TRADER MEDIA EAST LIMITED

Annual Report

&

Consolidated Financial Statements

for

the year ended 31 December 2010

Table of Contents

2010 Financial Highlights

Revenues of US$ 143.4 million (2009 US$ 153.3), down by 6.5%, of which 8.3% coming from decline in local currencies.

Operations EBITDA of US$ 24.1 million (2009: US$ 28.0), down by 14.0%.

EBITDA of US$ 19.2 million (2009: US$ 21.0), down by 8.9%.

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 or corporate costs and Operations EBITDA margin as the ratio of Operations EBITDA to revenues.

Consolidated Revenues

Revenues decreased by US$ 9.9 million, or 6.5%, to US$ 143.4 million in 2010 from US$ 153.3 million in 2009.

The decrease in print revenues was US$ 14.1 million or 10.2%, from US$ 138.8 million in 2009 down to US$ 124.7 million. Excluding the impact of exchange rate, the rate of decrease was 12.1%.

The increase in online revenues was US$ 4.2 million or 29.5%, from US$ 14.5 million in 2009 up to US$ 18.7 million. Excluding the impact of exchange rate, the rate of increase was 28.1%.

EBITDA and Operations EBITDA

Operations EBITDA has decreased from US$ 28.0 million in 2009 to US$ 24.1 million in 2010, by 14.0%, while EBITDA has decreased from US$ 21.0 million in 2009 to US$ 19.2 million in 2010, by 8.9%. Although during year 2009 global economic crisis have bottomed out in some countries (Russia, Ukraine, Belarus, Kazakhstan, Slovenia) in 2010, that economic revival has not created one to one performance in Ads spending especially in print advertising that has been kept under pressure in transitioning into online ads. On the contrary, economic condition were still “0” territories in Hungary and Croatia which affected both offline and online ads spending negatively.

TME’s action plan which started at the beginning of the crisis in 2008 Q4 of close cost control has been kept implemented with success, which in turn created lower negative contribution in total Group EBITDA (-8.9%) versus the Operations EBITDA fall (-14%) in 2010 due to positive performance of Corporate Costs which has declined 29% versus 2009.

In year 2009, TME operational strategy was the offline transition into online as fast as possible in matured offline markets created positive offset opportunities of the falling offline revenues as much as possible. TME’s online business growth strategy is in implementation stage and will be kept accelerating in 2011.

Financial Highlights

IN US$ MILLIONS	2010	2009
REVENUES	143.4	153.3
OPERATIONS EBITDA	24.1	28.0
MARGIN (%)	16.8%	18.3%
EBITDA	19.2	21.0
MARGIN (%)	13.4%	13.7%
NET (LOSS)	(35.1)	(6.2)

Vision, Mission and Strategic Goals

Trader Media East Limited ("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, TME expects to;

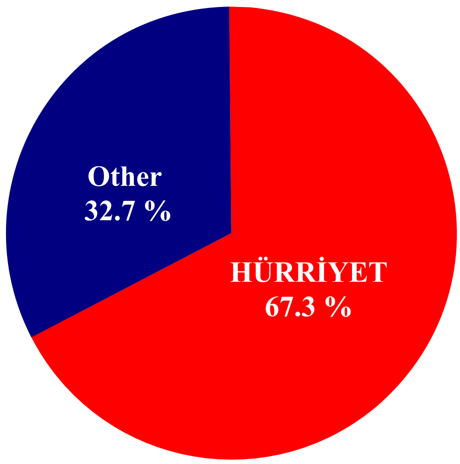
- strengthen and leverage its market leadership within each operating country and region;
- enter new high growth geographies with significant potential and the roll-out of selected pure; online play platforms; and
- diversify into new online areas.

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

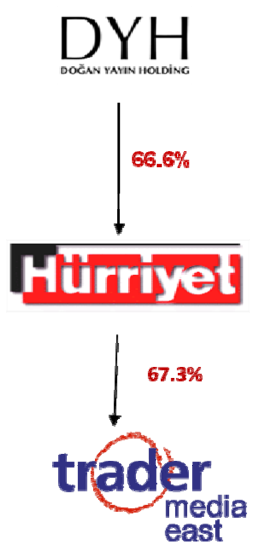
Corporate Profile

HÜRRİYET Invest B.V. ("HIBV") [1] directly owns 67.3% shares of Trader Media East Limited.

	Number of Shares	Share Ownership (%)
HIBV	33,649,091	67.3
Other	16,350,909	32.7
Total	**50,000,000**	**100.0**



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.
- 36% ad market share among newspapers.
- #1 Turkish news website.
- Listed in ISE since 1992 with a free float of 22%.

Trader Media East (TME)

- #1 print & online classified company in Russia and Eastern Europe.
- Listed in London Stock Exchange

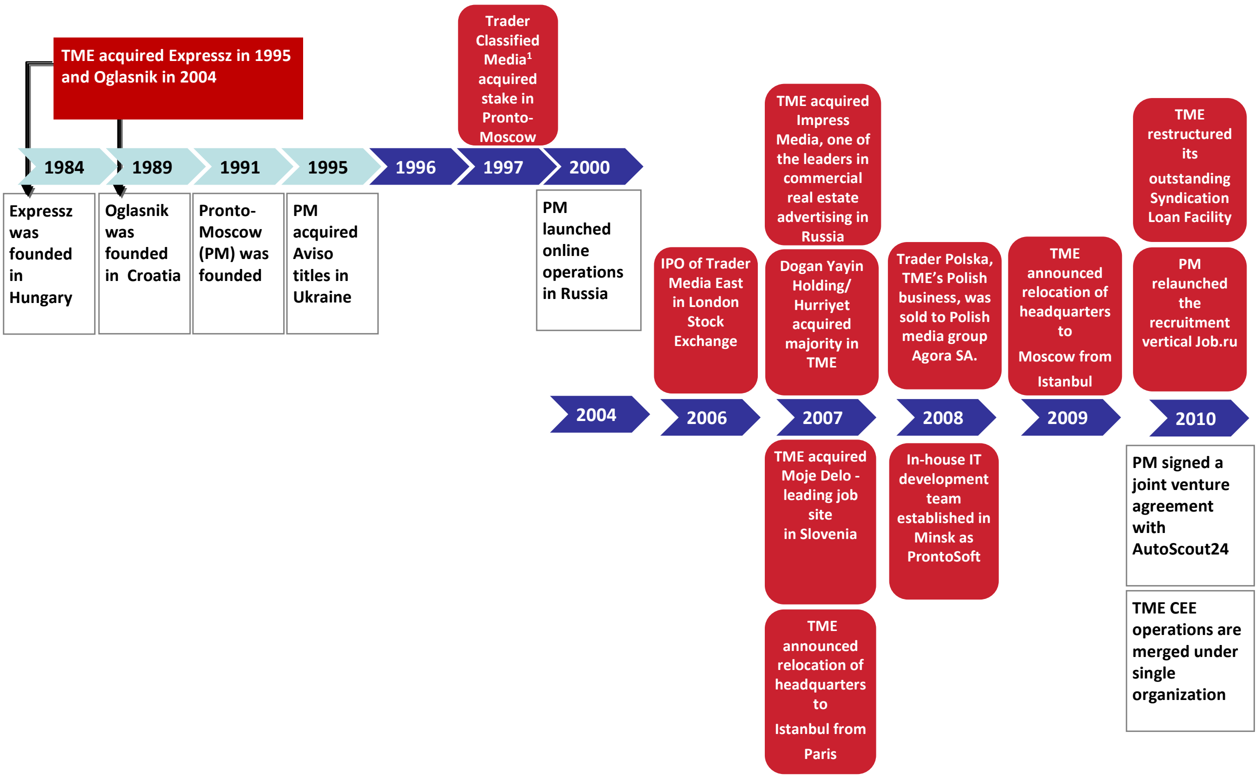
[1] HÜRRİYET Invest B.V. is a wholly and directly owned subsidiary of HÜRRİYET Gazetecilik ve Matbaacılık A.Ş. ("HÜRRİYET").

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 178 print titles, with 2.2 million readers per week and host 27 websites, with 32.6 million unique monthly visitors and employ 4,165 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

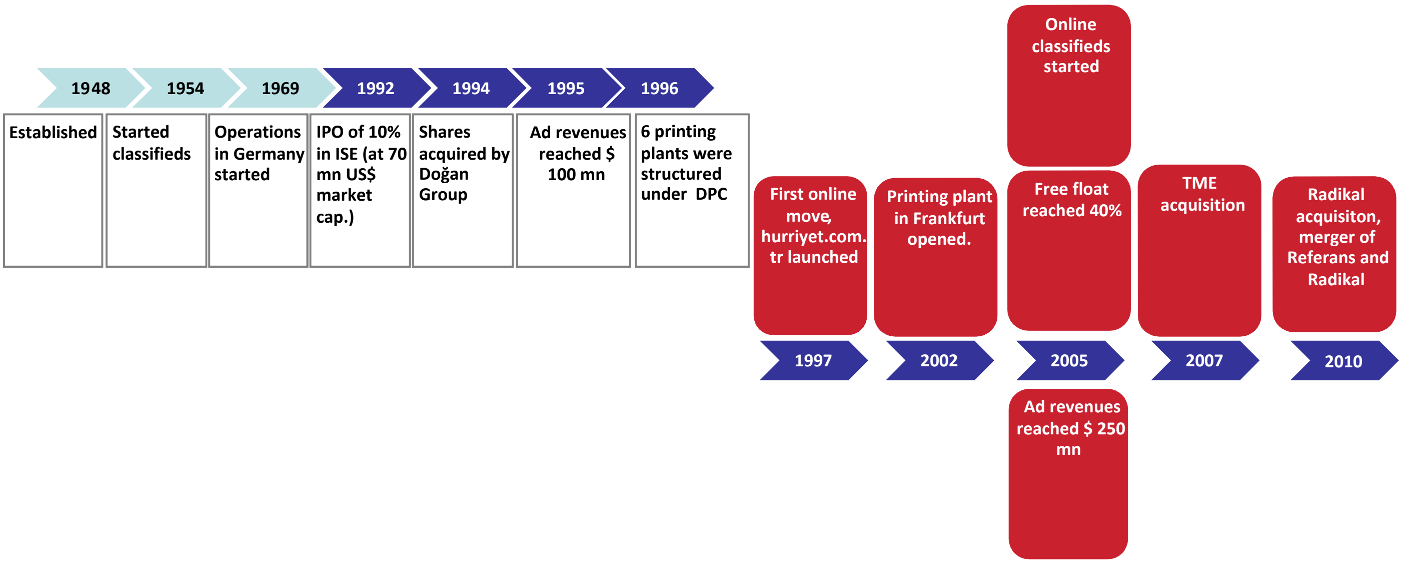


HÜRRİYET in Brief

Hürriyet Newspaper 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 63 years, HÜRRİYET has gone to press without losing the true spirit in which it was founded.

In year 1960, joined within the Doğan Yayın Holding ("DYH") conglomerate, HÜRRİYET's main enterprise is journalism. However, through its affiliated firms and partnerships both inside and outside of Turkey, HÜRRİYETis also active in other areas such as printing, distribution, internet services and advertising. As a further step forward, HÜRRİYET 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 HÜRRİYET 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 HÜRRİYET



Chairwoman’s Statement

2010 Overview and Financial results

It is my pleasure to submit TME Annual Report and Accounts for the year ending on December 31, 2010.

As TME, shareholder value is our top priority and the key variable for our business. 2010 and 2011 are transition periods where we focus out investments to achieve value transformation. Although our margins will fluctuate in the short term, these investments are expected to provide significant long-term benefits.

In mid-2010 we made essential changes to our organization. Most notably, the assignment of the new CEO, Ahmet Özer who has been located in Moscow. Our proximity to the main revenue generating operations and our ability to control them from their source will give us the fast maneuvering capability in the decision-making and for future aspects.

Despite the market conditions in media sector, especially in classifieds, TME determinedly continue investing on online operations. Furthermore, we are targeting to increase the efficiency in print operations to augment the profitability as much as possible.

In 2010, we restructured our loan composition for aiding the financial structure of the Group as well as supporting our newly taken initiatives. We are keeping our hopes high for macro-economic recovery in our region; thus we may re-think to restructure our liabilities and adjust it for the newly risen conditions of the market.

Dividend

The Group’s policy is to re-invest cash generated in the business. Consequently, TME Board of Directors is not recommending a distribution at this stage.

Outlook

In 2011, we are expecting highly competitive market conditions, both in print and online. TME is working on various scenarios in order to be as prepared as possible, should the print market continue to deteriorate and revenues stagnate.

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.

Like in 2010, TME plans to continue expanding its online presence in the 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 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 unpredictable times.

Vuslat Doğan Sabancı
29 April 2011

Message from CEO

Year 2010 was a challenging year for us in the aftermath of the global economic crisis. Although there has been vitalization in the economic activities (especially in the second half of the year) in markets we operate, this did not reflect in our business segment at the same speed.

Our revenues have improved progressively throughout the year and we achieved overall revenue growth in Russia & CIS market in Q4 2010, first time after 8 consecutive quarters of decline. The main drivers of this were almost stabilizing print revenues and significant growth in online business. Although the overall revenue in local currencies decline of 8.3%, our internet revenues grew by 34.5% in Q4 and 28.1% throughout the year. The share of online revenues in total reached 14.8% in Q4 2010 from 10.8% previous year.

After several optimizations in our print publications portfolio during the crisis, we have launched some new products in regions of Russia in 2010 and planning to launch 14 new titles mainly in construction and niche real estate segments in 2011. The efficiency of our print operations would be the main priority going forward. In this respect, we are improving the efficiency of our production processes (ad taking, placement, contact center, etc.) which are supposed to bring cost savings and increase our time to market. This effort will strongly continue in 2011 with more optimizations and restructurings. We also give special emphasis to us being the only federal player in this segment of media. In this respect, we have developed new products and services to attract non traditional advertisers in their federal campaigns.

Year 2011 will be the year of our internet investments that we have been continuing for the last 3 years. In 2010, we have completely renewed our online recruitment services platform JOB.ru, and its business model. With a completely new team, we are growing our user base and reaching out employers with a new service model. Russian market has enormous opportunities in this segment, especially in regions. For that purpose, we are using our already existing regional franchise not only in sales but also to interact well with local job seekers and employers. The number of cities that JOB.ru has active operations reached to 20 in 2010.

Russia's leading general classified ads platform IRR.ru has increased its monthly unique user base significantly in 2010, from 3 million to 5 million. We also diversified our content base and now have 4 million fresh ads in the site from 20 different categories. Increasing the quality of our user experience is the main priority for us. IRR.ru's revenues increased by 39.7% in 2010, and we have special focus to regional development, which will contribute to our aggressive revenue growth expectations in 2011. We also launched IRR.kz, IRR.by and finally AVISO.ua in Kazakhstan, Belarus and Ukraine respectively in 2010. IRR.kz and IRR.by have already achieved top 10 traffic positions in their countries, soon after their launch.

In October 2010, we also started a new initiative, AUTOSCOUT24.ru, which is a joint venture with leading auto portal in Germany, autoscout24.com. The partnership aims to create one of the leading auto portals in Russia. During the course of transition from print media to digital, our well spread infrastructure in Russia and CIS is a big advantage. We already finished the training process of our approximately 1.200 direct sales staff to sell online media. Russia regions' share in internet revenues was 3.8% in 2010. We expect this to be 28.7% in 2011.

TME's operations in CEE region is already transforming to online media rapidly. In 2010, we merged the Management of our CEE operations in Hungary, Croatia and Slovenia to benefit more from synergies and cost sharing. In this respect, we are also unifying the technology of web platforms in CEE in 2011.

We are planning a serious of actions to revitalize and optimize our print publication portfolio and also to re-identify the focus of the company by divesting some non core businesses. This will improve our margins and will create additional resources to accelerate online growth.

We would like to thank to our shareholders, business partners and employees for their dedication and contribution in 2010.

Ahmet ÖZER
29 April 2011

Board of Directors and Advisors

Current Directors	Mrs. Vuslat Doğan Sabancı, *Chairwoman & Senior Executive Director*[2] Mr. Paul F.E. Tesselaar, *Vice-Chairman of the Board & Senior Independent Non-Executive Director*[3] Mr. Michel Teheux, *Non-Executive Director*
Chief Executive Officer	Mr. Ahmet Özer[4]
General Secretary	Mr. Hakan Hanlı *(Ph.D)*[5]
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	DELOITTE TOUCHE TOHMATSU LLP DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş[6] Maslak Mahallesi Bilim Sokak No: 5 Şişli 34398 İstanbul Turkey
Legal Advisers as to Jersey Law	Mourant Ozannes 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	Credit Europe Bank N.V. Karspeldreef 6A 1101 CJ Amsterdam The Netherlands Credit Europe Bank Ltd. Paveletskaya Square No: 2/2 Moscow 115054 Russian Federation
Website	Further corporate, financial and shareholder information is available in the Investor Centre section of TME Group's website: www.tmeast.com

[2] Mrs. Vuslat Doğan Sabancı has resigned as CEO in June 30, 2010, and has been appointed by the Board as Chairwoman in August 17, 2010

[3] Mr. Paul F.E. Tesselaar has been appointed by the Board as Vice-Chairman in August 17, 2010.

[4] Mr. Ahmet Özer has been appointed as CEO by the Board upon the resignation of Mrs.Vuslat Doğan Sabancı in July 1, 2010.

[5] Mr. Hakan Hanlı is also "General Counsel" of TME since September 1, 2007.

[6] DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was certified by **Jersey Financial Services Commission** as **Auditor to TME** in December 6, 2010.

Directors’ Biographies

Vuslat Doğan Sabancı

Chairwoman, Senior Executive Director

Mrs Doğan Sabancı (39), Turkish citizen, has been a member of TME Board of Directors since March 2007. She is currently Chairwoman of TME Board of Directors being Senior Executive Director since August 2010.

During the course of her career, she currently holds the following positions: (i) within TME Group, including the positions of Vice-Chairwoman of Board of Directors, President of Compensation Committee, and Member of Audit Committee; and (ii) Hürriyet Group, including the position of Chairwoman of Board, before that she held the positions of Board member and CEO in Hürriyet Group.

Prior to joining the Hürriyet Group in 1996, Mrs Doğan Sabancı's professional experience included time 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. She is also a member of Board of the International Press Institute (IPI).

Paul F. E. Tesselaar

Vice-Chairman, Senior Independent Non-Executive Director

Mr. Tesselaar (64), Dutch citizen, has been a member of the Board of Directors since January 2006 and has been Vice-Chairman of Board of Directors and members of the Audit and Compensation Committees since 2010.

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.

Michel Teheux

Non-Executive Director

Michel Teheux (39), Dutch citizen, 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 N.V. as Manager Group Accounting & Reporting. In 2005, he joined Honeywell B.V. as Finance Manager of the corporate departments for The Netherlands.

Currently, he is a Director at Corporate Headquarters of Trader Media East Limited in Naarden, The Netherlands, and has a wide experience in 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 on Remuneration and the Report of the Board of Directors set out on pages 17 and 18, describes how the Group has applied the relevant Principles of the Combined Code, and also adheres to Dutch tax substance requirements. The Board believes that the Group complies with the spirit of the Combined Code although there are some departures as mentioned below.

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, as amended. 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 re-organizations, the majority of the Board and, Compensation (Nomination) Committee members are no longer considered independent as required by the Combined Code.

Board and Committees Restructuring

On August 17, 2010, a major change in direction took place at the Committees level. As Board of Directors was reduced in size to three in 2009, number of Committees' members were also equally slimmed down, and upon the resignations of the Advisory Committee members, Advisory Committee has been abolished on August 17, 2010 by the Board.

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.

Upon abolishment of the Advisory Committee, two qualified senior experts have been appointed as Advisors to the Board in order to provide professional, fresh and objective ideas, challenges, and the impetus for making the required changes to operations and strategy, briefly about ongoing activity within TME Group.

The Advisors to the Board 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 TME Group has adequate resources to continue in operational existence for the foreseeable future. TME Group finances its operations though the generation of cash from operating activities and long-term bank borrowings. Although TME Group was in net liability position as of December 31, 2010, the bank borrowings as of December 31, 2010 were replaced with a second new long-term borrowing with lower fixed rate interest in April 15, 2011 maturing in 2015.

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

The Board of Directors

Mrs. Vuslat Doğan Sabancı *(Chairwoman of the Board, Senior Executive Director)*

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

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 16.

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 year 2010, but chose to evaluate its own performance, that of its Committees and of its Directors. The Board was broadly satisfied with its performance.

Under Corporate Governance Code Provisions, the company should arrange appropriate insurance cover in respect of legal action against its directors and officers. The Board believes that an increasing amount of work is undertaken by the Audit and Compensation Committees and that non-executive directors can only properly fulfill their responsibilities if they are present during committee meetings and are able to follow the detail of discussions and debate held at those meetings.

There are currently three directors: Mrs. Vuslat Doğan Sabancı, Chairwoman, Senior Executive Director, Mr. Paul F. E. Tesselaar, Vice-Chairman, Senior Independent Non-Executive Director, and Mr. Michel Teheux, Non-Executive Director. The biographies are set out on page 11 and illustrate the directors' breadth of experience.

The division of responsibilities between the Board and the Chief Executive Officer have been set out in writing and approved by the Board in 2010. The non-executive directors are subject to re-appointment on an annual basis at TME 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 s/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.

TME Board believes that the Chairwoman was and remains dependent senior executive director since the date of her appointment, as it thinks fit.

TME Board has appointed two Advisors[7] to the Board as follows:

Roelof A. Quintus
Hasan Hakkı Yılmaz (HÜRRİYET CEO)

[7] Advisors to TME Board have been appointed by TME Board in August 17, 2010.

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 TME 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 two representatives 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. Vuslat Doğan Sabancı is Chairwoman of Hürriyet Group, and Mr. Kemal Sertkaya* is an employee of Doğan 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 TME 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)
Vuslat Doğan Sabancı[8]
Roelof A. Quintus
Kemal Sertkaya[9]

[8] Mrs. Vuslat Doğan Sabancı has been appointed as Member of Audit Committee in September 20, 2010.

[9] Mr. Kemal Sertkaya is the Coordinator of Internal Audit activities within the parent groups of Hürriyet and Doğan Yayın Holding Groups. 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 executive director and one non-executive director. Mr. Roelof A. Quintus has been appointed as the second non-executive director in March 16, 2011. Mrs. Vuslat Doğan Sabancı, Chairwoman of HÜRRİYET Group, majority shareholder of the Group, is the President of the Compensation Committee. The non-executive senior directors are independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment.

The Compensation Committee meets at least 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 Chairwoman of the Group.

The Report on Remuneration set out on page 17 contains a more detailed description of the Group's policies and procedures for executive remuneration. The Chief Executive Officer, the General Counsel and Chief HR Officer, 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
Mr. Roelof A. Quintus[10]

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.

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[10] Roelof A. Quintus has been appointed as Member of Compensation Committee in March 16, 2011.

➢ *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 CEO, CFO 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 2010	**4**	**4**	**4**	**-**	**1**
Vuslat Doğan Sabancı[11]	4	4	3	-	1
Paul F.E. Tesselaar[12]	4	4	4	-	1
Michel H.P. Teheux	4	-	-	-	1
Roelof A. Quintus[13]	4	4	4	-	-
Hasan Hakkı Yılmaz[14]	-	-	-	-	-
Begümhan Doğan Faralyalı[15]	1	-	-	-	-
Peter de Mönnink[16]	1	-	-	-	-
Cem M. Kozlu[17]	1	-	1	-	-
Ertuğrul Özkök[18]	1	-	-	-	-
Kemal Sertkaya	-	4	-	-	-

[11] Mrs. Vuslat Doğan Sabancı was appointed as Chairwoman in August 17, 2010.
[12] Mr. Paul F. E. Tesselaar was appointed as Vice-Chairman of Board as of August 17, 2010.
[13] Mr. Roelof A. Quintus has been appointed as Advisor to Board in August 17, 2010.
[14] Mr. Hasan Hakkı Yılmaz has been appointed as Advisor to Board in August 17, 2010.
[15] Mrs. Begümhan Doğan Faralyalı resigned as Member from Advisory Committee in August 17, 2010.
[16] Mr. Peter de Mönnink resigned as Member from Advisory Committee in August 17, 2010.
[17] Mr. Cem M. Kozlu resigned as Member from Advisory Committee in August 17, 2010.
[18] Mr. Ertuğrul Özkök resigned as Member from Compensation Committee in August 17, 2010.

Report on Remuneration

The Company Directors are paid a fixed annual fee on a quarterly basis. The Company annual fixed fees are as follows: (i) TME Board Chairwoman/man and Vice-Chairman's fee are fixed at EUR€ 20.000, and member's fee is fixed at EUR€ 10,000; (ii) TME Committees' President and member fees are fixed at EUR€ 1,000; and (iii) TME Advisor's fee is fixed at EUR€ 20,000 per year as of 2nd Quarter of 2011[19].

Members of the Audit and Compensation Committees are paid by 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 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, 2010 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, 2010.

Chief Executive officer (CEO)

Mrs. Vuslat Doğan Sabancı resigned from the Group as "Chief Executive Officer" as of June 30, 2010, Mr. Ahmet Özer was appointed as CEO as of July 1, 2010.

Directors' remuneration

TME Directors' annual remunerations are set out below:

	EUR €	
	2010 Basic Remuneration	**2010 Committee Fees**
Vuslat Doğan Sabancı	20.000	7.000
Paul F.E. Tesselaar	28.750	8.000
Michel Teheux	10.000	-
Begümhan Doğan Faralyalı	5.000	-
Cem M. Kozlu	5.000	1.000
Ertuğrul Özkök	5.000	-
Roelof A. Quintus	30.000	8.000
Peter de Mönnink	5.000	-
Kemal Sertkaya	-	4.000

[19] TME Board and Compensation Committee fixed the directors' fees in March 16, 2011.

Report of the Board of Directors

Trader Media East Limited ("TME" or the "Company" or the "Group")'s directors present their report and the audited financial statements for the year ended December 31, 2010.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by European Union. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991, as amended.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 (DTR) of the Financial Services Authority (FSA) 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 12 confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by 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 178 print titles, with 2.2 million readers per week and hosts 27 websites, with 32.6 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, 2010 is set out in the audited financial statements. No dividends were paid during the year.

Directors

The composition of the Board of Directors as of December 31, 2010 is as follows:

- Mrs. Vuslat Doğan Sabancı, Chairwoman, Senior Executive Director;
- Mr. Paul F.E. Tesselaar , Vice-Chairman, Senior Independent Non-Executive Director;
- 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, 2010, 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 through 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 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 is 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 been affecting our revenue sources in 2010 like the way happened since September 2008. The Revenue fall both display and classified in print advertising continued in 2010 with slower pace versus 2009 decline. On the contrary all type of advertisement in online kept increasing. Online Revenue figures were higher than the level of 2008 which shows the transition into online accelerates.

Eastern Europe countries except Slovenia have not lived any economic revival which is still due risk in 2011. On the contrary, CIS Countries have positive economic momentum which creates optimistic point of view in 2011.

TME has the top priority to offset shrinking print revenues with online products to support regional expansion. Due to that risk our main focus is to prioritize such Countries/Regions, whereas if there is still revenue growth potential in print in some regions to implement slowly of that transition in order to yield the demand in print advertising.

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 through 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 positively affected by strengthening of Russian Ruble (RUR) against American Dollar (US$) (+%4 in yearly averages versus 2009).

This positive trend continues in the first quarter of 2011 (+% 8 in March 2011 versus December 2010 in monthly average terms) due to oil price increase which has direct impact in Russia's export income.

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 with the applicable laws and regulations.

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 and Group 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, TME Group had no authority to purchase Group's issued ordinary share capital.

At the 2010 TME 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. Hakan Hanlı is the Company Secretary since June 30, 2009.

Independent Auditors

Deloitte Touche Tohmatsu LLP (DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş[20]) has been appointed as External Auditor to TME Group as of June 10, 2010 in responding to regulatory obligation in Jersey.

A resolution to re-appoint the auditors and to authorize the directors to fix their remuneration will be proposed at the Annual General Meeting (AGM), which will be held in June 27, 2011.

By order of the Board

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

Hakan Hanlı
General Secretary
29 April 2011

[20] DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was appointed by **Jersey Financial Services Commission** as **Auditor to TME i**n December 6, 2010.

Responsibility Statement

The 2010 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, Mrs. Vuslat Doğan Sabancı Chairwoman of the Board, Senior Executive Director, Mr. Paul F.E. Tesselaar Vice-Chairman, Senior Independent Non-Executive Director; and Mr. Michel Teheux, Non-Executive Director.

This statement is set out below in full and unedited text. This states that on April 29, 2011, the date of approval of the 2010 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 TME Group".

Naarden, The Netherlands
29 April 2011

Trader Media East Limited

Vuslat Doğan Sabancı
Chairwoman

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, 2010.

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

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. Trader Media East produces 178 print titles, with 2.2 million readers per week and hosts 27 websites, with 32.6 million unique monthly visitors.

TME was founded in November 2005 and comprises former operations of Trader Classified Media N.V. Today, it employs 4,165 people in 9 countries.

TME's 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

Appointment of New Chairwoman

The Company's Board of Directors, Mrs. Vuslat Doğan Sabancı has been appointed as Chairwoman as of August 17, 2010. Mrs. Vuslat Doğan Sabancı has been member of the Company's Board of Directors since January 2006.

Appointment of New CEO

Upon resignation of Mrs. Vuslat Doğan Sabancı in June 30, 2010, Mr. Ahmet Özer has been appointed as Chief Executive Director (CEO) as of July 1, 2010.

Abolishment of Advisory Committee and Appointment of New Advisors to the Board

Upon 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 resignation, the Advisory Committee has been abolished by TME Board of Directors in August 17, 2010

By decision of the Board of the Group, two Advisors to TME Board have been appointed by TME Board in August 17, 2010.

New Tambow Office Call Centers in Russia

Our production units (ad placement, call center, parts of editorial, etc.) are being transferred to a city called "Tambov", which will be the production center for 15 cities including Moscow. Although the project will bring us significant cost efficiency in the long run, the project has just started in 4Q 2010 and impacted the costs negatively in this period.

New Joint-Venture with AutoScout24 GmbH

In October 2010, TME also started a new initiative as AUTOSCOUT24.ru, which is a joint venture with leading auto portal in Germany, www.autoscout24.com . The partnership aims to create one of the leading auto portals in Russia.

New Bank Borrowing

Since February 2011, TME has been collaborating with a Dutch Bank of refinancing the current Loan Facility restructured in April 2010. The new terms of the loan are as follows; 4 Years Maturity, with lower & fixed interest rate, without share pledge or guarantee of any TME Group legal entities. New Loan facility has been finalized in April 15, 2011.

Basis of Presentation

The consolidated financial statements of TME are for the year ended December 31, 2010 have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 in April 29, 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 in media sector, especially in classifieds, have remained unchanged in 2010 with the ongoing global economic crisis still affecting our business just like any other media company in the region. The stagnation of revenues has continued throughout the year, where print advertising has taken the biggest hit. The main markets that we participate and contribute in (Real Estate, Cars and Jobs) have all suffered major declines in volumes, thus substantially reducing advertising budgets through publications.

Despite of difficult market conditions, TME's action plan towards leveling costs and transformation into online classifieds company, which is initialized at the beginning of 2009, has been implemented with success.

All printing costs have been re-visited and all paper contracts renegotiated during the course of the year. In 2010, TME continued its efforts to adapt into the change of the media sector, by strong growth both in terms of traffic and revenue generation in its online classified businesses.

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 online business and recognize the need to embrace the newest technologies, 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.

Meanwhile classified print product sales are experiencing a significant transition through print editions towards digital products such as mobile solutions; where TME is catching up with the new media trends of the market by responding to needs and applying new business models by developing itself through to become more competent in monetization of its business model.

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 2010, our field sales force consisted of approximately 1,800 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 centers 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 2009 and in 2010, paper costs represented approximately 8.3% 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 2010 – 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-10			31-Dec-09		
	Revenues	Operation EBITDA	Operation EBITDA margin	Revenues	Operation EBITDA	Operation EBITDA margin
	(millions of US$)		%	(millions of US$)		%
Russia	$106.4	$19.3	18.2%	$107.7	$22.3	20.7%
CIS	$21.2	$4.9	23.0%	$21.5	$4.7	21.9%
Hungary	$6.9	($0.5)	(7.3%)	$12.1	$0.1	0.8%
Croatia	$7.1	$-	0.7%	$10.3	$0.9	8.7%
Moje Delo*	$1.8	$ 0.4	20.0%	$1.7	$-	(0.2%)
Total	**$143.4**	**$24.1**	**16.8%**	**$153.3**	**$28.0**	**18.3%**

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

Currency Fluctuations

We express our results in American Dollar and generate revenues in different currencies. The two most significant currencies are the Russian Ruble, in which we have generated 74% of our revenues in 2010, and the Hungarian forint, in which we have generated 5% of our revenues in 2010. Our results can be significantly impacted by fluctuations in these currencies compared to the US$.

Set up below is a table of 2010 annual average rates of major local currencies against US$ compared to 2009.

	2010	***2009***	***Fluctuation***
	Annual average rate	***Annual average rate***	***%***
Russian Ruble (RUR)	0.0329	0.0316	4%
Hungarian Forint (HUF)	0.0048	0.0050	(4%)

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%	8.8%

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 (87% in 2010 and 91% in 2009) and Internet activity (13% of revenues in 2010 and 9% in 2009).

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, 2010	**Year ended December 31, 2009**
	(percentage of total revenues)	
Print revenues	**87%**	**91%**
Classified Ads	34%	36%
Display	33%	34%
Circulation	10%	12%
Services & Other	10%	9%
Online revenues	**13%**	**9%**

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 34% of revenues in 2010 (36% 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 from US$ 153.3 million in 2009 to US$ 143.4 million in 2010, a decline of 6.5%.

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 sources are as follows:

Print Revenue by source	*31-Dec-10 US$*	*31-Dec-09 US$*	*Decline/Growth (%)*
Display	**47.0**	**52.2**	(9.9%)
Classified Ads	**48.3**	**54.7**	(11.5%)
Circulation	**15.2**	**17.6**	(13.8%)
Services & Other	**14.2**	**14.3**	(1.7%)
Print revenues	**$124.7**	**$138.8**	**(10.2%)**
Online revenues	**18.7**	**14.5**	29.5%
Total revenues	**$143.4**	**$153.3**	**(6.5%)**

Print revenues in 2010 decreased by 10.2%, to US$ 124.7 million from US$ 138.8 million in 2009. Excluding exchange rate impact, organic print revenue decline is 12.1%.

Online revenues in 2010 increased by 29.5%, to US$ 18.7 million from US$ 14.5 million in 2009, Organic increase is 28.1%. As the global economic crisis affected all media mediums drastically, every company implemented 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-10*	*31-Dec-09*	*Decline*	*Organic*
	(millions of US$)		*%*	*%*
Russia	$ 106.4	$ 107.7	(1.3%)	(5.2%)
CIS	$ 21.2	$ 21.5	(1.3%)	0.9%
Hungary	$ 6.9	$ 12.1	(42.8%)	(40.9%)
Croatia	$ 7.1	$ 10.3	(31.1%)	(28.2%)
			-	-
Moje Delo*	$ 1.8	$ 1.7	6.8%	12.7%
Total Revenues	**$143.4**	**$153.3**	**(6.5%)**	**(8.3%)**

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

Russia

Total revenue in Russia shrank by 5.2% organically, mainly caused by the dramatic decline in print revenue by 9.1%; whereas online grew by 36.9%.

The revenue decline could be also explained by the significant fall in Russia regions where offline declined by 5.6% and online down by 7.0%.

CIS (Belarus, Kazakhstan, Ukraine)

The economic crisis had also affected our operations in CIS countries which Ukraine and Belarus has both online and print products and Kazakhstan with newly launched online and print. The sudden drop in circulation of print publications caused a decline in revenue, especially in Ukraine by 2.0%, Belarus by 5.3%; while there has been an increase of 4.5% in Kazakhstan as the impact of the global economic crisis was slower to take hold. In addition to that, Belarus online performed well and grew faster than expected at a rate of 67.5%.

Hungary (Expressz)

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

Total revenue in Hungary declined organically by 40.9% compared to 2009 due to the print revenue decline 40.5% and decline in online by 3.5% organically.

Croatia (Oglasnik)

Organic revenue for online business fell by 9.8% in 2010. As print business has experienced more difficult market conditions, print revenue decline was 31.1% organically in 2010.

Slovenia (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; though Moje Delo group achieved online revenue increase by 28.9% organically.

Operating profit

Operating profit is as follows:

US$ in million	***December 31,* 2010**	***December 31,* 2009**
EBITDA	**$19.2**	**$21.0**
Depreciation and amortization	($9.1)	($8.5)
Goodwill and Intangible Impairment	($32.8)	$-
Goodwill write-off *	($0.9)	($0.5)
Other Operating cost	($1.6)	($4.5)
Operating profit	**($25.4)**	**$7.5**

** Goodwill write-off resulted from the liquidation of some subsidiaries in Russia.*

Operating profit decreased by US$ 32.9 million from US$ 7.5 million in 2009 to US$ 25.4 million in 2010, a decrease of 438.7%.

EBITDA

EBITDA decreased by US$ 1.8 million from US$ 21.0 million in 2009 to US$ 19.2 million in 2010, a decline of 10.3%. The margin slightly deteriorated to 13.4% in 2010 versus 13.7% in 2009, due to a decline in both print margin to 19.2% in 2010 versus 19.3% in 2009 and online margin to 1.2% in 2010 versus 8.7% in 2009. Organically, EBITDA declined by 10.3% versus 2009.

Total TME	*December 31, 2010*	*December 31, 2009*	*Growth in US$*	*(Decline)/ Growth) %*	*(Decline)/ Growth / in LCY %*	*EBITDA Margin 2010 FY*
	(millions of US$)					
Operations Print EBITDA	$23.9	$26.8	($2.9)	(10.8%)	(12.8%)	19.2%
Operations Online EBITDA	$0.2	$1.3	($1.1)	(82.1%)	(84.0%)	1.2%
Corporate Costs	($4.9)	($6.2)	$1.3	18.1%	19.9%	(3.5%)
Competency Center	$-.	($0.9)	$0.9	100.0%	100.0.%	0.0%
EBITDA	**$19.2**	**$21.0**	**($1.8)**	**(8.9%)**	**(10.3%)**	**13.4%**

Operations Print EBITDA decreased by US$ 2.9 million, or 10.8% in 2010 compared to 2009, while organic decline was 12.8%.

Operations Online EBITDA decreased by US$ 1.1 million, or 82.1%, in 2010 compared to 2009, while organic decline was 84.0%.

Operation EBITDA by Geographic Segment

Countries (millions of US$)	*December 31 2010*	*December 31, 2009*	*Change vs LY %*	*Organic growth %*	*EBITDA Margin % 2010*	*EBITDA Margin % 2009*
Russia	$19.3	$22.3	(13.2%)	(16.7%)	18.2%	20.7%
CIS	$4.9	$4.7	2.7%	5.1%	23.0%	22.1%
Hungary	$(0.5)	$0.1	(599.1%)	(616.0%)	(7.3%)	0.8%
Croatia	$0.0	$0.9	(94.2%)	(93.9%)	0.7%	8.7%
Moje Delo*	$0.4	($0.0)	13716%	55923%	20.0%	(0.2%)
Operations EBITDA	**$24.1**	**$28.0**	**(14.0%)**	**(16.3%)**	**16.8%**	**18.3%**

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

Russia

Operations EBITDA showed a decrease of 13.2%, resulting to a decrease of margin to 18.2% in 2010 versus 20.7% in 2009; mainly attributable to a change of mix between Moscow and Regions, through the significant decline in the regions.

CIS

Operations EBITDA increased 2.7% and organically by 5.1% compared to previous year. Ukraine decreased by 0.5% (organically (1.2%), Belarus decreased by 10.6% organically (4.9%), and Kazakhstan increased by 25.1% and organically grew by 24.1%.

Hungary

We incurred a decrease of Operations EBITDA by 599.1% and a deterioration of the margin to -7.3% in 2010 versus +0.8% in 2009, primarily due to the revenue degradation. The management's main goal has been to offset revenue fall due to economic depression since Q2 2008 via close control in cost items mainly personnel, raw material, general & administration as much as possible up to not jeopardizing business.

Croatia

Operations EBITDA decreased by 94.2%, with a deterioration of the margin (0.7% in 2010 versus 8.7% in 2009) due primarily to the decline in print revenue not matched by cost reductions causing the margin to deteriorate from 15.7% in 2009 to 5.2% in 2010.

Moje Delo Group (includes Slovenia, Bosnia & Herzegovina, and Serbia)

Operations EBITDA increased by 13716% compared to previous year. EBITDA margin increased to +20.0% in 2010 which was -0.2% in 2009.

Basis of Preparation

These consolidated financial statements of TME are for the year ended December 31, 2010. 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 in April 2011.

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	2-5 years

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 2010)	US$ millions	Brand Coverage	
Publications	113.7	Number of publications	171
Websites	13.9	Number of websites	14
Total	**127.6**		

Russia and CIS are the key markets for TME. In 2010, share of those regions in TME revenue was 89% (2009: 84%)..

Pronto Moscow Group is operating in the Russian advertising market since the beginning of 1992, when it launched first title in Moscow. As of 2010 it has the largest network of around 170 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 classified products such as “Iz Ruk v Ruki” and “Aviso”, vertical and niche classifieds and magazines such as “Rabota Segodnya”, “Iz Ruk v Ruki – Avto”, “Iz Ruk v Ruki - Commercial Avto”, “Fotonedvizhimost”, “Vse Avto”, “Vsya Nedvizhimost”, “Vsya Rabota”, “Vsya Stroyka”, “Auto Gallery”, “Commercial Real Estate”, and other print titles.

Online portfolio includes leading internet resources IRR.ru and Job.ru, as well as leading niche verticals Trucklist.ru, CREnews-tv.ru.ru and other resources. The Group is also present in Ukraine, Belarus and Kazakhstan with Online.Aviso.ua, irr.by, automania.by, domania.by, irr.kz.

The Group’s strategy is to perform transition from one of the leading print classified companies in Russia and CIS into the powerful online transaction platform. As you may remember at the mid-2008 we established our own software development team in Minsk, Belorussia. The team is still growing fast and reach to 69 people at the end of 2010 where dedicated personel develops tasks for IRR.ru, JOB.ru, Belarus and Kazakhstan sites, as well as other commercial and infrastructural projects.

We also launched IRR.kz, IRR.by and finally AVISO.ua in Kazakhstan, Belarus and Ukraine respectively in 2010. IRR.kz and IRR.by have already achieved top 10 traffic positions in their countries, soon after their launch.

At the end 2010, Pronto Moscow has already become one of the strongest online players 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.

In October 2010, we also started a new initiative, AUTOSCOUT24.ru, which is a joint venture with leading auto portal in Germany, autoscout24.com. The partnership aims to create one of the leading auto portals in Russia.

In Russia and CIS we already finished the training process of our approximately 1.200 direct sales staff to sell online media.

Regarding the financial results of the Group for 2010; the impact of economic crisis in Russia affected real estate, vehicle and recruitment sectors where Pronto-Moscow managed to continue growing in online and increased its market share.

The Group managed to significantly optimize its operational costs, particularly in print products cost by achieving to reduce the production costs and moving the employees from Moscow to Tambov. This project allowed Pronto-Moscow to maintain operational stability, combined with sustainable offline profitability. The new office will accommodate approx. 280 employees who will provide services to Moscow and 14 other surrounding cities.

At the moment the office has already been rented and the maintenance of the building is completed. The initial needs of technical and office equipments met and made ready for the fist party of employees to move in which will be excepted in mid-April 2011.

The brand study performed at the end of 2010 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 NR 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 2010)	**US$ millions**	**Brand Coverage**	
Publications	4.8	Number of publications	4
Websites	2.1	Number of websites	4
Total	**6.9**		

Expressz has operated in an extremely difficult market and overall economic situation in 2010, which impacted the most our print business. Print classified market experienced a further significant decrease in 2010 following a similar difficult year of 2009. All our major advertising categories (vehicle, real estate, job and generalist) were equally impacted negatively. Since vehicle, real estate and job markets were in major difficulties the advertising ability of these segments declined further importantly. As a consequence of all these Expressz has faced an increased advertising price pressure from its customers.

All print competitors have suspended or closed their publications or decreased frequency. Despite of these severe external conditions, Expressz print portfolio could keep its dominant position on classified print market helped by Expressz's high brand awareness and brand value.

Print has represented still a significant part in our business with annual printed circulation of 4.7 million copies in 2010 (2009: 5.9 million). However print revenue share decreased significantly from 80.9% in 2009 to 68.9% in 2010. Print portfolio's financial position was strengthened via taking out unnecessary production and marketing costs via decreased pagination and number of printed copies, utilize lower cost paper mix and closing non profitable publications. Hence our print portfolio kept its competitiveness vs. competitors and still delivered the highest customer value. At the same time our online business could have capitalized on a strong, stable and high value Expressz brand which provided solid bases for further online growth.

In 2010, we have re-launched vehicle and real estate categories of our main site: www.expressz.hu , in order to provide better usability to our users. The new category structure with new search and filter mechanism resulted in more relevant search result pages, enabling users to find ads with less page impressions. We integrated editorial content into these categories, which acts not only as a source of useful information to our users, but as a low-cost traffic source too.

Our traffic continued to grow in 2010, with 1.194.144 monthly unique visitors in November (November 2009: 1.020.409), which is a 17% increase vs. previous year. We continued using Google Ad-words as our main advertising platform, while the traffic from our long term portal partnerships kept growing, also.

Due to our primarily focus on our stronghold, www.expressz.hu, our vertical sites were not significantly developed in 2010. Our real estate vertical www.szuperingatlan.hu is working as an effective up-selling option for our customers.

In year 2011, our main goal is to increase monetization of our online products, especially in job category, which after being restructured will be a fully paid category on www.expressz.hu. An additional source of revenue will be created soon, in our re-launched services category.

Croatia

Revenue (for full year 2010)	US$ millions	Brand Coverage	
Publications	5.9	Number of publications	3
Websites	1.2	Number of websites	5
Total	**7.1**		

Previous years' business trends had continued throughout the year 2010, with no visible signs of recovery of our key core markets. Despite 2010 was a difficult year, Oglasnik has been able to maintain the market leading position and its market share in most of key operating categories in the classified arena.

In line with the revenue drop 2010 produced, Oglasnik has followed it by cost cutting activities, which has re-freshed our processes, resulting in a much healthier cost structure. Total costs decreased by 22%. Oglasnik has discontinued one unprofitable regional print product in RE segment and closed our office in this region (Rijeka).

Print market is still dominating our business both in terms of revenues, but also in terms of profit. On the other hand, at the same time, share of online business in total revenues has been increased from 13% in 2009 to 17% across the year.

Generalist print publication is the key product in portfolio which generates 92% of total revenues and 87% of gross profit, hence continue to be the flagship product. Hence, significant focus was put on this product due to its importance and current customer needs. Generalist publication have had 2.5 million circulated copies (2009: 2.5 million) in with 3,5 million published ads (2009: 4.0 million). In print, our products are market leaders by far in each of particular category.

Our online business suffered in 2010 similar to the whole online advertising market, which size had dropped very severely. Online advertising market in Croatia is still under-developed with representing only 4% of total advertising market, which at the same time represents a large future business and revenue potential. Therefore, there was no positive impact of crisis on online business in terms of redirection of advertiser's budgets from TV and print to online. Furthermore, all classic advertising channels (TV, radio, outdoor and print) entered into severe price war offering dumping prices to existing advertisers which resulted in significant erosion of the total advertising market value.

As a group with total portfolio of 5 websites, Oglasnik had in total more than 480,000 UMVs at the end of 2010 (2009: 420.000 UMV).

The most important website, our generalist www.oglasnik.hr is the second largest generalist website, with almost 140,000 live ads and more than 250,000 UMVs. Car website www.auti.hr is the strong market leader in its category having more than 165,000 UMVs and more than 23,000 ads at all times. Our white collar job site, www.posao.hr had more than 180,000 UMVs at the end of 2010, and it is second largest in job segment by number of UMVs and published ads. Real Estate website www.nekretnine.net is number two in category and having more than 40,000 UMVs and more than 21,000 ads on average.

According to our strategy, Oglasnik is continuously working on improvement of its Generalist website, as NR 1. priority, to get to the market leading position. Also, Oglasnik does for verticals, to strengthen our leadership by verticals. In 2010, Oglasnik's effort was mainly focused on improvement of customer experience on Generalist website and optimization of revenue in printed publications.

The most important website, Generalist website www.oglasnik.hr is the 2nd best among generalist websites, 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 website 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.

Oglasnik is continuously working on improvement of its website, Oglasnik did re-factoring for vertical websites, and Oglasnik did a lot of improvements on generalist website according to customer needs. Oglasnik is increasing our competitive strengths, and during the 2011, Oglasnik will re-launch its 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.

Moje Delo Group (includes Slovenia, Bosnia & Herzegovina, and Serbia)

Revenue (for full year 2010)	**US$ millions**	**Brand Coverage**	
Offline	0.3	Number of publications	-
Online	1.5	Number of websites	4
Total	**1.8**		

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

Partnerships with 6 out of the 8 largest Slovenian newspapers and 30 WebPages gives us an extended advertising reach, helping us to pursue our aggressive growth plans. Moje Delo Group has generated more than 95% (2009: 92%) of total group revenue of Moje Delo in Slovenia. Moje Delo Group is present also in Bosnia and Herzegovina, and Serbia, which is the source of the remaining 5%.

After Moje Delo Group business has suffered across 2009 and crisis and its local consequences were severe in 2010, we have managed to improve our business results. We were keeping operating costs low and were focusing on customers. Moje Delo Group has prepared two new projects which helped us to raise revenue and EBITDA.

Moje Delo has established an NGO with the labor ministry (working on a specific labor problematic region of Slovenia), which gave us a competitive advantage, as well as a great reference in the market.

Moje Delo's database had been rising all the time. At the end of 2010, Moje Delo had more than 20% (2009: 15%) of Slovene active population in our database. At the same time, Moje Delo has managed to raise traffic by 30% on www.mojedelo.com .

Moje Delo is by far continued to be the biggest and puissant recruiting portal of Slovenia.

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TRADER MEDIA EAST LTD

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

DRT Bağımsız Denetim
ve Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
Bilim Sok. No:5
Maslak, Şişli 34398
İstanbul, Türkiye

Tel: (212) 366 6000
Faks: (212) 366 6010
www.deloitte.com.tr

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

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Trader Media East Limited (the "Company" or "TME"), its subsidiaries and its joint ventures (together the "Group") which comprise the consolidated balance sheet as at December 31, 2010, the consolidated statements of loss, comprehensive loss, changes in equity and cash flows statements for the year then ended and, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements
The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU and with the requirements of Jersey Law and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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 consolidated 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 at December 31, 2010, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Other matters

Although not required to do so, the directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the June 2008 Combined Code. We reviewed:

- the directors' statement, on page 12, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

The consolidated financial statements of the Group for the year ended December 31, 2009, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2010.

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.

Gökhan Alpman
for and on behalf of

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**
İstanbul, April 29, 2011

TRADER MEDIA EAST LTD

Consolidated Balance Sheets

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

	Notes	As at December 31, 2010	As at December 31, 2009
ASSETS			
Non-current assets			
Property, plant and equipment	6	$ 14.7	$ 16.6
Goodwill	7	82.7	110.9
Intangible assets	8	79.9	94.6
Available-for-sale financial assets		0.1	0.1
Deferred tax assets	17	2.6	1.5
Other non-current assets		0.1	0.7
Total non-current assets		**180.1**	**224.4**
Current assets			
Inventories	9	2.2	2.0
Trade and other receivables	10	5.7	7.8
Cash and cash equivalents	11	13.4	32.7
Other current assets	18	5.6	9.5
Total current assets		**26.9**	**52.0**
Total assets		**207.0**	**276.4**
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	683.1
Translation reserve		18.6	23.0
Accumulated losses		(618.9)	(581.9)
		90.8	**132.2**
Non-controlling interests		**1.3**	**1.4**
Total equity		**92.1**	**133.6**
LIABILITIES			
Non-current liabilities			
Financial liabilities – *Senior credit facility*	13	56.8	-
Financial liabilities to non-controlling interests	14	-	0.5
Deferred tax liabilities	17	16.3	20.1
Other non-current liabilities		-	0.1
Total non-current liabilities		**73.1**	**20.7**
Current liabilities			
Financial liabilities - *Senior credit facility*	13	13.4	89.1
Financial liabilities to non-controlling interests	14	9.0	10.0
Trade and other payables	15	11.9	15.0
Due to shareholders	16	0.2	0.3
Current income tax liabilities	17	0.1	0.3
Other current liabilities	18	7.2	7.4
Total current liabilities		**41.8**	**122.1**
Total liabilities		**114.9**	**142.8**
Total liabilities and equity		**207.0**	**276.4**

Approved by the Board on 29 April, 2011 and signed on its behalf by:

Vuslat Doğan Sabancı
Chairwoman

Michel Teheux
Director

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

TRADER MEDIA EAST LTD

Consolidated Statements of Loss

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

	Notes	For the years ended December 31, 2010	December 31, 2009
Revenue	4	$ 143.4	$ 153.3
Cost of sales	20	(71.4)	(75.2)
Gross profit		**72.0**	**78.1**
Marketing, selling and distribution expenses	20	(14.9)	(15.4)
General administrative expenses	20	(83.0)	(55.2)
Other income		0.5	-
Operating (loss)/profit		**(25.4)**	**7.5**
Financial income	22	1.2	2.3
Financial expenses	23	(7.3)	(13.0)
Loss before income taxes		**(31.5)**	**(3.2)**
Income tax expense	17	(3.6)	(3.0)
Net loss for the year		**(35.1)**	**(6.2)**
Attributable to:			
Equity holders of the parent		(37.0)	(8.3)
Non-controlling interests		1.9	2.1
		(35.1)	**(6.2)**
Weighted average number of ordinary shares in issue (thousands)		50,000	50,000
Basic and diluted losses per share for loss attributable to the equity holders of the parent during the year (expressed in full US Dollar per share)		(0.74)	(0.17)

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

TRADER MEDIA EAST LTD

Consolidated Statements of Comprehensive Loss

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

	For the years ended	
	December 31, 2010	**December 31, 2009**
Net loss for the year	**$ (35.1)**	**$ (6.2)**
Currency translation differences	(4.5)	(1.8)
Total comprehensive loss for the year	**(39.6)**	**(8.0)**
Attributable to:		
Equity holders of the parent	(41.4)	(9.9)
Non-controlling interests	1.8	1.9

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	Non-controlling interests	Total equity
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 non-controlling interests	-	-	-	-	(2.9)	(2.9)
Total comprehensive loss for the year			(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**
Balances at January 1, 2010	**8.0**	**683.1**	**23.0**	**(581.9)**	**1.4**	**133.6**
Dividend payments to non-controlling interests	-	-	-	-	(2.5)	(2.5)
Total comprehensive loss for the year	-	-	(4.4)	(37.0)	1.8	(39.6)
Currency translation adjustment			*(4.4)*	-	*(0.1)*	*(4.5)*
Net loss for the year	-	-	-	*(37.0)*	*1.9*	*(35.1)*
Other (*)	-	-	-	-	0.6	0.6
Balances at December 31, 2010	**8.0**	**683.1**	**18.6**	**(618.9)**	**1.3**	**92.1**

(*) Represents fair value changes of put option liabilities and acquisition and disposal of shares from non-controlling interests.

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

TRADER MEDIA EAST LTD

Consolidated Cash Flow Statement

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

	Notes	For the years ended December 31, 2010	December 31, 2009
Net loss for the year		$ (35.1)	$ (6.2)
Adjustments:			
Depreciation and amortization	20	9.1	8.5
Financing costs	23	0.3	4.0
Taxation on income	17	3.6	3.0
Impairment charges	20	32.8	0.5
Interest expenses of written put options	23	-	0.2
Provision for doubtful receivables and other current assets	20	1.1	2.8
Gain on sale of property, plant and equipment		(0.5)	
Interest expenses	23	5.0	5.0
Interest income	22	(0.5)	(1.3)
Loss from disposal of subsidiaries		-	0.2
Other non-cash expense		0.8	-
Change in working capital, net		0.7	6.1
Income taxes paid		(4.8)	(5.4)
Cash flows provided by operating activities		**12.5**	**17.4**
Cash flows from investing activities:			
Purchases of property, plant and equipment and intangible assets	6, 8	(5.1)	(5.4)
Proceeds from sales of property, plant and equipment		0.6	0.2
Cash paid for acquisition of non-controlling interests		-	(0.5)
Proceeds from disposal of subsidiaries		-	2.1
Net cash used in investing activities		**(4.5)**	**(3.6)**
Cash flows from financing activities:			
Dividends paid to non-controlling interests		(2.5)	(2.9)
Proceeds from borrowings		69.7	-
Repayments of borrowings		(88.9)	(38.6)
Cash paid for financing costs		(0.8)	-
Interest receipts and payments, net		(3.7)	(3.4)
Payments to non-controlling interests		(1.3)	-
Capital advances received		-	5.0
Net cash used in financing activities		**(27.5)**	**(39.9)**
Exchange gains/losses on cash and cash equivalents		0.2	0.4
Change in cash and cash equivalents		**(19.3)**	**(25.7)**
Cash and cash equivalents at beginning of year	**11**	**32.7**	**58.4**
Cash and cash equivalents at end of year	**11**	**13.4**	**32.7**

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"), its subsidiaries and joint ventures (together the "Group") are involved in classified advertising mainly for real estate, automotive and human resources businesses through daily and weekly newspapers, periodicals, magazines and internet services, primarily in Russia and various Eastern European ("EE") countries. TME's major publications and noticeable 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 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;
- in Serbia and Bosnia www.boljiposao.com;

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 29, 2011. 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 and Kazakhstan), 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. Adverse changes arising from systemic risks in global finance and economy could slow or disrupt the Russia Economy, adversely affect the Group's access to capital and cost of capital and, more generally, its business, results of operations, financial condition and prospects. 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 Hürriyet 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 Aydın Doğan, Doğan Family and companies owned by Doğan Family ("Ultimate Owner").

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, 2010. 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 29, 2011).

The accounting policies set out in Note 2.6 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 2.6(j).

Certain reclassifications have been made in the prior year disclosures which have no impact on the consolidated balance sheet, consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated cash flow statement.

2.2 Consolidation principles

The consolidated financial statements include the accounts of the parent company, TME, its Subsidiaries and Joint Ventures (collectively referred as the "Group") on the basis set out in sections (a) to (b) below. The financial statements of the companies included in the consolidation are based on historical cost of the statutory records and for the purpose of fair presentation in accordance with the accounting policies described in Note 2.1 and application of uniform accounting policies and presentations; adjustments and reclassifications.

(a) Subsidiaries

Subsidiaries are companies in which the Company has power to control the financial and operating policies for the benefit of the Company either (a) through the power to exercise more than 50% voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by companies whereby the Company exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them; or (b) although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies. Following the transfer of ownership to the Group, subsidiaries are consolidated on the basis of full consolidation. The result of operations of subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or the date of disposal respectively.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

2.2 Consolidation principles (Continued)

(a) Subsidiaries (cont'd):

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by TME and its subsidiaries and one or more other parties. Proportionate consolidation is used for joint ventures; in other words, consolidation has been performed by including the parent company's asset, liability, income and expense share on the joint venture.

2.3 Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

2.3 Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to January 1, 2010 were accounted for in accordance with the previous version of IFRS 3.

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.

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

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

2.3 Business combinations (Continued)

The non-controlling shareholders' share in the net assets and results for the period of subsidiaries are separately classified in the consolidated balance sheets and statements of income as non-controlling interest.

2.4 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 currency of the Entity 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")	Ukraine	Ukrainian Grivna ("UAH")
Hungary	Hungarian Forint ("HUF")	Kazakhstan	Kazakh Tenge ("KZT")
Croatia	Croatian Kuna ("HRK")	Belarus	Belarusian Ruble ("BYR")
European Union	Euro ("EUR")		

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, 2010 and 2009 and for the years then ended:

	December 31, 2010		**December 31, 2009**	
	Average	**Closing**	**Average**	**Closing**
$/ RUR	30.3640	30.4769	31.6368	30.2442
$/ HUF	207.6306	208.6500	200.8407	188.0700
$/ HRK	5.4984	5.5683	5.2760	5.0893
$/ EUR	0.7537	0.7484	0.7150	0.6942
$/ UAH	7.9359	7.9617	7.9952	7.9850
$/ KZT	147.3533	147.4000	148.6005	148.3600
$/ BYR	2,978.5948	3,000.0000	2,799.4737	2,863.0325

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)

2.5 Amendments and interpretations to existing standards

Standards Affecting Notes and Presentation of Financial Statements

There are no standards and interpretations affecting the basis of presentation and notes of financial statements during the period.

New and Revised IFRSs applied with no material effect on the consolidated financial statements

IFRS 3 (revised) Business Combinations

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. Major effects of adoption of the revised standards and changes in applications of existing standards are as follows:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.

- to change the recognition and subsequent accounting requirements for contingent consideration.

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

- in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss.

- IFRS 3 (2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. There has been no impact of IAS 27 and IFRS 3 on the financial statements.

Standards, amendments and interpretations to existing standards effective as of December 31, 2010 but not relevant to the Group

IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after July 1, 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

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

2.5 Amendments and interpretations to existing standards (Continued)

Standards, amendments and interpretations to existing standards effective as of December 31, 2010 but not relevant to the Group (cont'd):

IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after July 1, 2009. This is not relevant to the Group, as it has not received any assets from customers.

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after January 1, 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, "Share-based Payments – Group Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after January 1, 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The improvements cover 14 main standards/interpretations as follows: IFRS 2 *Share-based Payments*, IFRS 8 *Operating Segments*, IAS 1 *Presentation of Financial Statements*, IAS 7 *Statement of Cash Flows*, IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* IAS 17 *Leases*, IAS 18 *Revenue*, IAS 36 *Impairment of Assets*, IAS 38 *Intangible Assets*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRIC 9 *Reassessment of Embedded Derivatives*, IFRIC 16 *Hedges of Net Investment in a Foreign Operation*. The effective dates vary standard by standard but most are effective 1 January 2010.

Standards and Interpretations that are not yet effective in December 2010 and have not been early adopted

IFRS 1 (amendments) *First-time Adoption of IFRS – Other exceptional situation*

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

On December 20, IFRS 1 is amended to;

- provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs.
- provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.

The amendment above will be effective for annual periods beginning on or after July 1, 2011. These amendments are not relevant to the Group, as it is an existing IFRS preparer.

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

2.5 Amendments and interpretations to existing standards (Continued)

Standards and Interpretations that are not yet effective in December 2010 and have not been early adopted (cont'd):

IFRS 7 *Financial Instruments: Disclosures*

In October 2010, IFRS 7 *Financial Instruments: Disclosures* is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after July 1, 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 9 *Financial Instruments: Classification and Measurement*

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 *Financial Instruments: Recognition and Measurement*. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2013. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

IAS 12 *Income Taxes*

In December 2010, IAS 12 is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be , be through sale. The amendment will be effective for annual periods beginning on or after January 1, 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 24 (Revised 2009) *Related Party Disclosures*

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after January 1, 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

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

2.5 Amendments and interpretations to existing standards (Continued)

Standards and Interpretations that are not yet effective in December 2010 and have not been early adopted (cont'd):

IAS 32 (Amendments) *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements*

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after February 1, 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

IFRIC 14 (Amendments) *Pre-payment of a Minimum Funding Requirement*

Amendments to IFRIC 14 are effective for annual periods beginning on or after January 1, 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made. The Group does not expect any impact of the adoption of this amendment on the financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 7 main standards/interpretations as follow: IFRS 1 *First-time Adoption of International Financial Reporting Standards*; IFRS 3 *Business Combinations;* IFRS 7 *Financial Instruments: Disclosures*; IAS 27 *Consolidated and Separate Financial Statements*; IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes*. With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after July 1, 2010, all other amendments are effective on or after January 1, 2011. Early adoptions of these amendments are allowed. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

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

2.6 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, customer lists and internet domain names. 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	2-5 years

(c) Impairment of assets

IFRS prohibits the amortization of goodwill and intangible assets with indefinite useful lives. Goodwill recognised in a business combination is not amortised; it is tested for impairment annually instead and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The Group tests goodwill for impairment at year-ends.

The Group reviews all assets except for goodwill at each balance sheet date for any indication of impairment on the stated asset. If there is any indicator of impairment, carrying amount of the stated asset is compared with the net realisable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment exists if the carrying amount of the stated asset or the cash generating unit including the stated asset exceeds its net realisable value. Impairment losses are recognised in consolidated statement of income.

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.

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

2.6 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 and sales of phone cards 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.

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

2.6 Summary of significant accounting policies (Continued)

(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.

(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	10-50 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) Critical accounting estimates and judgments

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.

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

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

2.6 Summary of significant accounting policies (Continued)

(j) Critical accounting estimates and judgments (cont'd):

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 charge would have increased by $3.9 (2009: $3.8) and loss before tax and non-controlling interests would have increased by $3.9 (2009: $3.8).

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 $0.1 (2009: $0.2) and loss before tax and non-controlling interests would have decreased by $0.1 (2009: $0.2); or

- Had the useful lives been shorter by 10%, amortization charges would have increased by $0.1 (2009: $0.2) and loss before tax and non-controlling interests would have increased by $0.1 (2009: $0.2)

Impairment of assets

The recoverable amounts of cash generating units have been determined using value in use model. Value in use 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, 2010	**EBITDA growth rates (%) (*)**	**Discount rates (%)**
Russia & CIS	8.52	13.4
Hungary	20.91	13.4
Croatia	8.51	13.5
Slovenia	2.17	12.4

December 31, 2009	**EBITDA growth rates (%) (*)**	**Discount rates (%)**
Russia & CIS	3.73	14.0
Hungary	20.46	13.4
Croatia	7.97	13.9
Slovenia	10.66	10.3

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

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

2.6 Summary of significant accounting policies (Continued)

(j) Critical accounting estimates and judgments (cont'd)

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.

If the estimated discount rate applied to the discounted cash flows for the CGUs had been 1% higher than management's estimates at December 31, 2010, the Group would have recognised a further impairment against intangible assets by $0.4 and loss before tax and non-controlling interests would have increased by $0.3.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. In the subsidiaries of the Group, there are deferred tax assets resulting from tax loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the assessment made, the Group has recognized deferred tax assets in certain entities because it is probable that taxable profit will be available sufficient to recognize deferred tax assets in those entities.

(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).

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

2.6 Summary of significant accounting policies (Continued)

(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.

(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.

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

2.6 Summary of significant accounting policies (Continued)

(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 non-controlling interests

Under the certain terms of acquisition agreements, the Group is committed to acquire the interests owned by non-controlling shareholders in consolidated subsidiaries, if these non-controlling 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 non-controlling shareholders in the net asset of the company subject to the put option must be reclassified from "non-controlling interest" to "financial liability" in the consolidated balance sheet (Note 14).

For the existing put option agreements, the Group presents, on initial recognition, the difference between the exercise price of the option and the carrying value of the non-controlling interests as a reduction of non-controlling 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.

Effective from 2010, for the new put option agreements, non controlling interest is initially recognised as a financial liability, changes in the carrying amount should be recognised in profit and loss.

(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". The Group determined the key management personnel as board of directors and executive committee (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.

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

2.6 Summary of significant accounting policies (Continued)

(s) Financial leases (cont'd)

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).

2.7 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, 2010, the bank borrowings as of 31 December 2010 were replaced with a second new long-term borrowing with lower fixed rate interest in April 2011 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, 2010, 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 non-controlling interests for the year would have been higher/lower by $0.7 (2009: $0.9).

(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 $13.4 at December 31, 2010 (2009: $32.7).

(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 (cont'd)

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.

2010	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
Financial liabilities	1.4	5.2	10.1	18.8	38.5	74.0
Financial liabilities to non-controlling interests	8.0	1.0	-	-	-	9.0
Trade and other payables	11.1	0.1	0.7	-	-	11.9

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 non-controlling interests	-	9.6	0.4	0.5	-	10.5
Trade and other payables	13.7	0.4	0.9	-	-	15.0

(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, 2010 and 2009 and resulting net foreign currency position at the respective balance sheet dates are as follows:

	December 31, 2010	December 31, 2009
Assets - Cash and cash equivalents	$ 4.0	$ 22.6
Liabilities		
-Senior credit facility	(70.2)	(89.1)
-Financial liabilities to non-controlling interests	(8.0)	-
Net foreign currency position	**(74.2)**	**(66.5)**

All foreign currency balances included in the foreign currency position at December 31, 2010 and 2009 are originally denominated in US Dollars except for the cash and cash equivalents amounting to $0.1 at December 31, 2010 (2009: $0.5) 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, 2010: $0.0328= RUR 1, EUR 0.0246= RUR 1 (2009: $0.0331= RUR 1, EUR 0.0230= RUR 1).

At December 31, 2010, 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 non-controlling interests for the year would have been $7.4 higher/lower (2009: $6.7), as a result of foreign exchange losses/gains on translation of USD denominated financial liabilities.

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.

Investments which the Group does not exercise a significant influence, or which are immaterial are carried at cost less any provision for impairment.

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.

	2010	**2009**
Total bank borrowings (note 13)	$ 70.2	$ 89.1
Less: cash and cash equivalents (note 11)	(13.4)	(32.7)
Net debt	56.8	56.4
Total equity	92.1	133.6
Total capital	**148.9**	**190.0**
Gearing ratio	**0.38**	**0.30**

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, 2010:

	Russia & CIS	Hungary	Croatia	Eastern Europe	Corporate and unallocated	Total
Print revenues	$ 113.7	$ 4.8	$ 5.9	$ 0.3	$ -	$ 124.7
Online revenues	13.9	2.1	1.2	1.5	-	18.7
Total revenues	**127.6**	**6.9**	**7.1**	**1.8**	**-**	**143.4**
EBITDA	**20.2**	**(0.5)**	**0.1**	**0.4**	**(1.0)**	**19.2**
Depreciation and amortization	(7.6)	(1.3)	(0.2)	-	-	(9.1)
Income tax expenses	(5.7)	1.5	0.7	-	(0.1)	(3.6)
Non-cash expenses:						
Goodwill and intangible assets impairment (*)	(1.5)	(17.0)	(14.3)	-	-	(32.8)
Provision for doubtful receivables and other receivables	(1.1)	-	-	-	-	(1.1)
Gain on sale of property, plant and equipment	0.3	0.2	-	-	-	0.5
Total non-cash expenses	**(2.3)**	**(16.8)**	**(14.3)**	**-**	**-**	**(33.4)**
Total assets	174.7	8.9	13.7	4.1	5.6	207.0
Additions to non-current assets	4.5	0.4	0.2	-	-	5.1
Intangible assets	60.0	7.0	12.8	0.1	-	79.9
Goodwill	78.9	-	-	3.8	-	82.7
Total liabilities	15.0	1.7	1.5	0.8	95.9	114.9

(*) Impairment resulted from significant effect of the global economic crisis and online/offline convergence. The Group's main markets namely real estate, cars and recruitment were severely suffered in weak demand due to global economic crisis, thus substantially reducing advertising on the Group's publications. Advertisement business is consistently moving from offline to online which brings recurring losses in some offline markets, profitability issue of online business as well as business reorganizations.

Notes to Consolidated Financial Statements

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

NOTE 4 - SEGMENT INFORMATION (Continued)

b) 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)
Income tax expenses	(4.7)	1.9	(0.1)	-	(0.1)	(3.0)
Non-cash expenses:						
Goodwill impairment (*)	(0.5)	-	-	-	-	(0.5)
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 non-cash expenses						
Total assets	177.5	32.2	30.5	4.5	31.7	276.4
Additions to non-current assets	3.8	0.3	-	-	1.2	5.4
Intangible assets	60.4	13.2	17.9	0.2	2.9	94.6
Goodwill	79.9	15.7	11.4	3.9	-	110.9
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)

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

	2010	2009
EBITDA for reportable segments	$ 20.2	$ 23.9
Corporate and unallocated EBITDA	(1.0)	(2.9)
Goodwill and intangible assets impairment	(32.8)	-
Depreciation and amortization	(9.1)	(8.5)
Provision for doubtful receivables and other receivables	(1.1)	(2.8)
Interest expenses of written put options	-	(0.2)
Financial expenses, net	(6.1)	(10.7)
Other	(1.6)	(2.0)
Loss before income taxes	**(31.5)**	**(3.2)**

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

	2010	2009
Segment assets for reportable segments	$ 201.6	$ 244.7
Corporate and unallocated:		
Property, plant and equipment, net	-	0.2
Intangible assets, net	-	2.0
Available-for-sale financial assets	0.1	0.1
Deferred tax assets	2.6	1.5
Receivable from tax authorities	0.9	1.5
Prepaid tax	1.1	3.9
Cash and cash equivalents	0.6	22.2
Other	0.1	0.3
Total assets	**207.0**	**276.4**

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

	2010	2009
Segment liabilities for reportable segments	$ 19.0	$ 21.2
Corporate and unallocated:		
Financial liabilities - Senior credit facility	70.2	89.1
Financial liabilities to non-controlling interests	9.0	10.5
Deferred tax liabilities	16.3	20.1
Trade and other payables	0.4	1.9
Total liabilities	**114.9**	**142.8**

NOTE 5 – BUSINESS COMBINATIONS

There are no significant business combinations as at December 31, 2010 and December 31, 2009.

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, 2010 is as follows:

	1 January 2010	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2010
Cost:						
Land and land improvements	0.1	-	-	-	-	0.1
Buildings	3.6	-	-	-	-	3.6
Printing presses and related equipment	16.6	-	-	-	(0.1)	16.5
Furniture and fixtures	14.4	0.8	(1.6)	0.2	(0.4)	13.4
Leasehold improvements	0.2	-	-	-	-	0.2
Construction in progress	1.4	2.3	-	(2.1)	-	1.6
	36.3	**3.1**	**(1.6)**	**(1.9)**	**(0.5)**	**35.4**
Accumulated depreciation:						
Buildings	0.7	0.1	-	-	-	0.8
Printing press and related equipment	8.7	1.2	-	-	(0.1)	9.8
Furniture and fixtures	10.2	1.6	(1.5)	-	(0.3)	10.0
Leasehold improvements	0.1	-	-	-	-	0.1
	19.7	**2.9**	**(1.5)**	**-**	**(0.4)**	**20.7**
Net book value	**16.6**					**14.7**

(*) Transferred to intangible assets.

Depreciation expenses amounting to $2.9 (2009: $3.1) for the year ended December 31, 2010 have been included in cost of sales and general administrative expenses amounting to $1.3 and $1.6 (2009: $ 1.1 and $ 2.0), respectively.

Construction in progress amounting to $1.6 (2009: $ 1.4) is mainly related to computer programs and internet domain names.

(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, 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.

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

NOTE 7 - GOODWILL

The movements in goodwill during the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
1 January	**$ 110.9**	**$ 117.3**
Currency translation adjustment	(4.1)	(2.7)
Disposal of subsidiaries	(0.9)	(2.9)
Change in fair value of the exercise price of the written put options issued in connection with business combinations	0.4	(0.3)
Impairment (*)	(23.6)	(0.5)
31 December	**82.7**	**110.9**

(*) The goodwill allocated to Hungary amounting to $12.9 and Croatia amounting to $10.7 have been impaired due to the significant impact of global economic crisis on local markets of such geographies and online/offline convergence as of December 31, 2010 (see Note 2.c). The Group's main markets namely real estate, cars and recruitment were severely suffered in weak demand due to global economic crisis, thus substantially reducing advertising on the Group's publications. Advertisement business is consistently moving from offline to online which brings recurring losses in some offline markets, profitability issue of online business as well as business reorganizations.

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

(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, 2010 is as follows:

	1 January 2010	Additions	Disposals	Transfers (*)	Impairment (**)	Currency translation differences	31 December 2010
Cost:							
Trade names	96.3	-	-	-	(10.1)	(3.8)	82.4
Customer lists	8.3	-	-	-	-	(0.6)	7.7
Software and rights	25.2	1.5	(0.1)	1.0	-	(0.9)	26.7
Other intangible assets	3.9	0.5	-	0.9	-	(0.4)	4.9
	133.7	**2.0**	**(0.1)**	**1.9**	**(10.1)**	**(5.7)**	**121.7**
Accumulated amortization:							
Trade names	12.3	0.8	-	-	(0.9)	(0.8)	11.4
Customer lists	7.9	0.4	-	-	-	(0.6)	7.7
Software and rights	16.2	4.4	(0.1)	-	-	(0.8)	19.7
Other intangible assets	2.7	0.6	-	-	-	(0.3)	3.0
	39.1	**6.2**	**(0.1)**	**-**	**(0.9)**	**(2.5)**	**41.8**
Net book value	**94.6**						**79.9**

(*) Transferred from property, plant and equipment.

(**) Impairment resulted from significant effect of the global economic crisis and online/offline convergence. The Group's main markets namely real estate, cars and recruitment were severely suffered in weak demand due to global economic crisis, thus substantially reducing advertising on the Group's publications. Advertisement business is consistently moving from offline to online which brings recurring losses in some offline markets, profitability issue of online business as well as business reorganizations.

Intangible assets with indefinite useful lives amounts to $68.2 at December 31, 2010, (2009: $78.9). 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.

There is a pledge amounting to $49.9 on the royalty of a trade name according to the extent of the loan agreement.

Amortization charges amounting to $6.2 for the year ended December 31, 2010 have been included in general administrative expenses (2009: $5.4).

Notes to Consolidated Financial Statements

(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, 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.

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

NOTE 9 - INVENTORIES

	2010	2009
Raw materials (at cost)	$ 1.9	$ 1.9
Finished goods	0.3	0.1
	2.2	**2.0**

The cost of inventories recognised as expense and included in "cost of sales" amounted to $27.8 (2009: $31.1).

NOTE 10 - TRADE AND OTHER RECEIVABLES

The details of trade and other receivables as at December 31, 2010 and 2009 are as follows:

	2010	2009
Trade receivables	$ 14.6	$ 16.4
Less: provision for impairment of trade receivables	(9.9)	(10.1)
Trade receivables - net	**4.7**	**6.3**
Deposits and guarantees given	0.1	-
Receivable from tax authorities	0.9	1.5
	5.7	**7.8**

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

As of December 31, 2010, trade receivables of $0.8 (2009: $1.1) 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:

	2010	2009
Up to 3 months	$ 0.7	$ 1.0
3 to 6 months	0.1	0.1
	0.8	**1.1**

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

NOTE 10 - TRADE AND OTHER RECEIVABLES (Continued)

As of December 31, 2010, trade receivables of $9.9 (2009: $10.1) 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:

	2010	2009
Up to 3 months	$ 0.4	$ 1.5
3 to 6 months	1.0	1.7
Over 6 months	8.5	6.9
	9.9	**10.1**

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

	2010	2009
1 January	**$ 10.1**	**$ 7.9**
Additions	0.7	2.8
Write-off	(0.1)	(0.5)
Currency translation differences	(0.8)	(0.1)
31 December	**9.9**	**10.1**

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, 2010 and 2009 are as follows:

	2010	2009
Cash	$ 0.3	$ 0.3
Banks		
- demand deposits	8.4	9.2
- time deposits	4.7	23.2
	13.4	**32.7**

(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, 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Cash and banks	$ 13.4	$ 32.7	$ 58.7
Less: interest accruals	-	-	(0.3)
	13.4	**32.7**	**58.4**

The maturity analysis of time deposits is as follows:

	2010	2009
Up to 1 month	$ 3.8	$ 17.1
1-3 months	0.9	6.1
	4.7	**23.2**

There are no time deposits with variable interest rates at December 31, 2010 and 2009. The effective interest rate is 2.3% for US Dollar time deposits, 4.0% for RUR time deposits and 12.9% for UAH time deposits (2009: 2.5% for US Dollar and 8.3% for RUR). Foreign currency denominated bank deposits amount to RUR 41.0 (USD 1.3) and UAH 7.0 (USD 0.9) as of December 31, 2010 (2009: EUR 0.3 (USD 0.5) and RUR 23.0 (USD 0.8)).

NOTE 12 - SHARE CAPITAL

The shareholding structure is as follows:

	2010	Share (%)	2009	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, 2010 (2009: $683.1) is related to issuance of such shares and share premium arised in the restructuring process (Note 1).

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

NOTE 13 - FINANCIAL LIABILITIES - BORROWINGS

In May 2007, the Group signed a senior credit agreement arranged by ABN Amro, which amounts to a total facility of $200.0 with a five-year maturity date. The Group has restructured its outstanding senior credit facility as of April 30, 2010 and obtained a new senior credit agreement ("New Senior Credit Facility") from Credit Europe amounting to $70.0. With the new loan agreement signed in April 2010, the Group paid its senior credit facility back amounting to $88.9.

The borrower shall repay the New Senior Credit Facility in seventeen (17) equal, quarterly installments commencing 12 months after the signing date and ending in 2015.

In connection with the New Senior Credit Facility, the Group has some obligations for fulfilling some financial and operational requirements against the bank. Under the same loan agreement, OOO Pronto Moscow has given a royalty pledge in regards to one of its rights namely "IZ RUK V RUKI" and shares of Pronto Moscow are pledged for the New Senior Credit Facility.

Hürriyet has blocked time deposits amounting to $10.0 as collateral for the New Senior Credit Facility.

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

The New Senior Credit Facility is USD denominated and the effective interest rate per annum is 8.04% (Libor+7.75%) at December 31, 2010 (2009: 2.78% (Libor+2.5%)).

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

	2010	**2009**
Year		
2012	16.5	-
2013	16.5	-
2014	16.5	-
2015	7.3	-
	56.8	**-**

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

	2010	**2009**
Up to 3 months	70.2	-
Up to 6 months	-	89.1
	70.2	**89.1**

In April 2011, New Senior Credit Facility was restructured as explained in Note 24.

NOTE 14 - FINANCIAL LIABILITIES TO NON-CONTROLLING INTERESTS

Financial liabilities to non-controlling interests relate to written put options issued in connection with business combinations.

The Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders, provided that certain conditions are met related to the Group's subsidiary, Impress Media Marketing LLC ("Impress Media") which was acquired by OOO Pronto Moscow in January 2007. The Group has signed a new put option agreement valid between August 2011 and August 2015 for the remaining non-controlling shares of 10%. Net fair value of such option shall be calculated based on Impress Media's EBITDA or net sales revenue. Group, pursuant to an agreement signed in September of 2010, has had the option to purchase the remaining non-controlling shares of 3%. The fair value of the option will be determined based on calculation over the EBITDA of Impress Media, Based on the EBITDA of Impress Media, Group would gradually have a put option until 14% and a call option until 14%. As of December 31, 2010, the short-term portion of the fair value of the put option is $ 0.5 (2009: $1.6), long-term portion is nil as of December 31, 2010 (2009: $0.5).

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. located in Croatia. As of December 31, 2010, the fair value of this option is $8.0 (2009: $8.0) and classified in "other short-term financial liabilities". The negotiations related with using that put option is still continuing as of the date which the financial statements publicly announced.

The Group acquired a 55% interest in Moje Delo d.o.o. ("Moje Delo") in Slovenia. The Group paid an earn-out amounting to EUR 1 million. The Group has the right to buy put options from non-controlling interest owners from January 2009 to January 2012. Also, the Group presented call options to non-controlling interest owners 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 $0.5 as of December 31, 2010 (2009: $0.4) and classified in "short-term financial liabilities".

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, 2010 and 2009 are as follows:

	2010	**2009**
Trade payables	$ 5.8	$ 8.6
Social security and other taxes	1.3	1.5
Payable to personnel	3.0	2.5
Other	1.8	2.4
	11.9	**15.0**

NOTE 16 - RELATED PARTY DISCLOSURES

i) Balances with related parties:

Amounts due to shareholders - current:

	2010	**2009**
Hürriyet	0.2	0.3
	0.2	**0.3**

ii) Transactions with related parties:

Service purchases from related parties:

	2010	**2009**
Hürriyet	0.2	0.3
	0.2	**0.3**

	2010	**2009**
Remunerations paid to Board members and key management personnel	3.6	3.9
	3.6	**3.9**

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

NOTE 17 - TAXATION ON INCOME

	2010	2009
Corporate and income taxes payable	0.1	0.3
Less: prepaid taxes (Note 18)	(1.1)	(3.9)
Taxes payable/(receivable), net	**(1.0)**	**(3.6)**

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 2.6.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 2.6.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, 2010, 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	Slovenia	20.0

The temporary differences giving rise to deferred income tax assets/(liabilities) using the enacted tax rates as of December 31, 2010 and 2009 are as follows:

	Temporary differences		Deferred tax assets/ (liabilities)	
	2010	**2009**	**2010**	**2009**
Carry forward tax losses (*)	3.8	0.1	0.8	-
Allowance for doubtful accounts	4.3	8.5	0.9	1.6
Other, net	4.4	4.4	0.9	0.9
Deferred tax assets	**12.5**	**13.0**	**2.6**	**2.5**
Difference between tax bases and carrying value of property, plant and equipment and intangible assets	84.4	106.8	16.6	21.0
Other, net	(1.7)	0.8	(0.3)	0.1
Deferred tax liabilities	**82.7**	**107.6**	**16.3**	**21.1**
Deferred tax liabilities, net	**(70.2)**	**(94.6)**	**(13.7)**	**(18.6)**

(*) The Group did not recognise deferred income tax assets of $9.5 (2009: $9.0) in respect of losses amounting to $40.7 (2009: $38.9) that can be carried forward against future taxable income.

Notes to Consolidated Financial Statements

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

NOTE 17 - TAXATION ON INCOME (Continued)

Expiration schedule of carry-forward tax losses is as follows:

	2010	2009
2012	$ 0.2	$ 0.2
2013	0.2	0.2
2014	9.5	9.5
2015 and over	20.7	18.2
Unlimited	10.1	10.8
	40.7	**38.9**

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:

	2010	2009
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	5.4	3.2
	5.4	**3.2**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	(19.1)	(21.8)
	(19.1)	**(21.8)**
Deferred tax liabilities, net	**(13.7)**	**(18.6)**

The movements of deferred tax balances for the years ended at December 31, 2010 and 2009 are as follows:

	2010	2009
1 January	**18.6**	**23.4**
Deferred tax income for the year	(3.8)	(4.3)
Currency translation differences	(1.1)	(0.5)
31 December	**13.7**	**18.6**

The analysis of the tax expenses for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Current	(7.4)	(7.3)
Deferred	3.8	4.3
	(3.6)	**(3.0)**

(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, 2010 and 2009 and the taxation on income calculated with the current tax rate over loss before taxes and non-controlling interests is as follows:

	2010	**2009**
Loss before income taxes and non-controlling interests	**$ (31.5)**	**$ (3.2)**
Aggregated current income tax income calculated at the effective tax rates of countries	(6.1)	(1.1)
Expenses not deductible for tax purposes	4.3	4.0
Current period tax losses	2.7	3.2
Effect of goodwill impairment	4.6	-
Withholding tax relating to dividend distribution	2.0	1.0
Other, net	(3.9)	(4.1)
Taxation on income	**3.6**	**3.0**

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% (2009: 20%).

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). Maximum amount that can be deducted in any year is limited to 30% of the taxable income. 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:

Companies are subject to corporate income tax and special profit tax in Hungary. The corporate income tax rate effective in Hungary is 19% (2009: 20%).

According to Hungary's tax system, there is no time limit while transporting financial damages. The Tax Authority's permission is needed to carry forward the tax-year's losses if a company's pre-tax profit is negative and its income is less than 50% of its costs and expenses or the company's tax base was also negative in the previous two years.

From 1 January 2007, capital gains from the sale of registered shareholdings are exempt from corporate income tax and special profit tax, provided that the taxpayer held the shareholding for at least two years prior to its disposal. The two-year holding period has been reduced to one year from January 1, 2008. 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% (2009: 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 charges 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.

Slovenia

The corporate tax rate effective in Croatia is 20% (2009: 20%).

According to Slovenia's tax system, there is no time limit while transporting financial damages. Capital gains arising from mergers, stock sales provided 50% capital gains are tax-free. Capital losses can not be considered as a deduction in calculation of corporate income tax. Foreign mercenary corporation tax computations, tax and foreign mercenaries paid on foreign currency income tax deduction equal to the difference between the corporate tax base can be used in Slovenia.

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

NOTE 18 - OTHER CURRENT ASSETS AND LIABILITIES

Other current assets as at December 31, 2010 and December 31, 2009 are as follows:

	2010	2009
Prepaid expenses (*)	$ 1.7	$ 2.4
Prepaid tax (Note 17)	1.1	3.9
Value Added Tax ("VAT") receivables	0.9	0.8
Advances given to personnel	0.4	0.4
Other doubtful receivable provision	(0.4)	-
Other	1.9	2.0
	5.6	**9.5**

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

Other current liabilities as at December 31, 2010 and December 31, 2009 are as follows:

	2010	2009
Deferred revenue	$ 4.4	$ 4.3
VAT payables	2.5	2.9
Payables to non-controlling interests	0.2	-
Other	0.1	0.2
	7.2	**7.4**

(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, 2010 and 2009 are as follows:

	2010	**2009**
2010	-	7.4
2011	6.3	0.9
2012	0.6	0.5
	6.9	**8.8**

Lease expense amounted to $6.0 (2009: $8.0) for the year ended December 31, 2010.

(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, 2010		**December 31, 2009**	
	Currency	**Original amount**	**US Dollar millions**	**Original amount**	**US Dollar millions**
Letters of guarantee	HUF	-	-	58.7	0.3

(c) Derivative financial instruments:

The notional principal amounts of the outstanding interest rate swap contracts at December 31, 2010 were $27.8 (2009: $83.0). At December 31, 2010, the fixed interest rates vary from 3.0% to 5.6% (2009: 3.0% to 5.6%), and the main floating rate is LIBOR. Financial expense recognized in regards with these agreements amounted to $0.1 (2009: $0.1).

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

NOTE 20 - EXPENSES BY NATURE

The expenses by nature for the years ended December 31, 2010 and 2009 are as follows:

	2010	**2009**
Raw material	27.8	31.1
Paper	*10.4*	*12.4*
Printing and ink	*17.4*	*18.7*
Personnel expenses	51.1	54.8
Goodwill and intangible impairment charges	32.8	0.5
Commissions	11.0	10.3
Depreciation and amortization charges (Note 6, 8)	9.1	8.5
Advertisement	8.0	6.1
Rent	5.7	6.6
Electricity, water and office expenses	4.7	4.3
Consultancy	4.0	4.7
Transportation, storage and travel	2.8	3.3
Communication	1.9	2.0
Provision for doubtful receivables	1.1	2.8
Other	9.3	9.8
Total	**169.3**	**145.8**

NOTE 21 –LOSSES PER SHARE

Basic losses per share are calculated by dividing the loss attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	2010	**2009**
Net loss for the year	(37.0)	(8.3)
Weighted average number of ordinary shares in issue (thousands)	50,000	50,000
Basic and diluted losses per share for loss attributable to the equity holders of the parent during the year (expressed in full US Dollar per share)	(0.74)	(0.17)

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 22 - FINANCIAL INCOME

The details of financial income for the years ended December 31, 2010 and 2009 are as follows:

	2010	**2009**
Foreign exchange income	0.6	0.6
Interest income on time deposits	0.5	1.3
Other	0.1	0.4
Total	**1.2**	**2.3**

NOTE 23 - FINANCIAL EXPENSES

The details of financial expenses for the years ended December 31, 2010 and 2009 are as follows:

	2010	**2009**
Interest expenses on the Senior Credit Facility	5.0	5.0
Foreign exchange loss	2.0	3.8
Financing costs	0.3	4.0
Interest expenses of the written put options	-	0.2
Total	**7.3**	**13.0**

NOTE 24 - SUBSEQUENT EVENTS

The Group has restructured its outstanding loan facility of $ 70.0, with a new bank loan facility of the same amount on April 15, 2011. The new loan facility has a maturity of 2 years, with 1+1 extension option, up to 4 years in total. The loan facility carries 6.75% fixed interest rate (versus libor + 7.75% of previous loan), with quarterly interest payment period. A blocked deposit of Doğan Şirketler Grubu Holding A.Ş. in the amount of $ 70.0 will be hold by the bank as collateral. As a result, all bank borrowings as of December 31, 2010 were paid back on April 21, 2011.

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