Accumulated other comprehensive income	42.2	30.6
Retained earnings	(590.9)	(589.4)
Shareholders' equity	**137.4**	**123.8**
Total liabilities and shareholders' equity	**$ 354.1**	**$ 331.2**

Approved by the Board on 30 June 2008 and signed on its behalf by:

________________________ ___________________________

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

TRADER MEDIA EAST LIMITED
Consolidated Statements of Operations
(Amounts expressed in millions of US Dollars unless otherwise indicated)

	December 31, 2007	December 31, 2006
Revenues	**$ 279.1**	**$ 211.4**
Operating costs and expenses :		
Cost of sales	(133.8)	(98.4)
General and administrative	(83.0)	(55.7)
Stock-based compensation expense (note 2r and 16)	(3.5)	(3.4)
Depreciation and amortization	(8.4)	(6.2)
Other operating costs	(8.9)	(1.4)
Operating profit	**41.5**	**46.3**
Interest and financing fees (note 19)	(13.6)	(12.4)
Foreign exchange gain and other	8.8	0.9
Net financial result	**(4.8)**	**(11.5)**
Income before income tax and minority interest	**36.7**	**34.8**
Income tax net (note 20)	(25.7)	(17.2)
Income before minority interest	**11.0**	**17.6**
Minority interest (note 5)	(7.1)	(4.3)
Net income from continuing operations	**3.9**	**13.3**
Net income/(loss) from discontinued operations (note 22)	0.6	(16.4)
Net income / (loss)	**$ 4.5**	**$ (3.1)**
Average number of shares outstanding (note 15)		
Basic	50,000,000	50,000,000
Diluted	50,000,000	50,000,000
Net income/(loss) per share, in US Dollars, basic		
From continuing operations	$ 0.078	$ 0.266
From discontinued operations	0.012	(0.328)
Total	**$ 0.090**	**$ (0.062)**
Net income/(loss) per share, in US Dollars, diluted		
From continuing operations	$ 0.078	$ 0.266
From discontinued operations	0.012	(0.328)
Total	**$ 0.090**	**$ (0.062)**

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

TRADER MEDIA EAST LIMITED
Consolidated Statements of changes in Shareholders' Equity and Total Comprehensive Income
(Amounts expressed in millions of US Dollars unless otherwise indicated)

	Common Stock	Additional paid-in capital	Other Comprehensive Income	Retained earnings	Total shareholder's equity
As of January 1, 2006	-	-	**$ 12.1**	**$ 92.9**	**$ 105.0**
Issuance of share (49,999,976 x $0.16) and of share premium in the restructuring process (note 14)	8.0	671.2	-	(679.2)	**-**
Net loss for the year ended December 31, 2006	-	-	-	(3.1)	**(3.1)**
Compensation expense year end December 31, 2006	-	3.4	-	-	**3.4**
Net change related to cash-flow hedge, net of tax (note 13)	-	-	0.1	-	**0.1**
Currency translation adjustment	-	-	18.4	-	**18.4**
Comprehensive income for the year ended December 31, 2006	**-**	**-**	*18.5*	**-**	*18.5*
As of December 31, 2006	**$ 8.0**	**$ 674.6**	**$ 30.6**	**$ (589.4)**	**$ 123.8**
Pre-offering dividend to TCM (note 21)	-	-	-	(6.0)	**(6.0)**
Net income for the year ended December 31, 2007	-	-	-	4.5	**4.5**
Compensation expense year end December 31, 2007 (note 16)	-	3.5	-	-	**3.5**
Currency translation adjustment	-	-	11.6	-	**11.6**
Comprehensive income for the year ended December 31, 2007	-	-	*11.6*	-	*11.6*
As of December 31, 2007	**$ 8.0**	**$ 678.1**	**$ 42.2**	**$ (590.9)**	**$ 137.4**

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

TRADER MEDIA EAST LIMITED
Consolidated Statements of Cash Flows
(Amounts expressed in millions of US Dollars unless otherwise indicated)

	December 31, 2007	December 31, 2006
Operating activities:		
Net income / (loss)	**$ 4.5**	**$ (3.1)**
Reconciliation of net income to net cash provided by operating activities:		
Minority interest (note 5)	7.1	4.3
Amortization (note 11 and 22)	2.0	1.8
Depreciation (note 10)	6.9	5.0
Stock-based compensation (note 16)	3.5	3.4
Provision for doubtful accounts	1.7	0.8
Unrealized foreign exchange gain (loss)	(0.1)	1.3
Non cash taxes	(0.1)	(1.3)
Non-cash interest and other	1.7	1.8
Provision for impairment	1.2	14.4
Net change in restricted deposit	4.0	(3.0)
Change in accounts receivables	(3.2)	(2.4)
Change in other receivables and other assets	(8.0)	(8.5)
Change in income tax receivables	(0.9)	(0.1)
Change in inventory	(0.4)	(0.3)
Change in deposit, prepaid and other long term assets	(0.6)	-
Change in accounts payables and other liabilities	7.2	11.3
Change in income taxes payable	0.3	(0.3)
Change in other liabilities	1.3	1.4
Net cash provided by operating activities	**28.1**	**26.5**
Investing activities:		
Cash paid for investments	-	(0.1)
Cash paid for property, plant and equipment (note 10)	(10.7)	(5.7)
Cash received from disposal of property, plant and equipment	0.7	-
Cash paid for acquisitions, net of cash acquired (note 4)	(4.7)	(104.1)
Net cash used in investing activities	**(14.7)**	**(109.9)**
Financing activities:		
Cash received from borrowings	144.8	142.7
Cash repayments for borrowings	(133.7)	(17.1)
Cash paid for financing costs	(3.7)	(5.2)
Dividends paid to minority shareholders (note 5)	(5.5)	(4.6)
Cash paid to related parties	-	(28.2)
Pre-offering dividend paid to TCM (note 21)	(2.5)	-
Net cash (used in) / provided by financing activities	**(0.6)**	**87.6**
Effect of exchange rate changes on cash and cash equivalents	(8.3)	(1.9)
Net increase in cash and cash equivalents	**$ 4.5**	**$ 2.3**
Cash and cash equivalents at beginning of period (including cash held by Kisokos) (note 6)	21.0	18.7
Cash and cash equivalents at end of period (including cash held by Kisokos) (note 6)	**$ 25.5**	**$ 21.0**

Supplemental cash flow information and non-cash transactions:

Cash paid for:	December 31, 2007	December 31, 2006
Interest	$ 12.8	$ 8.8
Income taxes (net of tax refunds)	$ 25.1	$ 17.9

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

Notes to Consolidated Financial Statements
(Amounts expressed in millions of US Dollars unless otherwise indicated)

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.("Trader East") in the Netherlands.
- the purchase by Trader East 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. ("Mirabridge"), which owned 88% of OOO Pronto Moscow ("Pronto Moscow"), in exchange for the shares of Trader East.
- the contribution by TCM of the shares of Trader East (and consequently its promissory note) to TME 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 (Note 4- Acquisitions).

Listing of TME

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 retained a 13% interest in TME which was later divested.

Letter Agreement with TCM

In a Letter Agreement dated January 25, 2006, TCM and TME 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.

Acquisition made by Hurriyet Invest B.V.

Following the agreement between the boards of directors of Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet") and TME, a cash offer of $10.00 was recommended per TME Share (including each TME Share represented by a TME GDR) (the "Offer"), Hurriyet Invest B.V. (a fully owned subsidiary of Hürriyet) 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. The Offer was closed on March 29, 2007. Hurriyet Invest B.V. received valid acceptances representing approximately 67.3% of TME's share capital.

Hürriyet which is the parent company of Hurriyet Invest B.V. is listed in Istanbul Stock Exchange ("ISE") in Turkey. The majority shareholder of Hürriyet is Doğan Yayın Holding A.Ş. which is listed in ISE and controlled by Doğan Şirketler Grubu Holding A.Ş.

Doğan Şirketler Grubu Holding A.Ş. is also listed in ISE and controlled by Doğan family and companies owned by Doğan family.

1. DESCRIPTION OF THE BUSINESS AND BASIS OF PRESENTATION (Continued)

DESCRIPTION OF THE BUSINESS

TME is a leader in classified advertising and owns leading publications and websites in major metropolitan and regional markets in the countries where it operates. TME'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;
- in Poland, the publications Auto Bit and Auto Biznes and the websites www.trader.pl and www.kupsprzedaj.pl and
- in Slovenia, the website www.mojedelo.com

Business and economic environment

Subsidiaries of TME, mainly operate in Russia & CIS (Russia, Ukraine, Belarus, Kazakhstan and Lithuania), Hungary, Croatia, Poland and Slovenia.

The Russia & CIS has been experiencing political and economic change, which has affected and will continue to affect the activities of enterprises operating in this environment. Consequently, operations in Russian & CIS involve risks, which do not typically exist in other markets.

The accompanying financial statements reflect management's assessment of the impact of the business environment in the countries in which the Group operates on the operations and the financial position of the Group. The future business environments may differ from management's assessment.

BASIS OF PRESENTATION

For all periods, the terms, the "**Group**" as used herein refer to TME and its subsidiaries. The consolidated financial statements cover consolidated results and positions of TME and its subsidiaries (as acquired in January 2006 in the course of the restructuring), from January 1 to December 31, 2007 and 2006, respectively.

For the month of 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 the Group are considered as being a reasonable reflection of the utilization of services provided or corresponding to the benefit received by the Group.

Beginning February 2006, the Group has used its own corporate structures.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Group'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 below.

All majority-owned subsidiaries of TME business have been consolidated in the accompanying consolidated financial statements. The equity method of accounting is used for the Group's investments in entities for which the Group does not have control or are not the primary beneficiary, but over whose operating and financial policies the Group has the ability to exercise significant influence. Investments which the Group does not exercise a significant influence, or which are immaterial are carried at cost less any provision for impairment. All significant intercompany accounts and transactions have been eliminated.

The results of subsidiaries are included from their date of acquisition. The minority shareholders' share in the net assets and results are separately classified in the consolidated balance sheet and consolidated statement of operations as minority interests.

On September 18, 2006, the Board of Directors of the Group announced its decision to dispose of the Group's Hungarian directory business, Kisokos Directory Kereskedelmi es Szolgaltato Kft. ("Kisokos"). Accordingly, in the financial statements as of December 31, 2007 and 2006, the net loss/gain generated by Kisokos has been classified as net loss/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 (Note 22 - Discontinued Operations).

For the periods presented, the cash-flow statements combine cash provided or used by the continuing and by discontinued operations.

(b) 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 ("US Dollars" or "$"), the functional and presentation currency of the Group, using the year-end exchange rate for balance sheet items and the weighted average exchange rate for items in the statements of operations.

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.

Following table presents the functional currencies in the major countries which the Group operates:

Country	Currency	Country	Currency
Russia	Russian Ruble ("RUR")	Lithuania	Lithuania Litas ("LTL")
Hungary	Hungarian Forint ("HUF")	Ukraine	Ukrainian Grivna ("UAH")
Croatia	Croatian Kuna ("HRK")	Kazakhstan	Kazakh Tenge ("KZT")
Poland	Poland Zloti ("PLZ")	Belarus	Belarusian Ruble("BYR")
European Union	Euro ("EUR")		

(Amounts expressed in millions of US Dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation

The following tables summarizes the period end and average exchange rates of local currencies for TME and its subsidiaries for 1.00 US Dollars at 31 December 2007 and 2006 and for the years then ended:

	2007		2006	
	Average	Closing	Average	Closing
$/ RUR	25.506	24.511	27.1380	26.3310
$/ HUF	182.871	172.918	211.1300	190.7400
$/ HRK	5.342	4.988	5.8310	5.5730
$/ PLZ	2.752	2.448	3.1060	2.9130
$/ EUR	0.727	0.679	0.7960	0.7580
$/ LTL	2.511	2.346	2.7470	2.6170
$/ UAH	5.168	5.141	5.2430	5.2560
$/ KZT	125.508	122.540	130.6760	132.0600
$/ BYR	2,151.500	2,151.500	2,151.5090	2,151.5090

The Russian Ruble and some other currencies of Russia & CIS are not readily convertible outside of their countries. Accordingly, the translation of amounts recorded in these currencies into US Dollars should not be construed as a representation that such currency amounts have been, could be or will in the future be converted into US Dollars at the exchange rate shown or at any other exchange rate.

(c) Cash and cash equivalents

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

(d) Restricted deposit

In 2006, the Group 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, amounted to $4.0 and bears 2% interest. In 2007, the dispute was solved in favor of the Group by the decisions of the court.

(e) Other assets and liabilities, current and non-current

Other current assets mainly include prepaid charges, inventories, and current portion of deferred tax assets (Note 9 - Other current and non-current assets).

At December 31, 2006, other current assets include $11.1 deposit on an escrow account, corresponding to a portion of the purchase price of the 12% of OOO Pronto Moscow payable to Leonid Makaron (Note 9 - Other current and non-current assets and Note 4 – Acquisitions).

Deferred financing fees are usually classified under the line “Other non-current assets”, however, as of December 31, 2006, deferred financing fees have been reclassified as current in the amount of $4.2 (Note 9 - Other current and non-current assets), following the Group’s intention to enter into a full renegotiation of the Group’s credit (Note 12 - Senior Credit Facility). These fees, related to the Group’s Senior Credit Facility, are deferred and amortized over the term of the financing agreement.

Other non-current liabilities mainly include deferred financing fees and non-current portion of deferred tax assets.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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:

Asset	Estimated useful lives
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.

(g) 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 Group. 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.

(h) Impairment of assets

SFAS No. 142 prohibits the amortization of goodwill and purchased intangible assets with indefinite lives. The Group 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 Group 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 Group 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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 is included in operating costs and expenses in the consolidated statements of operations.

(j) Borrowings

Borrowings are recognized initially at fair value. Financing fees paid during initial transactions are classified as "Deferred financing fees" (Note 2e). Borrowings are subsequently stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

(k) 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 the Group's 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 Group'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 Group'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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 for only January 2006 management and assistance fees received from TCM. In 2006, operating costs also include legal and advisory fees incurred in connection with the Offer by Hurriyet Invest B.V. for the shares of TME.

(m) 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 $10.0, and $8.0 for the years ended December 31, 2007 and 2006, respectively.

(n) 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, 2007 and 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 Group 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. The Group 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Uncertain tax position

Income tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by the relevant taxing authorities, based on the technical merits of the position. The income tax benefit recognized in the financial statements from such position is measured based on the largest benefit that is more than 50% likely to be realized upon settlement with a taxing authority that has full knowledge of all relevant information.

(p) 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 and short-term debt having variable interest rates approximate their carrying values due to their short-term nature or the variable interest rate.

(q) Derivative financial instruments

The Group use derivative instruments, including swaps, forward contracts, swaptions and options to manage certain foreign currency, commodity and interest rate exposures. The Group views 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.

(r) Accounting for stock-based compensation

The Group 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 Group’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 Group has applied the provisions of SAB No. 107 in its adoption of SFAS No. 123(R). The Group adopted SFAS No. 123(R), with the application of the accounting standard as of January 1, 2006.

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 Group’s consolidated statement of earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Accounting for stock-based compensation (Continued)

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 Group'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.

Pursuant to the purchase by Hurriyet Invest B.V. of approximately 67.3% of the issued share capital of TME, TME option holders accepted the offer from Hürriyet to cancel their outstanding options for a cash amount. The options cancellation and cash payment were accounted for in accordance with FAS 123(R) as an acceleration of vesting and related vesting acceleration resulted in additional stock compensation expense of $3.2. The cash payment to the optionees of $1.7 was recharged to Hürriyet.

(s) Discontinued Operations

The Group performs an impairment test on an asset group to be discontinued, held for sale, or otherwise disposed of when management has committed to the action and the action is expected to be completed within one year. The Group estimates fair value to approximate the expected proceeds to be received, less transaction costs, and compare it to the carrying value of the asset group. An impairment charge is recognized when the carrying value exceeds the estimated fair value.

(t) Earnings/(loss) 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.

(u) Concentration of credit risk and significant customers

Financial instruments, which potentially expose the Group to concentrations of credit risk consist primarily of cash and accounts receivable. Cash and cash equivalents are deposited with financial institutions which the Group believes to be of high credit quality. The Group 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 Group 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, 2007 and 2006 or revenue for all periods presented.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Use of estimates and assumptions

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.

Impairment of Goodwill and Long-Lived Assets

As required by SFAS No. 142, goodwill is tested for impairment at least annually. The carrying value of each reporting units, including goodwill and intangible assets are compared to the fair value of the reporting unit.

The Group's reporting units are based on geographic regions. Long-lived assets and identifiable intangible assets are reviewed 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.

Fair value is measured based on discounted cash flows using a discount rate reflecting the risk associated with the assets in question. The discount rates range from 12.5% for businesses in Hungary to 12.8% and 13.2% for businesses in Russia and Central Europe respectively, with the Group's weighted average cost of capital determined to be 12.8% in 2007.

The sensitivity of these assumptions, including the determination of the reporting units, the estimates of the Group's 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. Future cash flow assumptions are sensitive to the continued perceived value of the brands

Undistributed earnings

The Group 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. The Group 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.

(w) Recent pronouncements

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. The adoption did not have any impact on the Group's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Recent pronouncements (Continued)

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. The adoption did not have any impact on the Group's 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. The Group is currently assessing the impact SFAS No. 157 on its 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. The Group is currently evaluating the impact of adopting SFAS 159 on its consolidated financial position, cash flows, and results of operations.

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. The adoption did not have material impact on the Group's consolidated financial statements.

Notes to Consolidated Financial Statements
(Amounts expressed in millions of US Dollars unless otherwise indicated)

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. There is no standard definition of EBITDA in generally accepted accounting principles, however the Group defines EBITDA as operating profit before depreciation and amortization, non-cash compensation expense, write down on impaired assets and other non-recurring operating expenses.

	December 31, 2007	December 31, 2006
EBITDA	**62.3**	**57.3**
Less:		
Stock-based compensation expense	(3.5)	(3.4)
Depreciation and amortization	(8.4)	(6.2)
Other operating costs	(8.9)	(1.4)
Operating profit	**41.5**	**46.3**

The Group 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"*.

Revenues generated by channel are as follows:

	December 31, 2007	December 31, 2006
Print revenues:		
Display	127.5	94.0
Classified ads	85.8	69.9
Circulation	28.5	26.6
Services and other	19.0	11.9
Total Print revenues	**260.8**	**202.4**
Online revenues	18.3	9.0
Total revenues	**279.1**	**211.4**

(Amounts expressed in millions of US Dollars unless otherwise indicated)

3. GEOGRAPHIC INFORMATION (Continued)

Year ended December 31, 2007	Russia and the CIS	Hungary	Poland	Croatia	Corporate	Slovenia	Total
Print revenues	$ 210.6	$ 31.7	$ 3.8	$ 13.9	-	$ 0.8	$ 260.8
Online revenues	7.8	3.8	3.8	1.0	-	1.9	18.3
Total revenues	**$ 218.4**	**$ 35.5**	**$ 7.6**	**$ 14.9**	**-**	**$ 2.7**	**$ 279.1**
EBITDA	$ 68.3	5.0	(0.3)	3.6	(14.6)	0.3	$ 62.3
Interest (expense)/income	$ (7.8)	0.2	(0.2)	(0.9)	(4.9)	-	$ (13.6)
Amortization	$ (0.4)	(1.1)	(0.1)	-	-	-	$ (1.6)
Depreciation	$ (3.5)	(1.4)	(0.3)	(0.5)	(1.1)	-	$ (6.8)
Income tax (expense) benefit	$ (22.3)	(0.5)	(0.3)	(1.2)	(1.4)	-	$ (25.7)
Total assets	**$ 241.5**	**68.6**	**4.3**	**26.4**	**8.0**	**5.3**	**$ 354.1**
Goodwill	**$ 96.3**	**33.4**	**0.8**	**4.7**	**-**	**4.3**	**$ 139.5**
Property, plant and equipment	**$ 24.4**	**3.2**	**0.5**	**1.6**	**4.7**	**0.1**	**$ 34.5**
Additions to property, plant and equipment	**$ 4.8**	**1.0**	**0.3**	**0.5**	**4.0**	**0.1**	**$ 10.7**

Notes to Consolidated Financial Statements
(Amounts expressed in millions of US Dollars unless otherwise indicated)

3. GEOGRAPHIC INFORMATION (Continued)

Year ended December 31, 2006	Russia and 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**

(Amounts expressed in millions of US Dollars unless otherwise indicated)

4. ACQUISITIONS

In 2007, the Group has invested in the following:

	Amounts paid
Acquisition of 55% in Moje Delo (Slovenia)	$ 2.7
Payment of the remaining portion for the purchase of 68.54% in Impress Media (Russia)	2.2
Acquisition of the remaining 30% of Internet Posao doo by The Group's 70% owned subsidiary Oglasnik d.o.o. from the minority shareholder (Croatia)	0.3
Total cash paid for acquisitions	**$ 5.2**

In 2006, the Group has invested in the following:

	Amounts paid
Purchase of the remaining 12% minority interest in the Group's subsidiary Pronto Moscow (Russia)	$ 100.9
Acquisition of the remaining 7.6% minority interest in the Group's subsidiary Szuperinfo (Hungary)	0.1
Acquisition of 70% of Internet Posao doo by the Group's 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 the Group's subsidiary Bel-Pronto (Belarus)	0.1
Total cash paid for acquisitions	**$ 104.1**

2007 Acquisitions:

Acquisition of Moje Delo in Slovenia

In June 2007, the Group acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") in Slovenia for a nominal amount of $2.7 (equivalent of €2.0 million), plus an earn-out to be determined on the basis of 2007 financial results, subject to a maximum of $1.3 (equivalent of €1.0 million) and payable (if any) by no later than June 30, 2008. As of December 31, 2007, payable amounting to $1.3 is recognized as liability under "accounts payable and accrued liabilities" and considered as part of acquisition cost.

Moje Delo is a leading provider of recruiting services in Slovenia both online and offline. Moje Delo has 2 subsidiaries in Bosnia and Serbia (Bolji Posao Bosnia and Bolji Posao Serbia) fully-owned, which have no activity as of December 31, 2007 and will be operating soon.

The Group has 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 Moje Delo. All the excess of purchase price as of December 31, 2007 has been allocated to the goodwill.

The acquisition was completed in June 2007 and results of Moje Delo are included in the consolidated statement of operations of the Group from the date of acquisition.

4. ACQUISITIONS (Continued)

2007 Acquisitions (Continued):

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.

In January 2007, Pronto Moscow finalized the acquisition of 68.5% of the shares of Impress Media for an amount of $4.5, including due diligence and legal fees.

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 Impress Media, a put option on 2.5% of the shares of Impress Media 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 Impress Media, 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 Impress Media, 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 Impress Media, 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%.

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.

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

The acquisition was completed in January 2007 and results of Impress Media are included in the consolidated statement of operations of the Group.

4. ACQUISITIONS (Continued)

2007 Acquisitions (Continued):

Acquisition of the remaining 30% in 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.

The Group's 70% owned subsidiary Oglasnik purchased 70% of Internet Posao d.o.o. for $0.7 in December 2006. The former ultimate owner of the website had remained a minority shareholder owning 30% of the shares at that date. The Group has finally repurchased its shares for $0.3 on June 29, 2007.

The Group's share in the purchase price has been allocated to the website Posao.hr.

2006 Acquisitions:

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

Under the Acquisition Agreement dated January 22, 2006, the Group purchased from Leonid Makaron, the general manager of the Group's Russian & 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 & CIS and valued in Russian Rubbles.

In May 2007, the Group 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 (Note 9 - Other current and non-current assets).

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 an additional 27% interest in Bel-Pronto

In December 2006, the Group concluded a preliminary agreement with one of the minority shareholders of the Group's 60% owned subsidiary in Belarus Bel-Pronto to express the Group's intention to repurchase its 27% interest for a total amount of $1.5 before the end of March 2007. A first instalment in the amount of $0.1 was paid in December 2006. At the end of June 2007, this acquisition has been delayed.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

4. ACQUISITIONS (Continued)

Summary of assets and liabilities acquired:

	December 31, 2007	December 31, 2006
Minority shareholders	$ 0.3	$ 3.6
Goodwill	6.0	58.0
Intangible assets	2.8	52.5
Fixed assets	0.2	0.7
Other long term assets	-	2.4
Deferred tax liabilities	(0.7)	(12.6)
Debt payable to the seller at fair value	-	(11.0)
Long-term debt	(0.1)	
Deposit on escrow account	-	10.5
Net other assets and liabilities	(0.2)	-
	$ 8.3	**$ 104.1**

In 2007, reconciliation of amounts paid for the acquisitions and assets and liabilities acquired are as follows:

Purchase consideration settled in cash	$ 5.2
Less: Cash and cash equivalents in subsidiaries acquired	(0.5)
Earned out payable as a part of Moje Delo acquisition cost	1.3
Cash paid in 2006 for Impress Media acquisition	2.3
	$ 8.3

5. MINORITY INTERESTS

In 2007 and 2006, minority interests have changed as follows:

	2007	2006
As of January 1	**$ 3.2**	**$ 7.6**
Net income for the year	7.1	4.3
Dividends paid	(5.5)	(4.6)
Purchase of minority interest	(0.3)	(3.8)
Currency translation adjustment	(0.4)	(0.3)
As of December 31	**$ 4.1**	**$ 3.2**

(Amounts expressed in millions of US Dollars unless otherwise indicated)

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include time deposits amounting to $1.4 and as of December 31, 2007 (2006: None).

	December 31, 2007	December 31, 2006
Cash from continued operations	$ 25.2	$ 20.8
Cash from discontinued continued operations	0.3	0.2
Cash and cash equivalents including discontinued operations	**$ 25.5**	**$ 21.0**

7. ACCOUNTS RECEIVABLE

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

	December 31, 2007	December 31, 2006
Accounts receivable, gross	$ 18.0	$ 11.6
Allowances	(3.6)	(2.0)
Accounts receivable, net	**$ 14.4**	**$ 9.6**

8. OTHER RECEIVABLES

The following table presents the breakdown of other receivables:

	December 31, 2007	December 31, 2006
Income tax receivable	$ 3.9	$ 2.7
VAT receivable	2.1	1.9
Receivable from affiliated or related parties	1.3	0.5
Receivable from personnel	0.5	0.3
Other	3.3	8.0
Other receivables	**$ 11.1**	**$ 13.4**

At December 31, 2006, 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 as of December, 31 2006.

In July 2007, the Group's Board of Directors authorized the settlement of a pre-IPO dividend claimed by TME's previous owner TCM.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

9. OTHER CURRENT AND NON-CURRENT ASSETS

The following table presents the breakdown of other current assets:

	December 31, 2007	December 31, 2006
Prepaid charges	$ 5.5	$ 4.3
Inventory-net value	4.0	3.4
Current deferred tax assets	1.6	1.3
Deposits (*)	0.2	11.1
Deferred financing fees (**)	-	4.2
Other current assets	**$ 11.3**	**$ 24.3**

The following table presents the breakdown of other non-current assets:

	December 31, 2007	December 31, 2006
Deferred financing fees (**)	$ 6.5	$ -
Non-current deferred tax assets	5.1	4.6
Other	0.1	2.8
Other non-current assets	**$ 11.7**	**$ 7.4**

(*) At December 31, 2006, deposits include $11.1 deposit on an escrow account, corresponding to a portion of the purchase price of the 12% of OOO Pronto Moscow payable to Leonid Makaron. (Note 4 – Acquisitions).

(**) Deferred financing fees are usually classified under the line "Other non-current assets", however, as of December 31, 2006, deferred financing fees have been reclassified as current in the amount of $4.2, following the Group's intention to enter into a full renegotiation of the Group's credit (Note 12 - Senior Credit Facility). These fees, related to the Group's Senior Credit Facility, are deferred and amortized over the term of the financing agreement.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

10. PROPERTY, PLANT AND EQUIPMENT

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

	December 31, 2007	December 31, 2006
Land	$ 0.1	$ 0.1
Buildings	4.3	3.8
Printing presses and related equipment	20.3	19.6
Office furniture, computers and equipment	19.9	15.7
Leasehold improvements	0.5	0.4
Software	18.7	12.4
Assets in progress	2.1	1.2
	$ 65.9	$ 53.2
Less accumulated depreciation	(31.4)	(24.4)
Property, plant and equipment, net	**$ 34.5**	**$ 28.8**

At December 31, 2007 the gross carrying value of property and equipment, which has been fully depreciated and still in use is $ 0.3.

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

	December 31, 2007	December 31, 2006
Net balance at opening - January, 1	**$ 28.8**	**$ 26.5**
Kisokos discontinuation	-	(0.8)
Acquisition of business	0.2	0.7
Additions	10.7	5.7
Depreciation	(6.9)	(5.0)
Disposal, write-offs and other	(0.7)	(0.6)
Currency translation adjustment	2.4	2.3
Net balance at closing - December, 31	**$ 34.5**	**$ 28.8**

At December 31, 2007 property and equipment includes leased assets amounting to $ 0.1.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

11. GOODWILL AND OTHER INTANGIBLES

The breakdown in goodwill and intangible assets is as follows:

	December 31, 2007	December 31, 2006
Goodwill, net	$ 139.5	$ 126.0
Intangibles, net	102.6	93.2
Goodwill and intangibles, net	**$ 242.1**	**$ 219.2**

Changes in goodwill are as follows:

	2007	2006
Net balance at opening – January,1	**$ 126.0**	**$ 66.4**
Acquisitions of businesses and increase	6.0	58.1
Disposal, write-offs and other (**)	(3.3)	(0.6)
Kisokos discontinuation	-	(8.2)
Currency translation adjustment	10.8	10.3
Net balance at closing - December, 31	**$ 139.5**	**$ 126.0**

(**) The goodwill allocated to Ujpressz has been impaired from the Group's point of view because of the significant decrease in current and expected future sales.

The breakdown of intangible assets is as follows:

	December 31, 2007	December 31, 2006
Tradenames	$ 114.6	$ 102.5
Advertiser base	9.6	8.8
Other intangible assets	2.8	2.5
Intangibles	**$ 127.0**	**$ 113.8**
Less accumulated amortization	(24.4)	(20.6)
Intangibles, net	**$ 102.6**	**$ 93.2**

(Amounts expressed in millions of US Dollars unless otherwise indicated)

11. GOODWILL AND OTHER INTANGIBLES (Continued)

At December 31, 2007 and 2006, the net carrying amount of intangible assets not subject to amortization is $92.2 and $84.9, respectively.

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

	2007	2006
Net balance at opening - January, 1	**$ 84.9**	**$ 29.0**
Acquisition and increase	-	49.1
Currency translation adjustment	7.3	6.8
Net balance at closing - December, 31	**$ 92.2**	**$ 84.9**

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

	2007	2006
Net balance at opening - January, 1	**$ 8.3**	**$ 11.4**
Additions	2.8	3.4
Amortization	(1.5)	(1.3)
Kisokos discontinuation	-	(6.0)
Currency translation adjustment	0.8	0.8
Net balance at closing – December, 31	**$ 10.4**	**$ 8.3**

The estimated amortization expenses of all the Group's definite-life intangible assets for the next five years are as follows:

2008	$ 1.5
2009	1.3
2010	1.3
2011	0.7
2012	0.7
	$ 5.5

12. LONG-TERM AND SHORT-TERM DEBT

From February 9th, 2006 to May 22nd, 2007

On February 9, 2006, the Group entered into a $250.0 multi-currency senior secured term loan and revolving credit facility (the "Senior Credit Facility"), with BNP Paribas as Global Coordinator and BNP Paribas and West LB AG, London Branch, as Mandated Lead Arrangers.

Excluding the potential short-term repayment due to the issues mentioned below, the final maturity date of this Senior Credit Facility was 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 $140.0. The Group has drawn down this amount on the closing of the Offering in February 2006. In addition, the Senior Credit Facility provides a revolving credit facility of up to $25.0 and an acquisition facility of up to $85.0. Term Loan Facility 1, with up to $100.0 available for drawing, has been used to purchase the 12% interest in Pronto Moscow held by the General Manager of the Group's Russian operations. Term Loan Facility 2, with up to $7.5 available for drawing, has been used to refinance existing indebtedness of Trader Hungary Tanacsado Kft. Term Loan Facility 3, with up to $32.5 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 was the sum, per annum, of the applicable margin (set at market rates and thereafter subject to adjustment according to the quarterly ratio of the Group's 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.

This Senior Credit Facility required 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 the Group's ability to dispose of certain assets, make certain acquisitions, enter into mergers, incur additional indebtedness, make certain distributions and change the Group's core business.

It also required that the Group complied 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 specified maximum permissible capital expenditures.

It contained a number of customary events of default including: non-payment, failure to satisfy financial covenants, cross defaults, changes in the Group's ownership and insolvency. Upon the occurrence and during the continuation of any event of default, the Lenders had 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 had complied with the above covenants with the exception of one minor infringement in December 2006 for which a waiver was subsequently granted. At the end of 2006, management also considered that as a consequence of the changing business profile of the Group and the need to reorganize the Group structure, a new credit facility had to be renegotiated. As a consequence, the debt and related financing fees had been reclassified as current as of December 31, 2006.

12. LONG-TERM AND SHORT-TERM DEBT (Continued)

From February 9th, 2006 to May 22nd, 2007 (Continued)

Borrowers under this Senior Credit Facility were Trader East and certain of its subsidiaries. Obligations of the Borrowers under the Senior Credit Facility were guaranteed by Trader East, the Borrowers and certain of its subsidiaries and were secured by pledges of certain intercompany loans, pledges over shares in Trader East, Mirabridge and certain of the Group's other subsidiaries and of certain bank accounts.

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 $10.00 per TME Share. On March 16, 2007, The Offer became unconditional. Under the provision of the "change of control" clause of the agreement, lenders might require repayment of the debt outstanding and a cancellation of their commitments.

From May 22nd, 2007 to June 30th, 2007

In May 2007, following that change in the Group's ownership, the Group completed the signing of its new senior credit agreement arranged by ABN Amro, which amounts to a total facility of $200.0 with a five-year maturity date and the Group repaid the original senior credit facility arranged by BNP Paribas.

Description of the new Senior Credit Agreement:

The parties involved are for the lender ABN Amro and for the borrower Pronto Moscow. The total amount, up to $200.0 is available in 2 series: the first up to $165.0 and the second to $35.0.

The borrower will use the proceeds as follows:

Serie 1: Shall be used for making a capital contribution to a new holding company, Pronto Invest BV, 100% owned by Pronto Moscow and mother company of the Group's operations in Croatia, Hungary and Poland. The cash has been ultimately used as follows:

- $92.0 for the repayment of all existing debt of Mirabridge
- $35.6 for the repayment of all existing debt of Trader East
- $7.2 for the payment of all existing debt of Trader Hungary Tanacsado Kft.
- $30.2 to finance acquisitions planned for 2007 and general corporate purposes

Serie 2: The remaining $35.0 shall be used for acquisitions planned for 2008 and general corporate purposes.

The acquisitions are submitted to conditions related to the business core of the Group, to the contributions in results and cash-flows of the targets before and after the acquisition and to the amounts of transactions.

The facility will be available 6 months after the signing date (Serie 2: 18 months after the signing date). The total amount drawn at the end of December 2007 is $144.8.

If any of the following events occurs the Borrower shall prepay and cancel the Facility in full:

- Change of Control
- Illegality provided that there will be mitigation language in the Facility Agreement

12. LONG-TERM AND SHORT-TERM DEBT (Continued)

<u>From May 22nd, 2007 to June 30th, 2007 (Continued)</u>

Description of the new Senior Credit Agreement (Continued):

The Net Proceeds of the following shall be applied in prepayment and permanent reduction of the Facility:

- disposals or asset sales in aggregate in excess of the amount of 10% of the book value of the Group's consolidated assets;
- equity issues received in excess of the amount of 10% of the book value of the Group's consolidated assets.

The Borrower shall repay the Facility in eight (8) equal, semi-annual installments commencing 18 months after the Signing Date.

Interest will be payable on Advances at the rate per annum which is the aggregate of:

- LIBOR for the relevant interest period;
- the Applicable Margin; and
- all mandatory reserve asset and regulatory costs

LIBOR will be determined using the relevant Telerate reference screen. If the benchmark rates are not available, LIBOR will be determined by the Reference Banks.

Interest Periods:

1, 2, 3 or 6 months or such other periods as the Borrower and Facility Agent may agree. No interest period will end after the final maturity date.

The Senior Credit Facility contains a number of customary events of default including: non-payment, failure to satisfy financial covenants, cross defaults, changes in the Group's 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.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Group use derivative instruments, including swaps, forward contracts and options to manage certain foreign currency, commodity and interest rate exposures. The Group use 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.

At December 31, 2007, the fair value of derivatives recorded was immaterial, as far as the gains and losses recognized in earnings related to the ineffectiveness of cash flow hedges during the year ended December 31, 2007.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

13. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments as of December 31, 2007 and 2006 are presented as below:

December 31, 2007:

Hedging against interest rate:

	Notional amount	Cap – Floor	Maturity	Variable interest rate	Valuation gain/(loss) as of December 31, 2007
CAP	$37.0	5.50%	May 17, 2010	US Libor 3months	0.0
Collar	$20.0	4.77%-5.50%	November 17, 2009	US Libor 3months	(0.0)
Collar	$17.0	2.80%-5.50%	November 17, 2009	US Libor 3months	(0.0)

December 31, 2006:

Hedging against interest rate:

	Notional amount	Cap – Floor	Maturity	Variable interest rate	Valuation gain/(loss) as of December 31, 2006
Collar	$15.0	5.75%-4.60%	July 20, 2007	US Libor 3months	0.0
Collar	$20.0	6.25%-3.99%	October 20, 2009	US Libor 3months	(0.0)
Collar	$13.0	6.00%-4.09%	October 20, 2009	US Libor 3months	(0.0)
Swaption	$13.0	6.25%-3.94%	October 20, 2009	US Libor 3months	0.0
Swaption	$10.0	6.00%-4.17%	April 20, 2009	US Libor 3months	(0.0)
Swaption	$15.0	5.75%-4.27%	July 20, 2008	US Libor 3months	(0.0)
Swap ($)	$40.0	5.075%	April 20, 2007	US Libor 3months	0.1
Swap (HUF)	HUF1,100.0	6.85%	April 20, 2009	BUBOR 3 months	0.1
Swap ($)	$3.5	4.93%	April 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 loss as of December 31, 2006
SWAP (Sell)	HUF300	192.76	January 29, 2007	HUF / $	(0.0)

(Amounts expressed in millions of US Dollars unless otherwise indicated)

14. SHARE CAPITAL

At January 1, 2006, TME 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 (full) as of January 25, 2006, then brought to 12 shares of $0.16 (full) at the same date after that each member of TME 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 GDRs. At that date, TCM had retained an interest of 6,521,739 shares in TME, or 13%.

On March 29 2007, Hurriyet Invest B.V. has completed the acquisition of approximately 67.3% of TME's share capital through an Offer announced on January 4, 2007 which also includes TCM 13% shares in TME.

15. EARNINGS PER SHARE

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

	December 31, 2007	December 31, 2006
Weighted average shares outstanding - basic	50,000,000	50,000,000
Weighted average shares outstanding -diluted	**50,000,000**	**50,000,000**

Weighted average shares outstanding- diluted for 2007 and 2006 exclude any effect related to stock option (including those with exercise prices less than the average market price of TME's common shares, i.e. "in-the-money" options), as their inclusion would have been anti-dilutive under FAS 123(r).

(Amounts expressed in millions of US Dollars unless otherwise indicated)

16. 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 was 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.

TME determined fair value of certain stock-based payment awards on the date of grant using the Black and Scholes model. This model is affected by TME’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 TME’s expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. Main hypotheses are as follows:

	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 were outstanding. As of March 16th, 2007, the Offer from Hurriyet Invest B.V. became unconditional, and subsequently TME option holders accepted the offer to cancel their outstanding options for a cash amount varying between $1.36 (full) and $3.28 (full) per option depending on the exercise price, paid by Hürriyet. The options cancellation and cash payment were accounted for in accordance with FAS 123(R) as an acceleration of vesting and related vesting acceleration resulted in additional stock compensation expense of $3.5. The cash payment to the optionees of $1.7 was recharged to Hürriyet.

The following table summarizes the options activity under TME’s Equity Incentive Plan which was effective as of 31 December 2006:

		Exercise Price per share	
	Options	**Range**	**Weighted Average (full $)**
Balance, January 1, 2006	**-**	**-**	**$-**
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**

(Amounts expressed in millions of US Dollars unless otherwise indicated)

16. SHARE OPTIONS (Continued)

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

	Outstanding options			Exercisable options	
	Number of shares	Weighted average remaining life (years)	Weighted average exercise price	Number of shares	Weighted average exercise price
Range of exercise price					
7,38 - 9,9	120,000	6.98	8.38	-	-
13	1,060,000	6.55	13.00	-	-
	1,180,000		12.53	-	-

17. COMMITMENTS AND CONTINGENCIES

(a) The commitments reflecting minimum lease payments under existing operating leases for office space, automobiles and office equipment at December 31, 2007 and 2006 amount to approximately:

	December, 31 2007
2008	$1.7
2009	1.6
2010	1.6
2011	1.3
	$6.2

Lease expense amounted to $9.4 and $8.7 for the years ended December 31, 2007 and 2006, 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 the Group’s Hungarian subsidiaries, requesting payment of HUF820.1 (equivalent of $3.8) for an alleged breach of contract and breach of the Competition Act for failure to enter into an agreement in 2006. In June 2007, Media Wise reduced its claim to HUF46 (equivalent of $0.3). The Group believes that none of these actions, individually or in the aggregate, will have material adverse effect on the consolidated financial statements.

(c) 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 Group 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.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

18. PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The Group applies 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 the Group operates, the Group's employees have not benefited from any defined benefit plan over the periods presented. Accordingly, the Group's consolidated financial statements do not include any material provision relating to pensions or other similar post-employment benefits.

19. INTEREST AND FINANCING FEES

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

	December 31, 2007	**December 31, 2006**
Interest income	$ 0.5	$ 0.2
Interest expense- Senior credit agreement	(10.8)	(9.8)
Amortization of financing fees	(1.7)	(1.0)
Other financial expenses	(1.6)	(1.8)
	$ (13.6)	**$ (12.4)**

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.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

20. INCOME TAXES

Amounts for the years ended December 31, 2007 and 2006 differed from the amounts computed by applying the statutory income tax rate applicable in the Netherlands of respectively 25.5% and 29.6%, to income before income taxes and minority interest as indicated in the table below.

Year ended December 31,	**2007**	**2006**
Income before income taxes and minority interest – continuing operations:		
Netherlands	$ (25.6)	$ (21.2)
Foreign	62.3	56.0
	$ 36.7	**$ 34.8**
Expected statutory tax expense	(9.4)	(10.3)
Decrease in valuation allowance	0.1	(3.1)
Effect of foreign tax rate differences and impact of changes in tax rates	0.9	1.9
Current year losses not utilised	(8.4)	-
Non-deductible differences:		
Non deductible expenses (*)	*$ (6.4)*	*$ (2.4)*
Other (**)	*(2.6)*	*(3.2)*
Total non-deductible differences	$ (9.0)	$ (5.6)
Other differences, net	0.1	(0.1)
Income tax provision, net	**$ (25.7)**	**$ (17.2)**

(*) Non-deductible expenses include certain corporate costs.
(**) Mainly includes withholding taxes on Russian & CIS dividends.

The components of income tax expense are as follows:

Year ended December 31,	**2007**	**2006**
Current provision:		
Netherlands	$ (1.4)	$ (1.8)
Foreign	(24.1)	(17.4)
	$ (25.5)	**$ (19.2)**
Deferred (provision) / benefit:		
Foreign	$ (0.2)	$ 2.0
	$ (0.2)	**$ 2.0**
Income tax provision, net	**$ (25.7)**	**$ (17.2)**

(Amounts expressed in millions of US Dollars unless otherwise indicated)

20. INCOME TAXES (Continued)

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

	December 31, 2007	December 31, 2006
Other receivables	3.9	2.7
Social and fiscal liabilities	(1.0)	(0.6)

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, 2007	December 31, 2006
Deferred tax assets:		
Operating loss carry forwards	5.7	5.5
Allowance for doubtful accounts	$ 0.4	$ 0.3
Other	0.6	0.2
Gross deferred tax assets	**$ 6.7**	**$ 6.0**
Valuation allowance	-	(0.1)
Net deferred tax assets	**$ 6.7**	**$ 5.9**
Deferred tax liabilities:		
Fixed assets and intangibles and investments	$ (31.5)	$ (29.8)
Other	(2.1)	-
Total deferred tax liabilities	**$ (33.6)**	**$ (29.8)**
Net deferred tax liability	**$ (26.9)**	**$ (23.9)**

The net deferred tax liability for the amounts shown above is classified in the consolidated balance sheets as follows:

	December 31, 2007	December 31, 2006
Other current assets	$ 1.6	$ 1.3
Other non-current assets	5.1	4.6
Deferred income tax liabilities long term	(33.6)	(29.8)
Net deferred tax liability	**$ (26.9)**	**$ (23.9)**

At December 31, 2007 the Group had $42.2 of accumulated net operating loss carry forwards, available to offset future taxable income in various subsidiaries. $0.5 expires in various years from 2008 through 2009, $10.2 expires from 2010 through 2016 and $31.5 can be carried forward indefinitely.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

20. INCOME TAXES (Continued)

The variation of net deferred tax liabilities for the year ended December 31, 2007 is as follows:

	2007
Net balance at opening - January, 1	**$ 23.9**
Acquisitions	0.7
Deferred tax expenses	0.2
Currency translation adjustment	2.1
Net balance at closing – December, 31	**$ 26.9**

21. 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.

In 2006, an amount of $0.2 has been charged by TCM to Eastern European countries, relating to the pre-listing period.

Beginning February 2006, the Group has used its own corporate structures.

Cash advance granted to TCM

At December 31, 2006, included in other receivables is an amount of $3.4 due by TCM (Note 9 - Other current and non-current assets), representing cash advanced against the intention to pay a dividend of $6.0 relating to the pre-listing period. The dividend was not authorized and declared as of December, 31 2006 and accordingly TME has claimed the repayment of the advance.

In July 2007, the Group's Board of Directors authorized the settlement of a pre-IPO dividend claimed by TME's previous owner TCM.

(Amounts expressed in millions of US Dollars unless otherwise indicated)

22. DISCONTINUED OPERATIONS

In September 2006, the Group 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.

As of December 31, 2006, TME was in the process of finding a potential buyer and in the absence of a firm offer as of December 31, 2006, the financial statements reflected the close-down of the operations, and a subsequent merger between the Hungarian companies.

As of December 31, 2006, the business was accounted at fair value for a net book value amounting to $2.1, corresponding to the amount that the Group has considered to be fully recoverable.

In May 2007, TME has completed an agreement for the sale of Kisokos, transferring the business operations under license with effect from April 2007. Under this agreement, the intellectual property of the brand will be transferred not after December 2008 for HUF100 ($0.5). The fair value of business has been consequently adjusted.

The assets and liabilities of Kisokos that were classified as a discontinued operation at December 31, 2007 and 2006 are summarized as follows:

	December 31, 2007	December 31, 2006
Accounts receivable, net of allowance	$ 1.1	$ 1.5
Other current assets	1.3	1.4
Assets held for sale - current	**$ 2.4**	**$ 2.9**

	December 31, 2007	December 31, 2006
Deferred tax assets	$ 0.9	$ 0.8
Other non-current assets	0.5	-
Assets held for sale – non-current	**$ 1.4**	**$ 0.8**

The results of the discontinued operations are as follows:

	December 31, 2007	December 31, 2006
Revenues	$ 0.2	$ 4.5
Operating loss before certain expenses	(1.2)	(2.3)
Depreciation and amortization	(0.5)	(0.5)
Reversal of / (Provision for) impairment	2.0	(14.3)
Income tax and other	0.3	0.7
Net income/ (loss) from discontinued operations	**$ 0.6**	**$ (16.4)**

(Amounts expressed in millions of US Dollars unless otherwise indicated)

22. DISCONTINUED OPERATIONS (Continued)

	December 31, 2007	December 31, 2006
Operating cash-flow	$ (1.7)	$ (1.9)
Investing cash-flow	-	-
Net contribution to the change in cash of the discontinued operations	**$ (1.7)**	**$ (1.9)**

23. COMPANY INFORMATION

Company balance sheet prepared in accordance with US GAAP for the year ended 31 December 2007 is as follows:

	2007	2006
Current assets		
Cash and cash equivalents	$ 0.1	$ 0.1
Other receivables	0.2	4.2
Due from related parties	13.6	12.1
Other current assets	0.2	0.7
Total current assets	**14.1**	**17.1**
Long term assets		
Investments	666.9	666.9
Other non current assets	0.2	0.1
Total long term assets	**667.1**	**667.0**
Total Assets	**$ 681.2**	**$684.1**
Current liabilities		
Accounts payable and accrued liabilities	$ 0.7	$ 6.1
Due to related parties	8.3	0.8
Social and fiscal liabilities	0.3	0.2
Total current liabilities	**9.3**	**7.1**
Total liabilities	**9.3**	**7.1**
Common stock	8.0	8.0
Additional paid in capital	678.1	674.6
Retained earnings	(14.2)	(5.6)
Shareholders' equity	**671.9**	**677.0**
Total liabilities and shareholders' equity	**$ 681.2**	**$ 684.1**

Notes to Consolidated Financial Statements
(Amounts expressed in millions of US Dollars unless otherwise indicated)

23. COMPANY INFORMATION (Continued)

Company statement of income prepared in accordance with US GAAP for the year ended 31 December 2007 is as follows:

	2007	2006
Management Fees	**$ 1.9**	**$ 0.7**
Operating costs and expenses		
General and administrative	(2.3)	(1.4)
Stock-based compensation expense	(3.5)	(3.4)
Other operating costs	(4.3)	(1.2)
Operating loss	**(8.2)**	**(5.3)**
Interest and financing fees	(0.3)	-
Foreign exchange loss and other	(0.1)	(0.1)
Net financial result	(0.4)	(0.1)
Loss before income tax	**(8.6)**	**(5.4)**
Income tax	-	-
Net loss	**(8.6)**	**(5.4)**

24. SUBSEQUENT EVENTS

Disposal of Trader.com (Polska) Sp. Z.o.o

On May 14, 2008, TME agreed to sell Trader.com (Polska) Sp. Z.o.o. ("Trader.com") to the Polish media group Agora SA, for a cash consideration of US$ 54.3. The transaction is estimated to be completed before June 30, 2008.

Tax audit for TCM Adria d.o.o

In 2008, as a result of a tax audit in Croatia, TCM Adria d.o.o. received a tax penalty amounting to USD 0.7 related to management fees for 2004, 2005 and first quarter of 2006. All penalties were paid in 2008. TCM Adria d.o.o sent an appeal to court for a second resolution. Since the likelihood of a negative outcome is considered remote by the Group management, no provision has been made in these consolidated financial statements.

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