TRADER MEDIA EAST LIMITED

Annual Report

&

Consolidated Financial Statements

for

the year ended 31 December 2011

Table of Contents

2011 Financial Highlights

Revenues were US$ 143.4 million (2010 US$ 143.4), at the same level like 2010, in LCY term the decrease was 0.4%.

Operations EBITDA was US$ 11.6 million (2010: US$ 24.1), down by 51.9%.

Total group EBITDA was US$ 8.6 million (2010: US$ 19.2), down by 55.0%.

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 were constant vs. 2010, even though there were some exits, especially from the company in St. Petersburg in June end 2011 due to unsolved disputes by local minority shareholder who was in charge of management, that had created losing market share in the second largest city since 2009. Moreover, TME stopped or merged some loss making regional entities in Russia in 2011

The decrease in print revenues was US$ 7.4 million or 6.0%, from US$ 124.7 million in 2010 down to US$ 117.3 million. Excluding the exited entities from 2010 figures then the decrease was 3.8%. The main revenue contributor of Russia had two different stories in 2011. In Moscow, print revenues contracted 17.2% in LCY, whereas in regions the increase was 3.5% organically (excluding exited entities both from 2010 & 2011 figures).

The increase in online revenues was US$ 7.4 million or 39.5% from US$ 18.7 million in 2010 up to US$ 26.1 million. Excluding the exited entities from 2010, the organic rate of increase was 37.1%.

EBITDA and Operations EBITDA

Operations EBITDA decreased from US$ 24.1 million in 2010 to US$ 11.6 million in 2011, by 51.9%, while total group EBITDA decreased from US$ 19.2 million in 2010 to US$ 8.6 million in 2011, by 55.0%.

Print EBITDA contracted from US$ 23.9 million in 2010 to US$ 15.5 million in 2011, by 35.0% mainly due to 89.2% decline in Moscow EBITDA with the effect of rise in printing cost together with the 14.5% fall in print revenues.

Online EBITDA decreased from US$ 0.2 million in 2010 to US$ (3.9) million in 2011, mainly due to intense advertisement campaigns that have been started in the last quarter of 2011 of the web sites in order to increase traffic.

The strategy of online transition in matured offline Markets has been implemented in 2011 which will be kept as key target to reach 45-50 % “Online Revenue share in Total Revenue” by the end of 2015.

Financial Highlights

IN US$ MILLIONS	2011	2010
REVENUES	143.4	143.4
OPERATIONS EBITDA	11.6	24.1
MARGIN (%)	8.1%	16.8%
EBITDA	8.6	19.2
MARGIN (%)	6.0%	13.4%
NET (LOSS)	(26.7)	(35.1)

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 in line with the 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:

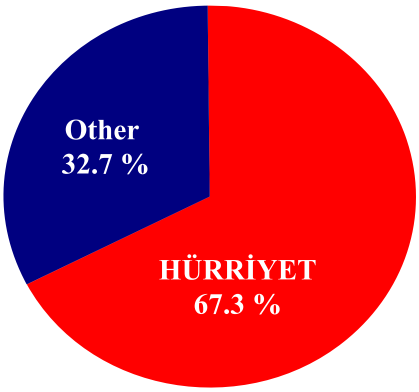
- strengthen and leverage its market leadership within each operating country and region;
- enter new high growth geographies with significant potential and the roll-out of selected pure; online play platforms; and
- diversify into new online areas.

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

Corporate Profile

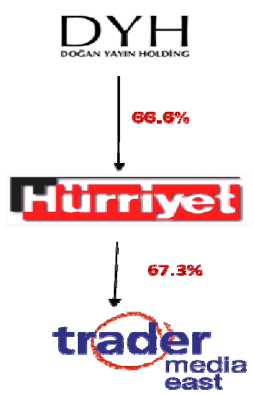
HÜRRİYET Invest B.V. ("HIBV") [1] directly owns 67.3% shares of Trader Media East Limited.

	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

[1] HÜRRİYET Invest B.V. ,a wholly and directly owned subsidiary of HÜRRİYET Gazetecilik ve Matbaacılık A.Ş. ("HÜRRİYET"), has purchased 3,490,691 shares on March 7, 2012, resulted in 74.28% stake of HIBV.



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)

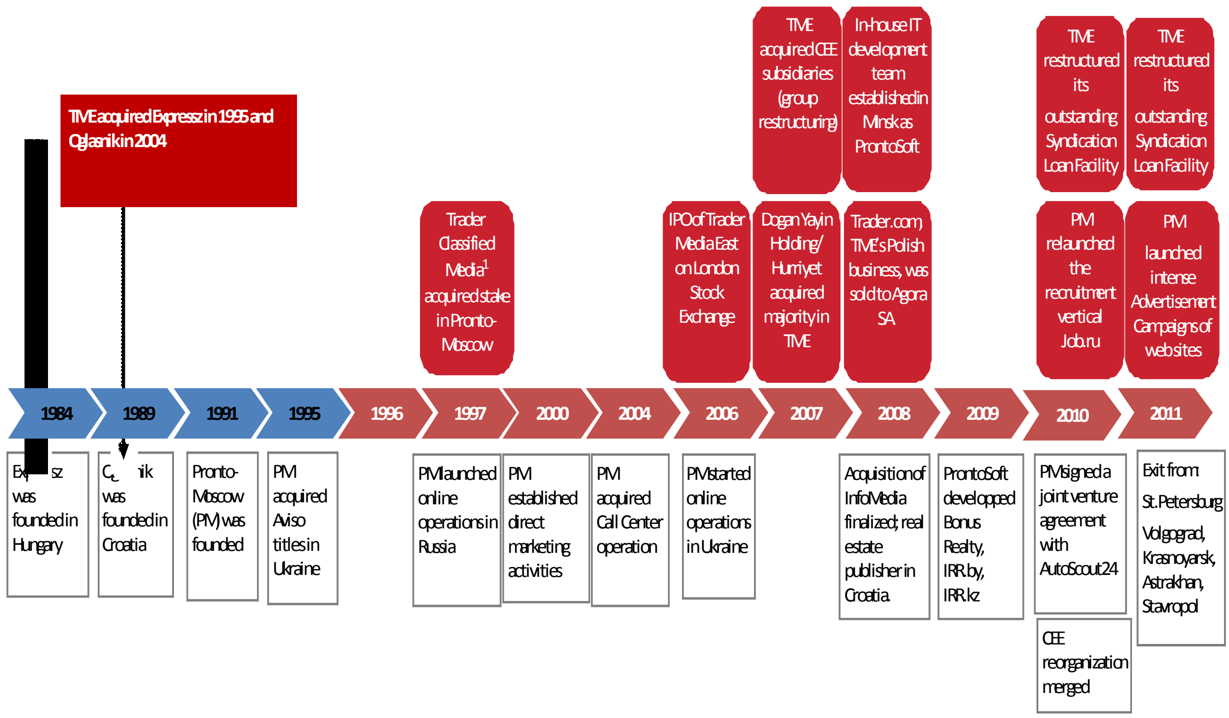
- #1 print & online classified company in Russia and Eastern Europe.
- Listed in London Stock Exchange

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 175 print titles, with 5.2 million readers monthly and host 25 websites, with 20 million unique monthly visitors and employ 3,452 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

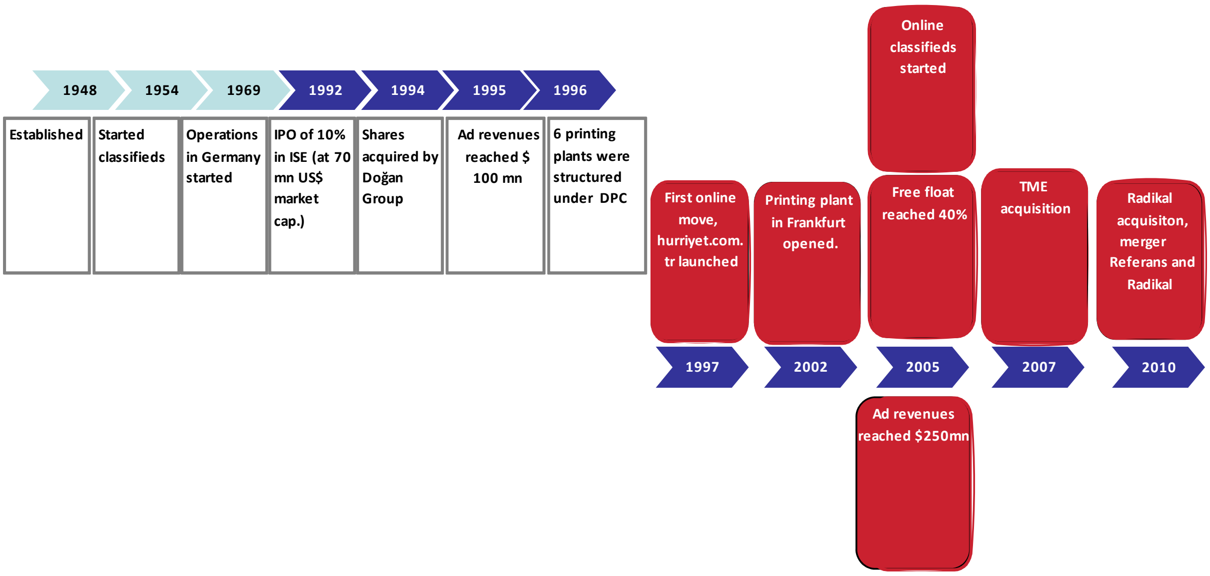


HÜRRİYET in Brief

HÜRRİYET 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, HÜRRİYET is 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

2011 Overview and Financial results

It is my pleasure to submit TME Annual Report and Consolidated Financials for the year ending on December 31, 2011.

In view of macroeconomics, 2011 was a stable year overall and we did not see any signs of strong recovery in our operating markets. Russia regions and CIS were growing in both print and online, whereas Moscow and CEE were the markets that growth only achieved in digital revenues.

As part of the online transition process which has strategically been initiated since 2009, our revenue composition is changing in favor of digital revenues which reached 18.2 % of the total revenues of TME. On the other hand, investments to achieve a faster transition caused our margins to deteriorate in 2011, mainly because of high marketing costs in Russia. TME's target is to reach online revenue share of 50% in total revenues by the end of 2015.

In 2011, TME restructured its existing loan with lower and fixed financing rate which in turn gave the power to focus mainly on core business.

Dividend

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

Outlook

In 2012, we are still expecting highly competitive market conditions, both in print and online. Deterioration in print revenues and strong growth in online revenues will continue.

With the calm down in Euro zone financial crisis, together with the positive GDP growth in the US, emerging markets will mainly benefit from direct or capital investment cycles which in turn support TME business in a positive manner where it operates.

Vuslat Doğan Sabancı
27 April 2012

Message from CEO

In TME, we have a clear strategy to continuously optimize and exploit profitability of print publishing segment, whereas to achieve strong growth and value creation in internet. 2011 was the first year of such transformation being implemented at operational level. We made a lot of changes and restructurings. I expect such transitions to be the core issue of TME in the next 5 years.

Main operational developments in 2011

- *Portfolio optimization:* We shut down print publishing operations in 11 regional entities of Russia. We also discontinued some unprofitable publications in Moscow and elsewhere.

- *Operations in St. Petersburg:* Due to unsatisfactory performance and lack of control, we exited from our print publishing subsidiary in North-Western Russia area (mainly St. Petersburg) in 2011 and started up a wholly owned sales branch to sell our online products. This branch is supposed to become the second biggest (after Moscow) online revenue operation for us by the end of 2012.

- *Operational efficienc*y: We established an operation center in city Tambov and transferred the production units (approximately 100 people) in Moscow to the new center, to achieve operational efficiency. The transfer took place between May-November 2011, and expected to give real savings in 2012.

- *Printing operations:* We strategically decided not to invest further in printing business and to outsource instead. In this respect, existing printing operations in Moscow and Samara is closed and related assets are in the process of sale.

- *Management changes*: Some critical top management changes in Moscow headquarters and changes of top managers in 13 regional entities took place in 2011. This operation aimed to strengthen the competitiveness of our human resources.

- *New products*: Our core web site IRR.ru has been completely renewed with premium functionality and usability in 2011. We also launched the recruitment portals Myjob.by and Gojob.kz in Belarus and Kazakhstan respectively. Rebranding of our traditional newspaper "Iz ruk v ruki" also took place in mid-2011 to modernize the design and increase the competitiveness of its commercial products.

Year 2011 was a stable year in terms of our top-line performance. But the composition of revenue has significantly changed. The online share of total revenues increased from 14.9% in Q4 2010 to 20.3% in Q4 2011 with our online revenues reaching US$ 26.1 million with a yoy increase of 39.5%. Our internet projects continued to gain more audience. IRR.ru reached 11 million unique monthly visitors, whereas JOB.ru had 5 million and Expressz.hu had 2.4 million unique visitors monthly.

In 2012, we will continue to push for margin improvement in print operations and increase revenues in online. I would like to thank to all our shareholders, business partners and employees for their dedication and contribution in 2011.

Ahmet ÖZER
Chief Executive Officer
27 April 2012

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 H. P. 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 is a "Chairwoman" since August 17, 2010

[3] Mr. Paul F.E. Tesselaar is a "Vice-Chairman" since August 17, 2010.

[4] Mr. Ahmet Özer is a "CEO" since July 1, 2010.

[5] Mr. Hakan Hanlı is a "General Counsel" since June 30, 2009.

[6] DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (was certified by **Jersey Financial Services Commission)**, and is an **Auditor to TME** since December 6, 2010.

Directors' Biographies

Vuslat Doğn Sabancı

Chairwoman, Senior Executive Director

Mrs. Vuslat Doğan Sabancı (40), 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) HÜRRİYET Group, including the position of Chairwoman of Board, before that she held the positions of Board member, and CEO within HÜRRİYET Group.

Prior to joining the HÜRRİYET 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. Paul F. E. Tesselaar (65), Dutch citizen, has been a member of the Board of Directors since January 2006 and has been Vice-Chairman of Board of Directors, and President of Audit Committee, and member of Compensation Committee since 2010.

He served as Chief Executive Officer of ANP (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 H. P. Teheux

Non-Executive Director

Mr. Michel H. P. Teheux (40), Dutch citizen, graduated in business economics at 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 a 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 TME in Naarden, The Netherlands, and has a wide experience in finance and shared services.

Corporate Governance

The 2008 Combined Code of Corporate Governance has been renamed UK Corporate Governance Code, with the revised Code applying to reporting periods beginning on or after 29 June 2010. It 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. UK Corporate Governance 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 UK Corporate Governance 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 16 and 17, describes how the Group has applied the relevant Principles of UK Corporate Governance Code, and also adheres to Dutch tax substance requirements. The Board believes that the Group complies with the spirit of UK Corporate Governance 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 UK Corporate Governance Code. The departures from UK Corporate Governance 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 UK Corporate Governance 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 through the generation of cash from operating activities and long-term bank borrowings. 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 H. P. 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 15.

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 2011, but chose to evaluate its own performance, that of its Committees and of its Directors. The Board was broadly satisfied with its performance.

Under UK 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 10, 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 UK Corporate Governance 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[8]

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

[8] Hasan Hakkı Yılmaz resigned as Advisor to TME Board in January 4, 2012.

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 HÜRRİYET 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 as Chairwoman of HÜRRİYET Group, and Mr. Kemal Sertkaya [10] 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[9]
Roelof A. Quintus
Kemal Sertkaya[10]

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

[10] Mr. Kemal Sertkaya is Vice-President of Internal Audit activities within the parent groups of HÜRRİYET and DOĞAN HOLDING.

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 16 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[11]

Nomination Committee

The Compensation Committee is additionally responsible for the roles identified by UK Corporate Governance 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 "director(s)".

Internal Control

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

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

➢ *Financial reporting.* Part of the comprehensive management reporting discipline involves the preparation of detailed annual budgets by all operating units. These budgets are reviewed by the executive management and are ultimately summarized and submitted to the Board for approval.

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

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**	**AGM**
Number of meetings in the year 2011	4	4	4	1
Vuslat Doğan Sabancı	2	2	2	1
Paul F. E. Tesselaar	4	4	4	1
Michel H. P. Teheux	4	-	-	1
Roelof A. Quintus	4	4	4	-
Kemal Sertkaya	-	4	-	-

Report on Remuneration

The Company Directors are paid annual fee on a quarterly basis. The Company annual fees are as follows: (i) TME Board Chairwoman/man and Vice-Chairman's fees are EUR€ 20,000, and member's fee is EUR€ 10,000; (ii) TME Committees' President and member fees are EUR€ 1,000; and (iii) TME Advisor's fee is EUR€ 20,000 per year as of 2nd Quarter of 2011[12].

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, 2011 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, 2011.

Chief Executive officer (CEO)

Mr. Ahmet Özer was appointed as "CEO" in July 1, 2010.

Directors' remuneration

TME Directors' annual remunerations are set out below:

	EUR €	
	2011 Basic Remuneration	**2011 Committee Fees**
Vuslat Doğan Sabancı	20,000	7,000
Paul F. E. Tesselaar	21,250	8,000
Michel Teheux	10,000	-
Roelof A. Quintus	22,500	8,000
Kemal Sertkaya	-	4,000

[12] TME Board and Compensation Committee revised 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, 2011.

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 (DTR)

Each of the directors, whose names and functions are listed on 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 generalist, real estate, auto and recruitment, with strong local brands, serving local markets in Russia, CIS, Central and Eastern Europe. TME produces 175 print titles, with 5.2 million readers per month and hosts 25 websites, with 20 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 generalist, real estate, automotive and recruitment categories.

Results and dividends

The profit and loss account of the Group for the year ended December 31, 2011 is set out in the audited financial statements. No dividends were paid during the year 2011.

Directors

The composition of the Board of Directors as of December 31, 2011 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 H. P. Teheux, Non-Executive Director.

Directors' Interests

No options were granted to or exercised by any director of TME in the period since December 31, 2011, 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, TME Headquarters deal effectively with the coordination of management of different entities.

Risks relating to the Groups business and industry

The Total Ads Revenue decreased 3.6%, in which classifieds decreased 9.5%, whereas displays increased 2.5% versus 2010 figures making the displays share higher than the classifieds' in total print advertising. On the contrary all type of advertisement in online kept increasing.

All operational Countries have lived positive GDP growths. In Belarus (second largest in 2010 Revenue figures) inflation jumped to 65% in 2011 from 10% in 2010. This led to 67% devaluation against 2011 versus 2010.

TME has been implementing the strategy to offset revenue fall in print revenues with increase as much as possible in online revenue. TME lost $ 7.4 million in print revenues, whereas gained $ 7.4 million in online revenues which kept the total revenue constant versus 2010.

Furthermore, in Moscow print revenues fell as expected, but in Russia regions the increase was 6.3% (excluding St. Petersburg both in 2011 and 2010 to understand real organic growth) which was in line with the strategy that has been implemented since 3rd Quarter of 2010. Moreover, print revenues increased both in Kazakhstan 5.3% and Belarus 64.4% in LCY terms.

Negative growth figures in print revenues were in Hungary, Croatia and Ukraine in 2011 versus 2010.

Risks relating to the Groups financial condition

The Group is exposed to variety of financial risks due to its operations. These risks include 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 and forward contracts 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 75% 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$) (+%3) in yearly averages versus 2010.

Russian Ruble appreciated in the first half of 2011, whereas in parallel with global appreciation of US$ lost some portion of what it earned in the second half. This negative trend was in January 2012, but reversed sharply in February due to solved debt problem of Greece which was the main support of US$ appreciation.

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, allow 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.

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[13]) has been appointed as External Auditor to TME Group since June 1, 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 11, 2012.

By order of the Board

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

Hakan HANLI, *Ph.D*
General Secretary & Counsel
27 April 2012

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

Responsibility Statement

TME Annual Report and Financial Statements of 2011 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, as Chairwoman of the Board, Senior Executive Director, Mr. Paul F.E. Tesselaar, as Vice-Chairman, Senior Independent Non-Executive Director; and Mr. Michel Teheux, as Non-Executive Director.

This statement is set out below in full and unedited text. This states that on April 27, 2012, the date of approval of the 2011 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
27 April 2012

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, 2011.

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. TME produces 175 print titles, with 5.2 million readers per month and hosts 25 websites with 20 million unique monthly visitors.

TME was founded in November 2005, and comprises former operations of Trader Classified Media N.V. Today, it employs 3,452 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

New Bank Borrowing

New loan facility was finalized in April 20, 2011 with fixed interest rate and a maturity of 2 years with 1+1 extension up to 4 years without share pledge or guarantee of any TME Group legal entities.

Developments in Russia

Tambow Office is in operation

The project to transfer production units (ad placement, call center, parts of editorial, etc.) to city of Tambov, which had started in 4th Quarter of 2010 was completed in August 2011. Since then, the service has been given from Tambov units. Excluding incurred transfer costs, expected efficiency will be 30 % versus ex-Moscow units’ costs.

Liquidation & Mergers

OOO Pronto Krasnoyarsk, OOO Pronto Oka, OOO Pronto Astrakhan have been in liquidation process which will be completed in mid-2012.

Printing facilities (Rosprint) in Moscow and Samara were shut down in 2011. Agreement to sell the land in Moscow to an investor has been signed in February 2012, with the payment term of the full amount until April 2012.

Pronto Moscow quit from Pronto Petersburg (pure effective in print Ads) in 2011.

OOO Pronto Stavropol is being merged with Pronto Rostov, and OOO Pronto Volgograd has been in liquidation process. Both transactions will be finalized in mid-2012.

Basis of Presentation

The consolidated financial statements of TME are for the year ended December 31, 2011 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.

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

Decrease in print classifieds continued in 2011 like 2010, whereas display ads in print products gained positive momentum not as equal as to offset fall in classifieds but 25 %. Online Ads both in classifieds and displays increased 16%, 31% respectively. The increase in Online Ads in USD term was higher than the decrease amount in print Ads, which was a positive signal in Ads Market in parallel with the positive GDP growths in 2011.

TME's action plan towards optimizing costs and transformation into online classifieds company, which have been initialized at the beginning of 2010, has kept being implemented with success in 2011 too. Although paper cost was under control in Moscow regions, printing costs increased due to positive demand in growing economic condition. In 2011, 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 like 2010.

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.

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 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 & 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.

Our publications are printed by third party printers almost everywhere with the decision to close owned printing houses in 2011 which created cost saving and led the way to sell unused land to third party as of February 2012. We track established contracts (generally for 12-month terms with the option to extend) with reliable and proven printers, typically on a publication-by-publication basis.

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.

Full Year 2011 – 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:

Country	*31-Dec-11*			*31-Dec-10*		
(millions of US$)	*Revenues*	*Operation EBITDA*	*Operation EBITDA margin %*	*Revenues*	*Operation EBITDA*	*Operation EBITDA margin %*
Russia	$108.1	$6.4	5.9%	$106.4	$19.3	18.2%
CIS	$21.7	$4.5	20.7%	$21.2	$4.9	23.0%
Hungary	$5.7	($0.3)	(4.8%)	$6.9	($0.5)	(7.3%)
Croatia	$5.6	$0.4	6.6%	$7.1	$0.0	0.7%
Moje Delo*	$2.3	$0.6	27.1%	$1.8	$0.4	20.0%
Total	**$143.4**	**$11.6**	**8.1%**	**$143.4**	**$24.1**	**16.8%**

** 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 most significant currency is the Russian Rubles, in which we have generated 75% of our revenues in 2011. The second one Belarusian Ruble, in which we have generated 6% of our revenues in 2011. Our results can be significantly impacted by fluctuations in these currencies compared to the US$.

Set up below is a table of 2011 annual average rates of major local currencies against US$ compared to 2010:

	2011 ***Annual average rate***	***2010*** ***Annual average rate***	***Fluctuation*** ***%***
Russian Rubles (RUR)	0.0340	0.0329	3%
Belarusian Ruble (BYR)	0.0002	0.0003	(67%)

Inflation

Our costs are closely linked to domestic cost factors in the countries in which we operate. Together with the economic slowdown since 2009, inflation rates were below double digits and hit the lowest level in 2011.

The table below presents changes in Russia's consumer price index from 2006 through 2011.

Error! Not a valid link.

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 (82.0 % in 2011 and 87.0 % in 2010) and Internet activity (18.0% in 2011 and 13.0% of revenues in 2010).

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, 2011	**Year ended December 31, 2010**
	(percentage of total revenues)	
Print revenues	**82.0%**	**87.0%**
Classified Ads	31%	34%
Display	34%	33%
Circulation	8%	10%
Services & Other	9%	10%
Online revenues	**18.0%**	**13.0%**

Management believes that the Group is operating under one business segment as the scope of the business for the Group. Nature of products, nature of production processes, type of customers, methods used to distribute the products are similar.

Unlike 2010, Display advertising revenue was the key to our revenue generation. The revenues generated by this channel are split between private individuals and professionals, or business customers. Display advertisement constituted 34% of revenues in 2011 (33% in 2010).

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 unchanged in 2011 from US$ 143.4 million in 2010. 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-11 US$*	*31-Dec-10 US$*	*(Decline)/Growth (%)*
Display	48.1	47.0	2.5%
Classified Ads	43.8	48.3	(9.5%)
Circulation	11.8	15.2	(22.1%)
Services & Other	13.6	14.2	(4.5%)
Print revenues	117.3	124.7	(6.0%)
Online revenues	26.1	18.7	39.5%
Total revenues	**143.4**	**143.4**	**-**

Print revenues in 2011 decreased by 6.0%, to US$ 117.3 million from US$ 124.7 million in 2010. Excluding exchange rate impact, LCY print revenue decline is 6.1%.By excluding St. Petersburg both in 2011 and 2010, the fall is 4.1%.

Online revenues in 2011 increased by 39.5%, to US$ 26.1 million from US$ 18.7 million in 2010, LCY increase was 37.3%. Strategies that have been implemented since the economic crisis in 2009, to have all cost items under control and to offset each share lost in offline revenues by gaining ground in online revenues have worked in success.

Revenues by Geographic Segment

Country (*millions of US$*)	*December 31, 2011*	*December 31, 2010*	*(Decline)/ Growth %*	*(Decline)/ Growth in LCY %*
Russia	$108.1	$106.3	1.7%	(1.6%)
CIS	$21.7	$21.2	2.2%	22.7%
Hungary	$5.7	$6.9	(18.3%)	(20.9%)
Croatia	$5.6	$7.1	(20.8%)	(23.0%)
Moje Delo*	$2.3	$1.8	25.1%	19.2%
Total Revenues	**$143.4**	**$143.4**	**(0.0%)**	**(0.4%)**

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

Russia

Total revenue in Russia increased by 1.7% in $ terms, the fall in print by 5.0% substituted by 49.7% progress in online.

The revenue decline 5.0% in print has two components: Moscow lost ground 14.5%, whereas Russia Regions gained 1.4%.

CIS (Belarus, Kazakhstan, Ukraine)

Although real GDP growth rate expected 5% in Belarus, inflation rate was around 100%. Due that hyper-inflation rate, consolidation of Belarus took place in inflation accounting basis by the independent auditors' advisory. Belarus total revenues increased 3.2% (print off 1.7%, online jumped 56.7%).

Ukraine total revenues fell 6.7%, due to 9.6% fall in print which was not being compensated fully by 156% increase in online.

In Kazakhstan, total revenue grew 8.8% together with 5.7% hike in print and 218% jump in online revenues.

Hungary (Expressz)

After 7% decline in GDP in 2009, consecutive years growth rates struggled in 1% expansion together with the sudden fall since 2009 kept offline revenues to fall 28% in 2011. Even though online increased 4%, that could not offset revenue fall in print, but decrease in total revenues hit 18% in 2011.

Croatia (Oglasnik)

GDP were (6%), (1.2%) and 0.8% between 2009 and 2011 had direct negative effect in Croatian Revenues both in print and in online. Total revenues fell 21%, together with both decreases 24% in print and 3% in online.

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 total revenues increased 25% in 2011 versus 2010 together with the number one position of the web sites.

Operating profit

Operating profit is as follows:

US$ in million	***December 31,* 2011**	***December 31,* 2010**
EBITDA	**$8.6**	**$19.2**
Depreciation and amortization	($8.3)	($9.1)
Goodwill and intangible impairment	($10.3)	($32.8)
Goodwill write-off *	($0.1)	($0.9)
Other operating cost	($4.9)	($1.6)
Operating loss	**($15.0)**	**($25.4)**

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

Operating loss decreased by US$ (10.4) million from US$ (25.4) million in 2010 to US$ (15.0) million in 2011, a decrease of 40.9%.

EBITDA

EBITDA decreased by US$ 10.6 million from US$ 19.2 million in 2010 to US$ 8.6 million in 2011, a decline of 55.0%. In Local currency, EBITDA declined by 54.8 % versus 2010.The margin deteriorated to 6.0% in 2011 versus 13.4% in 2010, due to a decline in both print margin to 13.2% in 2011 versus 19.2% in 2010 and online margin to (15.1%) in 2011 versus 1.2% in 2010.

Total TME *(millions of US$)*	***December 31, 2011***	***December 31, 2010***	***(Decline)/ Growth in US$***	***(Decline)/ Growth %***	***(Decline)/ Growth in LCY %***	***EBITDA Margin 2011 FY***
Operations Print EBITDA	$15.5	$23.9	($8.4)	(35.0%)	(34.7%)	13.2%
Operations Online EBITDA	($3.9)	$0.2	($4.1)	(1853.0%)	(2202.2%)	(15.1%)
Corporate Costs	($3.0)	($4.9)	$1.9	39.8%	41.1%	(2.1%)
EBITDA	**$8.6**	**$19.2**	**($10.6)**	**(55.0%)**	**(54.8%)**	**6.0%**

Operations Print EBITDA decreased by US$ 8.4 million, or 35.0% in 2011 compared to 2010, while local currency decline was 34.7%.

Operations Online EBITDA decreased by US$ 4.2 million, or 1853.0%, in 2011 compared to 2010, while local currency decline was 2202.2%.

Operations EBITDA by Geographic Segment

Countries *(millions of US$)*	*December 31, 2011*	*December 31, 2010*	*(Decline)/ Growth %*	*(Decline)/ Growth in LCY %*	*EBITDA Margin 2011 FY*	*EBITDA Margin 2010 FY*
Russia	$6.4	$19.3	(66.9%)	(67.9%)	5.9%	18.2%
CIS	$4.5	$4.9	(8.2%)	9.4%	20.7%	23.0%
Hungary	($0.3)	($0.5)	46.6%	48.3%	(4.8%)	(7.3%)
Croatia	$0.4	$0.0	604.7%	585%	6.6%	0.7%
Moje Delo*	$0.6	$0.4	69.8%	61.8%	27.1%	20.0%
Operations EBITDA	**$11.6**	**$24.1**	**(51.9%)**	**(51.6%)**	**8.1%**	**16.8%**

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

Russia

Operations EBITDA showed a decrease of 66.9%, resulting to a decrease of margin to 5.9% in 2011 versus 18.2% in 2010; mainly attributable to sharply declining offline EBITDA margin in Moscow (3.3% versus 26.1% in 2010) and aggressive marketing campaigns in online segment.

1. ***Commonwealth of Independent States (CIS)***

Operations EBITDA decreased 8.2% whereas increased in local currency by 9.4% compared to previous year, due to currency devaluation in Belarus (67% versus US$). Ukraine decreased by 23.3%, in local currency 23.0%, Belarus decreased by 28.6% in LCY increased 19.3%, and Kazakhstan increased by 32.4% and in LCY grew by 31.8%.

Hungary

Operations EBITDA increased by 46.6% and a progress of the margin to (4.8%) in 2011 versus (7.3%) in 2010, primarily due to effective cost control in an environment of (18.3%) revenue decrease happened.

Croatia

Operations EBITDA jumped dramatically by 604.7%, with an increase of the margin (6.6% in 2011 versus 0.7% in 2010) due primarily to the increase in print EBITDA margin to 10.6% versus 5.2% in 2010, in a business climate of 24.4% decreased print revenues which reflects management's perfect cost controlling performance.

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

Operations EBITDA increased by 69.8% compared to previous year. EBITDA margin increased to 27.1% in 2011 which was 20.0 % in 2010.

Basis of Preparation

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

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 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 2011)	US$ millions	Brand Coverage	
Publications	108.7	Number of publications	157
Websites	21.1	Number of websites	14
Total	**129.8**		

Russia and CIS are the key markets for TME which have increased their shares in 2011 versus 2010. In 2011, total shares of those regions in TME revenue were 91% (2010: 89%).

Pronto Moscow Group is operating in the Russian advertising market since the beginning of 1992, when it launched first title in Moscow. As of 2011, it has the largest network of around 157 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”, “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. 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.

Our core web site IRR.ru has been completely renewed with premium functionality and usability in 2011. We also launched the recruitment portals Myjob.by and Gojob.kz in Belarus and Kazakhstan respectively. Rebranding of our traditional newspaper “Iz ruk v ruki” also took place in mid 2011 to modernize the design and increase the competitiveness of its commercial products.

The Group’s strategy set to perform transition from one of the leading print classified companies in Russia and CIS into powerful online transaction platform since 2008, has gained momentum in 2011. Our own software development team in Minsk, Belorussia, with 67 high-caliber employees at the end of 2011 develops tasks for IRR.ru, JOB.ru, Belarus and Kazakhstan sites, as well as other commercial and infrastructural projects has given support successfully.

In 2011, Pronto Moscow has kept strengthening the position to become one of the strongest online players among “traditional” print media companies operating in Russia. The strategy of the group extensively utilizing its unique geographical presence and direct sales model that started in 2010, to reinforce the leadership in both online and print markets has been successful.

Print publishing operations in 11 regional entities of Russia were shut down. 25 unprofitable publications in Moscow and Regions also were discontinued.

Due to unsatisfactory performance and lack of control our print publishing in St. Petersburg was stopped in 2011 and was started up a wholly owned sales branch to sell our online products. This branch is supposed to become the second biggest (after Moscow) online revenue operation for us by the end of 2012.

Operation center in city Tambov was established and the production units were transferred from Moscow to the new center, to achieve operational efficiency. The transfer took place between May and November 2011, and expected to give real savings in 2012.

We strategically decided not to invest further in printing business and to outsource instead. In this respect, existing printing operations in Moscow and Samara were closed and related assets are in the process of sale.

Some critical top management changes in Moscow headquarters and changes of top managers in 13 regional entities took place in 2011. This operation aimed to strengthen the competitiveness of our human resources.

Hungary

Revenue (for full year 2011)	**US$ millions**	**Brand Coverage**	
Publications	3.4	Number of publications	3
Websites	2.3	Number of websites	3
Total	**5.7**		

Expressz has managed to maintain its dominant position in Hungarian print classified advertising market in 2011 in spite of all the negative external conditions. Unfavorable developments on global financial markets and the slowdown of EU economies impacted the Hungarian macro-economic performance heavily. Due to the bleak domestic prospects advertising mood dropped significantly resulting in an extremely difficult environment for Expressz.

In order to suit the shrinking market needs we had to improve the efficiency of our publications by changing formats and paper types, decreasing pagination and reallocate distribution. Significant lay-off of print staff has also been carried out to improve profitability. Integration of print and online products has been further strengthened by tailor-made combined packages.

In consequence of above measures our print portfolio still accounts for around 60% of our business and represents a major factor in advertising media (especially in generalist, vehicle and job segments) with an annual printed circulation of 2.9 million copies in 2011.

The brand Expressz still has a strong awareness and a good reputation, which could prove a vital asset in slowing down the inevitable online transition on our core advertising segments and further exploiting the remaining opportunities in print.

During 2011 we had optimized the vehicle and real estate categories of our main site www.expressz.hu, in order to provide better product and usability to our customers. We redesigned the job category and launched new category structure with new search and filter mechanism, which resulted in more relevant search result pages, enabling users to find ads with less page impressions with free text quick filter. After these developments, job became a fully paid category, where advertisers have to pay for each new or renewed ads.

Our traffic continued to grow in 2011, with 1,252,464 monthly unique visitors in December (December 2010: 1,038,524*), which is 21% 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 as well. We launched a new long term portal partnership with the 2nd biggest Hungarian car magazine. We have continued the longer term cooperation with the 1st market player too.

Due to our primary focus on our stronghold, www.expressz.hu, vertical sites were not significantly developed in 2011. The real estate vertical www.szuperingatlan.hu is working as an effective up-selling option for our customers and the heavy machinery website www.haszongepjarmu.hu is still operating similar to our RE vertical. We've kept the balance between sites related to content, traffic in order to maximize monetization.

In year 2012 our main goal is to increase monetization of the online products, especially in services (directory) category, which is already restructured and after the content quality preparation it will be a new fully paid category on www.expressz.hu. We have started new affiliate co-operations with affiliate websites with which we will be able to increase our display ads (banners) revenues. Other additional paid products and services will be introduced also, as next steps in our journey accomplishing our longer term revenue and profit goals.

*source: Media Webaudit.

Croatia

Revenue (for full year 2011)	US$ millions	Brand Coverage	
Publications	4.4	Number of publications	3
Websites	1.2	Number of websites	4
Total	**5.6**		

Business trends of the last several years had continued throughout the year 2011, with worsening internal conditions of our key core markets. Despite last several difficult years which were labeled with significant revenue drop, as well as drop of number of ads, Oglasnik has been able to maintain the market leading position and its market share in most of key operating categories in the classified area.

Revenue drops from previous years continued in 2011, and we have continued to accommodate to the changing market sizes and changing characteristics of our core markets. We had been able reduce our costs more, than our revenue decline, which resulted in higher profitability vs. the previous year.

Print market is still dominating our business both in terms of revenues, but also in terms of profit. At the same time, share of online business in total revenues continued to increase. In 2011, it had been increased from 17% to 21% across the year (in 2009 it was 13%).

Generalist print publication is the key product in portfolio which generates significant part of our total revenues and profit too, hence continue to be the flagship product. Therefore, significant focus was put on this product due to its importance and current customer needs. Generalist publication have had 1.7 million circulated copies, within 2.9 million published ads.

In line with the depressed and underdeveloped total online advertising market, which size continued to drop severely, our online business had a difficult 2011. Online advertising market in Croatia is still under-developed with representing between 4-4.5% of total advertising market, which at the same time represents a large future business and revenue potential. Furthermore, all classic advertising channels (TV, radio, outdoor and print) continued with severe price war offering dumping prices to existing advertisers which resulted in significant erosion of the total advertising market value. This is temporary pulling back the growth of the on-line advertising market size too.

Total of our online portfolio of 4 websites, we had 448,000 UMVs by the end of 2011.

The most important website, our generalist www.oglasnik.hr is the second largest generalist website, with more than 106,000 live ads and more than 220,000 UMVs on average. Car website www.auti.hr is the strong market leader in its category having more then 140,000 UMVs on average. Our white collar job site, www.posao.hr had more than 163,000 UMVs at the end of the year and it is second largest in white collar job segment by number of UMVs and published ads also. Real Estate website www.nekretnine.net is number two in category having more than 46,000 UMVs on average.

As the absolute priority for 2012, Oglasnik will launch the new version of oglasnik.hr, auti.hr and nekretnine.net, introducing many new features & advertising possibilities, which will enable us to fight for the market leading position in each of our key core categories and at the same time to boost monetization of our online products. We will significantly improve our online portfolio and will create the right platform for the long term growth of our business in our key categories.

<u>Moje Delo Group (includes Slovenia, Bosnia & Herzegovina, and Serbia)</u>

Revenue (for full year 2011)	**US$ millions**	**Brand Coverage**	
Offline	0.7	Number of publications	-
Online	1.6	Number of websites	4
Total	**2.3**		

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.

Partnerships with 6 out of the 8 largest Slovenian newspapers and 30 Web Pages give us an extended advertising reach, helping us to pursue our aggressive growth plans. Moje Delo Group has generated most revenue in Slovenia.

After Moje Delo Group business has suffered across 2009, in 2010 recovered and in 2011 the business raised significantly. Focusing on customers, new projects and leading position on the market were key reasons for successful year 2011. We invested in upgrade of the whole system to be more up-to-date, accurate and useful.

Moje Delo's database and number of users had been rising all the time. Moje Delo is by far continued to be the biggest and puissant recruiting portal of Slovenia.

-/-

TRADER MEDIA EAST LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011, the consolidated statements of loss, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated 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, 2011, 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 UK Corporate Governance Code. We reviewed:

- the directors' statement, on page 11, 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 UK Corporate Governance Code specified for our review.

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 27, 2012

TRADER MEDIA EAST LTD
Consolidated Balance Sheet
(Amounts expressed in millions of US Dollars ("$") unless otherwise indicated)

	Notes	As at December 31, 2011	As restated As at December 31, 2010	As restated As at December 31, 2009
ASSETS				
Non-current assets				
Property, plant and equipment	6	$ 5.7	$ 13.3	$ 16.6
Goodwill	7	79.6	82.7	110.9
Intangible assets	8	65.3	81.3	94.6
Available-for-sale financial assets		0.1	0.1	0.1
Deferred tax assets	17	2.9	2.6	1.5
Other non-current assets		-	0.1	0.7
Total non-current assets		**153.6**	**180.1**	**224.4**
Current assets				
Inventories	9	1.3	2.2	2.0
Trade and other receivables	10	5.1	5.7	7.8
Cash and cash equivalents	11	9.4	13.4	32.7
Other current assets	18	9.9	5.6	9.5
		25.7	**26.9**	**52.0**
Assets classified as held for sale	24	1.5	-	-
Total current assets		**27.2**	**26.9**	**52.0**
Total assets		**180.8**	**207.0**	**276.4**
EQUITY				
Capital and reserves attributable to equity holders of the company				
Share capital	12	8.0	8.0	8.0
Additional paid-in capital	12	678.1	678.1	678.1
Translation reserve		17.2	18.6	23.0
Accumulated losses		(648.1)	(618.9)	(581.9)
		55.2	**85.8**	**127.2**
Non-controlling interests		**1.4**	**1.3**	**1.4**
Total equity		**56.6**	**87.1**	**128.6**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
– *Senior credit facility*	13	70.0	56.8	-
Financial liabilities to non-controlling interests	14	-	-	0.5
Deferred tax liabilities	17	11.8	16.3	20.1
Other non-current liabilities		-	-	0.1
Total non-current liabilities		**81.8**	**73.1**	**20.7**
Current liabilities				
Financial liabilities				
– *Senior credit facility*	13	3.5	13.4	89.1
Financial liabilities to non-controlling interests	14	10.2	9.0	10.0
Trade and other payables	15	9.4	11.9	15.0
Due to shareholders	16	13.0	5.2	5.3
Current income tax liabilities	17	0.3	0.1	0.3
Other current liabilities	18	6.0	7.2	7.4
Total current liabilities		**42.4**	**46.8**	**127.1**
Total liabilities		**124.2**	**119.9**	**147.8**
Total liabilities and equity		**180.8**	**207.0**	**276.4**

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, 2011	December 31, 2010
Revenue	4	$ 143.4	$ 143.4
Cost of sales	20	(75.5)	(71.4)
Gross profit		**67.9**	**72.0**
Marketing, selling and distribution expenses	20	(23.4)	(14.9)
General administrative expenses	20	(61.2)	(83.0)
Other income		1.7	0.5
Operating loss		**(15.0)**	**(25.4)**
Financial income	22	22.0	1.2
Financial expenses	23	(35.4)	(7.3)
Monetary gain		0.2	-
Loss before income taxes		**(28.2)**	**(31.5)**
Income tax benefit / (expense)	17	1.5	(3.6)
Net loss for the year		**(26.7)**	**(35.1)**
Attributable to:			
Equity holders of the parent		(29.1)	(37.0)
Non-controlling interests		2.4	1.9
		(26.7)	**(35.1)**
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)	21	(0.58)	(0.74)

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, 2011	**December 31, 2010**
Net loss for the year	**$ (26.7)**	**$ (35.1)**
Currency translation differences	(1.4)	(4.5)
Total comprehensive loss for the year	**(28.1)**	**(39.6)**
Attributable to:		
Equity holders of the parent	(30.5)	(41.4)
Non-controlling interests	2.4	1.8

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

TRADER MEDIA EAST LTD

Consolidated Statements of Changes in Equity

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

	Share capital	Additional paid-in capital	Translation reserve	Accumulated losses	Non-controlling interests	Total equity
Balances at January 1, 2010 as restated	**$ 8.0**	**678.1**	**23.0**	**(581.9)**	**1.4**	**$ 128.6**
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**	**678.1**	**18.6**	**(618.9)**	**1.3**	**87.1**
Balances at January 1, 2011	**8.0**	**678.1**	**18.6**	**(618.9)**	**1.3**	**87.1**
Dividend payments to non-controlling interests	-	-	-	-	(2.4)	(2.4)
Inflation accounting effect (Note 2.4)	-	-	-	(0.1)	-	(0.1)
Total comprehensive loss for the year	-	-	(1.4)	(29.1)	2.4	(28.1)
Currency translation adjustment	-	-	*(1.4)*	-	-	*(1.4)*
Net loss for the year	-	-	-	*(29.1)*	*2.4*	*(26.7)*
Other (*)	-	-	-	-	0.1	0.1
Balances at December 31, 2011	**8.0**	**678.1**	**17.2**	**(648.1)**	**1.4**	**56.6**

(*) 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, 2011	December 31, 2010
Net loss for the year		$ (26.7)	$ (35.1)
Adjustments:			
Depreciation and amortization	20	8.3	9.1
Financing costs	23	0.9	0.3
Taxation on income	17	(1.5)	3.6
Tangible assets impairment charges	6, 20	4.1	-
Intangible assets and goodwill impairment charges	8, 20	10.3	32.8
Provision for doubtful receivables and other current assets	20	0.9	1.1
Loss / (gain) on sale of property, plant and equipment	4	0.4	(0.5)
Interest expenses	23	6.2	5.0
Interest income	22	(0.3)	(0.5)
Gain from disposal of subsidiaries	25	(0.1)	-
Other non-cash expense		0.5	0.8
Cash flows from operating activities before changes in operating assets and liabilities		3.0	16.6
Change in working capital, net		9.9	0.7
Income taxes paid		(5.9)	(4.8)
Cash flows provided by operating activities		**7.0**	**12.5**
Cash flows from investing activities:			
Purchases of property, plant and equipment and intangible assets	6, 8	(7.2)	(5.2)
Proceeds from sales of property, plant and equipment and intangible assets		1.4	0.7
Net cash used in investing activities		**(5.8)**	**(4.5)**
Cash flows from financing activities:			
Dividends paid to non-controlling interests		(2.4)	(2.5)
Proceeds from borrowings		72.5	69.7
Repayments of borrowings		(70.0)	(88.9)
Cash paid for financing costs		-	(0.8)
Interest receipts and payments, net		(6.0)	(3.7)
Payments to non-controlling interests		(0.2)	(1.3)
Net cash used in financing activities		**(6.1)**	**(27.5)**
Exchange gains/losses on cash and cash equivalents		0.9	0.2
Change in cash and cash equivalents		**(4.0)**	**(19.3)**
Cash and cash equivalents at beginning of year	**11**	**13.4**	**32.7**
Cash and cash equivalents at end of year	**11**	**9.4**	**13.4**

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Description of the business

Trader Media East Ltd. (the "Company" or "TME"), its subsidiaries and its joint ventures (together the "Group") are involved in classified advertising mainly for real estate, automotive and recruitment 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;
- in Slovenia, the website www.mojedelo.com; and
- 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 17, 2012. The Group's shareholders have power to amend these consolidated financial statements.

Business and economic environment

Subsidiaries and joint ventures 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.

Notes to Consolidated Financial Statements

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

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.

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, 2011. 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 27, 2012).

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).

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 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, 2011 and 2010 and for the years then ended:

	December 31, 2011		December 31, 2010	
	Average	Closing	Average	Closing
$/ RUR	29.3929	32.1961	30.3640	30.4769
$/ HUF	201.0545	240.6800	207.6306	208.6500
$/ HRK	5.3443	5.8199	5.4984	5.5683
$/ EUR	0.7184	0.7729	0.7537	0.7484
$/ UAH	7.9675	7.9898	7.9359	7.9617
$/ KZT	146.7331	148.4000	147.3533	147.4000
$/ BYR	4,978.3725	8,350.0000	2,978.5948	3,000.0000

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

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

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

2.4 Foreign currency transactions and translation (Continued)

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with applicable laws and regulations in countries in which they are registered and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

If the Group companies' functional currency is different from its presentation currency (none of which has the currency of a hyper-inflationary economy), the functional currency is translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement are translated at average exchange rates; and all resulting exchange differences are recognised as a separate component of equity and statements of comprehensive income (translation reserve).

When a foreign operation is partially disposed of or sold, exchange differences recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The accompanying consolidated financial statements belong to the companies operating in Belarus, are prepared on the historical cost basis adjusted in accordance with International Accounting Standard No. 29. The methods used to measure fair value are explained in Note 3.2. Determination of historical cost is generally based on fair value of the amount paid for the asset. Hyperinflationary period commenced on 1 January 2011 in Belarus. In the financial statements of subsidiaries operating in Belarus, restatement adjustments have been made to compensate the effect of changes in the general purchasing power of the Belarusian Ruble in accordance with IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Such cumulative rate in Belarus was 152% for the three years ended 31 December 2011 based upon the consumer price index ("CPI") announced by the National Statistical Committee of the Republic of Belarus.

Index and the conversion factors used to adjust the financial statements of the subsidiaries operating in Belarus for the effect of inflation as at 31 December 2011 are given below:

Dates	Index	Conversion Factor
31 December 2008	1,3524	2,5221
31 December 2009	1,4856	2,2959
31 December 2010	1,6345	2,0867
31 December 2011	3,4109	1,0000

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

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

2.4 Foreign currency transactions and translation (Continued)

The annual change in Belarussian Ruble ("BYR") exchange rate against USD and Euro compared with the consumer price index in Belarus is as follows:

Years	**2009**	**2010**	**2011**
Change in USD/BYR (%)	30	5	178
Change in Euro/BYR (%)	33	(3)	172
Belarus Consumer Price Index (%)	10	10	109

As of 31 December 2011 the exchange rate announced by the National Bank of the Republic of Belarus was BYR 8,350 = USD 1, BYR 10,800 = Euro 1 (31 December 2010: BYR 3,000 = USD 1, BYR 3,973 = Euro 1).

The main guidelines for the IAS 29 restatement are as follows:

- All items of financial statements of subsidiaries operating in Belarus, except for the ones already presented at the current purchasing power level, are restated by applying a general price index.

- Monetary assets and liabilities of the subsidiaries operating in Belarus are not restated because they are already expressed in terms of the current measuring unit at the balance sheet date. Monetary items presents money held and items to be received or paid in money.

- Non-monetary assets and liabilities of the subsidiaries operating in Belarus are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is similarly restated. The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or arose otherwise.

- All items in the statement of income of the subsidiaries operating in Belarus, except non-monetary items in the statement of financial position that have effect over statement of income, are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.

- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and statement of income items. The gain or loss on the net monetary position is included in net income.

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

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

2.5 Amendments and interpretations to existing standards

The following new and revised standards and interpretations have been adopted by the Group in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in further sections.

(a) Standards and Interpretations that are effective as of 1 January 2011 but have no effect on financial statements:

IAS 1 (Amendments)	Presentation of Financial Statements
IAS 24	Related Party Disclosures (2009)
IAS 32 (Amendments)	Classification of Rights Issues
IFRIC 14 (Amendments)	Pre-payment of a Minimum Funding Requirement
IFRS 3 (Amendments)	Business Combinations
IFRIC 19 (Amendments)	Extinguishing Financial Liabilities with Equity Instruments

(b) Standards and Interpretations that are not yet effective and have not been early adopted by the Group:

Group have not adopted below mentioned standards and amendments to current standards and interpretations that are not yet effective.

IFRS 7 (Amendments)	Presentation– Transfer of Financial Assets; Offsetting of Financial Assets and Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interest In Other Entities
IFRS 13	Fair Value Measurements
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
IAS 12 (Amendments)	Deferred Tax Recovery of Underlying Assets
IAS 19 (2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures

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

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

2.5 Amendments and interpretations to existing standards (Continued)

(b) Standards and Interpretations that are not yet effective and have not been early adopted by the Group (Continued):

IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IAS 32 (Amendments)	Financial Instruments: Presentation - Offsetting of Financial Assets and Liabilities

Above mentioned standards will be effective on 2012 and on following years and the Group has not yet had an opportunity to consider the potential impacts of the adoption of these revised standards. The group management anticipates that "IFRS 11 Joint Arrangements" will affect the group mostly within those standard changes. After "IFRS 11 Joint Arrangements" will be effective, joint ventures will be required to be accounted for using the equity method accounting instead of proportionate accounting. This standard has not yet been endorsed by the European Union.

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.

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

2.6 Summary of significant accounting policies (Continued)

(c) Impairment of assets (cont'd)

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.

(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.

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

2.6 Summary of significant accounting policies (Continued)

(f) Revenue recognition (cont'd)

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.

(g) Assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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.

(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)

(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.

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 $2.3 (2010: $3.9) and loss before tax and non-controlling interests would have increased by $2.3 (2010: $3.9).

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 not change (2010: decreased by $0.1) and loss before tax and non-controlling interests would have not change (2010: decreased by $0.1); or

- Had the useful lives been shorter by 10%, amortization charges would have not change (2010: increased by $0.1) and loss before tax and non-controlling interests would have not change $0.1 (2010: increased by $0.1)

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)

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 estimated cash flows after tax using financial budgets covering a five-year period and EBITDA (profit margin before budgeted interest, taxes, amortization and depreciation, impairment charges and other non-operating expenses) expectations play an important role in these calculations.

	EBITDA margin ratio (%)	Discount rates (%)
December 31, 2011	20.3	11.6

The sensitivity of these assumptions, including the determination of the reporting units, the estimates of the Group's future cash flows and the discount rates used to calculate the fair value of reporting units and long-lived assets could significantly affect the amount of impairment charges. Future cash flow assumptions are sensitive to the continued perceived value of the brands.

Deferred 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 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).

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

2.6 Summary of significant accounting policies (Continued)

(s) Financial leases

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

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

(t) Dividends

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

(u) Subsequent events

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

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

(v) Reporting of cash flows

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

2.7 Comparative information and restatement of prior period financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency, with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary. In the current year, the Group has made some reclassifications in the prior year consolidated financial statements in order to maintain consistency, with current year consolidated financial statements. Nature, cause and amounts of classifications are explained below:

Intangible assets related tangible assets amount of $1.4 is classified to "intangible assets" and additional paid in capital amount of $ 5 is classified to due to shareholders as an intercompany loan.

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

2.8 Going concern

There is a reasonable expectation that the Group has adequate resources and/or additional parent company support to continue in operational existence for the foreseeable future. The Group finances its operations though the generation of cash from operating activities, long-term bank borrowings guaranted by ultimate parent company and intercompany loans. 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, 2011, 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 same since all the banks borrowing are with fixed rate as of December 31, 2011(2010: $0.7).

(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 $9.4 at December 31, 2011 (2010: $13.4).

(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.

2011	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
Financial liabilities	3.6	1.2	2.4	72.4	-	79.6
Financial liabilities to non-controlling interests	8.0	2.2	-	-	-	10.2
Trade and other payables	8.7	0.1	0.6	-	-	9.4
Due to shareholders	-	-	13.4	-	-	13.4

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
Due to shareholders	0.2	-	5.0	-	-	5.2

(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, 2011 and 2010 and resulting net foreign currency position at the respective balance sheet dates are as follows:

	December 31, 2011	December 31, 2010
Assets - Cash and cash equivalents	$ 1.0	$ 4.0
Liabilities		
-Senior credit facility	(73.5)	(70.2)
-Financial liabilities to non-controlling interests	(8.0)	(8.0)
Net foreign currency position	**(80.5)**	**(74.2)**

All foreign currency balances included in the foreign currency position at December 31, 2011 and 2010 are originally denominated in US Dollars except for the cash and cash equivalents amounting to $0.4 at December 31, 2011 (2010: $0.1) 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, 2011: $0.0311= RUR 1, EUR 0.0240= RUR 1 (2010: $0.0328= RUR 1, EUR 0.0246= RUR 1).

At December 31, 2011, 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 $8.1 higher/lower (2010: $7.4), 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.

	2011	**2010**
Total bank borrowings (note 13)	$ 73.5	$ 70.2
Less: cash and cash equivalents (note 11)	(9.4)	(13.4)
Net debt	64.1	56.8
Total equity	56.6	87.1
Total capital	**120.7**	**143.9**
Gearing ratio	**0.53**	**0.39**

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, 2011:

	Russia & CIS	Hungary	Croatia	Eastern Europe	Corporate and unallocated	Total
Print revenues	$ 108.7	$ 3.4	$ 4.5	$ 0.7	$ -	$ 117.3
Online revenues	21.1	2.2	1.2	1.6	-	26.1
Total revenues	**129.8**	**5.6**	**5.7**	**2.3**	**-**	**143.4**
EBITDA	**9.0**	**(0.3)**	**0.4**	**0.6**	**(1.1)**	**8.6**
Depreciation and amortization	(7.5)	(0.6)	(0.2)	-	-	(8.3)
Income tax expenses	(0.7)	1.1	1.2	(0.1)	-	1.5
Non-cash expenses:						
Intangible assets impairment (*)	-	(5.5)	(4.8)	-	-	(10.3)
Tangible assets impairment (**)	(4.1)	-	-	-	-	(4.1)
Provision for doubtful receivables and other receivables	(0.7)	(0.2)	-	-	-	(0.9)
Loss on sale of property, plant and equipment	(0.4)	-	-	-	-	(0.4)
Total non-cash expenses	**(5.2)**	**(5.7)**	**(4.8)**	**-**	**-**	**(15.7)**
Total assets	157.0	2.0	8.1	5.4	8.3	180.8
Additions to non-current assets	6.0	0.7	0.3	0.2	-	7.2
Intangible assets	57.1	0.3	7.6	0.3	-	65.3
Goodwill	74.8	-	-	4.8	-	79.6
Total liabilities	12.2	1.1	1.1	0.9	108.9	124.2

(*) Intangible assets have been evaluated by the Group for impairment and impairment losses amounting to $10.3 is recognized for Croatia and Hungary region.
(**) Tangible assets have been evaluated by the Group for impairment losses and impairment loss amounting to $4.1 is recognized for Russia region.

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, 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)** **(33.4)**	**(16.8)**	**(14.3)**	**-**	**-**	
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	61.4	7.0	12.8	0.1	-	81.3
Goodwill	78.9	-	-	3.8	-	82.7
Total liabilities	15.0	1.7	1.5	0.8	100.9	119.9

(*)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)

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

	2011	2010
EBITDA for reportable segments	$ 9.7	$ 20.2
Corporate and unallocated EBITDA	(1.1)	(1.0)
Goodwill and intangible assets impairment	(10.3)	(32.8)
Tangible assets impairment	(4.1)	-
Depreciation and amortization	(8.3)	(9.1)
Provision for doubtful receivables and other receivables	(0.9)	(1.1)
Financial expenses, net	(13.4)	(6.1)
Other income / (expenses), net	0.2	(1.6)
Loss before income taxes	**(28.2)**	**(31.5)**

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

	2011	2010
Segment assets for reportable segments	$ 172.5	$ 201.6
Corporate and unallocated:		
Available-for-sale financial assets	0.1	0.1
Deferred tax assets	2.9	2.6
Receivable from tax authorities	-	0.9
Prepaid tax	4.7	1.1
Cash and cash equivalents	0.5	0.6
Other	0.1	0.1
Total assets	**180.8**	**207.0**

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

	2011	2010
Segment liabilities for reportable segments	$ 15.3	$ 19.0
Corporate and unallocated:		
Financial liabilities - Senior credit facility	73.5	70.2
Financial liabilities to non-controlling interests	10.2	9.0
Deferred tax liabilities	11.8	16.3
Trade and other payables	0.4	0.4
Due to shareholders	13.0	5.0
Total liabilities	**124.2**	**119.9**

NOTE 5 – BUSINESS COMBINATIONS

There are no significant business combinations as at December 31, 2011 and December 31, 2010.

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, 2011 is as follows:

	1 January 2011	Additions	Disposals	Transfers	Currency translation differences	Impairment	Disposal of subsidiary	Transfer to asset held for sale	31 December 2011
Cost:									
Land and land improvements	0.1	-	-	-	0.1	-	-	(0.1)	0.1
Buildings	3.6	0.2	(0.7)	0.3	(0.1)	-	(0.1)	(0.6)	2.6
Printing presses and related equipment	16.5	0.1	(1.3)	-	0.5	(7.0)	-	(8.1)	0.7
Furniture and fixtures	13.4	1.2	(1.7)	0.4	(0.7)	-	(0.5)	(0.1)	12.0
Leasehold improvements	0.2	-	-	-	-	-	-	-	0.2
Construction in progress	0.2	1.1	(0.1)	(0.7)	(0.1)	-	-	-	0.4
	34.0	**2.6**	**(3.8)**	**-**	**(0.3)**	**(7.0)**	**(0.6)**	**(8.9)**	**16.0**
Accumulated depreciation:									
Buildings	0.8	0.1	(0.1)	-	0.1	-	(0.1)	(0.3)	0.5
Printing press and related equipment	9.8	0.9	(0.7)	-	0.3	(2.9)	-	(7.0)	0.4
Furniture and fixtures	10.0	1.5	(1.3)	-	(0.4)	-	(0.4)	(0.1)	9.3
Leasehold improvements	0.1	-	-	-	-	-	-	-	0.1
	20.7	**2.5**	**(2.1)**	**-**	**-**	**(2.9)**	**(0.5)**	**(7.4)**	**10.3**
Net book value	**13.3**								**5.7**

Depreciation expenses amounting to $2.5 (2010: $2.9) for the year ended December 31, 2011 have been included in cost of sales and general administrative expenses amounting to $0.9 and $1.6 (2010: $ 1.3 and $ 1.6), respectively.

(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, 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	0.2	0.3	(0.1)	(0.2)	-	0.2
	35.1	**1.1**	**(1.7)**	**-**	**(0.5)**	**34.0**
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	**15.4**					**13.3**

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

NOTE 7 - GOODWILL

The movements in goodwill during the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
1 January	**$ 82.7**	**$ 110.9**
Currency translation adjustment	(4.1)	(4.1)
Disposal of subsidiaries (Note 25)	(0.1)	(0.9)
Change in fair value of the exercise price of the written put options issued in connection with business combinations	1.1	0.4
Impairment (*)	-	(23.6)
31 December	**79.6**	**82.7**

(*) 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 2.6.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, 2011 is as follows:

	1 January 2011	Additions	Disposals	Transfers	Impairment (*)	Currency translation differences	Disposal of subsidiary	31 December 2011
Cost:								
Trade names	82.4	-	-	-	(10.3)	(5.3)	-	66.8
Customer lists	7.7	-	-	-	-	(0.9)	-	6.8
Software and rights	26.7	2.2	(0.1)	1.1	-	(1.5)	(0.1)	28.3
Other intangible assets	4.9	1.4	-	0.1	-	(0.6)	-	5.8
Construction in progress	1.4	1.0	-	(1.2)	-	(0.1)	-	1.1
	123.1	**4.6**	**(0.1)**	**-**	**(10.3)**	**(8.4)**	**(0.1)**	**108.8**
Accumulated amortization:								
Trade names	11.4	0.5	-	-	-	(1.3)	-	10.6
Customer lists	7.7	-	-	-	-	(0.9)	-	6.8
Software and rights	19.7	4.2	-	-	-	(1.3)	(0.1)	22.5
Other intangible assets	3.0	1.1	-	-	-	(0.5)	-	3.6
	41.8	**5.8**	**-**	**-**	**-**	**(4.0)**	**(0.1)**	**43.5**
Net book value	**81.3**							**65.3**

(*) Intangible assets have been evaluated by the Group for impairment and impairment loss amounting to $10.3 is recognized for Croatia and Hungary region.

Intangible assets with indefinite useful lives amount to $ 53.9 at December 31, 2011, (2010: $68.2). The useful lives of the assets with indefinite useful life, as expected by the Group, are determined based on the stability of the industry, changes in market demands as to the products and services provided through assets, control period over the assets and legal or similar restrictions on their utilization.

Amortization charges amounting to $5.8 for the year ended December 31, 2011 have been included in general administrative expenses (2010: $6.2).

(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, 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
Construction in progress	1.2	2.1	-	(1.9)	-	-	1.4
	134.9	**4.1**	**(0.1)**	**-**	**(10.1)**	**(5.7)**	**123.1**
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	**95.8**						**81.3**

(*) 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 9 - INVENTORIES

	2011	2010
Raw materials (at cost)	$ 1.1	$ 1.9
Finished goods	0.2	0.3
	1.3	**2.2**

The cost of inventories recognised as expense and included in "cost of sales" amounted to $30.7 (2010: $27.8).

NOTE 10 - TRADE AND OTHER RECEIVABLES

The details of trade and other receivables as at December 31, 2011 and 2010 are as follows:

	2011	2010
Trade receivables	$ 14.0	$ 14.6
Less: provision for impairment of trade receivables	(9.0)	(9.9)
Trade receivables - net	**5.0**	**4.7**
Deposits and guarantees given	0.1	0.1
Receivable from tax authorities	-	0.9
	5.1	**5.7**

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

As of December 31, 2011, trade receivables of $0.7 (2010: $0.8) 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:

	2011	2010
Up to 3 months	$ 0.7	$ 0.7
3 to 6 months	-	0.1
	0.7	**0.8**

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

NOTE 10 - TRADE AND OTHER RECEIVABLES (Continued)

As of December 31, 2011, trade receivables of $9.0 (2010: $9.9) were impaired and provided for. The individually impaired receivables relate to customers, which are in difficult economic situations. The ageing of these receivables is as follows:

	2011	2010
Up to 3 months	$ 1.0	$ 0.4
3 to 6 months	0.7	1.0
Over 6 months	7.3	8.5
	9.0	**9.9**

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

	2011	2010
1 January	**$ 9.9**	**$ 10.1**
Additions	0.8	0.7
Write-off	(0.5)	(0.1)
Disposal of subsidiary (Note 25)	(0.2)	-
Currency translation differences	(1.0)	(0.8)
31 December	**9.0**	**9.9**

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

NOTE 11 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents as at December 31, 2011 and 2010 are as follows:

	2011	2010
Cash	$ 0.2	$ 0.3
Banks		
- demand deposits	5.7	8.4
- time deposits	3.5	4.7
	9.4	**13.4**

(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, 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Cash and banks	$ 9.4	$ 13.4	$ 32.7
Less: interest accruals	-	-	-
	9.4	**13.4**	**32.7**

The maturity analysis of time deposits is as follows:

	2011	2010
Up to 1 month	$ 3.5	$ 3.8
1-3 months	-	0.9
	3.5	**4.7**

There are no time deposits with variable interest rates at December 31, 2011 and 2010. The effective interest rate is 2.5% for EUR time deposits, 4.8% for RUR time deposits and 15.2% for UAH time deposits (2010: 2.3% for US Dollar, 4.0% for RUR and 12.9% for UAH). Foreign currency denominated bank deposits amount to EUR 0.4 (USD 0.6) and USD 0.4 (USD 0.4) as of December 31, 2011 (2010: EUR 0.1 (USD 0.1) and USD 3.9 (USD 3.9)).

NOTE 12 - SHARE CAPITAL

The shareholding structure is as follows:

	2011	Share (%)	2010	Share (%)	2009	Share (%)
Hurriyet Invest B.V	5.4	67.3	5.4	67.3	5.4	67.3
Other	2.6	32.7	2.6	32.7	2.6	32.7
Share capital	**8.0**	**100.00**	**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 $678.1 at December 31, 2011 (2010: $678.1 and 2009: $678.1) is related to issuance of such shares and share premium arised in the restructuring process.

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

NOTE 13 - FINANCIAL LIABILITIES - BORROWINGS

TME restructured its outstanding loan facility of $70, with a new bank loan facility of the same amount. 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% interest rate of previous loan), with quarterly interest payment period. The loan facility has been granted without share pledge or guarantee of any TME Group legal entities. Based on the restructured loan agreement, amount of $70 belonging to Doğan Şirketler Grubu Holding A.Ş. have been blocked as guarantee deposit for the Group's loan agreement.

In addition to above mentioned loan facility, TME has entered into $2.5 credit facility agreement on November 3, 2011. This loan facility has a maturity of 3 months and carries 6.0% fixed interest rate.

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

	2011	2010
Year		
2012	-	16.5
2013(*)	70.0	16.5
2014	-	16.5
2015	-	7.3
	70.0	**56.8**

(*) The loan has a maturity of 2 years with 1+1 extension up to 4 years.

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

	2011	2010
Up to 3 months	73.5	70.2
	73.5	**70.2**

Carrying value of the Senior Credit Facility is considered to approximate their fair value since discount effects are not material.

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, 2011, the short-term portion of the fair value of the put option is $ 0.7 (2010: $0.5), long-term portion is nil as of December 31, 2011 (2010: nil).

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, 2011, the fair value of this option is $8.0 (2010: $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. There is a dispute about the protocol between the parties concerned and an arbitration process has begun in the presence of Zagreb Court of Arbitration. A lawsuit has been opened by the non-controlling shareholders against the Group since non-controlling shareholders could not exercise this put option. Non-controlling shareholders have been demanding € 3.5 million in order to compensate their loss due to not exercise of put option and the decrease in the value of shares caused by poor management. Related subpoena reached to the Group at 5 March 2011.

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 $1.5 as of December 31, 2011 (2010: $0.5) and classified in "short-term financial liabilities".

(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, 2011 and 2010 are as follows:

	2011	2010
Trade payables	$ 5.0	$ 5.8
Payable to personnel	2.0	3.0
Social security and other taxes	1.0	1.3
Other	1.4	1.8
	9.4	**11.9**

NOTE 16 - RELATED PARTY DISCLOSURES

i) Balances with related parties:

Amounts due to shareholders - current:

	2011	2010
Hürriyet Invest B.V.	13.0	5.0
Hürriyet	-	0.2
	13.0	**5.2**

ii) Transactions with related parties:

Service purchases from related parties and interest payables to related parties:

	2011	2010
Hürriyet Invest B.V.	0.4	-
Hürriyet	-	0.2
	0.4	**0.2**

	2011	2010
Remunerations paid to board members and key management personnel	2.2	3.6
	2.2	**3.6**

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

NOTE 17 - TAXATION ON INCOME

	2011	2010
Corporate and income taxes payable	0.3	0.1
Less: prepaid taxes (Note 18)	(4.7)	(1.1)
Taxes receivables, net	**(4.4)**	**(1.0)**

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, 2011, 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	23.0	Slovenia	20.0

The temporary differences giving rise to deferred income tax assets/(liabilities) using the enacted tax rates as of December 31, 2011 and 2010 are as follows:

	Temporary differences		Deferred tax assets/ (liabilities)	
	2011	**2010**	**2011**	**2010**
Carry forward tax losses (*)	5.4	3.8	1.1	0.8
Allowance for doubtful accounts	4.9	4.3	0.9	0.9
Other, net	3.2	4.4	0.6	0.9
Deferred tax assets	**13.5**	**12.5**	**2.6**	**2.6**
Difference between tax bases and carrying value of property, plant and equipment and intangible assets	60.8	84.4	11.9	16.6
Other, net	(1.4)	(1.7)	(0.4)	(0.3)
Deferred tax liabilities	**59.4**	**82.7**	**11.5**	**16.3**
Deferred tax liabilities, net	**(45.9)**	**(70.2)**	**(8.9)**	**(13.7)**

(*) The Group did not recognise deferred income tax assets of $10.8 (2010: $10.3) in respect of losses amounting to $46.5 (2010: $44.0) that can be carried forward against future taxable income.

(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:

	2011	2010
2012	$ 0.2	$ 0.2
2013	0.2	0.2
2014	8.1	8.1
2015 and over	27.3	25.4
Unlimited	10.7	10.1
	46.5	**44.0**

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:

	2011	2010
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	2.9	5.4
	2.9	**5.4**
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	(11.8)	(19.1)
	(11.8)	**(19.1)**
Deferred tax liabilities, net	**(8.9)**	**(13.7)**

The movements of deferred tax balances for the years ended at December 31, 2011 and 2010 are as follows:

	2011	2010
1 January	**13.7**	**18.6**
Deferred tax income for the year	(4.0)	(3.8)
Disposal of subsidiary (Note 25)	0.1	-
Currency translation differences	(0.9)	(1.1)
31 December	**8.9**	**13.7**

The analysis of the tax expenses for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Current	(2.5)	(7.4)
Deferred	4.0	3.8
	1.5	**(3.6)**

(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, 2011 and 2010 and the taxation on income calculated with the current tax rate over loss before taxes and non-controlling interests is as follows:

	2011	2010
Loss before income taxes and non-controlling interests	**$ (28.2)**	**$ (31.5)**
Aggregated current income tax income calculated at the effective tax rates of countries	(5.6)	(6.1)
Expenses not deductible for tax purposes	0.9	4.3
Current period tax losses	5.7	2.7
Effect of intangible impairment	2.0	4.6
Effect of tangible impairment	0.8	-
Withholding tax relating to dividend distribution	0.2	2.0
Other, net	(5.5)	(3.9)
Taxation on income	**(1.5)**	**3.6**

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% (2010: 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% (2010: 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% (2010: 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% (2010: 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 cannot 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.

Ukraine:

On December 2010, the Tax Code of Ukraine (the "TCU" or the "Code") was adopted and officially published. The TCU comes into effect on 1 January 2011, although some of its provisions come into effect at a later date (the most important of these being Section III, which deals with corporate income tax and came into effect on 1 April 2011). The Code makes essential changes to the existing Ukrainian tax rules, introducing a number of concepts common in other jurisdictions (e.g. beneficial ownership, substance over form) to various degrees.

NOTE 17 - TAXATION ON INCOME (Continued)

Ukraine (cont'd):

The tax that companies pay is known as corporate income tax (CIT). Currently, this tax is calculated at a flat rate of 23%. The most recent changes to Ukrainian tax legislation envisage a gradual reduction in CIT rates, as follows:

23% from 1 April 2011 until 31 December 2011;
21% from 1 January 2012 until 31 December 2012;
19% from 1 January 2013 until 31 December 2013;
16% from 1 January 2014 onwards.

According to domestic tax accounting rules, taxable items are normally recognized on the basis of the accrual method. In accordance with this method, taxable income is generally recognized in the reporting period, in which it was accrued. Cost of sold goods/services is recognized in the period when income is recognized (i.e. in line with financial accounting rules).

Other deductible expenses are generally recognized when they are incurred (i.e. upon receipt of goods or services), regardless of the period of payment. However, certain types of taxable income are recognized on a cash basis. This includes fines and financial assistance received from non-residents (unless financial assistance is provided by the company's shareholders and returned within 365 days).

Gross taxable income is defined as any income, from domestic or foreign sources, that is received or accrued by the taxpayer in the course of conducting any activity. This income may be in monetary, tangible or intangible form.

The tax year for CIT is a calendar year, while CIT reporting periods are a calendar quarter, half year, first three quarters and calendar year. Taxpayers must submit tax returns for each reporting period and make quarterly tax payments. Quarterly tax returns must be submitted within 40 days of the last calendar day of each reporting period (i.e. 10 May, 9 August, 9 November, 9 February). Quarterly tax payments should be made within 50 days of the end of a reporting period.

Belarus:

The corporate tax rate effective in Belarus is 24% (2010: 24%).

The tax period is the calendar year. Profit tax is calculated as progressive total. Advance payments are made quarterly, on the basis of either the previous year results or expected current year profits.

The annual corporate tax declaration is due by 20 March of the following year. Tax loss carry forward is not allowed.

Tax refunds are possible. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Belarus at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 12%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

The Belarus tax regulations change frequently.

NOTE 17 - TAXATION ON INCOME (Continued)

Kazakhstan:

Under the Tax Code of the Republic of Kazakhstan companies shall pay the CIT on taxable income at a 20% rate (2010: %20).

According to the Tax Code, taxable income is defined as the difference between gross annual income and deductible expenses provided for under the Tax Code taking into account adjustments made. Gross annual income is defined as any income, from domestic or foreign sources, that is received or accrued by a taxpayer during the tax period. This income may be in monetary, tangible or intangible form.

Deductible expenses should be directly associated with generating taxable income from activities performed by a company. An accrual method is applied with respect to income and expenses determination for CIT purposes. According to the tax legislation, losses may be carried forward for 10 years to be deducted from future taxable income.

A tax period for CIT is a calendar year. A taxpayer is to forecast its expected taxable income and calculate advance monthly payments which are due not later than 25th day of each month of the reporting year. The annual CIT return is due by 31 March of the year following the reporting year. Should actual CIT liability be different from the initially estimated advances, taxpayers may correct their tax liabilities during the tax year but not later than 20 December of the reporting tax period. There are other special requirements relative to calculation of advance payments in the Tax Code. The following taxpayers shall be entitled not to calculate and make CIT advance payments:

- Taxpayers whose gross annual income after adjustments for the tax period preceding the previous tax period, did not exceed 325 times the monthly calculation index set by the law on the state budget and effective at January 1 of the relevant financial year;

- Newly created taxpayers – during the tax period in which state registration (record of registration) was carried out with the justice authorities, and also during the subsequent tax period.

- Non-resident legal entities newly registered with the tax authorities as taxpayers, and operating in Kazakhstan through a permanent establishment (PE) without a branch or representative office – during the tax period in which registration with the tax bodies was carried out, and also during the subsequent tax period.

Notes to Consolidated Financial Statements

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

NOTE 18 - OTHER CURRENT ASSETS AND LIABILITIES

Other current assets as at December 31, 2011 and December 31, 2010 are as follows:

	2011	2010
Prepaid tax (Note 17)	$ 4.7	$ 1.1
Prepaid expenses (*)	2.1	1.7
Value Added Tax (“VAT”) receivables	0.9	0.9
Advances given to personnel	0.3	0.4
Other doubtful receivable provision	(0.5)	(0.4)
Other	2.4	1.9
	9.9	**5.6**

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

Other current liabilities as at December 31, 2011 and December 31, 2010 are as follows:

	2011	2010
Deferred revenue	$ 4.5	$ 4.4
VAT payables	1.4	2.5
Payables to non-controlling interests	-	0.2
Other	0.1	0.1
	6.0	**7.2**

(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, 2011 and 2010 are as follows:

	2011	2010
2011	-	6.3
2012	6.6	0.6
	6.6	**6.9**

Lease expense amounted to $7.4 (2010: $6.0) for the year ended December 31, 2011.

(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, 2011		December 31, 2010	
	Currency	Original amount	US Dollar millions	Original amount	US Dollar millions
Letters of guarantee	HRK	2.5	0.4	2.5	0.4

(c) Derivative financial instruments:

The notional principal amounts of the outstanding interest rate swap contracts at December 31, 2011 were $4.8 (2010: $27.8). At December 31, 2011, the fixed interest rates vary from 3.0% to 5.6% (2010: 3.0% to 5.6%), and the main floating rate is LIBOR. Financial expense recognized in regards with these agreements amounted to $0.7 (2010: $0.1).

Notes to Consolidated Financial Statements

(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, 2011 and 2010 are as follows:

	2011	**2010**
Raw material	30.7	27.8
Paper	*9.8*	*10.4*
Printing and ink	*20.9*	*17.4*
Personnel expenses	50.4	51.1
Goodwill and intangible impairment charges	10.3	32.8
Tangible impairment	4.1	-
Commissions	12.2	11.0
Depreciation and amortization charges (Note 6, 8)	8.3	9.1
Advertisement	15.5	8.0
Rent	5.7	5.7
Electricity, water and office expenses	4.2	4.7
Consultancy	3.4	4.0
Transportation, storage and travel	2.3	2.8
Communication	1.6	1.9
Provision for doubtful receivables	0.9	1.1
Other	10.5	9.3
Total	**160.1**	**169.3**

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.

	2011	**2010**
Net loss for the year	(29.1)	(37.0)
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)	(0.58)	(0.74)

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, 2011 and 2010 are as follows:

	2011	2010
Foreign exchange income	21.6	0.6
Interest income on time deposits	0.3	0.5
Other	0.1	0.1
Total	**22.0**	**1.2**

NOTE 23 - FINANCIAL EXPENSES

The details of financial expenses for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Foreign exchange loss	28.3	2.0
Interest expenses on the Senior Credit Facility	6.2	5.0
Financing costs	0.9	0.3
Total	**35.4**	**7.3**

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

NOTE 24 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2011, the Group's subsidiary OOO Pronto Moscow stopped its operations in Printing House and decided to dispose of some property, plant and equipment. The assets that are expected to be sold in 12 months classified as assets held for sale and presented separately in the balance sheet.

As of 31 December, detail of the mentioned property plant and equipment which classified into assets held for sale, is as follows:

Property, plant and equipment	**December 31, 2011**
Cost	
Land and land improvements	0.1
Buildings	0.6
Machinery and equipment	8.1
Furniture and fixtures	0.1
	8.9
Accumulated amortization:	
Land and land improvements	-
Buildings	(0.3)
Machinery and equipment	(7.0)
Furniture and fixtures	(0.1)
	(7.4)
Net book value	**1.5**

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

NOTE 25 – DISPOSAL OF A SUBSIDIARY

The Group withdrew from the partnership in OOO Pronto Peterburg by transferring shares in OOO Pronto Petersburg subsidiary in accordance with the Russia legal regulations in the period.

Book value of net assets sold	**December 31, 2011**
Current assets	
Cash and cash equivalents	0.1
Trade receivables	0.2
Other current assets	0.1
Non-current assets	
Tangible assets	0.1
Deferred tax assets	0.1
Short-term liabilities	
Trade payables	(0.2)
Provisions	(0.2)
Other short-term liabilities	(0.3)
Net assets disposed of	**(0.1)**
Consideration:	
Consideration paid in cash and cash equivalents	-
Deferred sales proceeds	0.1
Net cash inflow on disposal:	
Consideration paid in cash and cash equivalents	-
Less cash and cash equivalent balances disposed of	(0.1)

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

NOTE 26 - RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

Hürriyet Invest B.V., the parent Company of TME, transferred 5 million USD to TME account and this has been recorded as capital advance in TME books in the year 2009. However, in the current year, the board of directors of Hürriyet Invest B.V. decided to amend the initial capital advance decision and rather treat the related 5 million USD as an intercompany loan.

The withdrawal of capital advance, which was previously recorded as an equity item in TME accounts, was treated as an error in the current year consolidated financial statements and prior period consolidated financial statements were restated retrospectively beginning from 1 January 2010.

31 December 2010

	As Previously Reported	Reclassification for intercompany loan	As Restated
Additional paid-in capital	683.1	(5)	678.1
Due to shareholders	0.2	5	5.2

1 January 2010

	As Previously Reported	Reclassification for intercompany loan	As Restated
Additional paid-in capital	683.1	(5)	678.1
Due to shareholders	0.3	5	5.3

NOTE 27 - SUBSEQUENT EVENTS

A lawsuit has been opened against the Group by the 30% non-controlling interest shareholders of its subsidiary Oglasnik d.o.o located in Croatia, since non-controlling shareholders could not exercise the put option. Non-controlling shareholders have been demanding €3.5 million in order to compensate their loss due to not utilizing of put option and the decrease in the value of shares caused by poor management. Related subpoena reached to the Group on 5 March 2012. In management's opinion, after taking appropriate legal advice, the outcome of the legal claim will not give rise to any significant loss.

Hurriyet Invest BV has purchased 6.98% shares corresponding to number of 3,490,691 share certificates of Trader Media East Ltd from the legal person apart from the Group over the amount 26,250,000 US Dollars in accordance with the valuation report issued by the independents valuation company on 7 March 2012.

Rosprint Limited and its premises are sold at $5 million in March 16, 2012.

…………………