



## PRESS RELEASE

### Filing of 2008 Annual Report and Accounts

**Naarden, The Netherlands – April 30, 2009.**

Trader Media East Limited (the "Company" or "TME" or "Group") announces that it has sent its Annual Report 2008, Responsibility statement and Audited Financial Statements for the year ending December 31, 2008.

A copy of the Company's Annual Report 2008 containing the audited financial statements is available on the Company's website at [www.tmeast.com](http://www.tmeast.com).

#### Chairman's Statement

##### 2008 Overview and Financial results

It is my pleasure to submit the Annual Report and Accounts for the year ended 31 December 2008.

As you may remember, TME's trading performance for 2007 represented a significant improvement over the previous year. The Group achieved, in 2007, an annual organic revenue growth of 16.5%, with total revenue growth of 32% benefiting in this of the strong performance of the Ruble.

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

Notwithstanding these contrary developments, in 2008, TME's revenues for the year came to \$ 296.9 m, with organic growth at 6.3% and overall growth at 9.4 %. This compared to 2007 revenue's at \$ 271.5 m.

After a solid start, the Group's results weakened during second half of the 2008 and particularly during the last quarter of 2008. Consolidated EBITDA 2008 ended at \$55.4 m versus \$ 61.2 m in 2007, showing an overall annual decrease notwithstanding increased revenues.

The decrease in Consolidated EBITDA was due, amongst others, to the deterioration of the Group's markets, to the relative devaluation of the Ruble versus the US\$ (most of TME's earnings are in Rubles while results are presented in US\$,) and lastly to a margin decrease (from 22.5% in 2007 to 18.7% in 2008) which did not compensate the revenue increases.

As a consequence of these adverse market conditions, the last part of the year was characterized by Management's pro-active first response to the crisis. This centered on focused and far reaching cost cutting including reducing staff numbers by some 12%, transforming fixed costs into variable costs through outsourcing, a continued decrease of HQ costs, closing of loss making titles, reducing the cost of raw materials, introducing a hiring freeze and bonus suspensions, imposing tighter controls on regional spending. This exercise is expected to continue during 2009 where possible.

Following a review of the TME's activities and strategies, the Board had resolved to distribute the functions performed in the Paris organization between TME's field operations in Moscow and Hürriyet headquarters in Istanbul. As a result, official closure of TME Management (France) SAS as per August 19th, 2008 has been accomplished, thus TME Management (France) SAS merged into Trader East Holdings B.V.

To share positive news in these turbulent and unpredictable times, during 2008, TME's online revenues outpaced the Group's overall growth by a wide margin and in June 2008, TME completed the previously announced sale of its Polish operation for a US\$ 54.4 m consideration. This successful cash sale just before the crisis strengthened the liquidity position of TME at a most opportune moment.

Furthermore, Oglasnik d.o.o. ("Oglasnik") has acquired a Croatian real estate publisher Info-Media d.o.o. ("InfoMedia"). Among the acquired products and services of InfoMedia are the first real estate vertical Croatian bi-monthly publication Infonekretnine and quarterly real estate magazine CREM are included. With this acquisition, Oglasnik has increased its real estate market share up to 70% and has strengthened its leading position in the market.

## **Dividend**

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

## **Outlook**

In 2009, we continue to expect extremely difficult market conditions, both in print and online. TME is working on various scenarios in order to be as prepared as possible, should the market continue to deteriorate and revenues diminish.

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

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

Like in 2008, TME plans to continue expanding its on line presence in selected markets with a preference for those markets where its strong print position gives it a strategic advantage or where its objective of dominance is likely to be achieved.

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

Nobody can predict the future and in 2009 less than ever. TME will endeavor to weather this storm by remaining focused on its core business, operating efficiently and adding value in market places that

facilitate trade and communications between its customers, and at the same time allocating resources carefully during these difficult and unpredictable times.

**Roelof A. Quintus**  
**Chairman**

30 April 2009

## **Report of the Board of Directors (Management)**

Trader Media East ("TME" or "Company" or "Group")'s directors present their report and the audited financial statements for the year ended 31 December 2008.

### **Incorporation**

The Group is incorporated in Jersey, Channel Islands.

### **Directors' responsibilities for the financial statements**

The directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period in accordance with generally accepted accounting principles and which show a true and fair view of the profit or loss of the Group for the period and of the state of the Group's affairs as at the end of the financial period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Group is required to keep proper accounting records which are sufficient to show and explain its transactions and are such as to (a) disclose with reasonable accuracy at any time the financial position of the Group at that time; and (b) enable the directors to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The directors confirm they have complied with the above requirements in preparing the financial statements.

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future.

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

The maintenance and integrity of the website is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the website.

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

### **Directors' statement pursuant to the Disclosure and Transparency Rules**

Each of the directors, whose names and functions are listed in page 16 confirm that, to the best of each person's knowledge and belief:

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

### **Principal activities**

TME is the leading marketplace for communities of real estate, auto and recruitment, with strong local brands, serving local markets in Russia, CIS, Central and Eastern Europe. TME produces 234 print titles, with 4 million readers per week and hosts 25 websites, with 7.2 million unique monthly visitors. TME is one of the largest companies in the region operating with weekly and daily newspapers and websites, primarily in the real estate, automotive and recruitment categories.

### **Results and dividends**

The profit and loss account of the Group for the year ended 31 December 2008 is set out in the audited financial statements. No dividends were paid during the year.

### **Directors**

The composition of the Board as of 30 April 2009 is as follows (*please see notes under the table for explanations*):

Mr Roelof A. Quintus, Chairman of the Board and Senior Independent Non-Executive Director

Mrs Vuslat Doğan Sabancı, Vice-Chairwoman and Non-Executive Director

Mr Paul F.E. Tesselaar, Independent Non-Executive Director

Mr Cem M. Kozlu, Non-Executive Director

Mr Ertuğrul Özkök, Non-Executive Director

Mrs Begümhan Doğan Faralyalı, Executive Director

Mr Jacobus "Jack" Groesbeek, Independent Non-Executive Director

Mrs Annelies van den Belt, Independent Non-Executive Director \*

Mr Alexander Aldert "Lex" Roukens, Independent Non-Executive Director \*\*

Mr Peter Gerardus Maria de Mönnink, Independent Non-Executive Director \*\*

Mr Michel Hubertus Paulus Teheux, Non-Executive Director \*\*

\* Mrs Annelies van den Belt has resigned on 20 November, 2008.

\*\* Mr Alexander Aldert "Lex" Roukens, Mr Peter Gerardus Maria de Mönnink, and Mr Michel Hubertus Paulus Teheux have been assigned on 20 November 2008.

### **Directors' Interests**

No options were granted to or exercised by any director of TME in the period since December 31, 2008 and the signing date of these audited financial statements. None of the directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the year.

### **Policy on payment of creditors**

It is Group policy, in respect of all of its suppliers, to settle the terms of payment when agreeing each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms. The average number of creditor days in relation to trade creditors outstanding depends on each country where we generally apply local practices.

### **Financial risk management**

The Group finances its operations through the generation of cash from operating activities and from its Senior Credit Facility. It uses derivative instruments, including swaps, forward contracts, swap and options to manage the associated interest rate exposure, as far as certain foreign currency exposure arising from its international cash management system is concerned. Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances.

### **Principal risks and uncertainties**

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

#### ***General***

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

#### ***Risks relating to the Group's business and industry***

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

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

### ***Risks relating to the Groups financial condition***

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

The Group finances its operations through the generation of cash from operating activities and from its Senior Credit Facility. It uses derivative instruments, including swaps, forward contracts, swap and options to manage the associated interest rate exposure, as far as certain foreign currency exposure arising from its international cash management system is concerned. Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances.

### ***Foreign Currency***

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

In addition to the US Dollar, the other major currency for which the Group has a translation risk is the Euro. Whilst there was a benefit from the strengthening of the Euro towards the end of 2008, a significant weakening of the Euro would adversely affect the Group's results.

### ***Competitive Forces***

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

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

### ***Legal Risks***

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

The Group addresses this risk in a number of ways:

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

### **Charitable and political donations**

The Group did not make any material charitable or political donations during the year.

### **Intangible assets**

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

### **Purchase of own shares**

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

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

### **Secretary**

Mr Hakan Hanlı was the Secretary from 24<sup>th</sup> September 2007 until 3<sup>rd</sup> September 2008 at which date Mr. Murat Doğu was appointed to the position.

### **Independent Auditors**

PricewaterhouseCoopers CI LLP has expressed their willingness to continue as auditors to the Group.

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

### **By order of the Board**

### **Registered office:**

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

### **Murat Doğu**

Secretary  
30 April 2009

## **Responsibility Statement**

The 2008 Annual Report and Accounts contain a responsibility statement in compliance with paragraph 4.1.12 of the DTR signed by order of the Board by Mr Roelof A. Quintus, Chairman of the Board and Senior Independent Director; Mrs Vuslat Doğan Sabancı, Vice-Chairwoman and Non-Executive Director; Mr Paul F.E. Tesselaar, Independent Non-Executive Director; Mr Alexander Aldert Roukens, Non-Executive Director; and Mr Michel Hubertus Paulus Teheux, Non-Executive Director.

This statement is set out below in full and unedited text. This states that on April 30, 2009, the date of approval of the 2008 Annual Report and Accounts:

Each of the directors hereby confirm:

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

description of the principal opportunities and risks associated with the expected development of the Company”.

**Naarden, The Netherlands**  
**April 30, 2009**  
**Trader Media East Limited**

Mrs Vuslat Dođan Sabancı, Vice-Chairwoman and Non-Executive Director

Mr Ertugrul Özkök, Non-Executive Director

## Trader Media East Limited Financial Review

### TRADER MEDIA EAST Consolidated Balance Sheets (US Dollars in millions)

	As at December 31, 2008	As at December 31, 2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	\$ 18.3	\$ 24.5
Goodwill	117.3	152.8
Intangible assets	98.1	112.7
Available-for-sale financial assets	0.1	0.1
Deferred income tax assets	0.7	4.5
Other non-current assets	0.3	0.8
<b>Total non-current assets</b>	<b>234.8</b>	<b>295.4</b>
<b>Current assets</b>		
Inventories	4.5	4.0
Trade and other receivables	12.8	19.7
Cash and cash equivalents	58.7	25.2
Other current assets	15.3	14.0
<b>Total current assets</b>	<b>91.3</b>	<b>62.9</b>
<b>Total assets</b>	<b>326.1</b>	<b>358.3</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the company</b>		
Share capital	8.0	8.0
Additional paid-in capital	678.1	678.1
Translation reserve	24.6	42.2
Accumulated losses	(573.6)	(592.8)
	<b>137.1</b>	<b>135.5</b>
<b>Minority interest in equity</b>	<b>2.9</b>	<b>3.0</b>
<b>Total equity</b>	<b>140.0</b>	<b>138.5</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities - <i>Senior credit facility</i>	86.6	120.5
Financial liabilities to minorities	4.0	16.3
Deferred income tax liabilities	24.1	30.6
Other non-current liabilities	0.3	0.8
<b>Total non-current liabilities</b>	<b>115.0</b>	<b>168.2</b>
<b>Current liabilities</b>		
Financial liabilities - <i>Senior credit facility</i>	37.2	19.6
Financial liabilities to minorities	9.0	-
Trade and other payables	15.2	19.4
Due to shareholders	0.3	0.4
Current income tax liabilities	1.4	1.0
Other current liabilities	8.0	11.2
<b>Total current liabilities</b>	<b>71.1</b>	<b>51.6</b>
<b>Total liabilities</b>	<b>186.1</b>	<b>219.8</b>
<b>Total liabilities and equity</b>	<b>326.1</b>	<b>358.3</b>

**TRADER MEDIA EAST**  
**Consolidated Statements of Operations**  
**(US Dollars in millions)**

	<b>For the years ended</b>	
	<b>December 31, 2008</b>	<b>December 31, 2007</b>
<b><u>Continuing operations</u></b>		
Sales	\$ 296.9	\$ 271.5
Cost of sales	(142.6)	(124.8)
<b>Gross profit</b>	<b>154.3</b>	<b>146.7</b>
Marketing, selling and distribution expenses	(34.3)	(18.8)
General administrative expenses	(91.9)	(85.7)
Other income	0.7	1.0
<b>Operating profit</b>	<b>28.8</b>	<b>43.2</b>
Financial income	1.9	9.9
Financial expenses	(36.1)	(15.5)
<b>(Loss)/profit before income taxes</b>	<b>(5.4)</b>	<b>37.6</b>
Income tax expense	(19.4)	(25.4)
<b>Net (loss)/profit for the year from continuing operations</b>	<b>(24.8)</b>	<b>12.2</b>
<b>Discontinued operations</b>		
<b>Net profit/(loss) for the year from discontinued operations</b>	<b>50.2</b>	<b>(1.5)</b>
<b>Net profit for the year</b>	<b>25.4</b>	<b>10.7</b>
<b>Attributable to:</b>		
Equity holders of the parent	19.2	3.6
Minority interest	6.2	7.1
	<b>25.4</b>	<b>10.7</b>
Weighted average number of ordinary shares in issue (thousands)	50,000	50,000
Basic and diluted (losses)/earnings per share for profit from continuing and discontinued operations attributable to the equity holders of the parent during the period (expressed in full US Dollar per share)		
Continuing operations	(0.62)	0.10
Discontinued operations	1.00	(0.03)

**TRADER MEDIA EAST**  
**Consolidated Statements of Cash Flows**  
**(US Dollars in millions)**

	<b>For the years ended</b>	
	<b>December 31, 2008</b>	<b>December 31, 2007</b>
Net (loss)/profit for the year from continuing operations	\$ (24.8)	\$ 12.2
<b>Adjustments:</b>		
Depreciation and amortisation	9.8	8.3
Financing costs	1.9	1.7
Deferred tax expenses	-	0.2
Stock based compensation expense	-	3.5
Goodwill impairment	12.3	3.3
Interest expenses of written put options	1.4	0.9
Provision for doubtful receivables	4.0	1.4
Interest expenses, net	8.5	11.9
Profit/(loss) after tax of discontinued operations	0.4	(1.5)
Change in working capital, net	(2.5)	(2.3)
<b>Cash flows provided by operating activities</b>	<b>11.0</b>	<b>39.6</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment and intangible assets	(11.8)	(10.7)
Proceeds from sales of property, plant and equipment	1.8	0.7
Cash paid for acquisition of subsidiaries, net of cash acquired	(0.9)	(4.7)
Proceeds from sale of subsidiary	54.4	-
<b>Net cash provided by/(used in) investing activities</b>	<b>43.5</b>	<b>(14.7)</b>
<b>Cash flows from financing activities:</b>		
Dividends paid to minority interests	(6.9)	(5.5)
Cash received from borrowings	55.2	144.8
Cash repayment for borrowings	(54.4)	(133.7)
Cash paid for financing costs	(1.9)	(3.7)
Interest receipts and payments, net	(8.8)	(11.9)
Pre-offering dividend paid to TCM	-	(2.5)
<b>Net cash used in financing activities</b>	<b>(16.8)</b>	<b>(12.5)</b>
Exchange losses on cash and cash equivalents	(4.5)	(8.3)
<b>Change in cash and cash equivalents</b>	<b>33.2</b>	<b>4.1</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>25.2</b>	<b>21.1</b>
<b>Cash and cash equivalents at end of period</b>	<b>58.4</b>	<b>25.2</b>

**About Trader Media East**

We are the leading marketplace for communities of real estate, auto and recruitment, with strong local brands, serving local markets in Russia, CIS, Central and Eastern Europe. Trader Media East produces 203 print titles, with 5.2 million readers per week and hosts 25 websites, with 9.2 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 4,810 people in 9 countries.

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