



PRESS RELEASE

2005 Results
Revenues of \$197.9 million, up 11.5%
EBITDA of \$64.9 million, up 3.5%
Net Income of \$30.4 million, up 2.7%

Amsterdam, The Netherlands – March 23, 2006 (0700 GMT).

Trader Media East Limited ("**Trader Media East**" or the "**Group**"), a leader in classified advertising operating in Central and Eastern Europe, releases today its audited results for the year ended 31st December 2005, prepared under US Gaap.

2005 Highlights

Financial Results (in US dollars)

- Revenues of \$197.9 million, up 11.5%, of which organic growth 6.4%
- Operation EBITDA⁽¹⁾ of \$67.9 million, up 2.3% (margin of 34.3%)
- Combined EBITDA of \$64.9 million, up 3.5% (margin of 32.8%)
- Net income of \$30.4 million, up 2.7%

Major developments

Listing on London Stock Exchange

On February 13, 2006, Trader Media East completed an international offering of its shares in the form of global depository receipts on the London Stock Exchange under ticker symbol TME.

Credit Agreement

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

Purchase of Minority Interest

Pursuant to an acquisition agreement dated January 22, 2006, Mirabridge International B.V., a wholly-owned subsidiary of Trader Media East and owner of an 88% interest in Pronto-Moscow, acquired from Leonid Makaron, General Manager of our Russia and CIS business, the remaining 12% interest in Pronto-Moscow for a total consideration of US\$100.9 million.

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

"Closing our Senior Credit Facility with our banking partners is a great step in the implementation of our acquisition strategy."

Full Year 2005 Combined Results (US GAAP)

(In USD millions)	2004	2005	Growth
Revenues	177.5	197.9	+11.5%
Operation EBITDA	66.4	67.9	+2.3%
Margin %	37.4%	34.3%	
Combined EBITDA	62.7	64.9	+3.5%
Margin %	35.3%	32.8%	
Net Income	29.6	30.4	+2.7%

Revenue Growth of 11.5%, organic growth of 6.4%

2005 revenues reached \$197.9 million, an increase of 11.5%. Excluding exchange rate impact, total revenue growth was 9.7%, of which 6.4% was organic.

Print revenues reached \$192.6 million, an increase of 11.2%. Excluding exchange rate impact, print revenues grew by 9.5%, of which 6.1% was organic.

Online revenues reached \$5.3 million, an increase of 23.3%. Excluding exchange rate impact, online revenue growth was 18.8%, of which 18.0% was organic.

Operation EBITDA of \$67.9 million, up 2.3%, margin of 34.3%

Combined EBITDA of \$64.9 million, up 3.5%, margin of 32.8%

Operation EBITDA reached \$67.9 million, an increase of 2.3%. Operation EBITDA margin decreased from 37.4% in 2004 to 34.3% in 2005.

Print operation EBITDA margin decreased from 37.2% to 34.3%, and online operation EBITDA margin decreased from 39.5% in 2004 to 34.0% in 2005.

Corporate costs (management fees charged by Trader Classified Media N.V.) decreased by 18.9% to \$3.0 million in 2005.

Combined EBITDA increased by 3.5% in 2005 to \$64.9 million with a margin of 32.8%.

Net Income of \$30.4 million, margin of 15.4%

Net income reached \$30.4 million in 2005 compared with \$29.6 million in 2004, an increase of 2.7%.

Free Cash Flow of \$37.3 million

In 2005, the Group continued to generate a solid Free Cash Flow (after capital expenditures) of \$37.3 million or 19% of revenue. Total cash used for acquisitions and earn-out payments in the year amounted to \$2.4 million.

The Group's net debt, after excess cash of \$18.7 million, was \$17.3 million as at 31st December 2005, representing a multiple of approximately 0.3 times the Group's 2005 EBITDA, and was mainly composed by related-party financing for \$28.8 million.

Pursuant to the Senior Credit Facility signed by the Group in 2006, the gross value of the debt will amount to \$141 million.

Outlook 2006

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

"2006 is the year we are establishing a strong foundation for TME. Overall consumer spending and increasing internet usage are key supporting factors of our growth potential. The difficulties experienced in Hungary and the Moscow real estate market will still negatively impact our revenue growth in the first semester. However, we will be positioned for stronger growth in the second part of the year, planning for 6 to 9% for 2006 with an operation margin between 32% and 34%."

About Trader Media East's Shares

- Total number of outstanding Shares : **50,000,000**
- Listing : London Stock Exchange (ticker: TME)

Please also see the attachments:

- Operating and Financial Review
- Condensed Combined Balance Sheets
- Condensed Combined Statements of Operations
- Condensed Combined Statements of Cash Flows

About Trader Media East

Trader Media East is a leader of online and print classified advertising with strong local brands serving local markets in Central and Eastern Europe. Trader Media East produces 236 print titles, with 5 million readers per week and hosts 9 websites, with 3.1 million unique monthly visitors.

Trader Media East was founded in November 2005 and comprises former operations of Trader Classified Media N.V. Today, it employs 4,500 people in 8 countries with 272 million total population.

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

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 described in our publicly filed documents.

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.

Media & Investor Relations Contact Information

Brunswick Group

Contact: Patrick Handley/Anna Jones

16 Lincoln's Inn Fields

London

WC2A 3EW

Tel: +44 207 404 5959

E-mail: tmeast@brunswickgroup.com

Trader Media East Limited Operating and Financial Review

We are pleased to present the combined financial results of Trader Media East Limited (“**TME**” or the “**Group**”) for the years 2004 and 2005. The financial results for both periods have been prepared on the basis described below, in the section “Basis of Presentation of Combined Financial Statements”.

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

History and Formation of the Company

We are the leading provider of print and online classified advertising in the Russian, CIS and Eastern European region. Our leading publications and websites in Russia, Ukraine, Belarus, Kazakhstan, Hungary, Croatia and Poland serve as marketplaces in major metropolitan and regional markets where both private and professional sellers advertise items for sale and contact motivated buyers. Through our integrated print and online strategy, we offer buyers and sellers a comprehensive and focused forum for consumer-to-consumer and business-to-consumer transactions.

Historically, our business has been part of the Trader Classified Media group and our historical results have been consolidated in the results of Trader Classified Media N.V. (“**TCM**”). In the fourth quarter of 2005, TCM announced its intention to pursue the public listing of a single independent business under new ownership, comprising its Central and Eastern European operations. As part of that process, TCM placed in January 2006 its Russian, CIS and Eastern European operations into a new holding company, Trader Media East Limited, our parent company, incorporated in Jersey on November 11, 2005 as a wholly-owned subsidiary of TCM. The subsequent international offering of TME’s shares by TCM on the main market of the London Stock Exchange (the “**Offering**”) was successfully completed on February 10, 2006, with unconditional trading commencing on February 13, 2006.

We have extensive customer reach in the classified advertising markets in which we operate. Each issue of our flagship Russian publication Iz Ruk v Ruki, a widely trusted and recognized brand name throughout Russia and the CIS, is read by an estimated 2.49 million people, or 4.4% of the Russian population over 16 years old. Our market leading titles Aviso in Ukraine and Expressz in Hungary each have the highest circulation of paid-circulation classified advertising papers in their respective markets. Our new online Iz Ruk v Ruki platform in Russia, irr.ru, which we launched in August 2005, attracted 0.7 million unique monthly visitors in December 2005.

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

Basis of Presentation of Combined Financial Statements

Our Combined Financial Statements have been derived from the consolidated financial statements of TCM and have been prepared using TCM's historical bases in the assets, liabilities and results of operations. Prior to the Offering, the business of TME had historically been part of TCM's business and was operated, and its assets and liabilities were held, by several subsidiaries of TCM.

Our Combined Financial Statements include the historical assets, liabilities, revenues and expenses that were directly related to the TME business within TCM during the periods presented. We do not have an operating history as an independent company and our historical Combined Financial Statements do not reflect the operations of an independent company.

The businesses in each of Russia and CIS, Hungary, Croatia and Poland were previously operated as separate, stand-alone businesses within the TCM group. The accompanying Combined Financial Statements comprise the combination of the consolidated returns of Mirabriga International B.V., which includes its 88% owned subsidiary Pronto-Moscow and its consolidated subsidiaries, with the financial statements of Trader.com (Polska) Sp.Zo.o, Expressz Magyarország Zrt., Trader Hungary Tanacsado Kft., Expressz Garancia Központ Kft., Kisokos Directory Kft., and TCM Croatia Holdings B.V., the latter being the indirect owner of 70% of the Croatian publication Oglasnik.

TME's results of operations were included in the consolidated financial statements of TCM on a regional basis, and there are accordingly no separate historical equity accounts for TME.

Changes in invested equity represent TCM's net investment in TME after giving effect to the net earnings of TME, dividends paid and transfers (including cash) to and from TCM.

The Combined Financial Statements include allocations of certain of TCM's corporate expenses, including legal, accounting, operation, acquisition, as well as treasury and other corporate and infrastructure costs.

The expense allocations have been determined based on factors that TCM and TME considered to be a reasonable reflection of the utilization of services provided or the benefit received by TME. However, the financial information included herein may not reflect the combined financial position, operating results, changes in invested equity and cash flows of TME in the future or what they would have been had TME been a separate, stand-alone company during the periods presented.

Business Overview

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

Sales and Marketing

We sell advertisements in our print publications and on our websites through our local direct sales force, centralized marketing team and customer service call centers. Our websites and a limited number of our print publications, such as Iz Ruk v Ruki in Russia, have a national reach, and in these cases we solicit national advertising, either directly or through advertising agencies. In December 2005, our field sales force consisted of approximately 2,100 individuals operating almost exclusively at the local level. All our sales personnel receive commissions-based compensation.

Each of our local print and online media operations has a dedicated direct sales force focused on retaining existing advertisers and acquiring new ones, particularly local businesses such as car dealers, real estate brokers and other local retailers, through sales visits to customers. In addition, our sales forces in both our satellite offices and call centers up-sell enhancements to

advertisements and value-added services including our “Power Pages” solutions and inventory lot management. Our local sales forces are also instrumental in promoting our websites to advertisers in our print publications with integrated print and online advertising offered to professional advertisers for an incremental fee. Our local managers set advertising rates and cover prices of our local publications, after consultation with our centralized management. The advertisements we sell typically run for one to four editions and are generally published on a daily, weekly or monthly basis.

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

Distribution of Print Publications

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

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

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

Production, Printing and Technology

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

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

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

Paper Supply

We typically consolidate purchases of large quantities of paper in each country to obtain volume discounts. We buy paper either directly from paper manufacturers or from third party printers. In the absence of fixed price, long-term contracts or discount arrangements, we purchase paper at market prices. Historically, we have been able to charge higher cover prices to compensate for paper price increases. In 2004 and in 2005, paper costs represented approximately 9% of our revenues, which

we believe is significantly less than traditional newspapers. We generally do not have editorial content and, therefore, almost every page of our publications generates revenues.

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 (98% of revenues in 2004 and 97% in the year ended December 31, 2005) and Internet activity (2% of revenues in 2004 and 3% in the year ended December 31, 2005).

We generate print revenues principally from four sources, or "channels", which are display advertisements, private and professional classified advertisements, circulation and services.

We earn circulation revenues primarily through sales to individuals who purchase at kiosks or newsstands, through subscriptions or from street vendors.

Service and other revenues include commissions earned for selling products and services to third parties including warranty services. They also include printing for third parties in Russia and revenues associated with services such as pre-paid telephone calling cards used by private customers to access our call centers and place advertisements. The commissions earned are a percentage of the value of the products or services.

We derive online revenues primarily from classified and display advertisements, including professional advertisements, consumer advertisements and banners. We also derive online revenue from subscription or one-off access fees to content and information we provide through our websites. In online revenues we include revenues deriving from products advertised solely on our websites, as well as the portion of revenues attributable to the online component (as determined by management based upon relative fair value) for bundled contracts providing both print and online advertisements.

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

	Relative importance of revenues by channel	
	Year ended December 31, 2004	Year ended December 31, 2005
	(percentage of total revenues)	
Print revenues.....	98%	97%
Display advertisements.....	47%	45%
Professional classified advertisements.....	28%	28%
Circulation.....	12%	13%
Private classified advertisements.....	7%	6%
Services and other.....	4%	5%
Online revenues.....	2%	3%

Classified advertising is the key to our revenue generation. The revenues generated by this channel are split between private individuals and professionals, or business customers. We experience the highest margins and fastest growth with display and professional classified advertisements, which together constituted 75% of revenues in 2004 and 73% in 2005. Revenues from private classified advertisements are declining due to the increasing proportion of free advertisements and increased competition in free advertisement titles. Increases in circulation revenues, which constituted 12% of

revenues in 2004 and 13% in 2005, are mainly driven by investments in promoting our brands and point of sale promotions targeted at developing new sales outlets such as supermarkets, retail outlets and gas stations. Circulation revenue growth continues to be positively affected by regional expansion and the development of verticalization in Russia and the CIS with vertical titles accounting for 14% in 2005 compared to 11% in 2004.

We published 236 classified advertising print titles as of December 31, 2005. We estimate that our print publications have an annual circulation of approximately 117 million copies reaching an estimated 5 million readers each week. Our online business is growing rapidly and in December 2005, we estimate that our websites attracted over 3.1 million unique monthly visitors, compared to 2.1 million in December 2004.

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, net of returns, on a weekly basis at the time a publication is sold to a customer. We recognize service revenues (i.e., commissions) as earned at the date the service products are sold, or when contracts are activated. We recognize online revenues at the time the advertisement is run. We recognize revenues from subscription and one-off access fees to content and information we provide through our websites over the period of usage and other related services.

Operating Costs and Expenses

Cost of revenues mainly consists of the following components:

- Salaries and commissions for sales staff, production staff and distributors;
- Printing and paper costs; and
- Non-salary costs for third party distributors.

Within a single country, production costs as a percentage of revenues vary primarily as a result of fluctuations in the price of paper, renegotiations of contracts with third party printers, launching of new publications, introduction of color publications and the quality of publications produced. Production costs as a percentage of revenues vary from publication to publication reflecting primarily variations in the quality of paper and printing used. Standard newsprint is usually sufficient for our generalist publications, such as most editions of Iz Ruk v Ruki in Russia. While historically the publication featured black and white photos and few graphic enhancements, we are currently upgrading selected editions of Iz Ruk v Ruki to higher quality print processes including full color throughout. We use glossy, high quality paper for our specialized publications, such as our real estate publications, Galereja Nedvizhimost in Russia and Kepes Ingtatlan in Hungary, which include color photos and more elaborate style effects.

In addition, the revenue model of each publication, for example, free advertisements versus paid advertisements and free circulation versus paid circulation, affects the revenues derived from a publication, which in turn creates variations in production costs as a percentage of revenues.

General and administrative costs consist of marketing costs and other general and administrative costs, including salaries and costs of administrative and management personnel, facilities costs, headquarters costs and all other costs not directly related to production or direct local sales efforts. Marketing costs are roughly evenly split between fixed and variable costs. Other general and administrative costs are primarily fixed costs. Included in general and administrative expenses are management service expenses, which include expenses incurred by TCM and charged to TME for management, legal, financial, human resources, internal audit, information technology and marketing and acquisition services pursuant to the Management and Assistance Contracts. These expenses are expected by management to increase from approximately 2% of revenues in 2004 and 1.5% in 2005 to approximately 3% of revenues in future periods.

Operating Margins

Our operating margins in the countries in which we conduct business depend primarily on the operating margins of our publications. The operating margin of any publication depends primarily on its local competitive environment and its sources of revenue. A publication that faces little competition generally enjoys better operating margins than one that faces strong competition from other sources of classified advertisements, such as other classified advertising publications, newspapers or free circulation papers. A publication with multiple sources of revenue, such as a publication that generates revenue from paid classified and display advertisements as well as from circulation, generally enjoys better operating margins than one that has only one or two sources of revenue. For example, we enjoy high operating margins in Russia and Croatia primarily due to the market position and multiple sources of revenue of our largest publications in those countries. Within Russia, our margins tend to be highest in Moscow, reflecting the fact that we publish two papers a day and use an agency sales model. Our operating margins tend to be generally lower in Hungary and Poland, as a result of competition from other sources of classified advertisements and efforts to integrate acquisitions. The number of new publications that we launch in a given period also affects our operating margins.

Critical Accounting Policies

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

Purchase Price Allocation for Business Combinations

Our growth has been driven, in part, by acquisitions made since we commenced operations in 1991. A significant portion of the value related to these acquisitions has been determined to be goodwill or identifiable intangible assets, principally tradenames and advertising customer bases of the acquired entities. We typically prepare valuation studies when allocating purchase price consideration to intangible assets. The valuation studies use a "relief from royalty" approach with a royalty rate ranging from 6% to 11% for tradenames. The basis for determining an advertising customer base is to assume a turnover of professional customers of approximately 8% to 10% per year. The resultant estimated net cash flows are then discounted using our weighted average cost of capital. The excess purchase price over identified tangible and intangible net assets is determined to be goodwill.

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

Impairment of Goodwill and Long-Lived Assets

As required by SFAS No. 142, goodwill is tested for impairment at least annually. We compare the carrying value of each of our reporting units, including goodwill and intangible assets, to the fair value of the reporting unit, based on its projected cash flows, discounted with the appropriate weighted-average cost of capital for each reporting unit. Our reporting units are based on geographic regions. We review long-lived assets and identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any assets may

not be recoverable. Impairment is determined by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If this comparison indicates the asset is impaired, the impairment recognized is the amount by which the carrying amount of the asset exceeds the fair value of the asset. We measure fair value based on discounted cash flows using a discount rate reflecting the risk associated with the asset in question. The discount rates range from 9.6% for our businesses in Central Europe to 12.3% for our businesses in Russia, with the Group's weighted average cost of capital determined to be 11.2% in 2005.

The sensitivity of these assumptions, including the determination of our reporting units, the estimates of our future cash flows and the discount rates used to calculate the fair value of reporting units and long-lived assets could significantly affect the amount of impairment charges.

In addition, our future cash flow assumptions are sensitive to the continued perceived value of our brands, which to date have generally allowed us to generate cash flows sufficient to support the value of our acquisitions. The classified advertising publishing industry is competitive. In our local markets, we compete for both advertising revenues and readership with daily and weekly local newspapers, direct mail marketing companies, free circulation papers and other classified publications targeted to the same geographic area.

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

Deferred Tax Assets

As at December 31, 2005, we had \$0.9 million of net deferred tax assets related to net operating loss carryforwards.

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

We reassess each year the likelihood of a future benefit in light of our improved profitability and expectations of future profitability. As a result, we recognized deferred tax benefits related to our reassessment of the future utilization of net operating losses carry forwards of \$0.3 million in our 2005 income statements.

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

Currency Fluctuations

We express our results in US dollar and generate revenues in eight currencies. The two most significant currencies are the Russian rouble (and Baltics and CIS currencies), in which we have generated 69% of our revenues in 2005, and the Hungarian forint, in which we have generated 23% of our revenues in 2005. Our results can be significantly impacted by fluctuations in these currencies compared to the US dollar.

Set up below is a table of 2005 average rates against the US dollar compared to 2004.

	2005 average rate	2004 average rate	Fluctuation
Russian rouble	0.0353	0.0348	+2%
Hungarian forint	0.0050	0.0050	-

Inflation

Our costs are closely linked to domestic cost factors in the countries in which we operate. Inflation moderated in Russia during the past five years, decreasing from 21.5% in 2001 to 11.1% in 2005.

The table below presents changes in Russia's consumer price index from 2001 through 2005.

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Consumer Price Index, December to December change in RUR.....	21.5%	15.8%	13.7%	10.9%	11.1%

Operating Results

The following table shows our revenues, Operation EBITDA, EBITDA and EBITDA margin in 2004 and in 2005:

Revenues, Operation EBITDA, EBITDA and EBITDA Margin

	<u>Year ended December 31, 2004</u>	<u>Year ended December 31, 2005</u>
	(millions of \$)	
Revenues.....	\$177.5	\$197.9
Operation EBITDA ⁽¹⁾	\$66.4	\$67.9
EBITDA ⁽²⁾	\$62.7	\$64.9
EBITDA margin ⁽³⁾	35.3%	32.8%

⁽¹⁾ Operation EBITDA (or operating profit before certain expenses) is defined as EBITDA (as defined below) before management service expenses.

⁽²⁾ EBITDA is defined as operating profit before depreciation and amortization, non-cash compensation expense and write down on impaired assets.

⁽³⁾ EBITDA margin is defined as the ratio of EBITDA to revenues over a given period.

The following table shows our revenues, Operation EBITDA and Operation EBITDA margin by geographic segment:

Revenues, Operation EBITDA and Operation EBITDA margin by geographic segment

	Year ended December 31, 2004			Year ended December 31, 2005		
	Revenues	Operation EBITDA	Operation EBITDA margin ⁽¹⁾	Revenues	Operation EBITDA	Operation EBITDA margin ⁽¹⁾
	(millions of \$)					
			%			%
Russia, Baltics & the CIS....	\$119.3	\$53.4	44.8	\$136.6	\$54.8	40.1
Hungary	49.1	11.7	23.8	44.8	9.0	20.1
Croatia and Poland	9.1	1.3	14.3	16.5	4.1	24.8
Total	<u>\$177.5</u>	<u>\$66.4</u>	37.4	<u>\$197.9</u>	<u>\$67.9</u>	34.3

⁽¹⁾ Operation EBITDA margin is defined as the ratio of Operation EBITDA to revenues.

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

Organic growth is computed by excluding the effect of foreign currency fluctuations.

Revenues

Combined Revenues

Revenues in the year ended December 31, 2005 increased \$20.4 million, or 11.5%, to \$197.9 million from \$177.5 million in year ended December 31, 2004.

Excluding exchange rate impact, total growth in the year ended December 31, 2005 was 9.7% and organic growth was 6.4%.

	Year ended December 31, 2004	Year ended December 31, 2005	Growth (%)	Organic Growth (%)
	(millions of \$)			
Print Revenues				
Display	\$83.0	\$90.0	8.4%	4.0%
Classified Ads – Professional	49.3	56.6	14.8%	11.9%
Circulation.....	21.5	25.0	16.3%	2.1%
Classified Ads – Private.....	11.9	11.0	(7.6%)	(10.5%)
Service and other	7.5	10.0	33.3%	29.0%
Total Print Revenues	\$173.2	\$192.6	11.2%	6.1%
Online Revenues	4.3	5.3	23.3%	18.0%
Total Revenues	\$177.5	\$197.9	11.5%	6.4%

Print revenues in the year ended December 31, 2005 increased \$19.4 million, or 11.2%, to \$192.6 million from \$173.2 million in year ended December 31, 2004. Excluding exchange rate impact, total print revenue growth was 9.5% and organic growth was 6.1%, reflecting primarily solid growth in professional classifieds and display advertising.

Online revenues in the year ended December 31, 2005 increased \$1.0 million, or 23.3%, to \$5.3 million from \$4.3 million in the year ended December 31, 2004, due primarily to expansion of the online business in Poland, and growth in the online advertising market in general, particularly in the classified advertising market.

Revenues by Geographic Segment

Region (millions of \$)	2004	2005	Growth %	Growth at constant exchange rate	Organic Growth %
Russia, Baltics & the CIS	\$119.3	\$136.6	14.5%	12.7%	12.7%
Hungary	49.1	44.8	(8.8%)	(8.9%)	(8.9%)
Croatia/Poland	9.1	16.5	81.3%	66.1%	6.2%
Total Revenues	177.5	197.9	11.5%	9.7%	6.4%

Russia, Baltics and the CIS. Revenues in Russia, Baltics and the CIS in the year ended December 31, 2005 increased \$17.3 million, or 14.5%, to \$136.6 million from \$119.3 million in the year ended December 31, 2004, reflecting an increase of \$17.1 million in print revenues and stable online revenues. Excluding exchange rate impact, total growth was 12.7% in the year ended December 31, 2005, reflecting our expansion into new cities and the development of specialized publications in Moscow and the regions and price increases in certain markets, partially offset by a slowing real estate market and increased competition in the Moscow area.

Hungary. Revenues in Hungary in the year ended December 31, 2005 decreased \$4.3 million, or 8.8%, to \$44.8 million from \$49.1 million in the year ended December 31, 2004, reflecting a decrease of \$4.4 million in print revenues, slightly offset by an increase of \$0.1 million in online revenues. The decline in print revenue reflected difficult market conditions in both the real estate and vehicle segments, in part driven by negative changes in tax regulations and ongoing restructuring at Mai Hirdetés, Ujpressz and Kisokos. Excluding exchange rate impact, print organic growth was a negative 9.6%.

Croatia and Poland. Revenues in Croatia and Poland in year ended December 31, 2005 increased \$7.4 million, or 81.3%, to \$16.5 million from \$9.1 million in the year ended December 31, 2004 reflecting an increase of \$6.6 million in print revenues and \$0.8 million in online revenues. This increase primarily reflected the positive impact of the acquisition of Oglasnik in Croatia in July 2004. Organic revenue growth was slightly negative in Poland in 2005, reflecting the contraction of the print business, which was offset by strong online revenue growth. In Croatia, organic growth amounted to 18.5%, mainly due to the strong development of our print publication.

EBITDA, EBITDA Margin, Operation EBITDA and Operation EBITDA Margin

The key operating indicators we use to measure the performance of our combined operations are EBITDA and EBITDA margin and of our geographical operating units on a regional level are Operation EBITDA (operating profit before certain expenses) and Operation EBITDA margin. We define EBITDA as operating profit before depreciation and amortization, non-cash compensation expense and write down on impaired assets and EBITDA margin as the ratio of EBITDA to revenues. We define Operation EBITDA (or operating profit before certain expenses) as EBITDA before management service expenses and Operation EBITDA margin as the ratio of Operation EBITDA to revenues. None of EBITDA, EBITDA margin, Operation EBITDA or Operation EBITDA margin is defined under US GAAP. We present EBITDA (and the related measures EBITDA margin, Operation EBITDA and Operation EBITDA margin) because it is the measure we use to evaluate

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

Combined EBITDA

Combined EBITDA increased by \$2.2 million, from \$62.7 million in the year ended December 31, 2004 to \$64.9 million in the year ended December 31, 2005. This increase primarily reflected the increase in Operation EBITDA of \$1.5 million, or 2.3%, while costs related to the Management and Assistance Contracts decreased \$0.7 million in 2005 compared to 2004. EBITDA margin decreased to 32.8% in 2005, from 35.3% in 2004. The decrease reflected the investments and expenses associated with the integration of acquisitions completed over the past two years, including the Kisokos local directory business, as well as temporary structural changes in Hungarian tax law affecting our revenue growth, as well as increased investments in marketing and sales expenses in Russia and continued investment in online across the regions.

In millions of \$	2004	2005	Growth	% Growth	% Growth constant exchange rate	EBITDA Margin %
Operation Print EBITDA	\$64.7	\$66.1	1.4	2.1%	0.6%	34.3%
Operation Online EBITDA	1.7	1.8	0.1	5.9%	1.3%	34.0%
Management service expense	(3.7)	(3.0)	(0.7)	(18.9%)	(20.8%)	(1.5%)
Combined EBITDA	62.7	64.9	2.2	3.5%	1.9%	32.8%

Print Operation EBITDA increased \$1.4 million, or 2.1% in the year ended December 31, 2005 compared to 2004. Excluding exchange rate impact, total growth was 0.6%, including a negative organic growth of 2.3% due to soft market conditions in Hungary and in Poland, partly offset by sustained growth in Croatia and Russia.

Online Operation EBITDA increased \$0.1 million, or 5.9%, from \$1.7 million in the year ended December 31, 2004 to \$1.8 million in the year ended December 30, 2005. Excluding exchange rate impact, online Operation EBITDA growth is 1.3%, of which 0.9% is organic, which reflected strong development in Poland offset by investments made in sales force and marketing to develop and promote the online channel in Hungary.

Operation EBITDA by Geographic Segment

Region (millions of \$)	2004	2005	Change %	Organic growth %	2005 EBITDA Margin %	2004 EBITDA Margin %
Russia, Baltics & the CIS	\$53.4	\$54.8	2.6%	0.8%	40.1%	44.8%
Hungary	11.7	9.0	(23.1%)	(22.9%)	20.1%	23.8%
Poland/Croatia	1.3	4.1	215.4%	52.0%	24.8%	14.3%
Operation EBITDA	66.4	67.9	2.3%	(2.2%)	34.3%	37.4%

Russia, Baltics and the CIS. Operation EBITDA in Russia, Baltics and the CIS in the year ended December 31, 2005 slightly increased by 2.6% compared to the year ended December 31, 2004. This increase was primarily due to the geographical expansion of regional titles throughout Russia, Baltics and the CIS and further verticalization, offset to some degree by continued investments in regional expansion. Excluding exchange rate impact, total and organic growth was 0.8%. Operation EBITDA margin decreased from 44.8% to 40.1% reflecting primarily the expansion of the business into lower margin regions, and investment in marketing and sales expenses.

Hungary. Operation EBITDA in Hungary in year ended December 31, 2005 declined \$2.7 million, or 23.1% to \$9.0 million from \$11.7 million in the year ended December 31, 2004. This decrease primarily reflected a decline in revenue at Expressz and Kisokos. Operation EBITDA margin decreased from 23.8% to 20.1% reflecting primarily the decline in revenues. The decrease in revenues resulted from difficult market conditions in the real estate and vehicle sectors. Excluding exchange rate impact, total and organic Operation EBITDA growth was negative 22.9%, mainly due to the reduction of revenues and margin at Expressz.

Croatia and Poland. Operation EBITDA in Croatia and Poland in the year ended December 31, 2005 increased \$2.8 million to \$4.1 million from \$1.3 million in the year ended December 31, 2004. This increase primarily reflected the beneficial impact of the 2004 acquisition of Oglasnik in Croatia and the strong development of online activities in Poland. Excluding exchange rate impact, Operation EBITDA total growth in Croatia and Poland was 215.4%, with organic growth of 52.0%. Operation EBITDA margin increased from 14.3% to 24.8% reflecting primarily the inclusion of Croatia in the full period in 2005 and growth in the Croatian business.

Management Service Expense

Management service expenses amounted to \$3.7 million in 2004 and \$3.0 million in 2005, representing allocations of certain of TCM's corporate expenses, including legal, accounting, operation, acquisition, as well as treasury and other corporate and infrastructure costs. In future periods, TME, as a separate stand alone company, will directly incur costs which were previously allocated to it in earlier years. It is expected these costs will amount to approximately 3% of revenues compared to approximately 2.0% of revenues in 2004 and 1.5% in 2005.

Operating Profit

Operating profit improved by \$3.1 million from \$55.3 million in 2004 to \$58.4 million in 2005, an increase of 5.6%. This increase arises from \$2.2 million due to the increase of the Combined EBITDA, and \$0.9 million due to the amortization and depreciation expenses.

Operating Costs and Expenses

Operating costs and expenses increased \$17.3 million, or 14%, to \$139.5 million in year ended December 31, 2005 from \$122.2 million in year ended December 31, 2004. The increase was primarily due to the \$13.2 million increase in cost of sales.

Cost of Sales

Cost of sales in the year ended December 31, 2005 increased \$13.2 million, or 19%, to \$83.6 million from \$70.4 million in the year ended December 31, 2004. Cost of sales increased as a percentage of revenues to 42% in the year ended December 31, 2005 from 40% in the year ended December 31, 2004, primarily due to higher distribution costs in Moscow (including commissions paid to distributors) resulting from our expansion of the distribution network following the closure by the Moscow government of our distribution network in Metro stations in 2004, increased wages for sales staff and increased paper costs. Production costs increased to 25% of revenues in 2005 from 24% of revenues in 2004 as a result of regional expansion and the introduction of vertical magazines.

General and Administrative

General and administrative expenses in the year ended December 31, 2005 increased \$5.0 million, or 11%, to \$49.4 million from \$44.4 million in the year ended December 31, 2004. General and administrative costs remained steady as a percentage of revenues to 25% in the year ended December 31, 2005 compared to year ended December 31, 2004.

Depreciation and Amortization

Depreciation and amortization in the year ended December 31, 2005 decreased \$0.9 million, or 12%, to \$6.5 million from \$7.4 million in the year ended December 31, 2004. The decrease reflected a change in accounting estimate related to certain tradenames including Iz Ruk v Ruki, Expressz and Oglasnik. Depreciation slightly increased, from \$3.7 million to \$4.5 million.

Other Income and Expenses

Other expenses in year ended December 31, 2005 increased \$0.2 million, or 13%, to \$1.8 million from \$1.6 million in year ended December 31, 2004, primarily due to an increase of interest and financing fees from \$0.8 million in 2004 to \$2.5 million in 2005, which was somewhat offset by a foreign exchange gain of \$0.7 million in the period in 2005 compared to a loss of \$0.8 million in 2004. Interest and financing fees of \$2.5 million in year ended December 31, 2005 included expense of \$1.8 million in Hungary related primarily to the financing of the Kisokos acquisition and \$0.7 million in Croatia and Poland primarily due to the financing of Oglasnik acquisition.

Income before Income Taxes and Minority Interest

Income before income taxes in the year ended December 31, 2005 increased \$2.9 million, or 5%, to \$56.6 million from \$53.7 million in the year ended December 31, 2004.

Income Taxes

Income taxes in the year ended December 31, 2005 increased \$1.5 million, or 9%, to \$18.6 million from \$17.1 million in the year ended December 31, 2004. Income tax of \$18.6 million in the year ended December 31, 2005 reflected income tax expense of \$16.3 million in Russia and the CIS (in the year ended December 31, 2004: \$15.1 million), \$1.9 million in Hungary (in the year ended December 31, 2004 : \$2.0 million) and \$0.4 million in Croatia and Poland (in the year ended December 31, 2004 : nil). Increases in the period directly reflected the increased operating performance of the Group.

Minority Interest

Minority interest for the year ended December 31, 2005 increased to \$7.6 million from \$7.0 million for the year ended December 31, 2004, primarily due to the inclusion of Oglasnik in our accounts for the full period in 2005, and continued growth in our Russian business. Over the periods presented, minority interests have mainly consisted of the 12% ownership in Pronto-Moscow held by the general manager of our Russian operations and a minority interest of 30% in our Croatian business. Pursuant to the Acquisition Agreement entered into in early 2006, we purchased the remaining 12% interest in Moscow. Refer to the section "Subsequent Events" of this report.

Net Income

We generated net income of \$30.4 million for the year ended December 31, 2005 compared to \$29.6 million for the year ended December 31, 2004.

Liquidity and Capital Resources

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

Net cash provided by Operating Activities

Net cash provided by operating activities was \$42.8 million and \$43.6 million in 2005 and 2004, respectively. The decrease primarily reflected the \$0.8 million increase in net income, offset by unrealized foreign exchange gain of \$1.7 million in the year in 2005 (compared to a loss of \$1.7 million in 2004), and by non-cash other expenses.

Net cash used in Investing Activities

Net cash used in investing activities was \$7.9 million and \$30.1 million in 2005 and 2004, respectively. The decrease primarily reflected \$22.2 million less in cash paid for acquisitions, net of cash required, reflecting the acquisition of Oglasnik for \$15.4 million, Szuperinfo for \$2.4 million and earn-out and deferred acquisition payments in 2004.

Cash paid for property, plant and equipment, mainly incurred for software and back office support systems, remained steady at \$5.5 million in 2005, compared to \$5.7 million in 2004. Expressed as a percentage of revenues, however, cash paid for property, plant and equipment decreased to 2.9% in 2005 from 3.2% in 2004, reflecting the low capital expenditure requirements of the business and strong control over capital expenditures.

Net cash used in Financing Activities

Net cash used in financing activities was \$37.7 million and \$12.6 million in 2005 and 2004, respectively. This includes cash paid to minority interests and related parties including shareholders of \$37.1 million and \$36.8 million in 2005 and 2004. The increase primarily reflected the decrease in invested equity from \$24.6 million in 2004 to negative \$7.9 million in 2005, partially offset by cash received from borrowings of \$7.7 million in 2005.

Free Cash Flow

Although it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with US GAAP, we use free cash flow as a measure of cash available for acquisitions and debt repayment. We define free cash flow as cash generated from operating activities after interest, tax and cash paid for capital expenditures. Free cash flow was \$37.3 million and \$37.9 million in 2005 and 2004, respectively.

Working Capital

At December 31, 2004 and December 31, 2005, net accounts receivable were \$10.7 million and \$9.4 million, respectively, which represented 20 and 22 days of revenues, respectively, which is considered to be relatively low by market standards. Our relatively low net accounts receivable is due to the portion of private customers who make payment as soon as an advertisement is submitted and payments in advance made by agency customers in Russia as well as strong control over cash collection.

Capital Expenditure

Cash paid for capital expenditure amounted to \$5.7 million in 2004 and 2005. Capital expenditure primarily related to the implementation of new back office systems and software throughout the Group, and to the purchase of printing facilities and website development in Russia.

Indebtedness

In 2004 and 2005, indebtedness consisted primarily of related party balances with members of the TCM group and a senior debt facility provided by a syndicate of banks led by BNP PARIBAS entered into by TCM on July 8, 2005.

Our Hungarian subsidiary Trader Hungary Tanacsado Kft., borrowed \$7.7 million under the senior debt facility, which has been repaid after the listing with funds borrowed under the Senior Credit Facility. See the "Subsequent Events" section of this report.

We had \$59.1 million outstanding in related party balances at December 31, 2004, and \$28.8 million outstanding at December 31, 2005, being balances with TCM. These balances primarily included balances owing with respect to internal financing for acquisitions including Kisokos (Hungary) in 2003 and Oglasnik (Croatia) in 2004, management services fees, interest on long-term related party balances and current cash advances.

The table below shows our related party net balances as of the dates indicated:

	At December 31,	
	2004	2005
	(millions of \$)	
Current liabilities	(11.3)	(2.8)
Long-term related party balances	(47.8)	(26.0)
Related party net balances	\$(59.1)	\$(28.8)

Subsequent Events

Legal Reorganization and Offering

Following the incorporation of Trader Media East Limited on November 11, 2005, TCM undertook an internal corporate reorganization of the entities included in TME (the "**Reorganization**"), which was completed in February 2006. The Reorganization included the following steps.

- TCM incorporated a wholly-owned subsidiary Trader East Holdings B.V. ("**Trader East Holdings**") in The Netherlands.
- Trader East Holdings purchased from members of the TCM group their investments in Hungary, Poland and Croatia in exchange for a promissory note to the TCM group.
- TCM contributed its investment in Mirabridge International B.V. ("**Mirabridge**"), which owns 88% of Pronto-Moscow, in exchange for the shares of Trader East Holdings.
- TCM contributed the shares of Trader East Holdings (and consequently its promissory note) to TME in exchange for a capital increase of TME beneficial to TCM.
- TCM proceeded with an international offering on the main market of the London Stock Exchange of shares in TME. The Offering was successfully completed on February 10, 2006, with unconditional trading commencing on February 13, 2006. The Offering consisted of 43.5 million shares in Trader Media East in the form of global depository receipts ("**GDRs**") (each GDR representing one share of TME). TCM has retained a 13% interest in TME.

In a Letter Agreement dated January 25, 2006, TCM and TME agreed that the assets transfer and promissory notes issued in connection with the Reorganization were deemed to have taken place with economic effect on January 1, 2006.

Subject to TME Board's approval, we expect to pay an amount of \$5.9 million, relating to the pre-listing period, to the benefit of TCM.

Senior Credit Facility

On February 9, 2006, we entered into a \$250 million multi-currency senior secured term loan and revolving credit facility (the "**Senior Credit Facility**"), with BNP PARIBAS as Global Co-ordinator and BNP PARIBAS and WestLB AG, London Branch, as Mandated Lead Arrangers. Borrowers under the facility are Trader East Holdings and certain of its subsidiaries (the "**Borrowers**"). Obligations of the Borrowers under the Senior Credit Facility will be guaranteed by Trader East Holdings, the Borrowers and certain of its subsidiaries and are secured by pledges of certain

intercompany loans, over shares in Trader East Holdings, Mirabridge and certain of our other subsidiaries and of certain bank accounts. The final maturity date of the Senior Credit Facility is five years from the date of signing. The Senior Credit Facility consists of three term loans available within 30 days of signing and amounting in aggregate up to \$140 million. We have drawn down this amount on the closing of the Offering, as well as \$1 million of Revolver Line. In addition, the Senior Credit Facility provides a revolving credit facility of up to \$25 million and an acquisition facility of up to \$85 million, to be made available to certain Borrowers.

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

Term Loan Facility 2, with up to \$7.4 million available for drawing, has been used to refinance existing indebtedness of Trader Hungary Tanacsado Kft.

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

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

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

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

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

The Senior Credit Facility requires mandatory prepayment in full upon any change of control or the sale of all or substantially all of the assets or business of the Group.

The term loan facilities are to be repaid in semi-annual, progressively increasing installments beginning in July 2006. The acquisition facility, if drawn, is to be repaid in equal semi-annual installments. All amounts outstanding under the revolving credit facility are due on the final maturity date, five years after the closing date of the Senior Credit Facility.

Transition Services Agreement

In February 2006, we entered into a Transition Services Agreement (the "**Transition Services Agreement**") with TCM relating to the ongoing relationship between the parties and the provision for a period of one year following the closing of the Offering of certain limited services and technical support to us by TCM. These services and technical support include information and technology management, facilities management, certain legal services, certain finance functions and certain general human resources functions.

Purchase of Minority Interests

Mirabridge, a wholly-owned subsidiary of TME and owner of an 88% interest in Pronto-Moscow, and Leonid Makaron, General Manager of our Russia and CIS business and owner of the remaining 12% interest in Pronto-Moscow, are parties to an Acquisition Agreement dated January 22, 2006. Under the Acquisition Agreement, Mirabridge purchased from Mr. Makaron his interest in Pronto-Moscow for a total consideration of \$100.9 million, including an amount based on the sum of the net proceeds of the Offering to TCM (a total of \$79.9 million) and an additional amount of \$21 million, 50% payable of which was payable on the closing of the Offering, and the remainder placed into an escrow account until it becomes payable to Mr. Makaron on December 31, 2007.

Purchase Agreements and Lock-up Letters

Mr. Makaron and Mr. McCall MacBain (the principal shareholder of TCM) have severally agreed, in separate agreements with Morgan Stanley & Co. International Limited dated January 22, 2006 (the "**Purchase Agreements**"), to each purchase in the Offering a number of GDRs equal to a price of at least \$25 million (3.8% of the issued and outstanding share capital of TME as calculated immediately prior to the closing of the Offering) and have each agreed not to offer, sell or otherwise dispose of GDRs, shares or any security of TME similar to the shares prior to the date falling 540 days after the closing of the Offering.

Current Trading and Prospects

Closing our Senior Credit Facility with our banking partners is a great step in the implementation of our acquisition strategy.

2006 is the year we are establishing a strong foundation for TME. Overall consumer spending and increasing internet usage are key supporting factors of our growth potential. The difficulties experienced in Hungary and the Moscow real estate market will still negatively impact our revenue growth in the first semester. However, we will be positioned for stronger growth in the second part of the year, planning for 6 to 9% for 2006 with an operation margin between 32% and 34%.

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 the Company 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 results to differ materially from those suggested by any such statements. Those factors include, but are not limited to, risks or uncertainties described in our publicly filed documents.

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.

Trader Media East Limited
Combined Balance Sheets
(USD in millions)

	December 31, 2004	December 31, 2005
Cash and cash equivalents	\$22.6	\$18.7
Restricted deposit	-	0.9
Accounts receivable, net of allowances	10.7	9.4
Other receivables	5.4	5.9
Other current assets	5.6	6.0
Total current assets	44.3	40.9
Property, plant and equipment, net	27.8	26.5
Goodwill	73.4	66.4
Intangible assets, net	46.6	40.4
Other non current assets	1.7	1.8
TOTAL ASSETS	\$193.8	\$176.0
Accounts payable and accrued liabilities	\$7.4	\$6.3
Deferred revenues	3.3	2.6
Social and fiscal liabilities	6.1	5.5
Other liabilities	0.4	0.2
Payables to related party	11.3	2.8
Current portion of long-term debt	-	1.1
Total current liabilities	28.5	18.5
Long-term liabilities:		
Long-term debt, net of current portion	-	6.1
Deferred income taxes	12.7	12.8
Other long-term liabilities	1.0	0.5
Related party long-term liabilities	47.8	26.0
Total liabilities	90.0	63.9
Minority interest	7.2	7.6
Invested equity	96.6	104.5
TOTAL LIABILITIES AND INVESTED EQUITY	\$193.8	\$176.0

Trader Media East Limited
Combined Statements of Operations
(USD in millions)

	December 31, 2004	December 31, 2005
Revenues	\$177.5	\$197.9
Cost of sales	(70.4)	(83.6)
General & Administrative	(44.4)	(49.4)
Depreciation and amortization	(7.4)	(6.5)
	(122.2)	(139.5)
Operating profit	55.3	58.4
Other income (expense):		
Interest and financing fees	(0.8)	(2.5)
Foreign exchange gain (loss) and other	(0.8)	0.7
	(1.6)	(1.8)
Income before income taxes and minority interest	53.7	56.6
Income tax provision, net	(17.1)	(18.6)
Income before minority interest	36.6	38.0
Minority interest	(7.0)	(7.6)
Net income	\$29.6	\$30.4

Trader Media East Limited
Combined Statements of Cash Flows
(USD in millions)

	December 31, 2004 (12 months)	December 31, 2005 (12 months)
Operating activities:		
Net income	\$29.6	\$30.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	7.0	7.6
Amortization	3.7	2.0
Depreciation	3.7	4.5
Provision for doubtful accounts	2.2	1.5
Unrealized foreign exchange loss (gain)	1.7	(1.7)
Non-cash taxes	0.8	1.7
Non-cash interest and other	0.4	2.0
Net change in restricted deposit	-	(0.9)
Net change in working capital balances	(5.5)	(4.3)
Net cash provided by operating activities	43.6	42.8
Investing activities:		
Cash paid for investments	(0.1)	(0.2)
Cash paid for property, plant and equipment	(5.7)	(5.5)
Cash paid for acquisitions, net of cash acquired	(24.3)	(2.2)
Net cash used in investing activities	(30.1)	(7.9)
Financing activities:		
Cash received from borrowings	-	7.7
Cash paid for financing costs	(0.6)	(0.3)
Invested Equity	24.6	(7.9)
Cash paid to minority interests and to related party	(36.8)	(37.1)
Increase in bank overdraft balances	0.2	(0.2)
Net cash used in financing activities	(12.6)	(37.7)
Effect of exchange rate changes on cash and cash equivalents	1.4	(1.1)
Net increase in cash and cash equivalents	2.3	(3.9)
Cash and cash equivalents at beginning of period	20.3	22.6
Cash and cash equivalents at end of period	\$22.6	\$18.7