PRESS RELEASE

2006 Half-Year Results

Revenues of $99.8 million
EBITDA of $26.2 million
Net Income of $4.8 million

Amsterdam, The Netherlands – September 29, 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 unaudited half-year results for the six-months ended June 30, 2006, prepared under US GAAP.

First Half 2006 Highlights

Financial Results (in US dollars)

In September 2006, the Board resolved to dispose of the Kisokos directory business in Hungary, as it was not considered part of the core-business of the Group. Accordingly, the financials for the year-ended December 31, 2006 will record Kisokos as a discontinued operation. The half-year results released today reflect the performance both including and excluding Kisokos.

	6 months ended June 30, 2006	
	Including Kisokos	**Excluding Kisokos**
Revenues	**$ 99.8**	**$ 97.3**
Total growth	2.6%	3.6%
Organic growth	4.1%	4.9%
Operation EBITDA *	**$ 26.2**	**$ 27.5**
Total growth	(20.8%)	(16.9%)
Margin	26.3%	28.3%
Consolidated EBITDA	**$ 23.0**	**$ 24.3**
Total growth	(27.7%)	(23.6%)
Margin	23.0%	25.0%
Net income	**$ 4.8**	
Total growth	(70.2%)	
Margin	4.8%	

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 depositary 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.

Disposal of Kisokos Directory Business

As noted above, the Directors have approved the disposal of this non-core directory business.

Pierre-François Catté, Trader Media East's Chief Executive Officer, said:
"The market conditions in Moscow and Hungary have negatively impacted our growth and EBITDA numbers. The debt positioning and the current non deductibility of its interest have impacted our net income. However, the acceleration of growth between Q1 and Q2 shows that the basics of the business are moving in the right direction."

Half Year 2006 Consolidated Results (US GAAP)

(In USD millions)	**H1 2005**	**H1 2006**	**Growth**
Revenues (1)	93.9	97.3	+3.6%
Operation EBITDA (1)	33.1	27.5	(16.9%)
Margin % (1)	35.3%	28.3%	
Consolidated EBITDA (1)	31.8	24.3	(23.6%)
Margin % (1)	33.9%	25.0%	
Kisokos loss	-	(1.3)	
Consolidated EBITDA	31.8	23.0	(27.7%)
Margin %	32.7%	23.0%	
Net Income	16.1	4.8	(70.2%)

(1) without Kisokos

Revenue Growth of 3.6%, organic growth of 4.9%

Half-year 2006 revenues reached $97.3 million, an increase of 3.6%. Excluding exchange rate impact, total revenue growth was 4.9%, fully organic.

Print revenues reached $93.3 million, an increase of 2.2%, or 3.3% organically.

Online revenues reached $4.0 million, an increase of 53.8%, or 60% organically.

Operation EBITDA of $27.5 million, margin of 28.3%
Consolidated EBITDA of $24.3 million, margin of 25.0%

Operation EBITDA reached $27.5 million, a decrease of 16.9%. Operation EBITDA margin decreased from 35.3% in the first half of 2005 to 28.3% in the first half of 2006.

Print operation EBITDA margin decreased from 35.4% to 27.8%, and online operation EBITDA margin increased from 30.8% in the first half of 2005 to 40.0% in the first half of 2006.

Corporate costs (representing for 2005 management fees charged by Trader Classified Media N.V.) increased by $1.9 million to $3.2 million in the first half of 2006 (representing mainly the costs incurred by our newly created corporate structures).

Consolidated EBITDA decreased by 23.6% in the first half of 2006 to $24.3 million with a margin of 25.0%.

Net Income of $4.8 million, margin of 4.8%

Net income reached $4.8 million in the first half of 2006 compared with $16.1 million in the first half of 2005, a decrease of 70.2%.

Free Cash Flow of $12.0 million

In the first half of 2006, the Group continued to generate a solid Free Cash Flow (after capital expenditures) of $12.0 million or 12% of revenue. Total cash used for acquisitions in the half-year amounted to $101.0 million, mainly due to the purchase of the 12% remaining shares in Pronto-Moscow in February 2006.

The Group’s net debt, after excess cash of $30.9 million, was $112.5 million as at June 30, 2006, representing a multiple of approximately 2.01 times the Group’s first half 2006 EBITDA on a twelve months basis, and was mainly due to the purchase of the minority interests in Pronto-Moscow and to the settlement of the balances with Trader Classified Media after the Offering.

Outlook for H2 2006

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

“Current trading performance leads us to confirm that we will achieve stronger growth in the second part of the year and we are maintaining our guidance of 6% to 9% organic revenue growth and 32% to 34% operation EBITDA for the full year.
We are maintaining our focus on current operations recovery and stabilization in Moscow and Hungary and focusing our investment efforts on our online business and expansion of vertical publications.
We will continue upgrading our management capability at both country and corporate levels, which will facilitate greater efficiencies and increase focus on acquisition opportunities.
Financially, we are examining ways to improve our fiscal structure and debt management to improve net margins.”

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 Financial Statements for the half-year ended June 30, 2006

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 253 print titles (178 excluding Kisokos), with 5 million readers per week and hosts 9 websites, with 4.1 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 4,800 people (4,700 without Kisokos) in 8 countries.

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.

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Trader Media East Limited
Operating and Financial Review

We are pleased to present the condensed consolidated interim financial results of Trader Media East Limited ("TME" or the "Group" or "We") for the first six-months of 2006. The financial results for the half-year have been prepared on the basis described in the section "Basis of presentation" of the notes to the accounts provided on page F - 8 of the half-year condensed consolidated interim 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, Recent Developments

We are a leader of online and print classified advertising with strong local brands serving local markets in Central and Eastern Europe. We produce 253 print titles, with 5 million readers per week and host 9 websites, with 4.1 million unique monthly visitors and employ 4,700 people in 8 countries.
Historically, our business was part of the Trader Classified Media group ("TCM"). In early 2006, TCM placed its Russian, CIS and Eastern European operations into a new holding company, Trader Media East Limited, our parent company. The subsequent international offering of TME's shares by TCM on the main market of the London Stock Exchange was successfully completed in February 2006. Since this date, we operate independently from TCM. In February 2006, we have purchased from the minority shareholder and Russian general manager the remaining 12% of Pronto-Moscow, our operating subsidiary in Moscow and mother-company of our business in Russia, Belarus and Kazakhstan.

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. Through our integrated print and online strategy, we offer buyers and sellers a comprehensive and focused forum for consumer-to-consumer and business-to-consumer transactions.

Historically, we have increased revenues primarily by expanding into new territories, segmenting existing markets through 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.

On September the 18th, 2006, we have announced that our Board of Directors was exploring strategic alternatives in relation to our Hungarian directory business, *Kisokos.* The decision made was to dispose of the business in the near future. *Kisokos* operation will be discontinued in the consolidated financial statements for the year ended December 31, 2006.

First half-year 2006 – 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 Operation EBITDA (operating profit before certain expenses) and Operation EBITDA margin.

We define EBITDA as operating profit before depreciation and amortization, non-cash compensation expense and write down on impaired assets and EBITDA margin as the ratio of EBITDA to revenues.
We define Operation EBITDA (or operating profit before certain expenses) as EBITDA before management service expenses / corporate costs and Operation EBITDA margin as the ratio of Operation EBITDA to revenues.

None of EBITDA, EBITDA margin, Operation EBITDA or Operation EBITDA margin is defined under US GAAP.

We present EBITDA (and the related measures EBITDA margin, Operation EBITDA and Operation EBITDA margin) because it is the measure we use to evaluate the performance of our operating units and because it is a widely accepted financial indicator of a company's ability to incur and service debt.

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

The following table shows a summary of our revenues, Operation EBITDA and Operation EBITDA margin (defined as the ratio of Operation EBITDA to revenues) by geographic segment:

In millions of $	**Half-year ended June 30, 2006**			**Half-year ended June 30, 2005**		
	Revenues	**Operation EBITDA**	**Operation EBITDA margin**	**Revenues**	**Operation EBITDA**	**Operation EBITDA margin**
	(millions of $)		**%**	**(millions of $)**		**%**
Russia, Baltics & the CIS	$70.6	$21.8	30.9	$64.6	$26.0	40.2
Hungary	20.0	2.4	12.0	24.3	5.2	21.4
Croatia and Poland	9.2	2.0	21.7	8.4	1.9	22.6
Total	**99.8**	**26.2**	**26.3**	**97.3**	**33.1**	**34.0**
Less Kisokos contribution	(2.5)	1.3	(52.0)	(3.4)	-	0.0
Total excluding Kisokos	**$ 97.3**	**$ 27.5**	**28.3**	**$ 93.9**	**$ 33.1**	**35.3**

Currency Fluctuations

We express our results in US dollar and generate revenues in eight currencies. The two most significant currencies are the Russian rouble, in which we have generated 71% of our revenues in the first half of 2006, and the Hungarian forint, in which we have generated 20% of our revenues in the first half 2006. Our results can be significantly impacted by fluctuations in these currencies compared to the US dollar.

Set up below is a table of June 2006 average rates against the US dollar compared to 2005.

	Half-year ended June 30, 2006 average rate	**Half-year ended June 30, 2005 average rate**	**Fluctuation %**
Russian rouble	0.0362	0.0353	3%
Hungarian forint	0.0047	0.0050	(6%)

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 15.8% in 2002 to 9.1% in the first-half of 2006.

The table below presents changes in Russia's consumer price index from 2001 through 2006.

	2002	**2003**	**2004**	**2005**	**2006 (first half)***
Consumer Price Index, December to December change in RUR…………………	15.8%	13.7%	10.9%	11.1%	9.1%

* for the twelve-months period from June 2005 to June 2006

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 (96% in the first half-year ended June 30, 2006 and 97% in the first half-year ended June 30, 2005) and Internet activity (4% of revenues in the half-year ended June 30, 2006 and 3% in the half-year ended June 30, 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	
	Half-year ended June 30, 2006	Half-year ended June 30, 2005
	(percentage of total revenues)	
Print revenues	**96%**	**97%**
Classified Ads	33%	34%
Display	45%	45%
Circulation	12%	13%
Services & Other	6%	5%
Online revenues	**4%**	**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 advertisement, which constituted 45% of revenues in the first half of 2006 and in the first half of 2005.

We published 253 classified advertising print titles as of June 30, 2006. Our print publications reached an annual circulation of approximately 68.6 million copies reaching an estimated 5 million readers each week. Our online business is growing strongly and in June 2006, we estimate that our websites attracted 4.1 million unique monthly visitors, compared to 3.1 million in December 2005.

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.

Consolidated Revenues

Revenues increased by $2.5 million, or 2.6%, to $99.8 million in the first half of 2006 from $97.3 million in the first half of 2005.

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.

Consolidated revenues	Half- Year ended June 30, 2006	Half- Year ended June 30, 2005	Growth	Organic Growth
	(millions of $)		(%)	(%)
Print Revenues				
Display	$ 44.9	$ 44.1	1.8%	3.2%
Classified Ads	33.0	33.2	(0.6%)	1.2%
Circulation	12.0	12.7	(5.5%)	(3.8%)
Service and other	5.9	4.7	25.5%	24.0%
Total Print Revenues	**95.8**	**94.7**	**1.2%**	**2.6%**
Online Revenues	4.0	2.6	53.8%	60.0%
Total Revenues	**99.8**	**97.3**	**2.6%**	**4.1%**
Less Kisokos contribution	(2.5)	(3.4)	(26.5%)	(17.4)%
Revenues (excluding Kisokos)	**$ 97.3**	**$ 93.9**	**3.6%**	**4.9%**

Print revenues in the first half of 2006 increased by 1.2%, to $95.8 million from $94.7 million in the first half of 2005. Excluding exchange rate impact, total and organic print revenue growth was 2.6%, reflecting primarily the growth in classified and display advertising.

Online revenues in the first half of 2006 increased by 53.8%, to $4.0 million from $2.6 million in the first half of 2005, due primarily to expansion of the online business in the Group, and growth in the online advertising market in general, particularly in the classified advertising market. Organic growth was 60.0% compared to the first half of 2005.

Revenues by Geographic Segment

Region	Half- Year ended June 30, 2006	Half- Year ended June 30, 2005	Growth	Organic Growth
	(millions of $)		*%*	*%*
Russia, Baltics & the CIS	$ 70.6	$ 64.6	9.3%	7.8%
Hungary without Kisokos	17.5	20.9	(16.3%)	(7.9%)
Croatia	5.9	5.2	13.5%	16.1%
Poland	3.3	3.2	3.1%	2.8%
Revenues (excluding Kisokos)	**$ 97.3**	**$ 93.9**	**3.6%**	**4.9%**

Russia, Baltics and the CIS.
Russia & CIS grew by 7.8% organically. Moscow, representing 45% of Russian & CIS business, experienced a decline in organic revenue of (9.7%) whereas our regions outside Moscow grew in excess of 28% organically. Moscow was impacted by the reduction of Real Estate advertising. We nevertheless see some recovery in Moscow in the second quarter with declining organic revenue of (8.9%) vs. the second quarter of 2005, compared to a decline of (10.7%) in the first quarter vs. the first quarter of 2005.

Hungary without Kisokos.
Revenue declined organically by (7.9%) compared to the first-half of 2005 despite the 38.3% organic revenue growth in online. The performance in Hungary reflects the poor market conditions of the automotive and real estate markets. We believe it unlikely that Hungarian economic policy will improve the prospects for these underlying markets in the short term. Our plan, through new business initiatives and geographical expansion, is to restore Hungary to growth by the end of the year. To address these issues, we are undertaking a number of revenue initiatives and we are fundamentally restructuring our Hungarian business through consolidation and partnership initiatives.

Croatia:
We noted a very strong organic growth of 16.1%, driven by a combination of strong Display and Professional advertising in our Generalist publication and newly launched Vertical publications. Croatia is also well positioned for online monetisation.

Poland.
Poland through accelerated online organic growth in the second quarter (55.0% compared to 39.1% in the first quarter) returned to positive organic revenue growth in the first-half of 2006 at +2.8% compared to the first half of 2005 (+47.6% for internet).

Operating Profit

Operation profit is as follows:

	June 30, 2006	June 30, 2005
Consolidated EBITDA	$ 23.0	$ 31.8
Depreciation and amortization	(3.1)	(2.9)
Stock-based compensation expense	(1.4)	-
Operating profit	**$ 18.5**	**$ 28.9**

Operating profit decreased by $(10.4) million from $28.9 million in the first half of 2005 to $18.5 million in the first half of 2006, a decrease of 36%. Excluding Kisokos contribution, the operating profit would have reached $20.1 million for the first half of 2006, a decrease of 31% compared to the first half of 2005. This decrease mainly arises from $8.8 million due to the decrease of the Consolidated EBITDA (or $7.5 million without Kisokos) as explained below, and for $1.4 million due to stock-based compensation expense.

EBITDA

Consolidated EBITDA

Consolidated EBITDA decreased by $8.8 million, from $31.8 million in the first half of 2005 to $23.0 million in the first half of 2006, showing a decrease of (27.7)%. Margin is experiencing a deterioration (23.0% versus 32.7% in the first half of 2005) due to declining print margin (25.7% versus 34.1% in the first half of 2005) and despite strong online margin improvement (40.1% versus 29.7% the first half of 2005). Organically, EBITDA is declining by (27.5%) versus the first half of 2005.
The decrease reflected mostly:
- Increased investments in production, marketing and sales expenses and a change of mix between Moscow and the Regions in Russia
- Revenue degradation in Hungary and more specifically the negative results in Kisokos, our directory business.

Consolidated EBITDA	Half- Year ended June 30, 2006	Half- Year ended June 30, 2005	Growth	Growth	Growth constant exchange rate	EBITDA Margin
	(millions of $)			%	%	%
Operation Print EBITDA	$ 24.6	$ 32.3	$ (7.7)	(23.8%)	(23.7%)	25.7%
Operation Online EBITDA	1.6	0.8	0.8	100.0%	112.8%	40.0%
Operation EBITDA	**26.2**	**33.1**	**6.9**	**(20.8%)**	**(20.5%)**	**26.3%**
Corporate Costs[1]	(3.2)	(1.3)	(1.9)	146.1%	167.1%	(3.2%)
Consolidated EBITDA	**23.0**	**31.8**	**(8.8)**	**(27.7%)**	**(27.5%)**	**23.0%**
Operation EBITDA excluding Kisokos	***27.5***	***33.1***	***(5.6)***	***(16.9%)***	***(16.4%)***	***28.3%***
Consolidated EBITDA without Kisokos	***$ 24.3***	***$ 31.8***	***$ (7.5)***	***(23.6%)***	***(23.3%)***	***25.0%***

[1] In 2005, we were part of the TCM group and our corporate costs result from an allocation of the TCM corporate costs to our business (Management service expense). In February 2006, we have implemented our own corporate structures.

Operation Print EBITDA decreased by $7.7 million, or (23.8%) in the first half of 2006 compared to 2005 of which (23.7%) organically. Without Kisokos, Operation Print EBITDA organic declined by (19.5%).

Operation Online EBITDA increased $0.8 million, or 100.0%, in the first half of 2006 compared to 2005 of which 112.8% organically, which reflected strong development throughout the Group.

Operation EBITDA by Geographic Segment

Region	Half- Year ended June 30, 2006	Half- Year ended June 30, 2005	Change	Organic growth	2006 EBITDA Margin	2005 EBITDA Margin
	(millions of $)		*%*	*%*	*%*	*%*
Russia, Baltics & the CIS	$ 21.8	$ 26.0	(16.2%)	(17.5%)	30.9%	40.2%
Hungary without Kisokos	3.7	5.2	(28.8%)	(20.4%)	21.1%	24.9%
Croatia	1.7	1.6	6.3%	10.3%	28.8%	30.8%
Poland	0.3	0.3	0.0%	(2.8%)	9.1%	9.4%
Operation EBITDA (excluding Kisokos)	**$ 27.5**	**$ 33.1**	**(16.9%)**	**(16.4%)**	**28.3%**	**35.3%**

Russia, Baltics and the CIS.
EBITDA showed a decrease of (16.2%), with a deterioration of margin (30.9% versus 40.2% in 2005) mainly attributable to a number of factors:

- A change of mix between Moscow and Regions through the decline of revenues in Moscow with high margins and the expansion of the business into lower margin Regions (which have a lower margin due to less critical mass and maturity of the business compared to Moscow)
- Investment in marketing
- Shift to colour in Moscow
- Payment of higher commissions to Display agencies in Moscow.

Hungary without Kisokos.
We incurred a decrease of EBITDA by (20.4%) organically and a deterioration of the margin (21.1% versus 24.9% in 2005) primarily due to the revenue degradation.

Acceleration in online EBITDA growth by 54.5% and improvement of the margin, amounting to 24.8% compared to 20.1% last year, has somewhat compensated for the above decreases.

Croatia.
we experienced a good growth of EBITDA by 6.3% due primarily to strong revenue performance and to important savings in print and paper costs partly offset by costs for launching new car and real estate publications.

Poland:
EBITDA remained flat compared to the first half of 2005 and margin remains stable at 9.1%. Print EBITDA is negative due to continued shift in business mix from print to online which experiences a significant growth by +54.2% with a margin of 29.8% compared to 28.8% in the first half of 2005.

Management Service Expense / Corporate costs

Management service expenses / corporate costs amounted to $3.2 million (or 3.2% of our revenues) in the first half of 2006 and $1.3 million in 2005, representing costs incurred as an independent group compared to management fees charged by TCM in 2005 when the TME countries were part of a larger group.

Stock-based compensation expense

In February 2006, Trader Media East has implemented an equity incentive plan, through which certain employees of the group, directors, and members of executive management have been granted with stock-options and restricted shares. These grants resulted in an expense by $1.4 million in the first half of 2006, compared to a negligible expense in 2005.

Depreciation and Amortization

Depreciation and amortization in the first half of 2006 remained steady at $3.1 million compared to $2.9 million in the first half of 2005.

Other Income and Expenses

Interest expenses in the first six-months of 2006 increased by $5.3 million to $ 5.8 million from $0.5 million in the first six-months of 2005. These expenses are due to the interest and financing fees related to our Senior Credit Facility in which we entered on February 9, 2006, and on which we incurred a 7.4% effective rate (excluding fees).

Our interests are due mainly on three term loans amounting in aggregate up to $140 million, that we have drawn down on the closing of the Offering, as well as $4 million of Revolver Line. These term loans have mainly been used:
- for $100 million, to purchase the 12% interest in Pronto-Moscow, previously held by the general manager of our Russian operations
- for $7.4 million, to refinance existing indebtedness in Hungary
- for $32.5 million, 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 is 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.

Income Taxes

Income taxes in the first half of 2006 decreased by $2.9 million or 29.3% to $7.0 million from $9.9 million in the first half of 2005. Expressed as a percentage of our income before tax and minority interest, it represented 51% for the first half of 2006 compared to 34% for the first half of 2005. This increase is mainly due to an inefficient tax structure that we are currently reviewing and redesigning. We expect to have implemented a new structure before the end of the year, leading to a significant reduction of our effective tax rate.

Minority Interest

Minority interest for the first half of 2006 decreased to $1.9 million from $3.5 million in the first half of 2005, mainly due to the impact of the repurchase of the remaining 12% shares of Pronto-Moscow, previously held by the general manager of our Russian operations.

Net Income

We generated net income of $4.8 million for the first half of 2006 compared to $16.1 million for the first half of 2005, or a decrease by $(11.3) million, mainly due to the decrease of the operating profit by $(10.4) million and increase of the interest expense by $(5.3) million, partly offset by a decrease of the income taxes and minority interest by $4.5 million.

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 amounted to $14.5 million and $23.5 million in the first halves of 2006 and 2005 respectively. The decrease essentially reflects the reduction in net income, partly offset by an increase in our working capital balances.
Net cash used in investing activities was $103.5 million and $4.2 million in the first halves of 2006 and 2005, respectively. The increase primarily reflected the purchase of the minority interest in Pronto Moscow.
Net cash provided by financing activities amounted to $100.7 for the first half of 2006, reflecting mainly the drawn down of a $100 million for the repurchase of the minority interest of Pronto-Moscow.

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 $12.0 million and $20.9 million in the first halves of 2006 and 2005, respectively.
Cash paid for capital expenditure amounted to $2.5 million and $2.6 million in the first halves of 2006 and 2005 respectively. Capital expenditure includes development costs incurred for our online business.

Other issues

In June 2006, Pronto-Moscow received a claim amounting to $6 million from the tax authorities in relation to a tax dispute and penalties dated back to 1998. This tax claim was disputed by the Company and was heard on the 20th September 2006 by the Court in Moscow, which ruled in our favor. The tax authorities have indicated that this decision will be appealed. The Company considers that no provision for any settlement would be necessary at this stage. In connection with this claim, the company deposited in escrow an amount of $3.9 million beginning of July 2006.

Current Trading and Prospects

Current trading performance leads us to confirm that we will achieve stronger growth in the second part of the year and we are maintaining our guidance of 6% to 9% organic revenue growth and 32% to 34% operation EBITDA for the full year.
We are maintaining our focus on current operations recovery and stabilization in Moscow and Hungary and focusing our investment efforts on our online business and expansion of vertical publications.
We will continue upgrading our management capability at both country and corporate levels, which will facilitate greater efficiencies and increase focus on acquisitions opportunities.
Financially, we are examining ways to improve our fiscal structure and debt management to improve net margins.

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.

Review report of the Auditors

To the Board of Directors of Trader Media East Limited

We have reviewed the accompanying condensed consolidated interim balance sheet of Trader Media East Limited and its subsidiaries as of June 30, 2006 and the related condensed consolidated interim statements of operations, cash flows and changes in shareholder's equity for the six months then ended. This condensed consolidated interim financial information is the responsibility of the Trader Media East Limited's management. Our responsibility is to issue a report on this condensed consolidated interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the condensed consolidated interim financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Neuilly-sur-Seine, France
September 26, 2006

PricewaterhouseCoopers

TRADER MEDIA EAST Ltd.
Condensed Consolidated Interim Balance Sheets
(Unaudited)

US Dollars in millions	**June 30, 2006**	**December 31, 2005**
Assets		
Current Assets		
Cash and cash equivalents	$ 30.9	$ 18.7
Restricted deposits	-	0.9
Accounts receivable, net of allowance	11.1	9.4
Other receivables (note 8)	9.5	5.9
Other current assets	7.4	6.0
Total Current assets	**58.9**	**40.9**
Long term Assets		
Property, Plant and Equipment, Net	27.7	26.5
Goodwill, Net (note 4)	126.4	66.4
Intangibles Assets, Net (note 4)	94.7	40.4
Other non current assets	17.8	1.8
Total Assets	**$ 325.5**	**$ 176.0**
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 12.8	$ 6.3
Deferred revenues	4.6	2.6
Social and Fiscal liabilities	6.4	5.5
Other liabilities	0.2	0.2
Payables to related party	-	3.5
Current portion of long term debt (note 5)	23.5	1.1
Total Current Liabilities	**47.5**	**19.2**
Long Term Liabilities		
Long term debt, net (note 5)	119.9	6.1
Deferred income taxes (note 4)	26.7	12.8
Other long term liabilities	11.6	0.5
Related party long term liabilities	-	24.8
Total liabilities	**205.7**	**63.4**
Commitments and contingencies (note 7)		
Minority interests	2.9	7.6
Common stock (note 6)	8.0	-
Additional paid in capital	671.2	-
Deferred stock-based compensation expense	1.4	-
Accumulated other comprehensive income	17.8	12.1
Retained Earnings	(581.5)	92.9
Shareholders Equity	**116.9**	**105.0**
Total Liabilities and Invested Equity	**$ 325.5**	**$ 176.0**

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

TRADER MEDIA EAST Ltd.
Condensed Consolidated Interim Statements of Operations
(Unaudited)

US Dollars in millions, except shares and per share Amounts	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Revenues	**$ 99.8**	**$ 97.3**
Operating costs and expenses :		
Cost of sales	(47.7)	(41.1)
General and Administrative	(29.1)	(24.4)
Operating profit before certain expenses	**23.0**	**31.8**
Stock-based compensation Expenses	(1.4)	-
Depreciation and Amortization	(3.1)	(2.9)
Total Operating Profit	**18.5**	**28.9**
Interest and Financing fees	(5.8)	(0.5)
Foreign Exchange gain (loss) and other	1.0	1.1
	(4.8)	**0.6**
Income before income tax and minority interest	**13.7**	**29.5**
Income tax net	(7.0)	(9.9)
Income before minority interest	**6.7**	**19.6**
Minority interest	(1.9)	(3.5)
Net Income	**$ 4.8**	**$ 16.1**
Average number of shares outstanding		
Basic	50 000 000	-
Diluted	50 000 000	-
Net income per share, in USD Dollar per share		
Basic	$ 0.096	-
Diluted	$ 0.096	-

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

TRADER MEDIA EAST Ltd.
Condensed Consolidated Interim Statements of changes in Shareholder's Equity and Total Comprehensive Income
(Unaudited)

US Dollars in million	**Common Stock**	**Additionnal paid-in capital**	**Deferred Compensation Expense**	**Other Comprehensive Income**	**Retained earnings**	**Total shareholder's equity**
As of January 1, 2006	**$ -**	**$ -**	**$ -**	**$ 12.1**	**$ 92.9**	**$ 105.0**
Issuance of share (49 999 976 x 0.16$) and of share premium in the restructuring process	8.0	671.2			(679.2)	-
Net income for the half-year ended June 30, 2006					4.8	4.8
Net change related to cash-flow hedge, net of tax				0.3		0.3
Compensation expense for the half-year ended June 30, 2006			1.4			1.4
Currency translation adjustment				5.4		5.4
As of June 30, 2006	**$ 8.0**	**$ 671.2**	**$ 1.4**	**$ 17.8**	**$ (581.5)**	**$ 116.9**

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

TRADER MEDIA EAST Ltd.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)

US Dollars in millions	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Operating activities:		
Net income	**$ 4.8**	**$ 16.1**
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	1.9	3.5
Amortization	0.8	0.9
Depreciation	2.3	2.0
Stock-based compensation expense	1.4	-
Provision for doubtful accounts	0.7	0.6
Unrealized foreign exchange gain	(1.3)	(1.8)
Non cash taxes	(0.1)	1.5
Non-cash interest and other	0.9	0.4
Net change in restricted deposit	-	(0.9)
Net change in working capital balances	3.1	1.2
Net cash provided by operating activities	**14.5**	**23.5**
Investing activities:		
Cash paid for investments	-	(0.3)
Cash paid for property, plant and equipment	(2.5)	(2.6)
Cash paid for acquisitions, net of cash acquired (note 4)	(101.0)	(1.3)
Net cash used in investing activities	**(103.5)**	**(4.2)**
Financing activities:		
Cash received from borrowings	144.0	0.1
Cash repayments for borrowings	(7.3)	(0.2)
Cash paid for financing costs	(5.2)	(0.1)
Dividends paid to minority shareholders	(2.8)	(3.2)
Cash paid to related parties	(28.2)	(10.8)
Change in invested equity	-	0.6
Increase in bank overdraft balances	0.2	-
Net cash provided / (used) by financing activities	**100.7**	**(13.6)**
Effect of exchange rate changes on cash and cash equivalents	0.5	(3.0)
Net increase in cash and cash equivalents	**12.2**	**2.7**
Cash and cash equivalents at beginning of period	18.7	22.6
Cash and cash equivalents at end of period	**$ 30.9**	**$ 25.3**

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

(*) *Consolidated EBITDA before corporate costs.*

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION:

BACKGROUND

Formation of the group

Trader Media East Ltd (**"**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. in The Netherlands.
- the purchase by Trader East Holdings from members of the TCM group of their investments in Hungary, Poland and Croatia in exchange for a promissory note to the TCM group.
- the contribution by TCM of its investment in Mirabridge International B.V., which owned 88% of Pronto-Moscow, in exchange for the shares of Trader East Holdings.
- the contribution by TCM of the shares of Trader East Holdings (and consequently its promissory note) to Trader Media East in exchange for a capital increase of Trader Media East beneficial to TCM.

On February 10, 2006, TME purchased from Leonid Makaron the remaining 12% shares of Pronto-Moscow, which operates the business located in Moscow and is the mother company of the operations located in the Russian regions, Belarus, Kazakhstan and Lithuania. Please refer to note 4- Acquisitions.

Listing of the Company

After this process, on February 10, 2006, TCM completed the listing of 43.5 million of TME's shares in the form of Global Depositary Receipts ("**GDRs**") on the main market of the London Stock Exchange, with unconditional trading commencing on February 13, 2006 (the "**Offering**"). TCM has retained a 13% interest in Trader Media East.

Letter Agreement with TCM

In a Letter Agreement dated January 25, 2006, TCM and Trader Media East agreed that the assets and earnings of operations transfer and promissory notes issued in connection with the reorganization described above were deemed to have taken place with economic effect on January 1, 2006.

DESCRIPTION OF THE BUSINESS

Trader Media East is a leader in classified advertising and owns leading publications and websites in major metropolitan and regional markets in these regions. Trader Media East's major publications and websites include:

- in Hungary, the publications *Expressz, Kepes Auto, Kepes Ingatlan, Mai Hirdetes, Szuperinfo, Kisokos* and the website *www.expressz.hu*;
- in Moscow and major cities across Russia and the Commonwealth of Independent States, the publications *Iz Ruk v Ruki, Aviso, Avto, Nedvizhimost* and the websites *www.izrukvruki.ru* and *www.irr.ru*;
- in Croatia, the publication *Oglasnik* and the website *www.oglasnik.hr*; and
- in Poland, the publications *Auto Bit* and *Auto Biznes* and the websites *www.trader.pl* and *www.kupsprzedaj.pl*.

BASIS OF PRESENTATION

For all periods, the terms "**Trader Media East**", "**Group**" or the "**Company**" as used herein refer to Trader Media East Limited and its subsidiaries. The condensed consolidated interim financial statements of Trader Media East cover the six-months period closed as of June 30, 2006. The results presented for this period are the consolidated results of TME and its subsidiaries (as acquired in January 2006 in the course of the Restructuring), from January 1, 2006 to June 30, 2006.

The 2005 comparative information presented have been prepared from the consolidation returns prepared by TCM operations subsequently acquired by Trader Media East for the purposes of the consolidated financial statements of TCM using TCM historical bases in the assets, liabilities and result of operations. Trader Media East operations have been historically part of the TCM business and its assets and liabilities were held by several indirect subsidiaries of TCM. The condensed consolidated interim financial statements include the historical assets, liabilities, revenue and expenses that were directly recorded by the Trader Media East subsidiaries acquired through the Restructuring during the periods presented. Trader Media East did not previously operate as a separate, stand-alone company.

Trader Media East's results until December 31, 2005 were included in the consolidated financial statements of TCM on a regional basis, and there are accordingly no separate historical equity accounts for Trader Media East. Changes in invested equity represent TCM net investment in Trader Media East after giving effect to the net earnings of Trader Media East, dividends paid and transfers (including cash) to and from TCM.

In 2005 and January 2006, the consolidated financial statements include allocations of certain TCM corporate expenses, including legal, accounting, operation, acquisition, as well as treasury and other corporate and infrastructure costs. The expense allocations have been determined on the basis that TCM and Trader Media East are considered as being a reasonable reflection of the utilization of services provided or corresponding to the benefit received by Trader Media East. Beginning February 2006, Trader Media East has used its newly created own corporate structures.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation:

The Company's condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). These financial statements include the results of consolidated entities as described above.

All majority-owned subsidiaries of Trader Media East business have been consolidated in the accompanying condensed consolidated interim financial statements. Investments in affiliated companies over which the Company has a significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. Investments of 20% or less are accounted for under the cost method. All significant intercompany accounts and transactions have been eliminated.

(b) Foreign currency translation:

Over the reporting periods, all entities use their local currency as their functional currency. The financial statements of these entities are translated into US Dollars, the reporting currency of Trader Media East, using the period-end exchange rate for balance sheet items and the weighted average exchange rate for items in the statements of operations.

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

	RUB/US $	**HUF/US $**	**HRK/US $**	**PLZ/US $**	**EUR/US $**
2005					
Average	0.035	0.005	0.167	0.308	1.239
Closing	0.035	0.005	0.167	0.307	1.184
2006					
Average	0.036	0.005	0.169	0.316	1.232
Closing	0.037	0.004	0.173	0.307	1.255

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Depreciation is computed for financial reporting purposes by use of the straight-line method over the estimated useful lives as follows:

Asset	Estimated useful lives
Buildings	25-50 years
Office furniture, computers and equipment	3-10 years
Software	1-5 years
Printing presses and related equipment	3-15 years
Leasehold improvements	2-20 years

Assets held under capital leases and leasehold improvements are amortized over the shorter of the term of the related lease or the useful life of the asset. Gains or losses on the sale of property, plant and equipment are recognized in the period of disposal of the asset. Improvements which extend the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred.

(d) Goodwill and intangible assets:

Goodwill represents the excess of purchase price over the fair value of identifiable assets and liabilities acquired. Intangible assets, substantially all of which resulted from business combinations, include tradenames and advertiser bases.

Purchase price amounts allocated to these intangibles, and their related amortization periods, are determined principally by external valuation studies and by the Company. Tradenames with definite life and advertiser base are amortized using the straight-line method over their estimated useful lives, which range from 10 to 20 years for tradenames and from 6 to 12 years for the advertiser base. In accordance with SFAS No. 142, goodwill and intangible assets with indefinite useful lives are not amortized but subject to at least an annual assessment for impairment.

(e) Impairment of assets:

SFAS No. 142 prohibits the amortization of goodwill and purchased intangible assets with indefinite lives. The Company reviews goodwill and purchased intangible assets with indefinite lives for impairment annually in the last quarter and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. The Company compares the carrying value of each of its geographic reporting units, including goodwill and intangible assets, to the fair value of the reporting unit, based on its projected cash flows, discounted with the appropriate weighted-average cost of capital. If the carrying amount of a geographic reporting unit’s goodwill exceeds its implied fair value, the Company records an impairment loss equal to the difference.

Long-lived assets, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset, which is based on discounted cash flows.

(f) Revenue recognition:

The Group's primary source of print revenue is the sale of advertising space in its publications. Private and professional classified ads and display ads are published on a daily, weekly and monthly basis. The related revenues are recognized at the time the advertisement is published. Revenues related to advertisements appearing on multiple occasions are deferred and recognized during the period when the advertisement is run.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Circulation revenues, net of returns, are recognized on a weekly basis at the time when the publications are sold through to the customer. Circulation revenues are earned mainly through kiosks, newsstands and other points of sales.

Service and other revenues primarily include warranty services in Hungary and printing for third parties in Russia. The products or services are recognized as earned at the date the products are sold to the final customer, or when contracts are activated. In addition, other revenue includes the sale of prepaid telephone cards, used by customers to call our centers to publish an ad. Prepaid telephone card revenue is recognized when the card is sold to the customer because the use of the card typically takes place in the month of its sale.
Online revenues are derived primarily from classified ads and display ads, including professional ads, consumer ads and banners which are deferred and recognized during the period when the advertisement is run.

(f) Revenue recognition (Continued):

Other types of revenue include **(1)** subscription or one-off access fees to content and information provided through the Company'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 on website 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) Website development costs:

The Group recognizes website development costs in accordance with EITF No. 00-02, "*Accounting for Website Development Costs*." As such, the Group expenses all costs incurred that relate to the planning and post implementation phases for development of its websites. Direct costs incurred in the development phase are capitalized and recognized over the estimated useful lives. Costs associated with repair and maintenance of the website are included in operating costs and expenses in the condensed consolidated interim statements of operations.

(h) Stock-Based Compensation Expense

The Company adopted SFAS No. 123 (revised 2004), *Share-Based Payment*, (SFAS No. 123(R)) which requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors based on estimated fair values. SFAS No. 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25), for periods beginning January 1, 2006. In March 2005, the SEC issued Staff Accounting Bulletin (SAB) No. 107 relating to SFAS No. 123(R). The Company has applied the provisions of SAB No. 107 in its adoption of SFAS No. 123(R).
The Company adopted SFAS No. 123(R), with the application of the accounting standard as of January 1, 2006. The Company's condensed consolidated interim financial statements as of and for the six months ended June 30, 2006 reflect the impact of SFAS No. 123(R). Stock-based compensation expense recognized under SFAS No. 123(R) for the six months ended June 30, 2006 was $1.4 million.

SFAS No. 123(R) requires companies to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's consolidated statement of earnings.

Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that is ultimately expected to vest during the period. Stock-based compensation expense recognized in the Company's condensed consolidated interim statement of earnings for the six months ended June 30, 2006 included compensation expense for the stock-based payment awards granted subsequent to January 1, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Stock-Based Compensation Expense (Continued)

In conjunction with the adoption of SFAS No. 123(R), compensation expense for all stock-based payment awards granted on or subsequent to January 1, 2006 is recognized using the straight-line single-option method.

The Company determines fair value of certain stock-based payment awards on the date of grant using an option-pricing model. This model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. Main hypothesises are as follows as of June 30, 2006:

	June 30, 2006
Expected dividend yield	0%
Expected stock price volatility	30%
Risk-free interest rate	5.20%
Expected life	7 years

(i) Income taxes:

Under the provisions of SFAS No. 109, "*Accounting for Income Taxes*", income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credits carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period during which the change is enacted.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. A valuation allowance is recorded to reduce a deferred tax asset to the portion which is more likely than not to be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

(j) Earnings per share:

Basic earnings per share is computed using the weighted average number of common shares outstanding and diluted earnings per share is computed using the weighted average number of common and potentially dilutive common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of share options using the Treasury Stock method.

(k) Recent accounting pronouncements

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs – an Amendment of ARB No. 43, Chapter 4*. The standard requires abnormal amounts of idle facility and related expenses to be recognized as current period charges and also requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of this accounting pronouncement did not have a material effect on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets*. The provisions of this Statement are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15,

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Recent accounting pronouncements (Continued)

2005. The provisions of this Statement should be applied prospectively, and eliminate the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, *Accounting for Nonmonetary Transactions*, and replace it with an exception for exchanges that do not have commercial substance. The adoption of this accounting pronouncement did not have a material effect on the Company's consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*, which replaces Accounting Principles Board (APB) Opinion No. 20, *Accounting Changes* and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. This pronouncement applies to all voluntary changes in accounting principle, and revises the requirements for accounting for and reporting a change in accounting principle. SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle, unless it is impracticable to do so. This pronouncement also requires that a change in the method of depreciation, amortization, or depletion for long-lived, non-financial assets be accounted for as a change in accounting estimate that is effected by a change in accounting principle. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Statement does not change the transition provisions of any existing accounting pronouncements, including those that are in a transition phase as of the effective date of SFAS No. 154. The adoption of this accounting pronouncement did not have a material effect on the Company's consolidated financial statements.

The FASB issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments" ("SFAS No. 155") in February 2006. SFAS No. 155 amends SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), and SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 140") and addresses the application of SFAS No. 133 to beneficial interests in securitized financial assets. SFAS No. 155 establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. Additionally, SFAS No. 155 permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 is effective for fiscal years beginning after September 15, 2006. We are currently assessing the impact SFAS No. 155 will have on our consolidated financial statements and do not anticipate it will be material.

The FASB issued Statement of Financial Accounting Standards No. 156, "Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140" ("SFAS No. 156") in March 2006. SFAS No. 156 requires a company to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset. A company would recognize a servicing asset or servicing liability initially at fair value. A company will then be permitted to choose to subsequently recognize servicing assets and liabilities using the amortization method or fair value measurement method. SFAS No. 156 is effective for fiscal years beginning after September 15, 2006. We are currently assessing the impact SFAS No. 156 will have on our consolidated financial statements and do not anticipate it will be material.

On July 13, 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109" ("FIN No. 48"). FIN No. 48 clarifies what criteria must be met prior to recognition of the financial statement benefit of a position taken in a tax return. FIN No. 48 will require companies to include additional qualitative and quantitative disclosures within its financial statements. The disclosures will include potential tax benefits from positions taken for tax return purposes that have not been recognized for financial reporting purposes and a tabular presentation of significant changes during each period. The disclosures will also include a discussion of the nature of uncertainties, factors which could cause a change, and an estimated range of reasonably possible changes in tax uncertainties. FIN No. 48 will also require a company to recognize a financial statement benefit for a position taken for tax return purposes when it will be more-likely-than-not that the position will be sustained. FIN No. 48 will be effective for fiscal years beginning after December 15, 2006. We are currently assessing the impact FIN No. 48 will have on our consolidated financial statements.

3. GEOGRAPHIC INFORMATION:

The Group's geographic operating segments are organized on a regional basis for purposes of presenting internal financial information, consistent with its operating management structure. Geographical operating profit is analyzed by management before certain expenses such as depreciation, amortization, non-cash compensation expense and write-down of impaired assets.

The Company considers its products to be classified advertisements, display advertisements and services. The channels through which these products are distributed, which today are print publications and Internet websites do not constitute separate business segments within the meaning of SFAS No.131 "Disclosures about segments of an Enterprise and Related Information*"*.

Half-year ended June 30, 2006	Russia & the CIS	Hungary	Poland	Croatia	Corporate	Total
Print revenues	$ 69.5	$ 18.5	$ 2.0	$ 5.8	-	$ 95.8
Online revenues	1.1	1.5	1.3	0.1	-	4.0
Total revenues	**70.6**	**20.0**	**3.3**	**5.9**	**-**	**99.8**
Operating profit (loss)						
Before certain expenses	21.8	2.4	0.3	1.7	(3.2)	23.0
Interest (expense) income	(2.7)	(0.7)	(0.3)	(0.4)	(1.7)	(5.8)
Amortization	(0.1)	(0.6)	(0.1)	-	-	(0.8)
Depreciation	(1.3)	(0.7)	(0.1)	(0.2)	-	(2.3)
Income tax (expense) benefit	(7.3)	0.6	-	(0.3)	-	(7.0)
Total assets	**217.9**	**68.7**	**3.5**	**23.0**	**12.4**	**325.5**
Goodwill	**85.3**	**36.4**	**0.6**	**4.1**	**-**	**126.4**
Property, plant and equipment	**21.8**	**3.9**	**0.3**	**0.9**	**0.8**	**27.7**
Additions to property, plant and equipment	**$ 1.0**	**$ 0.1**	**$ 0.1**	**$ 0.5**	**$ 0.8**	**$ 2.5**

Year ended December 31, 2005	Russia & the CIS	Hungary	Poland	Croatia	Corporate	Total
Print revenues	$ 135.4	$ 42.6	$ 4.3	$ 10.3	-	$ 192.6
Online revenues	1.2	2.2	1.8	0.1	-	5.3
Total revenues	**136.6**	**44.8**	**6.1**	**10.4**	**-**	**197.9**
Operating profit (loss)						
before certain expenses	54.8	9.0	0.5	3.6	(3.0)*	64.9
Interest (expense) income	0.1	(0.3)	(0.3)	(0.4)	-	(0.9)
Amortization	(0.6)	(1.3)	(0.1)	-	-	(2.0)
Depreciation	(2.6)	(1.7)	(0.2)	(0.0)	-	(4.5)
Income tax (expense) benefit	(16.3)	(1.9)	0.3	(0.7)	-	(18.6)
Total assets	**79.1**	**71.7**	**3.4**	**21.8**	**-**	**176.0**
Goodwill	**23.5**	**38.5**	**0.6**	**3.8**	**-**	**66.4**
Property, plant and equipment	**21.0**	**4.7**	**0.3**	**0.5**	**-**	**26.5**
Additions to property, plant and equipment	**$ 2.7**	**$ 2.2**	**$ 0.3**	**$ 0.5**	**-**	**$ 5.7**

* Management service expense incurred from TCM

3. GEOGRAPHIC INFORMATION (CONTINUED)

Half-year ended June 30, 2005	**Russia & the CIS**	**Hungary**	**Poland**	**Croatia**	**Corporate**	**Total**
Print revenues	$ 64.1	$ 23.1	$ 2.3	$ 5.2	-	$ 94.7
Online revenues	0.5	1.2	0.9	-	-	2.6
Total revenues	**64.6**	**24.3**	**3.2**	**5.2**	**-**	**97.3**
Operating profit (loss) before certain expenses	26.0	5.2	0.3	1.6	(1.3)*	31.8
Interest (expense) income	(0.0)	(0.1)	(0.1)	(0.3)	-	(0.5)
Amortization	(0.2)	(0.6)	(0.1)	-	-	(0.9)
Depreciation	(1.3)	(0.6)	(0.1)	(0.0)	-	(2.0)
Income tax (expense) benefit	$ (8.0)	$ (1.4)	$ -	$ (0.5)	-	$ (9.9)

* Management service expense incurred from TCM

Revenues generated by channel are as follows:

	June 30, 2006	**June 30, 2005**
Print revenues		
Classified Ads	$ 33.0	$ 33.2
Display	44.9	44.0
Circulation	12.0	12.7
Services & Other	5.9	4.8
Total Print revenues	**95.8**	**94.7**
Online revenues	4.0	2.6
Total revenues	**$ 99.8**	**$ 97.3**

4. ACQUISITIONS:

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

Under the Acquisition Agreement dated January 22, 2006, the Group has purchased from Leonid Makaron, the general manager of our Russian and CIS operations, his interest in Pronto-Moscow, for a total consideration of $100.9. On this amount, an amount of $10.5 has been paid into escrow account payable on December 31, 2007, on which a 7% interest is due. In accordance with FAS 141, this part of the purchase price has been booked at its fair value as part of the investment in Pronto Moscow.

The purchase price has been allocated to the main publication titles identified in Moscow and valued based on a discounted cash-flow method. These intangible and goodwill have been allocated to Russia and the CIS and valued in Russian Rubbles. For the purpose of the table below, the amounts have been translated into US dollar, using the applicable rate at the date of the transaction.

	June 30, 2006
Minority Shareholders	$ 3.6
Goodwill	57.9
Intangible assets	52.5
Deferred tax liabilities	(12.6)
Debt payable to the seller at fair value	(11.0)
Deposit on escrow account	10.5
Total cash paid for acquisition	**$ 100.9**

Acquisition of Minority Interests in Hungary

Under the purchase agreement dated May 30, 2004 Expressz has agreed to buy from minority interest its 7.6% remaining shares in the Company Szuperinfo as of May 31, 2006. This acquisition represented $0.1 of cash paid for acquisition.

5. LONG-TERM DEBT :

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.

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 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). 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 repayment 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 biannual, progressively increasing installments beginning in July 2006. The acquisition facility, if drawn, is to be repaid in equal biannual 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.

	Gross value	**Repayment terms**		
	June 30, 2006	**less than one year**	**more than one year**	**Repayable at the maturity date**
Senior Credit Facility				
Term loan 1	$ 100.0	$ 14.0	$ 86.0	$ -
Term loan 2	6.9	1.0	5.9	-
Term loan 3	32.5	4.5	28.0	-
Revolving	4.0			4.0
Total drawn	**$ 143.4**	**$ 19.5**	**$ 119.9**	**$ 4.0**

We use derivative instruments, including swaps, forward contracts and options to manage certain foreign currency, commodity and interest rate exposures. We view derivative instruments as risk management tools and do not use them for trading or speculative purposes. Derivatives used for hedging purposes must be designated and effective as a hedge of the identified risk exposure at the inception of the contract. Accordingly, changes in the fair value of the derivative contract must be highly correlated with changes in the fair value of the underlying hedged item at inception of the hedge and over the life of the hedge contract.

At June 30, 2006, the fair value of derivatives recorded as assets was $0.5 million, and the fair value of derivatives recorded as liabilities was immaterial. Gains and losses recognized in earnings related to the ineffectiveness of cash flow hedges during the quarter ended June 30, 2006 amounted to a loss of $0.2 million. All open derivative contracts accounted for as cash flow hedges mature between December 2006 and October 2009.

6. SHARE CAPITAL:

At January 1, 2006, Trader Media East Ltd 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 as of January 25, 2006, then brought to 12 shares of $0.16 at the same date after that each member of the company have allotted and issued as par to them 0.96875 of a share. These shares have been transferred to TCM. A further number of 49,999,976 ordinary shares have been issued in the restructuring process to the benefit of TCM, being the final owner of the 50,000,000 ordinary shares of TME.

In February 2006, TCM completed the Offering of these 50,000,000 shares in the form of Global Depositary Receipts. TCM has retained an interest of 6,521,739 shares in the company, or 13%.

7. COMMITMENTS AND CONTINGENCIES:

The Group is or may be involved in various litigation and tax audits arising in the normal course of business in several countries.

In particular, a media agent company filed a claim against one of our Hungarian subsidiaries, requesting payment of HUF 820.1 million (or $3.8) for an alleged breach of contract and breach of the Competition Act for failure to enter into an agreement in 2006. The Group believes that none of these actions, individually or in the aggregate, will have material adverse effect on the combined financial statements.

In June 2006, Pronto-Moscow received a claim amounting to $6 million from the tax authorities in relation to a tax dispute and penalties dated back to 1998. This tax claim was disputed by the Company and was heard on the 20th September 2006 by the Court in Moscow, which ruled in our favor. The tax authorities have indicated that this decision will be appealed. The Company considers that no provision for any settlement would be necessary at this stage. In connection with this claim, the company deposited in escrow an amount of $3.9 million beginning of July 2006.

8. RELATED PARTY TRANSACTIONS :

Management and assistance contract

For the first half of 2005 and before the Offering, the consolidated entities signed a management and assistance contract with TCM to compensate for services incurred by TCM head office personnel for the benefit of the consolidated businesses. These services were performed in following areas: management of operations, legal, finance, human resources, internal audit, information technology, marketing and acquisitions.

Accordingly, an amount of $1.3 has been recorded as expenses of Eastern European countries for the first half of 2005. In 2006, an amount of $0.2 has been charged by TCM to Eastern European countries, relating to the pre-listing period.

Cash advance granted to TCM

Included in Other receivables is an amount of $3.4 due by TCM, representing cash advanced against the intention to pay a dividend of $5.9 relating to the pre-listing period. The dividend was not authorized and declared, and accordingly TME has claimed the repayment of the advance.

TCM disputes this claim but the directors of TME are confident in TME's entitlement to this amount.

9. SUBSEQUENT EVENTS :

On September the 18th,our Board of Directors was exploring strategic alternatives in relation to our Hungarian directory business, *Kisokos*. The decision made was to dispose of the business in the near future. If the sale has not occurred before year-end, TME will classify Kisokos as a discontinued operation and as assets held for sale in its financial statements as of December 31, 2006, and will account for this business at fair value.

Had the group taken this decision before the half-year closing as of June 30, 2006, the assets and liabilities owned by the operation would have been shown under the line “assets held for sale” of the Balance Sheet and its contribution to the Income Statement would have been excluded from the net income of the continuing operations. Below is the table showing the contribution of Kisokos on our operating results:

	June 30, 2006		**June 30, 2005**	
	Kisokos included	**Kisokos excluded**	**Kisokos included**	**Kisokos excluded**
Print revenues	$95.8	$ 93.3	$ 94.7	$ 91.3
Online revenues	4.0	4.0	2.6	2.6
Total revenues	**99.8**	**97.3**	**97.3**	**93.9**
Operating profit before certain expenses	**23.0**	**24.3**	**31.8**	**31.8**
Margin	*23.0%*	*25.0%*	*32.7%*	*33.9%*
Depreciation and amortization	(3.1)	(2.8)	(2.9)	(2.6)
Stock-based compensation expense	(1.4)	(1.4)	-	-
Operating profit	**$ 18.5**	**$ 20.1**	**$ 28.9**	**$ 29.2**