Annual Report and Financial Statements

for the year ended 31 December 2009

Contents

2009 Financial Highlights

Revenues of US$ 153.3 million, down 48.4% of which 35.6% coming from decline in local currencies.

Operations EBITDA of US$ 28.0 million, down 58.9%.

EBITDA of US$ 21.0 million, down 62.1%.

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

Consolidated Revenues

Revenues decreased by US$ 143.6 million, or 48.4%, to US$ 153.3 million in 2009 from US$ 296.9 million in 2008.

The decrease in print revenues has been US$ 139.6 million, or 50.1%, from US$ 278.4 million in 2008 to US$ 138.8 million. Excluding the impact of exchange rate, the rate of decrease is 37.6%.

The decrease in online revenues has been US$ 4.0 million, or 21.6%, from US$ 18.5 million in 2008 to US$ 14.5 million. Excluding the impact of exchange rate, the rate of decrease is 6.2%.

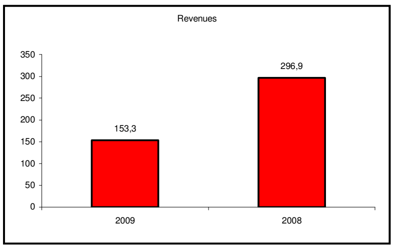
EBITDA and Operations EBITDA

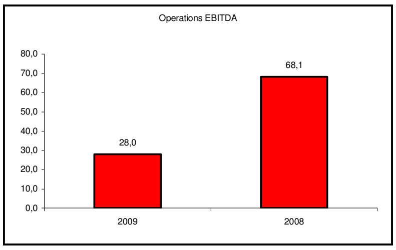
Operations EBITDA has decreased from US$ 68.2 million in 2008 to US$ 28.0 million in 2009, by 58.9%, while EBITDA has decreased from US$ 55.4 million in 2008 to US$ 21.0 million in 2009, by 62.1%. Both decreases are mainly as a result of the global economic crisis which started in the last quarter of 2008 and continued throughout 2009. The main markets that we participate in (Real Estate, Cars and Jobs) have all suffered tremendous drops in volumes, thus substantially reducing advertising on our publications.

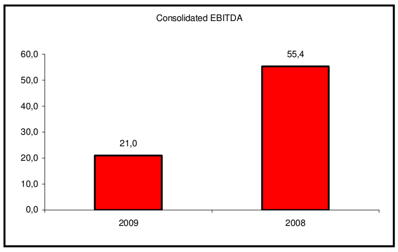
TME's action plan which started at the beginning of the crisis has been implemented with success, all costs have been revisited and all contract renegotiated during the course of the year. The new model of making costs a variable function of revenues has been fully applied. Seeing the crisis as a possible opportunity to further develop our online business, much time and effort has been allocated across all businesses and geographies for online expansion, where results have started to be visible as of the end of the year.

Financial Highlights

IN US$ MILLIONS	**2009**	**2008**
REVENUES	153.3	296.9
OPERATIONS EBITDA	28.0	68.2
MARGIN (%)	18.3%	23.0%
EBITDA	21.0	55.4
MARGIN (%)	13.7%	18.7%
NET (LOSS)/ FROM CONTINUING OPERATIONS	(6.2)	(24.8)
NET PROFIT FROM DISCONTINUED OPERATIONS	-	50.2


Revenues
350
300
250
200
150
100
50
0
153,3
296,9
2009
2008


Operations EBITDA
80,0
70,0
60,0
50,0
40,0
30,0
20,0
10,0
0,0
28,0
68,1
2009
2008


Consolidated EBITDA
60,0
50,0
40,0
30,0
20,0
10,0
0,0
21,0
55,4
2009
2008

Vision, Mission and Strategic Goals

Trader Media East (TME)'s vision is to be the leading multinational classified marketplace transaction platform, by providing our customers, best online and offline solutions, and generate high returns, which will create long term shareholder value.

Our goal is to make TME #1 online marketplace as well as leading print classified company in the geography we operate. We offer our customers a unique proposition with a wide choice of generalist and vertical publications and websites in 9 Central and Eastern European countries.

The Group has clear and sustainable business plans in each country inline with Group's vision. In order to successfully manage transition from offline to online and also extend the life of print we choose to be a fast decision making company who executes with excellence.

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.

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

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 new online areas

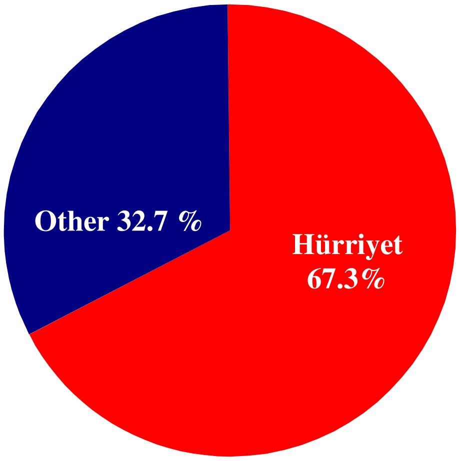
TME's strategy is to achieve the dominant market share position in all segments it operates.

Corporate Profile

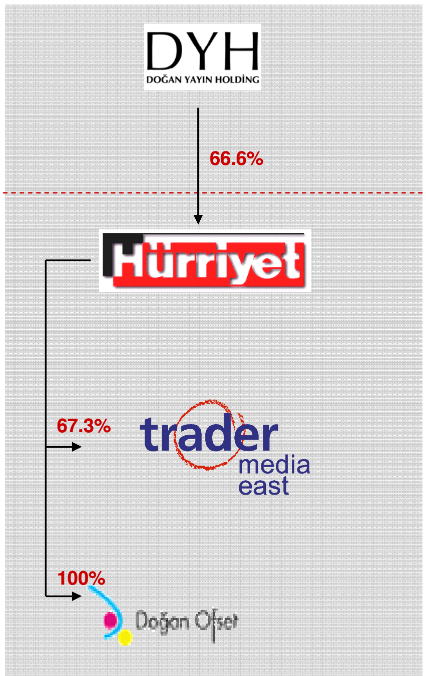
Hürriyet [1] acquired 67.3% of Trader Media East Limited

Purchase price: US$ 10 per share

Acquisition cost: US$ 336.5 million



Corporate Structure



Doğan Yayın Holding (DYH)
- Major shareholder of Hurriyet.
- Largest Turkish media conglomerate, with core businesses of publishing and broadcasting.
- Listed in Istanbul Stock Exchange.

Hürriyet
- #1 publishing & printing group in Turkey.
- 37% ad market share among newspapers.
- #1 Turkish news website.
- Listed in ISE since 1992 with a free float of 40%.

Trader Media East (TME)
- #1 print & online classified company in Russia and Eastern Europe.
- Listed in London Stock Exchange with a free float of 32.7%

Printing Assets
- 7 newspaper and ofset printing plants in Turkey and 1 printing plant Germany.

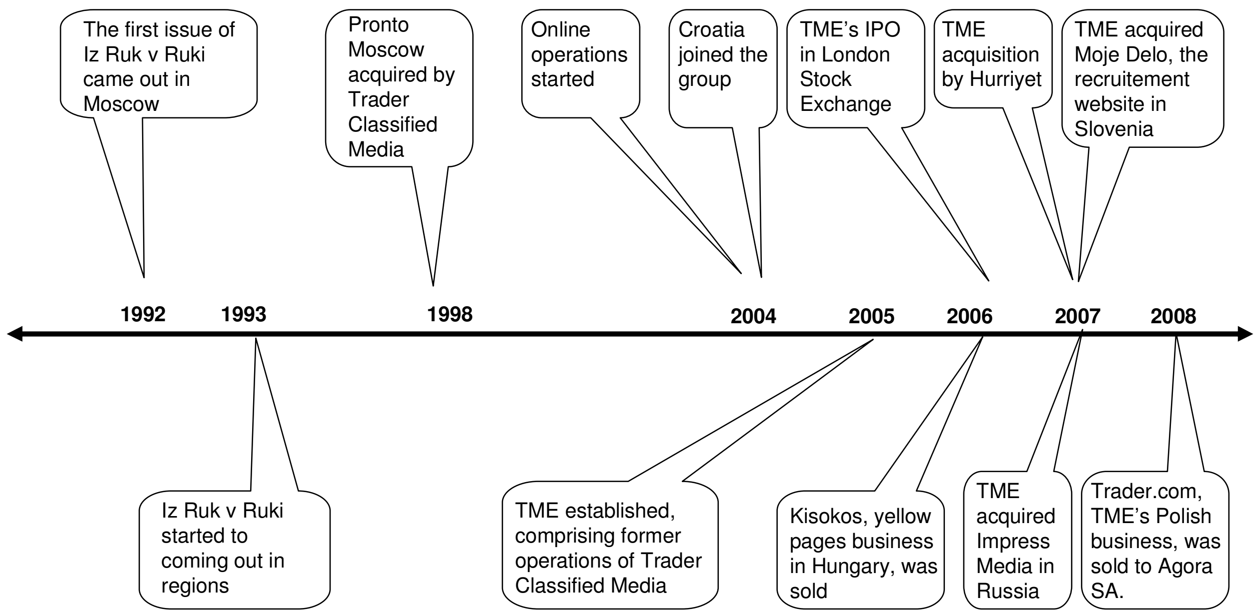
[1] Hürriyet Invest B.V. is a wholly owned subsidiary of Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet").

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 Russia, CIS, Central and Eastern Europe. We operate efficient and value adding multimedia marketplaces that facilitate conversations and trade between individuals and institutions.

We produce 184 print titles, with 3.2 million readers per week and host 28 websites, with 11.1 million unique monthly visitors and employ 4,273 people in 9 countries. Our branded classified advertising websites and publications and related specialized services have leading positions in specific markets in the following countries: Belarus, Bosnia & Herzegovina, Croatia, Hungary, Kazakhstan, Russia, Serbia, Slovenia and Ukraine.

Milestones of TME

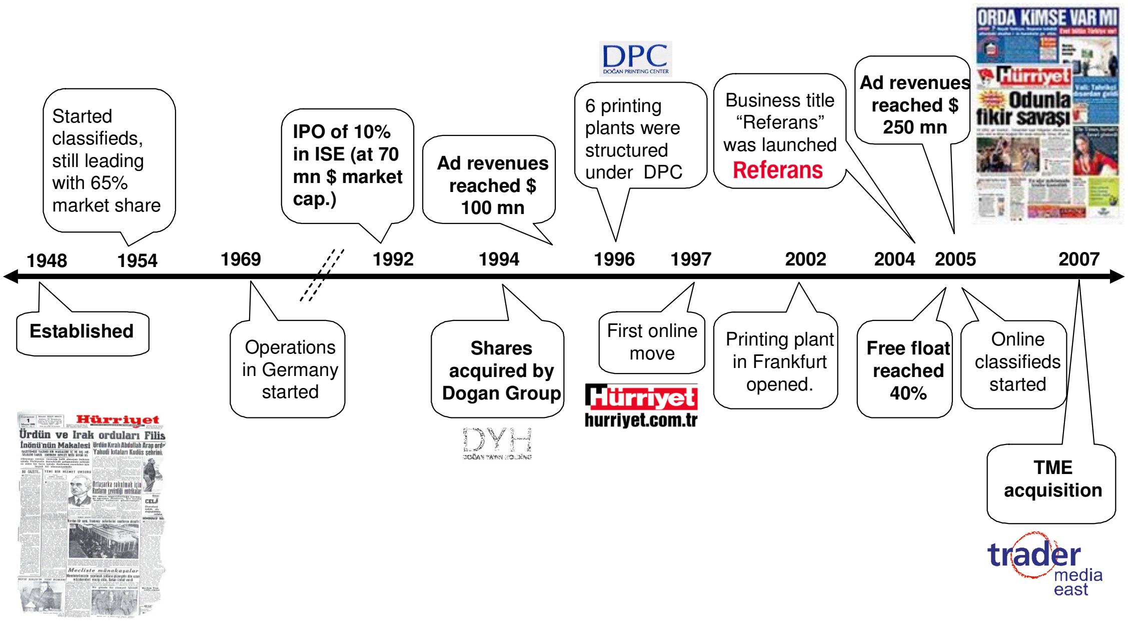


Hürriyet in Brief

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 62 years, Hürriyet has gone to press without losing the true spirit in which it was founded.

Founded within the Doğan Yayın Holding ("DYH") 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 and advertising. As a further step forward, Hürriyet acquired a 67.3% interest in Trader Media East Limited (TME) by a voluntary call at the London Stock Exchange ("LSE") in April 2007. This transaction has turned Hürriyet into a regional player for advertisement in ten countries. 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.

Milestones of Hürriyet



Chairman's Statement

2009 Overview and Financial results

It is my pleasure to submit the Annual Report and Accounts for the year ended 31 December 2009.

As you may remember, TME's trading performance for 2008 started well with an attractive continuation of its growth performance, however during the latter part of the year, TME's results were severely impacted by the world wide crisis as it hit the CIS where TME is principally active (over 80% of revenues and more in terms of EBITDA).

2009 is still impacted by the global economic crisis and affected our operating markets quite negatively from the last quarter 2008. Market conditions have remained unchanged throughout 2009 with continuing crisis still affecting our business just like all companies in the advertising market. In 2009 TME's revenues for the year came to US$ 153.3 m, a decrease of 48.4% compared to previous year.

The Group's Operations EBITDA result continued weakening during 2009 and decreased from US$ 68.2 m in 2008 to US$ 28.0 m in 2009. EBITDA 2009 ended at US$ 21.0 m versus US$ 55.4 m in 2008. Both EBITDA decrease are mainly caused due to global economic crisis, which started during fourth quarter in 2008 and continued throughout 2009. The main markets TME participates, have all suffered enormous decrease in volumes, resulting in substantial decline advertising on our publications.

As a consequence of these adverse market conditions, TME has successfully implemented an action plan. This centered on focused and far reaching cost cutting including reducing staff numbers, transforming fixed costs into variable costs through outsourcing, a continued decrease of HQ costs, closing of loss making titles, reducing the cost of raw materials, introducing a hiring freeze and bonus suspensions, imposing tighter controls on regional spending

Dividend

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

Outlook

In 2010, we continue to expect extremely difficult market conditions, both in print and online. TME is working on various scenarios in order to be as prepared as possible, should the market continue to deteriorate and revenues diminish.

Nevertheless, we expect these turbulent markets to offer opportunities. We will do our best to prudently evaluate and seize them as they arise, both in the online and print sectors and within the Group's means.

TME also will remain flexible and pragmatic in terms of cooperation with others, including strategic partnerships, mergers and/or acquisitions, so as to continue lowering costs and where possible positioning TME's competitively for when markets recover.

Like in 2009, TME plans to continue expanding its on line presence 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.

TME will continue to be open to both the sale and purchase of print and on line assets, further allowing TME to reposition its asset portfolio strategically.

TME will endeavor to weather this storm by remaining focused on its core business, operating efficiently and adding value in market places that facilitate trade and communications between its customers, and at the same time allocating resources carefully during these difficult and unpredictable times.

Paul F. E. Teeselaar
Chairman

30 April 2010

Message from the CEO

Considering the global circumstances and the difficulties of our region, we can be pleased with our overall performance in 2009. Managing the difficult economic conditions was a huge challenge for everyone, but our ability to adjust and being agile helped us during the crises. Strong market positions and strong brands in the countries we are operating combined with quick actions helped TME surf safely during difficult times.

Furthermore being part of Dogan Group, who successfully managed through an economic crisis in Turkey before, helped TME to act quickly and control cost structure to improve bottom line performance. We took radical cost reduction actions and eliminated non-value added work in our operation. We still have room to go and are actively working on cost improvement and efficiency projects in 2010. Having said that, we never comprised our future and continued to invest in the strategic areas like online growth.

We restructured our online organization to enable our online products be more competitive and faster to the market. We continued investing on our generalists and jobs websites in all countries.

In Russia, we increased the speed of online regionalization. TME has the unique advantage of being present in 100 Russian cities in addition to Moscow. We are very keen to use this advantage to cover a broader Russian online landscape.

In Hungary and Croatia the transition from paper to online started in 2009. Pressure of having limited budgets forced the industry to question the effectiveness of different media choices and be more selective. Our diverse market knowledge and experience in more developed markets is helping us to manage transition in other geographies. This makes us better than our competition. Still, we have a challenge of moving our offline customers to online and to monetize our offerings in our geography. This requires being able to offer different products and to be more innovative in monetization models. This is a clear “must” in order to have a successful profit model.

Managing a successful transition is only possible with the right cost structure, continuously increasing efficiency and creating right environment in terms of organization, resources and skills. Those were our focus areas in 2009 and will continue to be in 2010.

Defining TME’s vision as “being a leading classified marketplace and transaction platform” enhances our playground. We shifted our strategy towards our generalist products and aim to be “the biggest” in the categories we operate. We have also extended our category coverage and reach more clients in the new categories. While we offer wide choices and listings, we continue to improve our products to give a special user experience for each category. We intent to be “the biggest” and “the closest” to our end users and clients.

I would like to reassure our investors, partners and employees about the transparency of TME. Please do not hesitate to direct your inquiries to us. We will make sure that you get prompt and clear answers.

We closely monitor the economic recovery in our countries and will act accordingly. We will continue to invest into print to online transformation and develop our products and organizations accordingly. Difficult economic conditions made us even more competitive on the cost side and building on the current structure can only make us even more successful in the future. I think the recovery will be extraordinary for TME.

Vuslat Doğan Sabancı
Chief Executive Officer

30 April 2010

Board of Directors and Advisors

Current Directors	Mr. Paul F.E. Tesselaar, *Chairman of the Board & Senior Independent Non-Executive Director* Mrs. Vuslat Doğan Sabancı, *Vice-Chairwoman & Executive Director* Mr. Michel Teheux, *Non-Executive Director*
Chief Executive Officer	Mrs. Vuslat Doğan Sabancı[1]
General Secretary	Mr Hakan Hanlı[2]
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 Credit Europe Bank N.V. Karspeldreef 6A 1101 CJ Amsterdam 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

[1] Mr. Şahin Tulga has resigned as CEO on June 30, 2009.
[2] Mr. Hakan Hanlı has been appointed as General Secretary by the Board upon the resignation of Mr. Murat Doğu on June 30, 2009.

Directors' Biographies

Paul F. E. Tesselaar
Chairman and Senior Independent Non-Executive Director

Mr. Tesselaar (63), Dutch, has been a member of the Board of Directors since January 2006 and has been Chairman of Board of Directors and a member of the Audit, Compensation and Advisory Committees since 2009.

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 Dutch telecom firm Kpn) and Managing Director of Bonaventura (weekly magazines). Mr. Tesselaar received an MBA from Insead.

Vuslat Doğan Sabancı
Vice-Chairwoman, Executive Director & CEO

Mrs Doğan Sabancı (38), Turkish, has been a member of TME Board of Directors since March 2007. She is currently Vice-Chairwoman of TME Board of Directors being Executive Director and CEO.

During the course of her career, she currently holds the following positions: (i) within TME Group, including the position of President of Compensation Committee, and member of Advisory Committee; (ii) Hürriyet Group, including the positions of Vice-Chairwoman of Board, and acting Chief Executive Officer. Before that she held the positions of Vice-President of Advertising, and Chief Operating Officer in Hürriyet Group.

Prior to joining the Hürriyet Group in 1996, Mrs Doğan Sabancı's professional experience included time at at the Wall Street Journal and the New York Times. She is graduated from Bilkent University with B.A. in Economics and holds a Masters Degree (LL.M) in Media and Communications from Columbia University.

Michel Teheux
Non-Executive Director

Michel Teheux (38), Dutch, graduated in business economics at the HES Amsterdam. He started his career at the Institute for International Research (IIR - Informa) as Financial Controller for the operational businesses. After 3 years, he joined IIR Group Finance as International Controller, where he gained experience in internal audit and shared service centers. After IIR, he worked for an company Lycos Europe NV as Manager Group Accounting & Reporting. In 2005, he joined Honeywell BV as Finance Manager of the corporate departments for the Netherlands. Currently, he is a Director corporate headquarters of Trader Media East Limited in Naarden, the Netherlands and has a broad experience of finance and shared services.

Corporate Governance

The 2008 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 LSE Listing Authorities and incorporated in England and Wales. The Combined Code, as such, does not strictly apply to companies incorporated in Jersey, however, the Group 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 page 21 and 22, describes how the Group has applied the relevant Principles of the Combined Code, and also adheres to the Dutch tax substance requirements. The Board believes that the Group complies with the spirit of the Combined Code although there are some departures.

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 Group and confirms that the Group has complied throughout the financial year with most of the relevant provisions set out in the Combined Code. The departures from the Combined Code are discussed below:

During the year under review a major restructuring of the Board of Directors and committees of the Board took place. This is discussed below. As a result of these reorganisations, the majority of the Board, Compensation Committee and Nomination Committee members are no longer considered independent as required by the Combined Code. However, we believe that the formation and activities of the Advisory Committee discussed below, which has four out of seven independent members, maintains the level of independent oversight and objectivity the Combined Code seeks to achieve. While this new structure does not comply strictly with the letter of the Combined Code we believe the overriding principles of oversight and objectivity continue within the Group.

Board and Committees Restructuring

On June 30, 2009, a major change in direction took place at Board level. The main Board of Directors was reduced in size to three and a number of other committees of the Board were equally slimmed down. Details of the exact changes are described later in this report.

The restructuring of the Board and Committees have taken place with two simple considerations in mind, simplicity and efficiency. TME is a company going through transition, driving its revenues from offline to online. As a result of this transition, a more flexible body was needed to further push this change.

The newly formed Advisory Committee provides executive management with fresh ideas and the impetus for making the required changes to operations and strategy. As the members of this group are in the majority 'independent' from executive management, the committee is also able to provide independent and objective advice and challenge about ongoing activity within the Group.

The Advisory Board was established to create an open forum for discussion. Members were chosen from experts in their fields and this Committee is enhanced through inviting specialists to attend and present new ideas, initiatives in free and non-formal settings to its members and the Management of TME.

As the name suggests the Advisory Board, gives advice to the Board of TME, taking into consideration the discussions and ideas discussed in its meetings, and their applicability. It is the Board of TME who then decides on implementation of any such advice for the Group.

The Board of Directors and the Advisory Committee have committed to reflect on the impact of this new structure in the future and to assess whether this is the most suitable structure for the business and for oversight.

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 Group has adequate resources to continue in operational existence for the foreseeable future. The Group finances its operations though the generation of cash from operating activities and long-term bank borrowings. Although the Group was in net liability position as of December 31 2009, the bank borrowings as of 31 December 2009 were replaced with a new long-term borrowing on April 26, 2010 maturing in 2015.

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

The Board*

Mr. Paul F. E. Tesselaar *(Chairman of the Board & Senior Independent Non-Executive Director)***

Mrs. Vuslat Doğan Sabancı *(Vice-Chairwoman, Executive Director & CEO)***

Mr. Michel Teheux *(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 operating and financial performance. The Board meets regularly and a table of attendance is shown on page 20.

*The number of Board members has been reduced to three upon the Board resolution dated June 30, 2009.

**The members of board who has recent and relevant finance experience to be able to assess the financial statements.

The Board also delegates specific responsibilities to the 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 2009 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, Compensation and Advisory 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 three directors: Chairman & Senior Independent Director, Mr. Paul F. E. Tesselaar, Vice-Chairwoman, Executive Director & Chief Executive Officer Mrs. Vuslat Doğan Sabancı, and Non-Executive Director Mr. Michel Teheux. The biographies are set out on page 13 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 Group'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 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 Group's expense.

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

Relations with shareholders

The Group encourages two-way communication with its investors and responds quickly to all queries received orally or in writing. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") 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. 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 Hürriyet Group. Mr. Paul F. E. Tesselaar and Mr. Roelof Quintus 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. Kemal Sertkaya* is an employee of Hürriyet Group.

The Audit Committee meets at least twice 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 Group's results, monitoring the Group'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 Group'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 Group'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 independent 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 on TME website.

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

Paul F.E. Tesselaar (President) (*)
Roelof A. Quintus
Kemal Sertkaya (*), (**)

* The members of Audit Committee who has recent and relevant finance experience to be able to assess the financial statements.

** Mr. Kemal Sertkaya has been appointed upon Board resolution dated March 18, 2009. Mr. Kemal Sertkaya is the Coordinator of Internal Audit activities within the parent groups of Hürriyet and Doğan Yayın Holding. His experience in similar operations and best practices sharing contributes to the overall objectivity to the Board.

Compensation Committee

The Compensation Committee is comprised of one non-executive director and one executive director. Mrs. Vuslat Doğan Sabancı, CEO of Hürriyet Group, majority shareholder of the Group, is the President of the Compensation Committee. The non-executive director is 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 one time 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 Group.

The Report on Remuneration set out on page 21 contains a more detailed description of the Group'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:

Mrs. Vuslat Doğan Sabancı (President)
Mr. Paul F.E. Tesselaar

Advisory Committee

The Advisory Committee is comprised of six non-executive directors and one executive director. Mr. Roelof A. Quintus is the President of the Advisory Committee. Three directors are non-independent and the remaining four 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 Advisory Committee meets at least one time a year and is responsible for giving advise over the policies adopted by the Board and over the general conduct of the business of the Group. In this respect, the Advisory Committee provides the Board advice for the management of the Group. The Advisory Committee is also responsible for the realization of the Group's operational and financial objectives; corporate strategy; the risks inherent in the business activities; the structure and operation of the internal risk management and control systems; the main financial parameters and the financial reporting process; corporate social responsibility issues which are relevant to the Group; and the Group shareholder relationship.

Further responsibilities of the Advisory Committee are selecting and recommending the appointment of the members of the Board, advising the remuneration policy and contractual terms and conditions of employment for the members of the Board; selecting and recommending appointment of the members of the Committee and proposing the remuneration of its members; evaluating and assessing the functioning of the Board and the Committee and the individual members thereof; complying with and enforcing the Group's corporate governance structure; and examining and advising the annual financial statements, making a recommendation on the annual financial statements.

The Advisory Committee has formal written terms of reference which are available on TME website..

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

Mr. Roelof A. Quintus (President) (independent)
Mrs. Vuslat Doğan Sabancı (Vice-President)
Mr. Paul F. E. Tesselaar (independent)
Mrs. Begümhan Doğan Faralyalı
Mr. Ertuğrul Özkök
Mr. Peter de Mönnik (independent)
Mr. Cem M. Kozlu (independent)

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 caliber for appointment as directors.

Internal Control

The directors are responsible for the Group's established system of internal financial control and for reviewing its effectiveness. During the internal audit reviews 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. The established 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 organizational structure*. The existing organizational 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 summarized 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 authorization 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	Advisory Committee	AGM
Number of meetings in the year 2009	4	4	1	1	1
Paul F.E. Tesselaar[3]	4	4	-	1	1
Vuslat Doğan Sabancı[4]	4	-	1	1	1
Michel H.P. Teheux	4	-	-	-	1
Roelof A. Quintus[5]	2	4	1	1	-
Begümhan Doğan Faralyalı	-	-	-	-	-
Peter de Mönnink	2	-	-	1	-
Cem M. Kozlu[6]	2	-	1	1	-
Ertuğrul Özkök	2	-	-	1	-
Kemal Sertkaya[7]	-	2		-	-
Jack Groesbeek[8]	2	-	-	-	-
Soner Gedik[9]	-	2	-	-	-
Alexander Lex Roukens[10]	2	-	-	-	-

[3] Mr. Paul F. E. Tesselaar was appointed as Chairman of Board, and as Member of Compensation Committee as of June 30, 2009.
[4] Mrs. Vuslat Doğan Sabancı was appointed as CEO on June 30, 2009.
[5] Mr. Roelof A. Quintus resigned as Member from Compensation Committee on June 2009.
[6] Mr. Cem M. Kozlu resigned as Member from Compensation Committee on June 2009.
[7] Kemal Sertkaya was appointed as Audit Committee member on March 18, 2009.
[8] Mr. Jack Groesbeek resigned as Board Member on June 30, 2009.
[9] Mr. Soner Gedik resigned as Member from Audit Committee on June 30, 2009.
[10] Mr. Alexander Lex Roukens resigned on June 30, 2009.

Report on Remuneration

Directors are paid a fixed annual fee on a quarterly basis. Members of the Audit Committee, Compensation Committee and/or Advisory Committee are paid an attendance fee of EUR€ 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 her/his appointment. The letters of appointment do not provide for any benefits to be paid to the non-executive directors upon the termination of their appointments nor do they provide for a specific notice period. There are no commissions or profit-sharing arrangements in their letters of appointment.

TME has incentive plan, however, no options were granted to or exercised by any Director of TME for the year ended at December 31, 2009 and the signing date of these audited financial statements. There is no long term incentive plans granted to any Director of TME as of December 31, 2009.

Executive officer

Mr. Şahin Tulga resigned from the Group as "Chief Executive Officer" as of June 30, 2009.

Directors' remuneration

Directors' remuneration is set out below:

	EUR €	
	2009 Basic Remuneration	2009 Committee Fees
Paul F.E. Tesselaar	30.000	4.000
Vuslat Doğan Sabancı	20.000	4.000
Michel Teheux	10.000	-
Begümhan Doğan Faralyalı	20.000	-
Cem M. Kozlu	20.000	4.000
Ertuğrul Özkök	20.000	-
Roelof A. Quintus	30.000	8.000
Peter de Mönnink	20.000	-
Alexander Lex Roukens	7.500	-
Jack Groesbeek	10.000	-
Annelis van den Belt	10.000	-

Report of the Board of Directors

Trader Media East Limited ("TME" or "Company" or "Group")'s directors present their report and the audited financial statements for the year ended December 31, 2009.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Directors' responsibilities for the financial statements

The 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 Group for the period and of the state of the Group'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 Directors are 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 Group 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 Group 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.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps that she/he ought to have taken as a director in order to make her/himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

After making enquiries, the directors have formed a judgment, 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.

The directors are also required by the Disclosure and Transparency Rules of the Financial Services Authority to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed in page 13 confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the Company; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company and group, together with a description of the principal risks and uncertainties that they face.

Principal activities

TME is the leading marketplace for communities of real estate, auto and recruitment, with strong local brands, serving local markets in Russia, CIS, Central and Eastern Europe. TME produces 184 print titles, with 3.2 million readers per week and hosts 28 websites, with 11.1 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 December 31, 2009 is set out in the audited financial statements. No dividends were paid during the year.

Directors

The composition of the Board as of December 31, 2009 is as follows:

Mr. Paul F.E. Tesselaar, Chairman of the Board & Senior Independent Non-Executive Director
Mrs. Vuslat Doğan Sabancı, Vice-Chairwoman, Executive Director & CEO
Mr. Michel Hubertus Paulus Teheux, Non-Executive Director

Directors' Interests

No options were granted to or exercised by any director of TME in the period since December 31, 2009 and the signing date of these audited financial statements. 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.

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 bank borrowings. It uses derivative instruments, including swaps, forward contracts, swap 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.

Principal risks and uncertainties

The following risks and uncertainties could have an effect on the Group's performance. As at the date of this report, the Board considers the risks described below to the the principal risks facing the Group. The Group has a risk management structure in place that is designed to identify, manage, and mitigate business risks. This forms part of the Group's system of internal control that is described in detail in Corporate Governance. The key risks identified through this risk management process and how they are managed are detailed below.

General

The Group's activities expose it to a variety of operational and financial risks, these risks are market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk and cash flow interest rate risk, credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group use derivative financial instruments in a limited manner to hedge these exposures. As the Group operates in different regions and countries, Group Headquarters deal effectively with the coordination of management of different entities.

Risks relating to the Groups business and industry

The global economic crisis has affected our business the same way it has affected many businesses operating in the same field and the same geography. From September 2008 onwards we have experienced an ongoing drop in revenues especially in display advertising as many advertisers started to cut their advertising budgets. This effect continued across all our geographies till the end of the year with different levels of impact in different countries. Due to the global uncertainty and the lack of real estate and vehicle sales, the publications and websites concentrating in this field specifically suffered considerable revenue losses in year 2009. The lack of new jobs in the market also led to a decreased number of advertisements in the job publications and websites.

The crisis lead to a shrinkage especially in the demand of print products; and made companies budget lean on online and its products to fulfill the gap between print advertising. As TME is one of the first pioneers in the transaction to online by using its print expertise and strength through developing variety of online products to support regional expansion.

TME has quickly responded to the downturn of revenues since the onset of the crisis and launched a new comprehensive exercise where the business model is re-engineered to encompass the present and future developments affecting our business. We remodeled our cost structure making costs a variable function of revenues as far as possible; therefore eliminating to the best of our abilities on any fixed costs that would reduce profitability when revenues decline.

Risks relating to the Groups financial condition

The Group is exposed to variety of financial risks due to its operations. These risks include interest rate risk, liquidity risk, funding risk, credit risk and foreign currency risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

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, 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.

Foreign Currency

As a relatively high proportion of the Groups sales and operating profits arise in Russian Federation, the Group's reported results are adversely affected by weakening of Russian Ruble (RUR) against American Dollar (US$).

Towards the end of 2009, we have experienced a strengthening of the Russian Ruble against the US$ which has positively affected our results.

Competitive Forces

The markets in which the Group operates are highly dynamic and competitive. The majority of its co-operation is long term in nature and access to the key platforms is critical to the success of the business. This requires sustained investment in technology, capability, and infrastructure, which presents a high barrier to entry. However, these factors alone do not protect the Group from competition, such that price competition and technical advances made by competitors could adversely affect the Group's results.

The Group has developed a balanced business portfolio and maintained a steady improvement in operational performance, which together with the establishment of long term customer relationships and sustained investment in technology acquisition, allows the Group to respond to competitive pressure.

Legal Risks

The Group operates internationally and is subject to laws and regulations in a large number of jurisdictions. Combined with this, the large numbers of customers and suppliers to the Group result in a complex set of contractual obligations and a risk of non-compliance.

The Group addresses this risk in a number of ways:

- Through reviews, advice, and opinions provided by the in-house legal department;
- Monitoring and reporting of issues by the Internal Audit function;
- Internal control processes requiring local management to report on areas of potential non-compliance; and
- Controls on the levels of management required to approve proposed contractual arrangements.

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 trade names, customer database and goodwill in allocating a part of the purchase price paid for its subsidiaries to these intangible assets. These values attributed to intangible assets are referred to in note 8 to the financial statements.

Purchase of own shares

The Group did not purchase any of its shares for cancellation during the year. At present the Group had no authority to purchase Group's issued ordinary share capital.

At the 2009 Annual General Meeting, the Group is planning to seek shareholder approval to have authority to purchase Group's issued ordinary share capital up to 5%.

Secretary

Mr Murat Doğu was the Secretary from September 3, 2008 until June 30, 2009 at which date Mr. Hakan Hanlı was appointed to the position.

Independent Auditors

PricewaterhouseCoopers CI LLP has expressed their willingness to continue as auditors to the Group. The Board of Directors, in responding to regulatory changes to the audit profession in Turkey, may look to rotate the audit in 2010 to another firm.

A resolution to reappoint the auditors and to authorize the directors to fix their remuneration will be proposed at the Annual General Meeting (AGM) date will be announced shortly.

By order of the Board

Hakan Hanlı
General Secretary
30 April 2010

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

Responsibility Statement

The 2009 Annual Report and Financial statements contain a responsibility statement in compliance with paragraph 4.1.12 of the DTR signed by order of the Board by Mr. Paul F.E. Tesselaar, Chairman of the Board & Senior Independent Non-Executive Director; Mrs. Vuslat Doğan Sabancı, Vice-Chairwoman, Executive Director & CEO; and Mr. Michel Teheux, Non-Executive Director.

This statement is set out below in full and unedited text. This states that on April 30, 2010, the date of approval of the 2009 Annual Report and Accounts.

Each of the directors hereby confirm:

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group".

Naarden, The Netherlands
30 April 2010
Trader Media East Limited

____
Mrs Vuslat Doğan Sabancı
Vice-Chairwoman, Executive Director &
Chief Executive Officer (CEO)

____
Mr Michel Teheux
Non-Executive Director

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, 2009.

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.

About Trader Media East

We are the leading marketplace for communities of real estate, auto and recruitment, with strong local brands, serving local markets in Russia, CIS, Central and Eastern Europe. Trader Media East produces 184 print titles, with 3.2 million readers per week and hosts 28 websites, with 11.1 million unique monthly visitors.

Trader Media East was founded in November 2005 and comprises former operations of Trader Classified Media N.V. Today, it employs 4,378 people in 9 countries.

Our branded classified advertising websites and publications and related specialized services have leading positions in specific markets in the following countries: Belarus, Bosnia & Herzegovina, Croatia, Hungary, Kazakhstan, Russia, Serbia, Slovenia and Ukraine.

Major developments

Sale of Szuperinfo Magyarorzag Kft

Szuperinfo Magyarorzag Kft, a subsidiary of the Group’s Hungarian business, has been sold to Inform Media Kft in October 2009, for an amount of US$ 2.1 million, net of cash. Szuperinfo is a free, weekly distributed, generalist publication. The proceeds of the sale was used for debt repayment.

Appointment of New Chairman & CEO

The Company’s Board of Director, Mr. Paul F.E. Tesselaar has been appointed as Chairman as of June 30, 2009. Mr. Tesselaar, has been a member of the Company’s Board of Directors since January 2006.

TME Vice-Chairwoman, Mrs. Vuslat Doğan Sabancı has also been appointed as Executive Director and Chief Executive Officer (CEO) as of June 30, 2009.

Resignation of Board Members and establishment of a New Advisory Committee

TME Board of Directors Mr. Roelof A. Quintus, Mrs. Begümhan Doğan Faralyalı, Mr. Jacobus Groesbeek, Mr. Cem M. Kozlu, Mr. Peter de Mönnink, Mr Ertuğrul Özkök, and Mr. Alexander Lex Roukens resigned from the Board of the Company as of June 30, 2009.

By decision of the Board of the Group, an Advisory Committee has been established. Mr. Roelof A. Quintus has been appointed as President, Mrs Vuslat Doğan Sabancı has been appointed as Vice-President of the Advisory Committee. Mr. Paul F. E. Tesselaar, Mrs. Begümhan Doğan Faralyalı, Mr. Cem M. Kozlu, Mr. Peter de Mönnink, and Mr. Ertuğrul Özkök were appointed as members of the Advisory Committee as of June 30, 2009.

TME also announced that Mrs. Vuslat Doğan Sabancı as President, and Mr. Paul F.E. Tesselaar as member were appointed as member of the Compensation Committee, and Mr. Roelof A. Quintus and Mr. Cem M. Kozlu resigned from their duties from the Compensation Committee of the Company as of June 30, 2009.

New TME Competency Centre Structure in Warsaw

Effective March 27, 2009, Trader Media East Ltd, TME Competency Centre was transferred to a partner; Castor & Pullocks's shareholders, in line with TME's IT strategy to build flexibility into the company's online development. Castor & Pullocks has been providing consultancy services for the TME Competency Centre for more than a year. TME Competency Centre under new ownership will continue to function as a software development partner of TME. It will maintain, develop and support TME's IT platform.

New bank borrowing

TME has restructured its outstanding Credit Facility, which originally would mature on May 17, 2012 (in 2 years) as of April 26, 2010. The new credit facility is from a syndication of Russian and Dutch Banks with a maturity of 5 years including one year grace period for an amount of US$ 70 million which replaces the outstanding loan for US$ 88.9 million, where US$ 18.9 was repaid from TME's own resources.

In depressed lending markets, this facility loan is an indicator of the banking communities assessment of TME's reliability.

Basis of Presentation

The consolidated financial statements of TME are for the year ended December 31, 2009 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union ("EU"). The consolidated financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued by International Accounting Standards Board and early adopted as at the time of preparing these statements (April 30, 2010).

Business Overview

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

Market Conditions

Market conditions have remained unchanged in 2009 with the continuing global economic crisis still affecting our business just like all companies in the advertising sector. The drop of revenues which started as early as September 2008 has continued throughout the year, with display advertising taking the biggest hit. The main markets that we participate in (Real Estate, Cars and Jobs) have all suffered tremendous drops in volumes, thus substantially reducing advertising on our publications.

TME's action plan which started at the beginning of the crisis has been implemented with success, all costs have been revisited and all contract renegotiated during the course of the year. The new model of making costs a variable function of revenues has been dully applied. Seeing the crisis as a possible opportunity to further develop our on-line business, much time and effort has been allocated across all businesses and geographies for on-line expansion, where results have started to be visible as of the end of the year.

Sales and Marketing

We sell advertisements in our print publications and on our websites through our local direct sales force, centralized marketing team and customer service call centers.

Our growing number of websites and various 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 2009, our field sales force consisted of approximately 2,000 individuals operating almost exclusively at the local level. All our sales personnel receive commission-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 both online and offline 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 help 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 innovative in-house software (IT) development center in Minsk and Belarus, we are implementing a technology initiative focusing on providing comprehensive and flexible technology platforms to support our online strategy with TME.

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 2008 and in 2009, paper costs represented approximately 9% of our print revenues, which we believe is significantly less than traditional newspapers. We generally do not have editorial content and, therefore, almost every page of our publications generates revenues.

Full year 2009 – key operating results by geographic segment

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

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

EBITDA, EBITDA margin, Operations EBITDA or Operations EBITDA margin is not defined under IFRS. We present EBITDA (and the related measures EBITDA margin, Operations EBITDA and Operations 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 IFRS; 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, Operations EBITDA and Operations EBITDA margin (defined as the ratio of Operations EBITDA to revenues) by geographic segment:

	31-Dec-09			**31-Dec-08**		
	Revenues	**Operation EBITDA**	**Operation EBITDA margin**	**Revenues**	**Operation EBITDA**	**Operation EBITDA margin**
	(millions of US$)		**%**	**(millions of US$)**		**%**
Russia	$107.7	$22.3	20.7%	$211.9	$55.4	26.2%
CIS	$21.5	$4.7	21.9%	$36.3	$8.1	22.0%
Hungary	$12.1	$0.1	0.8%	$29.6	$2.7	9.1%
Croatia	$10.3	$0.9	8.7%	$15.8	$2.4	15.2%
Poland**						
Moje Delo*	$1.7	$ -	(0.2%)	$3.3	($0.4)	(12.5%)
Total	**$153.3**	**$28.0**	**18.3%**	**$296.9**	**$68.2**	**22.9%**

* Moje Delo group includes Slovenia, Bosnia & Herzegovina and Serbia.

**The Polish Operation Trader.com (Polska) Sp. Z.o.o was sold on June 25, 2008. The proceeds from sales and the results of Trader.com are shown under profit from discontinued operations. Therefore, the above EBITDA figures exclude Poland Results.

Currency Fluctuations

We express our results in American Dollar and generate revenues in twelve currencies. The two most significant currencies are the Russian Ruble, in which we have generated 70% of our revenues in 2008, and the Hungarian forint, in which we have generated 8% of our revenues in 2009. Our results can be significantly impacted by fluctuations in these currencies compared to the US$.

Set up below is a table of 2009 annual average rates of local currencies against US$ compared to 2008.

	2009	*2008*	*Fluctuation*
	Annual average rate	***Annual average rate***	***%***
Russian Ruble (RUR)	0.0316	0.0400	-21%
Hungarian Forint (HUF)	0.0050	0.0058	-14%

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.

The table below presents changes in Russia's consumer price index from 2005 through 2010.

(Annual percent change)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Consumer Price Index, December to December change in RUR	11.1%	9.0%	11.9%	13.3%	8.8%	6%

Source: International Monetary Fund

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 (91% in 2009 and 94% in 2008) and Internet activity (9% of revenues in 2009 and 6% in 2008).

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, 2009	**Year ended December 31, 2008**
	(percentage of total revenues)	
Print revenues	**91%**	**94%**
Classified Ads	36%	33%
Display	34%	45%
Circulation	12%	9%
Services & Other	9%	7%
Online revenues	**9%**	**6%**

Management believes that the Group is operating under one business segment as the scope of the business for the Group is classified advertisements, display advertisements and services and as there is no significant difference in terms of risk and return between these activities. Nature of products, nature of production processes, type of customers, methods used to distribute the products are similar.

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 classified advertisement, which constituted 36% of revenues in 2009.

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 at the time a publication is sold to a customer. We recognize service revenues (i.e., commissions) as earned at the date the service is rendered, 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 decreased by US$ 143.6 million, or (48.4%), to US$ 153.3 million in 2009 from US$ 296.9 million in 2008.

In order to reflect the effect of acquisitions on our financial statements, we measure revenues, EBITDA and Operations EBITDA on the basis of total growth and organic growth. In calculating organic growth (in LCY), we include the revenue, EBITDA or Operations 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.

Print Revenue by Source	***31-Dec-09***	***31-Dec-08***	***(Decline (%)***	***Organic***
Display	**52.2**	**134.3**	(61.1%)	(51.5%)
Classified Ads	**54.7**	**96.5**	(43.3%)	(28.7%)
Circulation	**17.6**	**25.6**	(31.3%)	(15.9%)
Services & Other	**14.3**	**22.0**	(35.0%)	(17.7%)
Print revenues	**$138.8**	**$278.4**	**(50.1%)**	**(37.6%)**
Online revenues	**14.5**	**18.5**	(21.6%)	(6.2%)
Total revenues	**$153.3**	**$296.9**	**(48.4%)**	**(35.6%)**

Print revenues in 2009 decreased by 50.1%, to US$ 138.8 million from US$ 278.4 million in 2008. Excluding exchange rate impact, organic print revenue decline was 37.6%.

Online revenues in 2009 decreased by 21.6%, to US$ 14.5 million from US$ 18.5 million in 2008, Organic decline was 6.2%. As the global economic crisis affected all media mediums drastically every company took saving measures by cutting their advertising budgets. TME on the other hand put an action plan which started at the beginning of the crisis and implemented it with success, all costs have been revisited and all contract renegotiated during the course of the year.

The new model of making costs a variable function of revenues has been fully applied. Seeing the crisis as a possible opportunity to further develop our online business, much time and effort has been allocated across all businesses and geographies for online expansion, where results have started to be visible as of the end of the year.

Revenues by Geographic Segment

Country	***31-Dec-09***	***31-Dec-08***	***Decline %***	***Organic Decline***
	(millions of US$)			
Russia	$ 107.7	$ 211.9	(49.2%)	(35.7%)
CIS	$ 21.5	$ 36.3	(40.8%)	(21.0%)
Hungary	$ 12.1	$ 29.6	(59.1%)	(52.5%)
Croatia	$ 10.3	$ 15.8	(34.8%)	(30.0%)
Poland**	$ -	$ -	-	-
Moje Delo*	$ 1.7	$ 3.3	(48.5%)	(43.9%)
Total Revenues	**$153.3**	**$296.9**	**(48.4%)**	**(35.6%)**

* Moje Delo group include Slovenia, Bosnia & Herzegovina and Serbia.

** Trader.com (Polska) Sp.z.o.o was sold on June 25, 2008.

Russia

As the market conditions have remained unchanged throughout 2009 with the continuing crisis still affecting our business just like all companies in the advertising sector.

Total Russia shrank by 35.7% organically, it is mainly caused by the dramatic decline in print by 37.8%; on the other hand online grew by 1.2%.

The revenue decline could be also explained by the significant fall in Russia regions where offline declined by 41.5% and online down by 26.8%.

CIS (Belarus, Kazakhstan, Ukraine)

The economic crisis had also affected our operations in CIS countries which Ukraine and Belarus has both online and offline products and Kazakhstan solely offline. The sudden drops in circulation of print caused revenue decline as especially in Ukraine 37.3%, Kazakhstan 26.6% and Belarus by 2.3% where the impact of the global economic crisis was slower to take hold. In addition to that Belarus online performed and grew faster than expected with a rate of 99.6%.

Hungary

The performance in Hungary largely affected by the impact of the global economic crisis which made us accelerate in the transition from Print to Online.

Total Hungary declined organically by 52.5% compared to 2008 due to the offline revenue decline 57.8% however online grew 1.9% organically.

Croatia

Organic revenue growth for online business in 2009 was 18.8%. Online revenue accounts for 13.4% of total revenues in 2009 and is expected to increase in 2010. The Offline business is experiencing more difficult conditions as the market shrinks. Revenue decline was 34.8% organically in 2009.

Moje Delo

Moje Delo operates in the job sector with the leading online recruitment portal in Slovenia, and launched websites in Bosnia and Serbia in 2008, although revenue has been negligible so far. The job sector has been particularly hard hit by the global economic crisis; Moje Delo's revenue to decline 43.9% organically.

Operating profit

Operating profit is as follows:

US$ in millon	***December 31, 2009***	***December 31, 2008***
EBITDA	**$21.0**	**$55.4**
Depreciation and amortization	($8.5)	($9.8)
Goodwill Impairment	($0.5)	($12.3)
Other Operating costs	($4.5)	($4.5)
Operating profit	**$7.5**	**$28.8**

Operating profit decreased by US$ 21.3 million from US$ 28.8 million in 2008 to US$ 7.5 million in 2009, a decrease of 74.3%.

EBITDA

EBITDA decreased by US$ 34.4 million, from US$ 55.4 million in 2008 to US$ 21.0 million in 2009, a decrease of 62.1%. The margin deteriorated (13.7% in 2009 versus 18.7% in 2008) due to a decline in both print margin (19.3% in 2009 versus 23.1% in 2008) and online margin (8.7% in 2009 versus 20.6% in 2008). Organically, EBITDA is declining by 49.4% versus 2008.

Total TME	***December 31, 2009***	***December 31, 2008***	***Growth in US$***	***(Decline)/ Growth) %***	***(Decline)/ Growth / in LCY %***	***EBITDA Margin 2009 FY***
	(millions of US$)					
Operations Print EBITDA	$26.8	$64.3	($37.5)	(58,3%)	(47.5%)	19.3%
Operations Online EBITDA	$1.3	$3.8	($2.5)	(65.8%)	(55.8%)	8.7%
Corporate Costs	($6.2)	($10.6)	$4,4	41.5%	40.3%	(4.0%)
Competency Centre	($0.9)	($2.1)	$1,2	57,1%	(56.0.%)	(0.6%)
EBITDA	**$21.0**	**$55,4**	**($34,4)**	**(62,1%)**	**(49.4%)**	**13.7%**

Operations Print EBITDA decreased by US$ 37.5 million, or 58.3% in 2009 compared to 2008, of which 47.5% was organic.

Operations Online EBITDA decreased US$ 2.5 million, or 65.8%, in 2009 compared to 2008 of which 55.8% was organic.

Operation EBITDA by Geographic Segment

Countries (millions of US$)	***31-Dec-09***	***31-Dec-08***	***Change vs LY %***	***Organic growth %***	***EBITDA Margin % 2009***	***EBITDA Margin % 2008***
Russia	$22.3	$55.4	(59.8%)	(49.1%)	20.7%	26.2%
CIS	$4.7	$8.0	(41.3%)	(19.2%)	22.1%	22.3%
Hungary	$0.1	$2.7	(96.3%)	(95.6%)	0.8%	9.1%
Croatia	$0.9	$2.4	(62.3%)	(59.8%)	8.7%	15.2%
Moje Delo*	$0.0	($0.4)	(99.4%)	99.3%	(0.2%)	(12.9%)
Operations EBITDA	**$28.0**	**$68.1**	**(58.9%)**	**(47.9%)**	**18.3%**	**23.0%**

* Moje Delo group includes Slovenia, Bosnia and Serbia

Russia

Operations EBITDA showed a decrease of 59.8%, with a decrease of margin (20.7% in 2009 versus 26.2% in 2008) mainly attributable to a change of mix between Moscow and Regions, through the significant decline in the regions.

CIS

Operations EBITDA declined by 41.3% and organically by 19.2%. The global economic fluctuations caused severe drops in Ukraine by 63.6% (organically (46.1%)), Belarus by 28.7% (organically (7.2%)), and Kazakhstan by 9.5%; while the organically grew by 9,8%.

Hungary

We incurred a decrease of Operations EBITDA by 96.3% and a deterioration of the margin (0,8% in 2009 versus 9.1% in 2008) primarily due to the revenue degradation. The decision has been taken to close a number of non profitable print publications and launch online vertical sites across our main segments. 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, reduction in working hours, change of office premises as well as introducing new revenue sources.

Croatia

Operations EBITDA decreased by 62.3%, with a deterioration of the margin (8.7% in 2009 versus 15.2% in 2008) due primarily to the decline in Print revenue not matched by cost reductions causing the margin to deteriorate from 21.4% in 2008 to 15.7% in 2009

Slovenia

In Slovenia, Moje Delo had positive Operations EBITDA but because of negative one in and Bosnia and Herzegovina, and Serbia and impairments overall EBITDA was negative.

Depreciation and amortization

Depreciation and amortization has decreased from US$ 9.8 million in 2008 to US$ 8.5 million in 2009. This decrease is attributable to a lower capital spending due to cost saving measures implemented in 2009.

Financial income and expenses

Financial expenses in 2009 are US$ 13.0 million in comparison to US$ 36.1 million in 2008. The major reason behind this is that Foreign Exchange loss in 2009 is US$ 3.8 million versus US$ 23.2 million in 2008 due to appreciating Russian Ruble, our main currency of income.

Income taxes

	2009	2008
Loss before income taxes and minority interests	**US$ (3.2)**	**US$ (5.4)**
Aggregated current income tax income calculated at the effective tax rates of countries	(0.9)	(0.8)
Expenses not deductible for tax purposes	4.0	6.5
Current period tax losses	3.2	7.3
Withholding tax relating to dividend distribution	1.0	5.3
Other, net	(4.1)	1.1
Taxation on income	**3.0**	**19.4**

Due to current loss before income taxes and significant drop in non deductable expenses our taxation on income is US$ 3.0 million in 2009 compared to US$ 19.4 million in 2008.

Minority interest

Net profit attributable to minority interest for 2009 decreased to US$ 2.1 million from US$ 6.2 million in 2008, due lower profits of related subsidiaries for 2009.

Net income from continuing operations

We generated net loss from continuing operations of US$ 6.2 million for 2009 compared to US$ 24.8 million for 2008, a decrease of US$ 18.6 million. The main reason being a reduction of income tax expense of US$ 16.4 million and decrease in currency losses.

Net income/ (loss) from discontinued operations

The Group sold 100% of shares of its wholly-owned subsidiary, Trader.com (Polska) Sp. Z.o.o. for a cash consideration of US$ 54.4 million on June 25, 2008. The resulting gain on sale of this subsidiary amounted to US$ 49.8 million with a net profit from discontinued operations of US$ 50.2 million.

Analysis of the result of discontinued operations is as follows:

	2009	2008
Revenue	-	$4.7
Expenses	-	(4.3)
Profit before tax of discontinued operations	-	0.4
Income tax expenses	-	-
Profit after tax of discontinued operations	**-**	**0.4**
Gain recognized on the disposal of assets of discontinued operations (*)	-	49.8
Net profit for the year from discontinued operations	**-**	**50.2**

Basis of preparation

These consolidated financial statements of TME are for the year ended December 31, 2009. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union ("EU"). These consolidated financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board and effective or issued and early adopted as at the time of preparing these statements (April 30, 2010).

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 trade names and advertising customer bases of the acquired entities.

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 except for computer software and rights, include trade names 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. Goodwill and intangible assets with indefinite useful lives are not amortized but subject to at least an annual assessment for impairment. Amortization of intangible assets is recognized in general administrative expenses.

Estimated useful lives of the intangible assets with finite useful lives are as follows:

Trade names	20 years
Customer lists	12 years
Software and rights	3-5 years
Other intangible assets	5 years

Impairment of assets

TME carries out an impairment review every year. The exercise in 2009 was conducted in all geographies that TME exists. Excluding Slovenia where Bosnian and Serbian where investments were impaired, no further impairments were booked. This decision was based on the fact that in 2008 considerable amounts were impaired amounting to US$ 12.3 million mainly in Hungary, the geography that has suffered the most during the crisis and the fact that market values of our brands and companies through research and/or non binding market negotiations we have been involved in the near past show a fair value in goodwill. It must also be taken in to consideration that the company is in transition to becoming a online company where online revenues recognition for valuation purposes differ.

IFRS as adopted in the EU 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 less cost to sell of the reporting unit, based on its projected cash flows, discounted with the appropriate risk adjusted weighted-average cost of capital. If the carrying amount of a geographic reporting unit exceeds its implied fair value less cost to sell, the Group records an impairment loss equal to the difference. For the purposes of assessing impairment, assets are grouped at the lowest levels as the geographic reporting unit for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in general administrative expenses.

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 discounted cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value less cost to sell of the asset, which is based on discounted cash flows.

The recoverable amounts of cash generating units have been determined using fair value less costs to sell valuation model. Fair value is measured based on discounted cash flows using a discount rate reflecting the risk associated with the assets in question based on financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using the discount rates stated below.

December 31, 2009	**EBITDA margins (%) (*)**	**EBITDA growth rates (%) (**)**	**Pre-tax discount rates (%)**
Russia & CIS	25.2	3.73	14.0
Hungary	20.9	20.46	13.4
Croatia	21.8	7.97	13.9
Eastern Europe	29.2	10.66	10.3

(*) Represent budgeted operating profit before interest, tax, depreciation and amortization, impairment charges and other non-recurring operating expenses.

(**) Weighted average EBITDA growth rates used to extrapolate cash flows beyond the budget period.

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.

Deferred Tax Assets

As at December 31, 2009 we had US$ 2.5 million of deferred tax assets. It was US$ 2.8 million as of December 31, 2008. The difference is attributable to increase in doubtful receivable and reversal of deferred tax assets from carry-forward tax losses.

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, if necessary, 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.

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 & CIS

Revenue (for full year 2009)	**US$ millions**	**Brand Coverage**	
Publications	119.6	Number of publications	183
Websites	9.6	Number of websites	10
Total	**129.2**		

Russia and CIS are the key markets for TME. In 2009, share of those regions in TME revenue was 84%, US$ 129.2 million.

Pronto Moscow Group is operating in the Russian advertising market since the beginning of 1992, when it launched first title in Moscow. As of 2009 it has the largest network of around 200 print titles which are published in over 90 cities in Russia, CIS countries and are distributed in around 600 cities.

There are more than 6,000 points for paid and free distribution of print titles only in Moscow and its immediate region. Print portfolio of the Group includes generalist newspapers Iz Ruk v Ruki and Aviso, vertical and niche newspapers and magazines Rabota Segodnya, Iz Ruk v Ruki - Avto, Iz Ruk v Ruki - Commercial Avto, Photonedvigimost, Vse Avto, Vsya Nedvigimost, Vsja Rabota, Vsja Stroika, Auto Gallery, Gallereja Nedvizhimosti,,Commercial Real Estate, Golf Digest, and other titles. Online portfolio includes leading internet resources www.irr.ru and www.job.ru,as well as leading niche verticals Trucklist.ru, Cre.ru and other resources.The Group is also present in Ukraine, Belarus and Kazakhstan with Aviso.ua, ool.com.ua, irr.by, automania.by, domania.by, irr.kz.

The Group's strategy is to perform drastic transition from one of the leading print classified companies in Russia and CIS into the powerful online transaction platform. At the end 2009, Pronto Moscow has already became the No.1 online player among "traditional" print media companies operating in Russia. In order to reinforce the leadership in both online and print markets, the group is extensively utilizing its unique geographical presence and direct sales model.

Financial results of the Group for 2009 were impacted by economic crisis in Russia, which mostly affected Real Estate, Vehicle and Job sectors. At the same time, however, Pronto Moscow managed to continue growth in online and increased its market share, especially in Vehicle category, thus strengthening its leadership in sectors which started to recover at the end of 2009.

Facing the tough crisis economical challenges in 2009, the Group managed to significantly optimize its operational costs, particularly in raw material prices, reduction of personnel and G&A expenses. This allowed Pronto Moscow to maintain operational sustainability, combined with aggressive online and offline market share growth.

The brand study performed at the end of 2009 by one of the leading marketing research companies, reinforced the outstanding power of IRR.ru as successor of Iz Ruk v Ruki print classified title. Irr.ru brand awareness among users allowed it to reinforce its top position as no.1 generalist title as well as leader in major popular and monetized categories. Based on market knowledge and management insight, confirmed by research, the strategic decision was taken to concentrate resources on further growth of power of the core online brand, www.Irr.ru , by transforming it to multi-category umbrella portal. Based on this decision, www.Automania.ru (Vehicle) and www.Domania.ru (Real Estate vertical) core functionalities are being integrated into Irr.ru respective sections.

Hungary

Revenue (for full year 2009)	**US$ millions**	**Brand Coverage**	
Publications	9,8	Number of publications	5
Websites	2,3	Number of websites	4
Total	**12,1**		

Expressz has strengthened its market share both in print and in the online platform, focusing on our key operating categories: generalist, vehicle, real estate and job. Due to the economic difficulties of the overall economy, more print competitors has suspended or closed completely their products they operated on these markets. At the same time, several new products had been launched to these categories on the online front from our local and international competitors, with little success so far.

This year, there was a significant advertising revenue decline in the Hungarian display-ad market, due to the economic crisis, however with a strong and well architected and continuous Google Ad-Words marketing campaign (alongside with other actions), we have reached attractive traffic-growth on our sites, which we could turn into a revenue increase (+2%), unlike many of our competitors.

Our websites had 1.020.409 unique monthly visitors in November 2009, which is a 16% increase vs. last year. At the same time, we had close to 80 million page impressions, which represent a growth of 62% compared to previous year.

Print has still dominating our business with an annual printed circulation of 5,9 million copies, though share of on-line revenue has increased from 8,8% in 2008 up to 19.0% in 2009. Expressz has very high brand awareness in Hungary, with print products dominate the classified print market, which helps us further develop our online leadership position despite the volatile market trend.

We have sold our free distributed Szuperinfo product franchise late November, which were neither operated in core categories nor contributed to overall profit expectations. On the other hand we have made several upgrades on our main www.expressz.hu site, according to user expectations and the overall competitive situation. These upgrades improved the usability of the site and through, we have strengthened our market leadership. On-line editorial content product feature on verticals had been enhanced by layout redesign, which content had been enriched via cooperation with biggest local news agency.

Our real-estate vertical site started to work as a ‘second path to the clients’ on the market and became popular among real-estate agency franchises. The two-in-one product package let customers advertise on both www.expressz.hu and www.szuperingatlan.hu sites in a cost-effective way. Our www.szuperallas.hu job site has opened a new category for us in the white collar segment, where we had no product playing so far.

In 2010, our intention is to re-launch core categories' structure (car, real estate, job) and improve the layout of the main www.expressz.hu site, along with many usability and functionality upgrades. Editorial content publishing will start on the horizontal Expressz site too, which is a cost-effective traffic-generating product feature.

We have rationalized the print product portfolio and cost structure (e.g. pagination optimization, shutting down non-profitable supplements, etc.) in order to better meet customer needs and preserve our path towards becoming an online oriented Group. We have continued our efforts on altering our traditional print focused message towards a more online one; and have re-structured our sales force, in order to better accomplish sale of dedicated online and off- and online joint sales offers and products.

In 2010, we continue building the right off - and online product portfolio, with forming a company operation best serving the transition of our business towards online. Our objective is to strengthen our leading position in core categories via better meeting customer needs in offering full fledged classified solutions.

Croatia

Revenue (for full year 2009)	US$ millions	Brand Coverage	
Publications	8.9	Number of publications	4
Websites	1.4	Number of websites	5
Total	**10.3**		

Even 2009 was extremely difficult year due to global and regional crisis, Oglasnik d.o.o ("Oglasnik") is keeping the market leader position and its market share in most of key operating categories.

In 2009 total advertising market decreased by 20%, while print advertising market decreased even more with 25% in net value. Our specific advertising market of print weekly and monthly magazines decreased with more than 45%. Additionally, all key business segments and industries have suffered even more, car market more than 50%, employment market around 60%, and real estate market almost 80%.

Total revenues in Croatia decreased by 35% in 2009. Offline revenues decreased by 36% and online revenues decreased by 22%. Share of online business in total revenues has been increased from 11.5% in 2008 to 13.4% in 2009.

Cost cutting activities started in last quarter of 2008 and it was continuous process during the whole 2009. Total costs decreased by 25% in 2009, out of which production costs decreased by 31%, selling and distribution decreased 30%, marketing costs 48%, personnel costs 17%. Additional focus in cost cutting activities at the end of 2009 and beginning of 2010 was on personnel and G&A costs. Total number of employees has decreased by 25%.

Due to the cost cutting activities and other optimization processes EBITDA was positive in whole 2009, and in each of quarters. EBITDA margin in 2009 was 8.7%, and in absolute value was 62.5% below 2008.

During 2009, many market research activities have been done in a purpose to identify changes in customer needs affected by both economical reasons but also due to trend changes in industry and general technology development. Based on conclusions from market researches, basis for new strategy for period 2010 – 2013 was founded.

During 2009, we have discontinued one unprofitable print product in luxury RE segment. We have also decreased frequency of vertical print magazines in car and RE segment due to difficult market situation on those markets and due to lower customer and market needs.

Print market is still dominating our business both in terms of revenues, but also in terms of profit. EBITDA margin of print was 16% in 2009. Generalist print publication is the key product in portfolio which generates more than 70% of total revenues and most of the gross profit. Significant focus will be on that product in 2010 according to its importance and current customer needs. Generalist publication had more than 2.5 million circulated copies in 2009 with almost 4 million published ads. In print, our products are market leaders by far in each of particular category having more than 70% in generalist segment, more than 60% in RE segment and more than 50% in car segment.

Our online business suffered in 2009 as whole online advertising market was in difficult situation. Online advertising market in Croatia is still undeveloped with only 2% of total advertising market and low awareness between advertisers, and because of that there was no positive impact of crisis on online business in terms of redirection of advertiser's budgets to online. As a group with total portfolio of 5 web sites we had around 420,000 UMV at the end of 2009.

The most important web site, Generalist website www.oglasnik.hr is the second best between generalist web site, with almost 100,000 published ads and more than 220,000 UMV. Car website www.auti.hr is the leading site in this category having more than 165,000 UMV and more than 20,000 ads in each moment. Job web site had more than 140,000 UMV and more than 2.500 published ads at the end of 2009, and it is second best in job segment. Real Estate website is the market leader in category and having more than 60,000 UMV and more than 22,000 ads in each moment.

We are continuously working on improvement of our web site, we did re-factoring for vertical websites, and we did a lot of improvements on generalist web site according to customer needs. We are increasing our competitive strengths, and during the 2010 we will re-launch our generalist website as part of revitalization of brand Oglasnik, introducing many new features at the same time. On that way we will improve our online position and will create the right platform for the long term growth for the Group.

Slovenia

Revenue (for full year 2009)	**US$ millions**	**Brand Coverage**	
Offline	0.5	Number of publications	-
Online	1.2	Number of websites	4
Total	**1.7**		

Moje Delo d.o.o 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 and 30 Slovene WebPages gives us an extended advertising reach, helping us to pursue our growth. In Slovenia, we made more than 92% of total revenue of the group Moje Delo. We are present also in Bosnia and Herzegovina, and Serbia.

In 2009, crisis made big influence on recruiting market in Slovenia (also in Bosnia & Herzegovina, and Serbia). Therefore, the revenue dropped for almost 50% with quick cost cutting and reorganization, we managed to keep positive operational EBITDA. We lowered headcounts for cca 20%, cut some projects and focused just on profitable one. We cut almost all print and focused on online and some offline projects. We kept leading position in online recruiting in Slovenia. We even established NGO to provide services for government projects.

In 2009 we made impairment of investment in Serbia and Bosnia, which influenced on result of Moje Delo (Slovene operation).

Our database was rising all the time. At the end of 2009, we had more than 15% of Slovene active population in our database. In 2009, we managed to raise number of visits for 20% on www.mojedelo.com . We are by far biggest recruiting portal in Slovenia.

TRADER MEDIA EAST LTD

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report
To the Members of Trader Media East Limited

Report on the Financial Statements
We have audited the accompanying group financial statements of Trader Media East Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2009 which comprise the consolidated balance sheet as at 31 December 2009, the consolidated statements of loss, comprehensive loss, changes in equity and 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 International Financial Reporting Standards ("IFRS") as adopted by the EU 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Independent Auditor’s Report
To the Members of Trader Media East Limited (continued)

Report on other Legal and Regulatory Requirements
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 consolidated financial statements. The other information comprises only the Financial Highlights, the Vision, Mission and Strategic Goals, the Corporate Profile, the Chairman's Statement, the Message from the CEO, the Corporate Governance Statement, the Report on Remuneration, the Report of the Board of Directors, the General Overview and Financial Review, and the Operational Performance by Countries.

We also, at the request of the Directors (because the Company applies the Listing Rules of the Financial Services Authority as if it were a UK Listed company), review whether the Corporate Governance Statement reflects the Group’s compliance with the nine provisions of the Combined Code 2008 specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. As discussed in the Corporate Governance Statement, the Board, the Compensation Committee and the Nomination Committee do not include at least two independent non-executive directors as required by the sections A.3.2, A.4.1 and B.2.1 of the Combined Code 2008. We are not required to consider whether the Directors’ statements on internal controls cover all risk and controls or form an opinion on the effectiveness of the Company’s corporate governance procedures or its risk and control process.

In our opinion the information given in the Directors’ report is consistent with the consolidated 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 113A 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.

Simon Perry
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands
30 April 2010

TRADER MEDIA EAST LTD

Consolidated Balance Sheets

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

	Notes	As at December 31, 2009	As at December 31, 2008
ASSETS			
Non-current assets			
Property, plant and equipment	6	$ 16.6	$ 18.3
Goodwill	7	110.9	117.3
Intangible assets	8	94.6	98.1
Available-for-sale financial assets		0.1	0.1
Deferred income tax assets	17	1.5	0.7
Other non-current assets		0.7	0.3
Total non-current assets		**224.4**	**234.8**
Current assets			
Inventories	9	2.0	4.5
Trade and other receivables	10	7.8	12.8
Cash and cash equivalents	11	32.7	58.7
Other current assets	18	9.5	15.3
Total current assets		**52.0**	**91.3**
Total assets		**276.4**	**326.1**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	12	8.0	8.0
Additional paid-in capital	12	683.1	678.1
Translation reserve	2.2	23.0	24.6
Accumulated losses		(581.9)	(573.6)
		132.2	**137.1**
Minority interests in equity		**1.4**	**2.9**
Total equity		**133.6**	**140.0**
LIABILITIES			
Non-current liabilities			
Financial liabilities - *Borrowings*	13	-	86.6
Financial liabilities to minorities	14	0.5	4.0
Deferred income tax liabilities	17	20.1	24.1
Other non-current liabilities		0.1	0.3
Total non-current liabilities		**20.7**	**115.0**
Current liabilities			
Financial liabilities - *Borrowings*	13	89.1	37.2
Financial liabilities to minorities	14	10.0	9.0
Trade and other payables	15	15.0	15.2
Due to shareholders	16	0.3	0.3
Current income tax liabilities	17	0.3	1.4
Other current liabilities	18	7.4	8.0
Total current liabilities		**122.1**	**71.1**
Total liabilities		**142.8**	**186.1**
Total liabilities and equity		**276.4**	**326.1**

Approved by the Board on April 30, 2010 and signed on its behalf by:

________________________ ____________________

Vuslat Doğan Sabancı — Michel Teheux

Vice-Chairwoman and CEO — Director

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

TRADER MEDIA EAST LTD

Consolidated Statements of (Loss)/Income

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

		For the years ended	
	Notes	**December 31, 2009**	**December 31, 2008**
<u>Continuing operations</u>			
Revenue	4	$ 153.3	$ 296.9
Cost of sales	20	(75.2)	(142.6)
Gross profit		**78.1**	**154.3**
Marketing, selling and distribution expenses	20	(15.4)	(34.3)
General administrative expenses	20	(55.2)	(91.9)
Other income		-	0.7
Operating profit		**7.5**	**28.8**
Financial income	23	2.3	1.9
Financial expenses	24	(13.0)	(36.1)
Loss before income taxes		**(3.2)**	**(5.4)**
Income tax expense	17	(3.0)	(19.4)
Net loss for the year from continuing operations		**(6.2)**	**(24.8)**
Discontinued operations			
Net profit for the year from discontinued operations	**21**	**-**	**50.2**
Net (loss)/profit for the year		**(6.2)**	**25.4**
Attributable to:			
Equity holders of the parent		(8.3)	19.2
Minority interests		2.1	6.2
		(6.2)	**25.4**
Weighted average number of ordinary shares in issue (thousands)		50,000	50,000
Basic and diluted (losses)/earnings per share for profit from continuing and discontinued operations attributable to the equity holders of the parent during the period (expressed in full US Dollar per share)			
Continuing operations		(0.17)	(0.62)
Discontinued operations		-	1.00

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

TRADER MEDIA EAST LTD

Consolidated Statements of Comprehensive (Loss)/Income

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

	For the year ended December 31, 2009	December 31, 2008
Net (loss)/profit for the year	**$ (6.2)**	**$ 25.4**
Currency translation differences	(1.8)	(17.0)
Total comprehensive (loss)/income for the year	**(8.0)**	**8.4**
Attributable to:		
Equity holders of the parent	(9.9)	1.6
Minority interests	1.9	6.8

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

TRADER MEDIA EAST LTD

Consolidated Statements of Changes in Equity

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

	Share capital	Additional paid-in capital	Translation reserve	Accumulated losses	Minority interests	Total equity
Balances at January 1, 2008	**$ 8.0**	**$ 678.1**	**$ 42.2**	**$ (592.8)**	**$ 3.0**	**$ 138.5**
Dividend payments to minority	-	-	-	-	(6.9)	(6.9)
Total comprehensive income for the period			(17.6)	19.2	6.8	8.4
Currency translation adjustment	-	-	*(17.6)*	-	*0.6*	*(17.0)*
Net profit for the year	-	-	-	*19.2*	*6.2*	*25.4*
Balances at December 31, 2008	**8.0**	**678.1**	**24.6**	**(573.6)**	**2.9**	**140.0**
Balances at January 1, 2009	**8.0**	**678.1**	**24.6**	**(573.6)**	**2.9**	**140.0**
Capital contribution		5.0	-	-	-	5.0
Dividend payments to minority	-	-	-	-	(2.9)	(2.9)
Total comprehensive loss for the period			(1.6)	(8.3)	1.9	(8.0)
Currency translation adjustment	-	-	*(1.6)*	-	*(0.2)*	*(1.8)*
Net loss for the year	-	-	-	*(8.3)*	*2.1*	*(6.2)*
Other (*)	-	-	-	-	(0.5)	(0.5)
Balances at December 31, 2009	**8.0**	**683.1**	**23.0**	**(581.9)**	**1.4**	**133.6**

(*) Represents changes in put option liabilities and acquisition of shares from minority shareholders during the year.

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

TRADER MEDIA EAST LTD

Consolidated Statements of Cash Flows

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

	Notes	For the years ended December 31, 2009	December 31, 2008
Net (loss)/profit for the year		$ (6.2)	$ 25.4
Net profit for the year from discontinued operations		-	(50.2)
Adjustments:			
Depreciation and amortization	4	8.5	9.8
Financing costs	24	4.0	1.9
Taxation on income	17	3.0	19.4
Goodwill impairment charges	4	0.5	12.3
Interest expenses of written put options	4	0.2	1.4
Provision for doubtful receivables	4	2.8	4.0
Interest expenses	24	5.0	9.6
Interest income	23	(1.3)	(1.1)
Loss from disposal of subsidiaries		0.2	-
Loss after tax of discontinued operations	21	-	0.4
Change in working capital, net		6.1	(8.8)
Income taxes paid		(5.4)	(13.1)
Cash flows provided by operating activities		**17.4**	**11.0**
Cash flows from investing activities:			
Purchases of property, plant and equipment and intangible assets	6,8	(5.4)	(11.8)
Proceeds from sales of property, plant and equipment		0.2	1.8
Cash paid for acquisition of subsidiaries, net of cash acquired		-	(0.9)
Cash paid for acquisition of minority interests		(0.5)	-
Proceeds from sale of discontinued operations	21	-	54.4
Proceeds from disposal of subsidiaries	7	2.1	-
Net cash (used in)/provided by investing activities		**(3.6)**	**43.5**
Cash flows from financing activities:			
Dividends paid to minority interests		(2.9)	(6.9)
Proceeds from borrowings		-	55.2
Repayments of borrowings		(38.6)	(54.4)
Cash paid for financing costs		-	(1.9)
Interest receipts and payments, net		(3.4)	(8.8)
Capital advances received		5.0	-
Net cash used in financing activities		**(39.9)**	**(16.8)**
Exchange gains/losses on cash and cash equivalents		0.4	(4.5)
Change in cash and cash equivalents		**(25.7)**	**33.2**
Cash and cash equivalents at beginning of period	**11**	**58.4**	**25.2**
Cash and cash equivalents at end of period	**11**	**32.7**	**58.4**

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Description of the business

Trader Media East Ltd. (the "Company" or "TME") and its subsidiaries (together the "Group") are involved in classified advertising and own leading publications and websites in major metropolitan and regional markets in the countries of operation. TME's major publications and websites include:

- in Moscow and major cities across Russia and the Commonwealth of Independent States (the "CIS"), the publications Iz Ruk v Ruki, Aviso, Avto, Nedvizhimost and the website www.irr.ru;
- in Hungary, the publications Expressz, Kepes Auto, Kepes Ingatlan, Mai Hirdetes, and the website www.expressz.hu;
- in Croatia, the publication Oglasnik and the website www.oglasnik.hr; and
- in Slovenia, the website www.mojedelo.com

The Group sold Trader.com (Polska) Sp. Z.o.o. ("Trader.com") for a cash consideration of US$54.4 on May 14, 2008 and completed this transaction on June 25, 2008. The resulting gain on sale of this subsidiary amounted to US$49.8 and included in the net income from discontinued operations in the consolidated statement of (loss)/income (Note 21).

The address of the registered office of TME is 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands.

These consolidated financial statements have been approved for issue by the Board of Directors on April 30, 2010. The Group's shareholders have power to amend these consolidated financial statements.

Business and economic environment

Subsidiaries of TME, mainly operate in Russia and the CIS [Russia, Ukraine, Belarus, Kazakhstan and Lithuania], Hungary, Croatia and Slovenia. Russia and the CIS have 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 and the CIS involve risks, which do not typically exist in other markets.

The consolidated 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.

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS (Continued)

Formation of the Group

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, 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; and
- On February 10, 2006, TME purchased from Leonid Makaron the remaining 12% shares of Pronto Moscow, which operates the business located in Moscow and its parent company of the operations located in Russian regions, Belarus, Kazakhstan and Lithuania.

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 Depository Receipts ("GDR's") on the main market of the London Stock Exchange, with unconditional trading commencing on February 13, 2006 (the "Offering"). TCM retained 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 note 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. Hürriyet Invest B.V. received valid acceptances representing approximately 67.3% of TME's share capital. The remaining 32.7% of TME shares continue to be circulated as GDRs on London Stock Exchange.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated financial statements of TME are for the year ended December 31, 2009. They have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted in the European Union (“EU”). These consolidated financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations issued by the International Accounting Standards Board and effective or issued and early adopted as at the time of preparing these statements (April 30, 2010).

The accounting policies set out in Note 2.4 have been consistently applied to all periods presented.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in accordance with IFRS as adopted in the EU requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.4(j).

The consolidated financial statements include the accounts of the parent company, TME, and its subsidiaries. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of income.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the consolidated statement of income. Investments which the Group does not exercise a significant influence, or which are immaterial are carried at cost less any provision for impairment.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Foreign currency transactions and 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 ("USD" 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 income.

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

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")
European Union	Euro ("EUR")	Belarus	Belarusian Ruble ("BYR")

The following tables summarizes the year-end and average exchange rates of local currencies for TME and its subsidiaries for $1.00 in full at December 31, 2009 and 2008 and for the years then ended:

	December 31, 2009		December 31, 2008	
	Average	Closing	Average	Closing
$/ RUR	31.6368	30.2442	25.0120	29.4766
$/ HUF	200.8407	188.0700	172.9413	189.3821
$/ HRK	5.2760	5.0893	4.9349	5.1555
$/ EUR	0.7150	0.6942	0.6818	0.7095
$/ LTL	2.4819	2.4052	2.3613	2.4687
$/ UAH	7.9952	7.9850	5.4046	7.9288
$/ KZT	148.6005	148.3600	122.4897	123.8640
$/ BYR	2,799.4737	2,863.0325	2,403.5000	2,657.0000

The Russian Ruble and some other currencies of Russia and the 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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Changes in IFRS

i) Amendments and interpretations those are effective from the year 2009 and relevant to the Group's financial statements:

- IAS 1, "Presentation of financial statements" Significant changes in comprehensive income statements IAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. Accordingly, the Group has presented comprehensive income statements for the year ended 31 December 2009 and 2008.

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. IAS 23 (Amendment) is applied by the Group, effectively starting from 1 January 2009.

- IFRS 8, "Operating segments" (effective from 1 January 2009). IFRS 8 replaces IAS 14, "Segment reporting", and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The group applies IFRS 8 (Amendment) effectively from 1 January 2009 however, the management approach adopted by the Group did not create a differentiation in segment reporting.

Following amendments did not have a material impact on consolidated financial statements.

- IAS 19 (Amendment), "Employee Benefits"
- IAS 28 (Amendment), "Investments in Associates" (and as result of this, amendments on IAS 32 "Financial instruments: Presentation"and IFRS 7 Financial instruments: Disclosures"
- IAS 32, "Financial instruments: Presentation"
- IAS 36 (Amendment) "Impairment of assets"
- IAS 38 (Amendment), "Intangible Assets"
- IAS 39 "Financial instruments: Recognition and measurement" Changes in hedging instruments
- IFRS 1, (Amendment), "First-time adoption of International Financial Reporting Standards" Change in cost of investment in the first time adoption of IFRSs
- IFRS 2, (Amendment), "Share-based payment"
- IFRIC 15, "Agreements for the construction of real estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Changes in IFRS (Continued)

ii) Amendments and interpretations which are mandatory for the accounting periods beginning on or after 1 January 2010:

- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- IFRS 3 (Amendment), "Business Combinations"
- IAS 31 (Amendment), " Interests in Joint Ventures"
- IFRS 5 (Amendment), "Non-current Assets Held for Sale and Discontinued Operations"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IFRIC 18 "'Transfer of assets from customers"

2.4 Summary of significant accounting policies

(a) 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 (Note 11).

(b) 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 except for computer software and rights, include trade names 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. Goodwill and intangible assets with indefinite useful lives are not amortised but subject to at least an annual assessment for impairment. Amortization of intangible assets is recognised in general administrative expenses.

Estimated useful lives of the intangible assets with finite useful lives are as follows:

Trade names	20 years
Customer lists	12 years
Software and rights	3-5 years
Other intangible assets	5 years

(c) Impairment of assets

IFRS as adopted in the EU 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 less cost to sell of the reporting unit, based on its projected cash flows, discounted with the appropriate risk adjusted weighted-average cost of capital. If the carrying amount of a geographic reporting unit exceeds its implied fair value less cost to sell, the Group records an impairment loss equal to the difference. For the purposes of assessing impairment, assets are grouped at the lowest levels as the geographic reporting unit for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in general administrative expenses.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(c) Impairment of assets (Continued)

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 discounted cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value less cost to sell of the asset, which is based on discounted cash flows.

The recoverable amounts of cash generating units have been determined using fair value less costs to sell valuation model. Fair value is measured based on discounted cash flows using a discount rate reflecting the risk associated with the assets in question based on financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using the discount rates stated below.

December 31, 2009	EBITDA margins (%) (*)	EBITDA growth rates (%) (**)	Pre-tax discount rates (%)
Russia & CIS	25.2	3.73	14.0
Hungary	20.9	20.46	13.4
Croatia	21.8	7.97	13.9
Eastern Europe	29.2	10.66	10.3

December 31, 2008	EBITDA margins (%) (*)	EBITDA growth rates (%) (**)	Pre-tax discount rates (%)
Russia & CIS	28.7	3.90	14.3
Hungary	16.3	2.36	12.6
Croatia	20.5	2.17	13.2
Eastern Europe	7.7	1.75	11.6

(*) Represent budgeted operating profit before interest, tax, depreciation and amortization, impairment charges and other non-recurring operating expenses.
(**) Weighted average EBITDA growth rates used to extrapolate cash flows beyond the budget period.

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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(d) Trade receivables and provision for doubtful receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception (Note 10). Provision for doubtful receivables is included in marketing, selling and distribution expenses.

(e) Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs to make the sale. Inventories are mainly composed of paper raw materials. The cost of inventories is determined on the weighted average basis (Note 9).

(f) Revenue recognition

The Group’s primary source of print revenue is the sale of advertising space in its publications. Private and professional classified advertisements and display advertisements 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 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 centres 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.

(g) Assets held for sale and discontinued operations

Discontinued operations are the part of the Group which either are classified as held-for-sale or have been disposed of and whose activities and cash flows can be treated as separable from the Group’s activities and cash flows. Discontinued operations represent separate business or geographical segments, which are part of a plan to sell or dispose, or is a subsidiary acquired for selling. The Group measures discontinued operations, with the lower of the carrying amounts of the related assets and liabilities of the discontinued operations or the fair values less costs to sell (Note 21).

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(h) Earnings/(losses) 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 year.

(i) Property, plant and equipment and depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Assets lives and residual values are reviewed annually at each balance sheet. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Buildings	25-50 years
Printing presses and related equipment	3-15 years
Furniture and fixtures	3-10 years
Leasehold improvements	2-20 years

Assets held under finance 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.

(j) Significant accounting estimates and decisions

Preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities recognised as of the balance sheet date, contingent assets and liabilities disclosed and the amount of revenue and expenses reported. Although, these estimates and assumptions rely on the Company management's best knowledge about current events and transactions, actual outcomes may vary from those estimates and assumptions.

The critical accounting estimates which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following financial reporting periods are as follows:

Useful lives of intangible assets

The Directors estimate the useful lives of some trade names as indefinite. If these intangible assets' useful lives are finite (in case of useful lives of 20 years), their amortization would have increased by $3.8 (2008: $4.6) and loss before tax and minority interests would have increased by $3.8 (2008: $4.6).

Group amortizes trade names, customer lists and domain names with finite useful lives over the useful lives. If the useful lives of trade names, customer lists and domain names differ from the management's estimates by 10%, the effects on the financial statements would be as follows:

- Had the useful lives been longer by 10%, amortization charges would have decreased by $0.2 (2008: $0.2) and loss before tax and minority interests would have decreased by $0.2; or

- Had the useful lives been shorter by 10%, amortization charges would have increased by $0.2 (2008: $0.2) and loss before tax and minority interests would have increased by $0.2.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(j) Significant accounting estimates and decisions (Continued)

Impairment of assets

If the estimated pre-tax discount rate applied to the discounted cash flows for the CGU in Hungary had been 1% higher than management's estimates at December 31, 2008, the Group would have recognised a further impairment against intangible assets by $2.7 and loss before tax and minority interests would have increased by $2.7.

(k) Borrowings

Borrowings are recognized initially at fair value. Borrowings are subsequently stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings. Financing fees paid during initial transactions are classified as "Deferred financing fees" and offset from borrowings (Note 13).

(l) Provisions

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(m) Web page development costs

The direct costs incurred in the development of its websites are capitalized and recognised over the estimated useful lives. The costs incurred that relate to the planning and post implementation phases are expensed. Repair and maintenance costs associated with websites are included in cost of sales and general administrative expenses.

(n) Foreign currency transactions and translation

Income and expenses arising in foreign currencies have been translated with exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from settlement and translation of foreign currency items are recognised as income or expense in the consolidated statement of income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(o) Taxes on income

Taxes on income include current period income taxes and deferred income taxes. Current year tax liability consists of tax liability on period income calculated according to substantively enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to previous years' tax liabilities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Substantively enacted tax rates are used to determine deferred income tax.

In substance, temporary differences arise from the differences in the periods of the recognition of income and expenses in accordance with IFRS as adopted in the EU and tax legislation. Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly.

(p) Segment reporting

Management has determined the operating segments based on the reports reviewed by Executive Committee that are used to make strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The committee considers the business from geographic perspective as the risks and returns in geographical areas reflecting the primary source of the enterprise's risks and returns. Geographically, management considers the performance in Russia & CIS, Hungary, Croatia and Eastern Europe.

The Executive Committee assesses the performance of the operating segments based on a measure of EBITDA. The Group defines EBITDA as operating profit before interest, tax, depreciation and amortization, impairment charges and other non-recurring gains and losses.

(q) Financial liabilities to minorities

Under the certain terms of acquisition agreements, the Group is committed to acquire the interests owned by minority shareholders in consolidated subsidiaries, if these minority interests wish to sell their share of interests.

As it is highly probable that the Group will fulfil this obligation, IAS 32, "Financial Instruments: Disclosure and Presentation", requires the value of such put options to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Group to settle part of these obligations with its own shares rather than cash. Furthermore, the share of minority shareholders in the net asset of the company subject to the put option must be reclassified from "minority interest" to "financial liability" in the consolidated balance sheet (Note 14). The Group presents, on initial recognition, the difference between the exercise price of the option and the carrying value of the minority interests as a reduction of minority interest and then as additional goodwill. The subsequent unwinding of the discount is recognised in financial expense while the change in the value of the commitment is recorded through goodwill.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

(r) Related parties

For the purposes of these consolidated financial statements, Doğan Holding and Doğan Yayın, shareholders, key management personnel and Board members, in each case together with their families and companies controlled or affiliated with them are considered and referred to as "Related parties". Key management personnel are defined as board members, general manager and assistant general managers (Note 16).

(s) Financial leases

Assets acquired under finance lease agreements are capitalized at the inception of the lease at fair value of the leased asset or at present value of the lease payment, whichever is the lower, less accumulated depreciation. Minimum lease payments are treated as comprising capital and interest elements.

Lease payments are apportioned between the finance charges and capital redemption so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

(t) Dividends

Final dividends on ordinary shares are recognised in equity in the period in which the dividends are approved by the Group's shareholders. Interim dividends are recognised when paid. Dividend income is recognised when the right to receive payment is established.

(u) Subsequent events

Subsequent events and announcements related to net income or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when the balance sheet is authorised for issue.

In the case that events requiring a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements.

(v) Reporting of cash flows

In the statement of cash flows, cash flows during the period are classified under operating, investing or financing activities. The cash flows raised from operating activities indicate cash flows due to the Group's operations. The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in property, plant and equipment and financial investments). The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment. Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and highly liquid with 3 months or less to maturity (Note 11).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Going concern

There is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group finances its operations though the generation of cash from operating activities and long-term bank borrowings. Although the Group was in net liability position as of December 31 2009, the bank borrowings as of 31 December 2009 were replaced with a new long-term borrowing on April 26, 2010 maturing in 2015.

The financial statements of the Group are prepared on the basis of a going concern assumption.

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1 Financial risk management

The Group is exposed to variety of financial risks due to its operations. These risks include interest rate risk, liquidity risk, funding risk, credit risk and foreign currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative financial instruments to hedge risk exposures.

Financial risk management is carried out by the Group management under policies approved by the Board of Directors.

(a) Interest rate risk

The Group management uses limited interest bearing short term assets to stabilize the maturity of the interest bearing liabilities and assets. Furthermore, the Group hedges interest rate risks arising from floating rate borrowings when necessary, by limited use of derivatives.

At December 31, 2009, had the interest rates on USD denominated borrowings been hundred basis point higher/lower with all other variables held constant, mainly as a result of higher/lower interest expense on floating rate borrowings; loss before taxes and minority for the year would have been higher/lower by $0.9 (2008: $1.2).

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Funding risk of current and future debt requirements is managed by the continual monitoring of the quality and availability of credit access and maintenance of cash and cash equivalents. The Group aims at maintaining cash and cash equivalents for the anticipated cash flows from operating and financing activities for the subsequent period. Cash and cash equivalents amount to $32.7 at December 31, 2009 (2008:$58.7).

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk management (Continued)

(b) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. Such amounts are undiscounted future cash flows of financial liabilities of the Group. Financial liabilities due within 12 months equal their carrying balances as the impact of discounting is not significant.

2009	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
Financial liabilities	-	89.1	-	-	-	89.1
Financial liabilities to minorities	-	9.6	0.5	0.5	-	10.5
Trade and other payables	13.7	0.4	0.9	-	-	15.0

2008	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
Financial liabilities	-	21.5	21.1	40.6	57.4	140.6
Financial liabilities to minorities	-	-	9.4	3.0	1.2	13.6
Trade and other payables	14.3	0.8	0.1	-	-	15.2

At December 31, 2009, the Group does not have any long-term financial liabilities (2008: $86.6) (Note 13).

(c) Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

(d) Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk to any individual counterparty. As the entities comprising customer base are numerous and spread on different business areas, credit risk is diversified.

Financial assets, 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.

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk management (Continued)

(e) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to US Dollars. The foreign exchange risk mainly arises from the impact of rate changes in the translation of the Group's foreign currency denominated borrowings (Note 13).

Assets and liabilities denominated in foreign currencies, in the context of functional currencies used by the subsidiaries, at December 31, 2009 and 2008 and resulting net foreign currency position at the respective balance sheet dates are as follows:

	December 31, 2009	December 31, 2008
Assets - Cash and cash equivalents	$ 22.6	$ 45.8
Liabilities - Senior credit facility	(89.1)	(123.8)
Net foreign currency position	**(66.5)**	**(78.0)**

All foreign currency balances included in the foreign currency position at December 31, 2009 and 2008 are originally denominated in US Dollars except for the cash and cash equivalents amounting to $0.5 at December 31, 2009 which were originally denominated in Euros.

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of December 31, 2009: $0.0331 = RUR 1, EUR0.0230=RUR 1 (2008: $0.0339= RUR 1, EUR0.0241= RUR 1).

At December 31, 2009, had the US Dollar weakened/strengthened by 10% against RUR and other local currency of the countries which Group has significant operations, with all other variables held constant, losses before tax and minority interests for the year would have been $6.7 higher/lower (2008: $7.8), as a result of foreign exchange losses/gains on translation of USD denominated financial liabilities.

Due to the global financial crisis started at the beginning of the fourth quarter of 2008, the functional currencies used by the subsidiaries has devaluated against US Dollar when exchange rates effective at the approval date of these financial statements are compared with the exchange rates effective at the balance sheet date.

3.2 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

3.2 Fair value of financial instruments (Continued)

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value: Level 3 is defined as inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) in the fair value hierarchy. The monetary assets and liabilities are classified as level 3 by level of the fair value measurement hierarchy as the inputs for the asset or liability that are not based on observable market data.

Monetary assets

The fair value of the balances denominated in foreign currencies, which are translated by using the exchange rates prevailing at period-end, is considered to approximate carrying value.

The fair values of certain financial assets carried at cost where the fair values cannot be measured reliably, including cash and cash equivalents, are considered to approximate their respective carrying values due to their short-term nature and is negligible impairment risk of the receivables.

The carrying value of trade receivables measured at amortised cost using the effective interest method, less provision for impairment are assumed to approximate their fair values.

Monetary liabilities

The carrying values of trade payables are assumed to approximate their fair values. The carrying values of non-current borrowings approximate their fair values as the repricing maturity of the borrowings is less than 6 months. The carrying values of trade payables and other long term financial liabilities approximate their fair values as the effect of the discounting is not material.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current financial liabilities-borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

	2009	**2008**
Total bank borrowings (note 13)	$ 89.1	$ 123.8
Less: cash and cash equivalents (note 11)	(32.7)	(58.7)
Net debt	56.4	65.1
Total equity	133.6	140.0
Total capital	**190.0**	**205.1**
Gearing ratio	**0.30**	**0.32**

NOTE 4 - SEGMENT 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 interest, tax, depreciation and amortization, impairment charges and other non-recurring gains and losses.

Management has determined the operating segments based on the reports reviewed by Executive Committee that are used to make strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The committee considers the business from geographic perspective. Geographically, management considers the performance in Russia & CIS, Hungary, Croatia and Eastern Europe. Nature of products, nature of production processes, type of customers, methods used to distribute the products are similar.

Notes to Consolidated Financial Statements

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

NOTE 4 - SEGMENT INFORMATION (Continued)

a) Geographic segmental analysis for the year ended December 31, 2009:

	Russia & CIS	Hungary	Croatia	Eastern Europe	Corporate and unallocated	Total
Print revenues	$ 119.6	$ 9.8	$ 8.9	$ 0.5	$ -	$ 138.8
Online revenues	9.6	2.3	1.4	1.2	-	14.5
Total revenues	**129.2**	**12.1**	**10.3**	**1.7**	**-**	**153.3**
EBITDA	**22.9**	**0.1**	**0.9**	**-**	**(2.9)**	**21.0**
Depreciation and amortization	(5.7)	(1.5)	(0.4)	-	(0.9)	(8.5)
Goodwill impairment (*)	(0.5)	-	-	-	-	(0.5)
Income tax expenses	(4.7)	1.9	(0.1)	-	(0.1)	(3.0)
Accrued interest expenses of the written put options	-	-	(0.2)	-	-	(0.2)
Provision for doubtful receivables	(2.0)	(0.7)	(0.1)	-	-	(2.8)
Total assets	175.0	32.2	30.5	4.5	34.2	276.4
Additions to property, plant and equipment	2.5	0.2	-	-	0.1	2.8
Goodwill	79.9	15.7	11.4	3.9	-	110.9
Intangible assets	58.1	13.2	17.9	-	5.4	94.6
Total liabilities	15.8	2.8	1.7	0.9	121.6	142.8

(*) Impairment resulted from the liquidation of some subsidiaries in Russia.

Notes to Consolidated Financial Statements

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

NOTE 4 - SEGMENT INFORMATION (Continued)

c) Geographic segmental analysis for the year ended December 31, 2008:

	Russia & CIS	Hungary	Croatia	Eastern Europe	Corporate and unallocated	Total
Print revenues	$ 236.5	$ 27.0	$ 14.0	$ 0.9	$ -	$ 278.4
Online revenues	11.7	2.6	1.8	2.4	-	18.5
Total revenues	**248.2**	**29.6**	**15.8**	**3.3**	**-**	**296.9**
EBITDA	**63.5**	**2.7**	**2.4**	**(0.4)**	**(12.8)**	**55.4**
Depreciation and amortization	(5.7)	(2.9)	(0.5)	-	(0.7)	(9.8)
Goodwill impairment (*)	-	(12.0)	-	(0.3)	-	(12.3)
Income tax expenses	(15.2)	(3.8)	(0.4)	-	-	(19.4)
Accrued interest expenses of the written put options	(0.6)	-	(0.8)	-	-	(1.4)
Provision for doubtful receivables	(2.2)	(1.7)	(0.1)	-	-	(4.0)
Total assets	189.5	38.0	31.1	5.0	62.5	326.1
Additions to property, plant and equipment	3.2	0.9	0.2	-	0.3	4.6
Goodwill	83.2	18.4	11.4	3.8	0.5	117.3
Intangible assets	60.0	14.0	17.8	-	6.3	98.1
Total liabilities	16.4	3.8	2.2	1.1	162.6	186.1

(*) The goodwill allocated to Hungary and Eastern Europe segments have been impaired due to the significant impact of global economic crisis on local markets of such geographies.

Notes to Consolidated Financial Statements

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

NOTE 4 – SEGMENT INFORMATION (Continued)

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	2009	2008
EBITDA for reportable segments	$ 23.9	$ 68.2
Corporate and unallocated EBITDA	(2.9)	(12.8)
Goodwill impairment	-	(12.3)
Depreciation and amortization	(8.5)	(9.8)
Provision for doubtful receivables	(2.8)	(4.0)
Non-recurring charges	-	(0.1)
Interest expenses of written put options	(0.2)	(1.4)
Financial expenses, net	(10.7)	(32.8)
Other	(2.0)	(0.4)
Loss before income taxes	**(3.2)**	**(5.4)**

Reportable segments' assets are reconciled to total assets as follows:

	2009	2008
Segment assets for reportable segments	$ 242.2	$ 263.6
Corporate and unallocated:		
Property, plant and equipment, net	0.2	0.9
Goodwill	0.1	0.4
Intangible assets, net	4.5	5.4
Available-for-sale financial assets	0.1	0.5
Deferred income tax assets	1.5	0.7
Receivable from tax authorities	1.5	1.6
Prepaid tax	3.9	6.9
Cash and cash equivalents	22.2	45.5
Other	0.2	0.6
Total assets	**276.4**	**326.1**

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2009	2008
Segment liabilities for reportable segments	$ 21.2	$ 23.5
Corporate and unallocated:		
Financial liabilities - Senior credit facility	89.1	123.8
Financial liabilities to minorities	10.5	13.0
Deferred income tax liabilities	20.1	24.1
Trade and other payables	1.9	1.7
Total liabilities	**142.8**	**186.1**

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

NOTE 5 – BUSINESS COMBINATIONS

There are no significant business combinations as at December 31, 2009 and for the year ended.

Acquisitions during the year ended December 31, 2008:

The Group acquired 100% of shares of Oglasnik Nekretnine d.o.o, incorporated in Croatia, on June 6, 2008 for a total purchase consideration of $0.52 and $0.51 of such purchase consideration has been allocated to goodwill.

Reconciliation of cash paid for the acquisitions in 2009 and 2008 and purchase consideration for the assets and liabilities acquired are as follows:

	2008
Acquisition of 55% in Moje Delo (Slovenia)	$ 1.3
Acquisition of 100% in Oglasnik Nekretnine d.o.o. (Croatia)	0.5
Less: Cash and cash equivalents in subsidiaries acquired	-
Total cash paid for acquisitions	**1.8**
Earn out payable as a part of Moje Delo acquisition cost	(1.3)
Financial liabilities to minorities related to written put options in connection with business combinations	-
Total purchase consideration	**0.5**

The allocation of purchase consideration to assets and liabilities acquired is as follows:

	2008
Goodwill	$ 0.5
Intangible assets	-
Property, plant and equipment	-
Deferred tax liabilities	-
Non-current financial liabilities	-
Total purchase consideration	**0.5**

Notes to Consolidated Financial Statements

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment and related accumulated depreciation for the year ended December 31, 2009 is as follows:

	1 January 2009	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2009
Cost:						
Land and land improvements	0.1		-	-	-	0.1
Buildings	3.6	-	-	0.1	(0.1)	3.6
Printing presses and related equipment	16.8	0.6	(0.1)	(0.4)	(0.3)	16.6
Furniture and fixtures	15.0	0.8	(1.0)	0.3	(0.7)	14.4
Leasehold improvements	0.5	-	(0.3)	-	-	0.2
Construction in progress	0.4	1.4	-	(0.4)	-	1.4
	36.4	**2.8**	**(1.4)**	**(0.4)**	**(1.1)**	**36.3**
Accumulated depreciation:						
Buildings	0.6	0.1	-	-	-	0.7
Printing press and related equipment	8.0	0.8	-	-	(0.1)	8.7
Furniture and fixtures	9.4	1.9	(0.9)	-	(0.2)	10.2
Leasehold improvements	0.1	0.3	(0.3)	-	-	0.1
	18.1	**3.1**	**(1.2)**	**-**	**(0.3)**	**19.7**
Net book value	**18.3**					**16.6**

(*) Transferred to intangible assets.

Depreciation expenses amounting to $3.1 for the year ended December 31, 2009 have been included in cost of sales and general administrative expenses amounted to $1.1 and $2.0, respectively (2008: $1.4 and $2.4).

Construction in progress amounting to $1.4 is related to computer programs and internet domain names.

Notes to Consolidated Financial Statements

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

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipment and related accumulated depreciation for the year ended December 31, 2008 is as follows:

	1 January 2008	Additions	Disposals	Transfers (*)	Disposal of subsidiaries (**)	Currency translation differences	31 December 2008
Land and land improvements	0.1	-	-	-	-	-	0.1
Buildings	4.3	-	-	0.1	-	(0.8)	3.6
Printing presses and related equipment	20.3	0.2	(0.3)	-	-	(3.4)	16.8
Furniture and fixtures	19.2	3.1	(2.9)	-	(1.7)	(2.7)	15.0
Leasehold improvements	0.5	0.3	(0.2)	-	(0.1)	-	0.5
Construction in progress	2.1	1.0	(0.6)	(1.8)	(0.1)	(0.2)	0.4
	46.5	**4.6**	**(4.0)**	**(1.7)**	**(1.9)**	**(7.1)**	**36.4**
Accumulated depreciation:							
Buildings	0.6	0.1	-	-	-	(0.1)	0.6
Printing press and related equipment	8.3	1.4	(0.1)	-	-	(1.6)	8.0
Furniture and fixtures	12.9	2.3	(2.6)	-	(1.4)	(1.8)	9.4
Leasehold improvements	0.2	-	(0.1)	-	-	-	0.1
	22.0	**3.8**	**(2.8)**	**-**	**(1.4)**	**(3.5)**	**18.1**
Net book value	**24.5**						**18.3**

(*) Transferred to intangible assets.

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

NOTE 7 - GOODWILL

The movements in goodwill during the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
1 January	**$ 117.3**	**$ 152.8**
Additions (Note 7)	-	0.5
Currency translation adjustment	(2.7)	(17.7)
Disposal due to sale of Trader.com (Polska) Sp. Z.o.o.	-	(0.9)
Disposal of subsidiaries (**)	(2.9)	-
Change in fair value of the exercise price of the written put options issued in connection with business combinations	(0.3)	(5.1)
Impairment (*)	(0.5)	(12.3)
31 December	**110.9**	**117.3**

(*) Impairment resulted from the liquidation of some subsidiaries as of December 31, 2009. The goodwill allocated to Hungary and Eastern Europe segments have been impaired due to the significant impact of global economic crisis on local markets of such geographies as of December 31, 2008 (see Note 2.c).

(**) Group sold all the shares of its subsidiaries Szuperinfo Magyarorszag Kft at 28 October 2009 for cash consideration of $ 2.1.

Goodwill is allocated to the group's cash-generating units (CGUs) identified according to operating segment (see Note 4.c).

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

NOTE 8 - INTANGIBLE ASSETS

Movement of intangible assets and related accumulated amortization for the year ended December 31, 2009 is as follows:

	1 January 2009	Additions	Transfers (*)	Currency translation differences	31 December 2009
Cost:					
Trade names	97.5	-		(1.2)	96.3
Customer lists	8.3	-		-	8.3
Software and rights	23.7	1.8	0.2	(0.5)	25.2
Other intangible assets	2.6	0.8	0.2	0.3	3.9
	132.1	**2.6**	**0.4**	**(1.4)**	**133.7**
Accumulated amortization:					
Trade names	12.3	0.4	-	(0.4)	12.3
Customer lists	7.4	0.5	-	-	7.9
Software and rights	12.1	4.1	-	-	16.2
Other intangible assets	2.2	0.4	-	0.1	2.7
	34.0	**5.4**	**-**	**(0.3)**	**39.1**
Net book value	**98.1**				**94.6**

(*) Transferred from property, plant and equipment.

Intangible assets with indefinite useful lives amounts to $78.9 at December 31, 2009, (2008: $79.9). The useful lives of the assets with indefinite useful life, as expected by the Group, are determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

Amortization charges amounting to $5.4 for the year ended December 31, 2009 have been included in general administrative expenses (2008: $6.0).

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

NOTE 8 - INTANGIBLE ASSETS (Continued)

Movement of intangible assets and related accumulated amortization for the year ended December 31, 2008 is as follows:

	1 January 2008	Additions	Transfers (*)	Disposal of subsidiaries (**)	Currency translation differences	31 December 2008
Cost:						
Trade names	114.6	0.4	-	(3.0)	(14.5)	97.5
Customer lists	9.6	-	-	(0.3)	(1.0)	8.3
Software and rights	19.5	6.6	1.4	(1.9)	(1.9)	23.7
Other intangible assets	2.9	0.2	0.3	(0.6)	(0.2)	2.6
	146.6	**7.2**	**1.7**	**(5.8)**	**(17.6)**	**132.1**
Accumulated amortization:						
Trade names	13.9	1.3	-	(1.4)	(1.5)	12.3
Customer lists	7.9	0.6	-	(0.2)	(0.9)	7.4
Software and rights	9.6	3.6	-	(1.0)	(0.1)	12.1
Other intangible assets	2.5	0.5	-	(0.6)	(0.2)	2.2
	33.9	**6.0**	**-**	**(3.2)**	**(2.7)**	**34.0**
Net book value	**112.7**					**98.1**

(*) Transferred from property, plant and equipment.
(**) Disposal of Trader.com (Polska) Sp. Z.o.o. on June 25, 2008.

NOTE 9 - INVENTORIES

	2009	2008
Raw materials (at cost)	$ 1.9	$ 4.4
Finished goods	0.1	0.1
	2.0	**4.5**

The cost of inventories recognised as expense and included in "cost of sales" amounted to $31.1 (2008: $68.5).

NOTE 10 - TRADE AND OTHER RECEIVABLES

The details of trade and other receivables as at December 31, 2009 and 2008 are as follows:

	2009	2008
Trade receivables	$ 16.4	$ 19.1
Less: provision for impairment of trade receivables	(10.1)	(7.9)
Trade receivables - net	**6.3**	**11.2**
Receivable from tax authorities	1.5	1.6
	7.8	**12.8**

The fair values of trade and other receivables approximate to the carrying values.

As of December 31, 2009, trade receivables of $1.1 (2008: $1.7) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009	2008
Up to 3 months	$ 1.0	$ 1.4
3 to 6 months	0.1	0.3
	1.1	**1.7**

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

NOTE 10 - TRADE AND OTHER RECEIVABLES (Continued)

As of December 31, 2009, trade receivables of $10.1 (2008: $7.9) were impaired and provided for. The individually impaired receivables relate to customers, which are in difficult economic situations. The ageing of these receivables is as follows:

	2009	**2008**
Up to 3 months	$ 1.5	$ 1.3
3 to 6 months	1.7	0.3
Over 6 months	6.9	6.3
	10.1	**7.9**

Movements of provision for impairment of trade receivables are as follows:

	2009	**2008**
1 January	**$ 7.9**	**$ 7.4**
Additions	2.8	4.0
Collections	-	(0.1)
Write-off	(0.5)	(2.3)
Disposal due to sale of Trader.com	-	(0.3)
Currency translation differences	(0.1)	(0.8)
31 December	**10.1**	**7.9**

Trade receivables and related provision are written off when there is no expectation of recovery. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

NOTE 11 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents as at December 31, 2009 and 2008 are as follows:

	2009	**2008**
Cash	$ 0.3	$ 0.5
Banks		
- demand deposits	9.2	12.7
- time deposits	23.2	45.5
	32.7	**58.7**

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

NOTE 11 - CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents included in the consolidated statements of cash flows as at and for years ended at December 31, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Cash and banks	$ 32.7	$ 58.7	$ 25.2
Less: interest accruals	-	(0.3)	-
	32.7	**58.4**	**25.2**

The maturity analysis of time deposits is as follows:

	2009	2008
Up to 1 month	$ 17.1	$ 45.5
1-3 months	6.1	-
	23.2	**45.5**

There are no time deposits with variable interest rates at December 31, 2009 and 2008. The effective interest rate is 2.5% for US Dollar time deposits, 8.3% for RUR and 0.4% for EUR time deposits (2008: 5.7% for US Dollar). Foreign currency denominated bank deposits amount to EUR 0.3 million
(USD 0.5 million) and RUR 23 million (USD 0.8 million)as of December 31, 2009 (2008: None).

NOTE 12 - SHARE CAPITAL

The shareholding structure is as follows:

	2009	Share (%)	2008	Share (%)
Hurriyet Invest B.V	5.4	67.3	5.4	67.3
Publicly owned	2.6	32.7	2.6	32.7
Share capital	**8.0**	**100.00**	**8.0**	**100.00**

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. Additional paid-in capital amounting to $683.1 at December 31, 2009 (2008: $678.1) is related to issuance of such shares and share premium arised in the restructuring process (Note 1).

NOTE 13 - FINANCIAL LIABILITIES - BORROWINGS

In May 2007, following the change in the Group’s ownership, the Group completed the signing of its new senior credit agreement (the “Senior Credit Facility”) 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.

If any of the following events occurs the borrower shall prepay and cancel the Senior Credit Facility in full:

- Change of control; or
- Illegality provided that there will be mitigation language in the Senior Credit Facility agreement.

The net proceeds of the following shall be applied in prepayment and permanent reduction of the Senior Credit Facility:

- disposals or asset sales in aggregate in excess of the amount of 10% of the book value of the Group’s consolidated assets; and
- 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 Senior Credit Facility in eight (8) equal, semi-annual instalments commencing 18 months after the Signing Date.

Interest Periods:

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 defined in the Senior Credit Facility agreement.

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. Since the Group has breached some covenants of the credit agreement, borrowings have been classified as short-term. However the Group signed a new borrowing agreement with a syndication of Russian and Dutch Banks with a maturity of 5 years including a one year grace period for an amount of US$ 70 million which replaces the outstanding loan for US$ 88.9 million, where US$ 18.9 was repaid from TME’s own resources.

The Senior Credit Facility is USD denominated and the effective interest rate per annum is 2.78% (LIBOR+2.5%) at December 31, 2009 (2008: 6.6%).

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

NOTE 13 - FINANCIAL LIABILITIES – BORROWINGS (Continued)

The redemption schedule of the non-current portion of the Senior Credit Facility is as follows:

	2009	2008
Year		
2010	-	36.4
2011	-	36.4
2012	-	13.8
	-	**86.6**

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2009	2008
Year		
Up to 6 months	89.1	123.8
	89.1	**123.8**

Carrying value of the Senior Credit Facility is considered to approximate its fair value since any discounting effect is not material.

NOTE 14 - FINANCIAL LIABILITIES TO MINORITIES

Financial liabilities to minorities relate to written put options issued in connection with business combinations.

In January 2007, OOO Pronto Moscow, a subsidiary of the Group, finalised the acquisition of Impress Media Marketing LLC incorporated in Russia. The Group has the right to purchase minority shares of 20.7% from owners without a time constraint, provided that certain conditions are met. The Group has exercised 5.8% portion of the written put options during the year. Remaining 10.7% of minority shares estimated as exercisable in the current period by the management and classified in current financial liabilities to minorities. The current portion of remaining option's value is $1.6 (2008: $0.8) while the non-current portion amounted to $0.5 (2008: $2.9) as of December 31, 2009 according to various valuation techniques and assumptions.

The Group has granted a put option, on the remainder of 30% shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. incorporated in Croatia. The fair value of this option amounts to $8.0 (2008: $8.2) as of December 31, 2009 in accordance with various valuation techniques and assumptions. The negotiations have been going on as of the date of these financial statements and the option is classified under current financial liabilities to minorities.

The Group has acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") incorporated in Slovenia. 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 has a call option exercisable from January 2011 to January 2014. Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. The fair value of the put option is $0.4 as of December 31, 2009 (2008: Other non-current financial liabilities: $1.1) and classified in current financial liabilities to minorities.

Notes to Consolidated Financial Statements

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

NOTE 15 - TRADE AND OTHER PAYABLES

The details of trade and other payables as at December 31, 2009 and 2008 are as follows:

	2009	**2008**
Trade payables	$ 8.6	$ 9.9
Social security and other taxes	1.5	1.4
Payable to personnel	2.5	3.5
Other	2.4	0.4
	15.0	**15.2**

NOTE 16 - RELATED PARTY DISCLOSURES

i) Balances with related parties:

Amounts due to shareholders - current:

	2009	**2008**
Hürriyet	0.3	0.3
	0.3	**0.3**

ii) Transactions with related parties:

Service purchases from related parties:

	2009	**2008**
Hürriyet	0.3	1.5
	0.3	**1.5**

	2009	**2008**
Remunerations paid to Board members and key management personnel	0.3	0.3

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

NOTE 17 - TAXATION ON INCOME

	2009	2008
Corporate and income taxes payable	0.3	1.4
Less: prepaid taxes (Note 18)	(3.9)	(6.9)
Taxes payable/(receivable), net	**(3.6)**	**(5.5)**

The Group calculates its deferred tax assets and liabilities, considering the effects of temporary differences which result from different evaluations of principles of preparation of the financial statements and legal financial statements mentioned in Note 2.4.o. Those temporary differences usually cause income and loss to be accounted for in different reporting periods in accordance with the principles of preparation of the financial statements and tax laws mentioned in Note 2.4.o.

Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate. The tax rates at December 31, 2009, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

Country	Tax rates (%)	Country	Tax rates (%)
Belarus	24.0	Kazakhstan	20.0
Croatia	20.0	Hungary	19.0
Netherlands	25.5	Russia	20.0
Ukraine	25.0		

The temporary differences giving rise to deferred income tax assets/(liabilities) using the enacted tax rates as of December 31, 2009 and 2008 are as follows:

	Temporary differences		Deferred tax assets/ (liabilities)	
	2009	2008	2009	2008
Carry forward tax losses (*)	0.1	7.4	-	1.2
Allowance for doubtful accounts	8.5	5.6	1.6	0.9
Other, net	4.4	3.6	0.9	0.7
Deferred tax assets	**13.0**	**16.6**	**2.5**	**2.8**
Difference between tax base and carrying value of property, plant and equipment and intangible assets	106.8	123.7	21.0	24.9
Other, net	0.8	6.5	0.1	1.3
Deferred tax liabilities	**107.6**	**130.2**	**21.1**	**26.2**
Deferred tax liabilities, net	**(94.6)**	**(113.6)**	**(18.6)**	**(23.4)**

(*) The Group did not recognise deferred income tax assets of $4.6 (2008: $2.8) in respect of losses amounting to $21.2 (2008: $17.4) that can be carried forward against future taxable income. Tax losses carried-forward amounting to $9.3 expire in 2019 and $ 11.9 can be utilized for unlimited period of time (2008: $17.4).

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

NOTE 17 - TAXATION ON INCOME (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	2009	2008
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	3.2	0.7
	3.2	**0.7**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	(21.8)	(24.1)
	(21.8)	**(24.1)**
Deferred tax liabilities, net	**(18.6)**	**(23.4)**

The movements of deferred tax balances for the years ended at December 31, 2009 and 2008 are as follows:

	2009	2008
1 January	**23.4**	**26.1**
Deferred tax income for the year	(4.3)	-
Disposal of subsidiary	-	(0.1)
Currency translation differences	(0.5)	(2.6)
31 December	**18.6**	**23.4**

The analysis of the tax expenses for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Current	(7.3)	(19.4)
Deferred	4.3	-
	(3.0)	**(19.4)**

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

NOTE 17 - TAXATION ON INCOME (Continued)

The reconciliation of the taxation on income in the consolidated statement of loss for the years ended December 31, 2009 and 2008 and the taxation on income calculated with the current tax rate over loss before taxes and minority interests is as follows:

	2009	2008
Loss before income taxes and minority interests	**$ (3.2)**	**$ (5.4)**
Aggregated current income tax income calculated at the effective tax rates of countries	(0.9)	(0.8)
Expenses not deductible for tax purposes	4.0	6.5
Current period tax losses	3.2	7.3
Withholding tax relating to dividend distribution	1.0	5.3
Other, net	(4.1)	1.1
Taxation on income	**3.0**	**19.4**

The details of the effective tax laws in the countries which the Group has significant operations are stated below:

Russian Federation:

The corporate tax rate effective in the Russian Federation is 20% (2008: 24%).

Russian tax year is the calendar year and other fiscal year ends are not permitted. Tax profit is calculated on a year-to-date basis. Advance payments are made monthly, with different calculation methods for quarterly or monthly schedules subject to the taxpayer's choice.

The annual balance is due by 28 March of the following year.

According to Russian Federation's tax system, losses may be carried forward for 10 years to be deducted from future taxable income. Starting from 2007 there is no limitation as to the maximum amount that can be deducted in each particular year (such limitations existed before 2007). Rights related to tax losses that have not been utilized in the related periods will be lost.

Tax refunds are technically possible but are very difficult to obtain in practice. Often they can only be obtained through court action.

Tax consolidation of tax reporting/payments by different legal entities (or grouping) is not permitted in Russia at present.

Generally, dividend income payable to a foreign organisation is subject to withholding tax at 15%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

NOTE 17 - TAXATION ON INCOME (Continued)

Hungary:

In 2009, companies were subject to corporate income tax, special profit tax, local business tax and innovation contribution in Hungary. The corporate income tax rate effective in Hungary in 2009 was 16% and the special profit tax rate was 4%. The local business tax and innovation contribution base is the net sales revenue less material costs, costs of goods sold, costs of goods sold and R&D costs. The local business tax rate in Budapest is 2%, the innovation contribution rate is 0,3%. As of 1 January 2010, the corporate income tax rate was increased to 19% and the special profit tax was abolished.

Taxpayers are, in general, entitled to carry forward their tax losses indefinitely from a corporate income tax perspective if the losses incurred in accordance with the principle of exercise of rights within their purpose. From 2009, the Tax Authority's permission is not needed to carry forward the tax-year's losses. Loss carry forward is not allowed for local business tax and innovation contribution purposes and it was not allowed for special profit tax purposes.

Capital gains from the sale of registered shareholdings are exempt from corporate income tax (and in 2009, from special profit tax as well), provided that the taxpayer held the shareholding for at least one year continuously prior to its disposal. Capital losses and impairments on registered shares are not deductible for corporate income tax purposes."

Croatia:

The corporate tax rate effective in Croatia is 20% (2008: 20%).

There are no formal procedures in Croatia to agree the final level of tax charge upon submission of the declaration for corporate tax and VAT. However, such tax settlements may be subject to review by the relevant tax authorities during the limitation period of three years. The limitation period of three years starts with the year that follows the year of submission of tax declarations. The counting of three years starts again with any action of tax authorities with the purpose to collect tax, interest or fines until absolute statute of limitation of 6 years expires. Tax losses may be carried forward and used within five years following the year in which they were incurred.

When paying fees for the use of intellectual property, market research services, tax and business consultation, auditing and similar services, and interest to foreign legal persons, Croatian taxpayers are obliged to withhold and pay 15% tax. This rate may be reduced or abolished subject to provisions of the Double Tax Treaty if applied between Croatia and other respective country.

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

NOTE 18 - OTHER CURRENT ASSETS AND LIABILITIES

Other current assets as at December 31 are as follows:

	2009	**2008**
Prepaid tax (Note 17)	$ 3.9	$ 6.9
Prepaid expenses (*)	2.4	3.5
Advances given to personnel	0.4	0.4
Value Added Tax ("VAT") receivables	0.8	1.4
Other	2.0	3.1
	9.5	**15.3**

(*) Prepaid expenses comprise prepaid rent, insurance and similar expenses.

Other current liabilities as at December 31 are as follows:

	2009	**2008**
Deferred revenue	$ 4.3	$ 4.9
VAT payables	2.9	2.7
Other	0.2	0.4
	7.4	**8.0**

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

NOTE 19 - COMMITMENTS AND CONTINGENCIES

(a) The commitments reflecting minimum lease payments under existing operating leases for office space, automobiles and office equipment at December 31, 2009 and 2008 are as follows:

	2009	2008
2009	-	11.6
2010	7.4	1.1
2011	0.9	0.4
2012	0.5	0.1
	8.8	**13.2**

Lease expense amounted to $8.0 (2008: $11.2) for the year ended December 31, 2009.

(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.

Commitments and contingencies, from which the management does not anticipate any significant losses or liabilities, are summarised below:

Guarantees given

		December 31, 2009		December 31, 2008	
	Currency	Original amount	US Dollar millions	Original amount	US Dollar millions
Letters of guarantee	HUF	58.7	0.3	58.7	0.4

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

NOTE 19 - COMMITMENTS AND CONTINGENCIES (Continued)

c) Derivative financial instruments:

The notional principal amounts of the outstanding interest rate swap contracts at December 31, 2009 were $83.0 (2008: $120.0). At December 31, 2009, the fixed interest rates vary from 3.0% to 5.6% (2008: 2.8% to 5.6%), and the main floating rate is LIBOR. Financial expense recognized in regards with these agreements amounted to $0.1 (2008: $0.3).

NOTE 20 - EXPENSES BY NATURE

The expenses by nature for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Raw material	31.1	67.8
Paper	*12.4*	*25.3*
Printing and ink	*18.7*	*42.5*
Personnel expenses	54.8	82.7
Commissions	10.3	23.2
Depreciation, amortization and impairment charges	8.5	22.1
Rent	6.6	10.3
Advertisement	6.1	17.0
Consultancy	4.7	6.9
Electricity, water and office expenses	4.3	9.4
Transportation, storage and travel	3.3	8.5
Provision for doubtful receivables	2.8	4.0
Communication	2.0	2.2
Compensation charges	-	2.1
Non-recurring charges	-	0.1
Other	11.3	12.5
Total	**145.8**	**268.8**

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

NOTE 21 - DISCONTINUED OPERATIONS

Analysis of the result of discontinued operations is as follows:

	2009	2008
Revenue	-	4.7
Expenses	-	(4.3)
Profit before tax of discontinued operations	-	0.4
Income tax expenses	-	-
Profit after tax of discontinued operations	**-**	**0.4**
Gain recognised on the disposal of assets of discontinued operations (*)	-	49.8
Net profit for the year from discontinued operations	**-**	**50.2**

(*) The Group sold 100% of shares of its wholly-owned subsidiary, Trader.com (Polska) Sp. Z.o.o. for a cash consideration of $54.4 on June 25, 2008. The resulting gain on sale of this subsidiary amounted to $49.8.

NOTE 22 – (LOSSES) / EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Net (loss)/income for the year	(8.3)	(31.0)
Profit from discontinued operations	-	50.2
Weighted average number of ordinary shares in issue (thousands)	50,000	50,000
Basic and diluted (losses)/earnings per share for loss/(profit) from continuing and discontinued operations attributable to the equity holders of the parent during the period (expressed in full US Dollar per share)		
Continuing operations	(0.17)	(0.62)
Discontinued operations	-	1.00

There are no differences for any of the periods between earnings per share and diluted (losses)/earnings per share.

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

NOTE 23 - FINANCIAL INCOME

The details of financial income for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Interest income on time deposits	1.3	1.1
Foreign exchange income	0.6	0.8
Other	0.4	-
Total	**2.3**	**1.9**

NOTE 24 - FINANCIAL EXPENSES

The details of financial expenses for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Interest expenses on the Senior Credit Facility	5.0	9.6
Financing costs	4.0	1.9
Foreign exchange loss	3.8	23.2
Interest expenses of the written put options	0.2	1.4
Total	**13.0**	**36.1**

NOTE 25 - SUBSEQUENT EVENTS

The Group signed a new borrowing agreement with a syndication of Russian and Dutch Banks with a maturity of 5 years including a one year grace period for an amount of US$ 70 million which replaces the outstanding bank borrowings and all the current bank borrowings as of December 31, 2009 was paid back on April 30, 2010.

…………………

…………………