

TRADER MEDIA EAST LTD.

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD
ENDED JUNE 30, 2012**

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Trader Media East Limited

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Trader Media East Limited ("TME") and its subsidiaries (the "Group") as of June 30, 2012 and the related consolidated condensed interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim financial reporting" ("IAS 34") adopted in the European Union ("EU"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU.

İstanbul, 27 August 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Berkman Özata
Partner

TRADER MEDIA EAST LTD.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012**

CONTENTS	PAGE
Condensed Consolidated Interim Balance Sheet	1
Condensed Consolidated Interim Statements of Income/(Loss)	2
Condensed Consolidated Interim Statements of Comprehensive Income/(Loss)	3
Condensed Consolidated Interim Statements of Changes in Equity	4
Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6-24
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	6-7
NOTE 2 BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS	7 -10
NOTE 3 FINANCIAL RISK MANAGEMENT.....	11-14
NOTE 4 SEGMENT INFORMATION	14-16
NOTE 5 BUSINESS COMBINATIONS AND GOODWILL	17
NOTE 6 INTANGIBLE ASSETS	18-19
NOTE 7 FINANCIAL LIABILITIES-SENIOR CREDIT FACILITY.....	20
NOTE 8 FINANCIAL LIABILITIES TO NON-CONTROLLING INTERESTS	21
NOTE 9 COMMITMENTS AND CONTINGENCIES	22
NOTE 10 SHARE CAPITAL.....	23
NOTE 11 RELATED PARTY DISCLOSURES.....	23
NOTE 12 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS.....	24
NOTE 13 EVENTS AND TRANSACTIONS AFFECTING FINANCIAL STATEMENTS	24

TRADER MEDIA EAST LTD.

Condensed Consolidated Interim Balance Sheet

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

	As at June 30, 2012	As restated As at December 31, 2011
ASSETS		
Non-current assets		
Property, plant and equipment, net	\$ 5.4	\$ 5.7
Goodwill (note 5.ii)	78.7	79.6
Intangible assets, net (note 6)	62.4	65.3
Available-for-sale financial assets	0.1	0.1
Deferred income tax assets	2.7	2.9
Other non-current assets	0.2	-
Total non-current assets	149.5	153.6
Current assets		
Inventories	0.8	1.3
Trade and other receivables	5.4	5.1
Cash and cash equivalents	15.1	9.4
Other current assets	9.4	8.0
Subtotal	30.7	23.8
Assets classified as held for sale	-	1.5
Total current assets	30.7	25.3
Total assets	180.2	178.9
EQUITY		
Capital and reserves attributable to equity holders of the company		
Share capital (note 10)	8.0	8.0
Additional paid-in capital (note 10)	678.1	678.1
Translation reserve	15.2	17.2
Accumulated losses	(650.0)	(648.1)
	51.3	55.2
Non-controlling interests	1.9	1.4
Total equity	53.2	56.6
LIABILITIES		
Non-current liabilities		
Financial liabilities - <i>Senior credit facility</i> (note 7)	-	70.0
Deferred income tax liabilities	9.0	9.9
Total non-current liabilities	9.0	79.9
Current liabilities		
Financial liabilities - <i>Senior credit facility</i> (note 7)	70.9	3.5
Financial liabilities to non-controlling interests (note 8)	10.1	10.2
Trade and other payables	11.2	9.4
Due to shareholders (note 11)	16.9	13.0
Current income tax liabilities	0.3	0.3
Other current liabilities	8.6	6.0
Total current liabilities	118.0	42.4
Total liabilities	127.0	122.3
Total liabilities and equity	180.2	178.9

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

TRADER MEDIA EAST LTD.

Condensed Consolidated Interim Statements of Income/(Loss)

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

	For the six-month period ended	
	June 30, 2012	June 30, 2011
Revenue	\$ 61.7	\$ 73.6
Cost of sales	(30.4)	(39.5)
Gross profit	31.3	34.1
Marketing, selling and distribution expenses	(8.5)	(8.2)
General administrative expenses	(20.3)	(24.6)
Other operating income	3.0	0.7
Operating profit	5.5	2.0
Financial income	15.1	8.3
Financial expenses	(20.4)	(4.4)
Profit before income taxes	0.2	5.9
Income tax expense	(1.0)	(2.9)
Net (loss) / profit for the period	(0.8)	3.0
Attributable to:		
Equity holders of the parent	(1.9)	1.9
Non-controlling interest	1.1	1.1
Weighted average number of ordinary shares in issue (thousands)	50,000	50,000
Basic and diluted (losses) / earnings per share for earnings attributable to the equity holders of the parent during the period (expressed in full US Dollar per share)	(0.04)	0.04

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

TRADER MEDIA EAST LTD.

Condensed Consolidated Interim Statements of Comprehensive Income/(Loss)

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

	For the six-month period ended	
	June 30, 2012	June 30, 2011
Net (loss) / income for the period	\$ (0.8)	\$ 3.0
Currency translation differences	(2.0)	5.2
Total comprehensive (loss) / income for the period	(2.8)	8.2
Attributable to:		
Equity holders of the parent	(3.9)	7.2
Non-controlling interests	1.1	1.0

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

TRADER MEDIA EAST LTD.

Condensed Consolidated Interim Statements of Changes in Equity

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

	Share capital	Additional paid-in capital	Translation reserve	Accumulated losses	Non-controlling interests	Total equity
Balances at January 1, 2011	8.0	683.1	18.6	(618.9)	1.3	92.1
Dividend payments to non-controlling interests	-	-	-	-	(1.1)	(1.1)
Other (*)	-	-	-	-	(0.3)	(0.3)
Total comprehensive income for the period	-	-	5.3	1.9	1.0	8.2
<i>Currency translation differences</i>	-	-	5.3	-	(0.1)	5.2
<i>Net income for the period</i>	-	-	-	1.9	1.1	3.0
Balances at June 30, 2011	8.0	683.1	23.9	(617.0)	0.9	98.9
Balances at January 1, 2012	8.0	678.1	17.2	(648.1)	1.4	56.6
Dividend payments to non-controlling interests	-	-	-	-	(1.0)	(1.0)
Other (*)	-	-	-	-	0.4	0.4
Total comprehensive loss for the period	-	-	(2.0)	(1.9)	1.1	(2.8)
<i>Currency translation differences</i>	-	-	(2.0)	-	-	(2.0)
<i>Net loss for the period</i>	-	-	-	(1.9)	1.1	(0.8)
Balances at June 30, 2012	8.0	678.1	15.2	(650.0)	1.9	53.2

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

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

TRADER MEDIA EAST LTD.

Condensed Consolidated Interim Statements of Cash Flows

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

	For the six-month period ended	
	June 30, 2012	June 30, 2011
Net (loss) / profit for the period	\$(0.8)	\$3.0
Adjustments:		
Depreciation, amortization	2.8	4.4
Financing costs	-	0.9
Taxation on income	1	2.9
Interest expenses	3.0	3.1
Interest income	(0.2)	(0.2)
Other non-cash expenses / (income)	(0.3)	(12.1)
Gain on sale of property, plant and equipment	(2.1)	-
Allowance for doubtful trade receivables	0.7	0.4
Cash flows from operating activities before changes in operating assets and liabilities	4.1	2.4
Change in working capital, net	6	2.8
Cash flows provided by operating activities	10.1	5.2
Cash flow from investing activities:		
Purchases of property, plant and equipment and intangible assets	(2.3)	(3.1)
Proceeds on sale of property, plant and equipment and intangible assets	4.8	0.4
Net cash provided by/ used in investing activities	2.5	(2.7)
Cash flows from financing activities:		
Dividends paid to non-controlling interests	(1)	(1.1)
Proceeds from borrowings	-	70.0
Repayments of borrowings	(2.5)	(70.0)
Interest receipts and payments, net	(3)	(3)
Payments to non-controlling interests	(0.5)	-
Changes in financial liabilities to non-controlling interests	-	1.1
Net cash used in financing activities	(7)	(3.0)
Exchange gains on cash and cash equivalents	0.1	0.5
Change in cash and cash equivalents	5.7	-
Cash and cash equivalents at beginning of period	9.4	13.4
Cash and cash equivalents at end of period	15.1	13.4

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

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Description of the business

Trader Media East Ltd. (the “Company” or “TME”), its subsidiaries and joint ventures (together the “Group”) are involved in classified advertising mainly for real estate, automotive and recruitment businesses through daily and weekly newspapers, periodicals, magazines and internet services, primarily in Russia and various Eastern European (“EE”) countries. TME’s major publications and noticeable websites include:

- in Moscow and major cities across Russia and the Commonwealth of Independent States (the “CIS”), the publications Iz Ruk v Ruki, Aviso, Avto, Nedvizhimost and the website www.irr.ru, in Russia www.job.ru;
- in Hungary, the publications Expressz and the website www.expressz.hu;
- in Croatia, the publication Oglasnik and the website www.oglasnik.hr; and
- in Slovenia, the website www.mojedelo.com;
- in Serbia and Bosnia www.boljiposao.com;

The address of the registered office of TME is 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on August 27, 2012. The Group’s shareholders have power to amend these consolidated financial statements.

Formation of the Group

TME was incorporated in November 2005 in Jersey. As of January 25, 2006, TME purchased from Trader Classified Media N.V. (“TCM”), its parent company at this date, and from some of its subsidiaries the operations located in Russia, Croatia, Hungary, Poland, Ukraine, Belarus, Kazakhstan and Lithuania. Main steps of this restructuring process (the “restructuring”) were:

- the incorporation by TCM of a wholly owned subsidiary Trader East Holdings B.V. (“Trader East”) in the Netherlands;
- the purchase by Trader East from members of the TCM group of their investments in Hungary, Poland, Croatia in exchange for a promissory note to the TCM group;
- the contribution by TCM of its investment in Mirabridge International B.V. (“Mirabridge”), which owned 88% of OOO Pronto Moscow (“Pronto Moscow”), in exchange for the shares of Trader East;
- the contribution by TCM of the shares of Trader East (and consequently its promissory note) to TME in exchange for a capital increase of TME beneficial to TCM; and
- On February 10, 2006, TME purchased from Leonid Makaron the remaining 12% shares of Pronto Moscow, which operates the business located in Moscow and its parent company of the operations located in Russian regions, Belarus, Kazakhstan and Lithuania.

Listing of TME

After this process, on February 10, 2006, TCM completed the listing of 43.5 million of TME’s shares in the form of Global Depository Receipts (“GDR’s”) on the main market of the London Stock Exchange, with unconditional trading commencing on February 13, 2006 (the “Offering”). TCM retained 13% interest in TME which was later divested.

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 2 - BASIS OF PRESENTATION OF INTERIM FINANCIAL STATEMENTS

2.1 Basis of preparation

The condensed consolidated interim financial statements of TME at June 30, 2012 and for the six-month period then ended have been prepared in accordance with International Accounting Standard 34 "Interim financial reporting" ("IAS 34") adopted in the European Union ("EU"). These condensed consolidated interim financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

These condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by financial liabilities (including derivative instruments) at fair value through profit or loss. The historical cost basis also adjusted in accordance with International Accounting Standard No.29 for the financial statements of the companies operating in Belarus since Belarus economy is considered hyperinflationary.

The preparation of interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

The condensed consolidated financial statements include the accounts of the parent company, TME, its subsidiaries and joint ventures. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

Accounting estimates:

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011.

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

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

2.2 Summary of significant accounting policies

These condensed interim financial statements have been prepared on a basis consistent with the accounting policies set out in the financial statements of the Group for the year ended 31 December 2011. These condensed interim financial information / statements are for the six months ended 30 June 2012. They have been prepared in accordance with IAS 34. They do not include all the information required in annual statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2011.

2.3 Foreign currency transactions and translation

Over the reporting periods, all entities use their local currency as their functional currency. The financial statements of these entities are translated into US Dollars (“US Dollars” or “\$”), presentation currency of the Group, using the period-end exchange rate for balance sheet items and the weighted average exchange rate for items in the statements of income.

Gains and losses arising from the translation are reported separately in the translation reserve account as part of the equity.

Following table presents the functional currencies in the major countries which the Group operates:

Country	Currency	Country	Currency
Russia	Russian Ruble (“RUR”)	Lithuania	Lithuania Litas (“LTL”)
Hungary	Hungarian Forint (“HUF”)	Ukraine	Ukrainian Grivna (“UAH”)
Croatia	Croatian Kuna (“HRK”)	Kazakhstan	Kazakh Tenge (“KZT”)
European Union	Euro (“EUR”)	Belarus	Belarusian Ruble (“BYR”)

The following tables summarizes the period end and average exchange rates of local currencies for TME and its subsidiaries for \$1.00 at June 30, 2012 and 2011 and for the six-month periods then ended:

	June 30, 2012		June 30, 2011	
	<u>Average</u>	<u>Closing</u>	<u>Average</u>	
\$/ RUR	30.6049	32.8169	28.6304	
\$/ HUF	227.8427	229.1300	192.1497	
\$/ HRK	5.8126	5.9722	5.2755	
\$/ EUR	0.7711	0.7943	0.7125	
\$/ LTL	2.6607	2.7624	2.4654	
\$/ UAH	7.9888	7.9925	7.9578	
\$/ KZT	148.1545	149.4200	146.2302	
\$/ BYR	8,219.5800	8,320.0000	3,444.9888	

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

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

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

2.4 Amendments and interpretations to existing standards

The following new and revised IFRSs have been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Standards and interpretations that are effective as of June 2012 but not effect on financial statements:

Amendments to IAS 12 *Deferred Taxes – Recovery of Underlying Assets*

Amendments to IFRS 7 *Disclosures – Transfers of Financial Assets*

New and Revised IFRSs that have been issued but are not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	<i>Disclosures – Offsetting of Financial Assets and Financial Liabilities</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 10	<i>Consolidated Financial Statements</i>
IFRS 11	<i>Joint Arrangements</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 13	<i>Fair Value Measurement</i>
Amendments to IAS 1	<i>Presentation of Items of Other Comprehensive Income</i>
IAS 19 (as revised in 2011)	<i>Employee Benefits</i>
IAS 27 (as revised in 2011)	<i>Separate Financial Statement</i>
IAS 28 (as revised in 2011)	<i>Investments in Associates and Joint Ventures</i>
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
Amendments to IAS 32	<i>Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities</i>

Annual Improvements 2009/2011 Cycle

Further to the above amendments and revised standards, the IASB have issued Annual Improvements to IFRSs in May 2012 that cover 5 main standards/interpretations as follows:

- IFRS 1 - Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets
- IAS 1 - Clarification of the requirements for comparative information
- IAS 16 - Classification of servicing equipment
- IAS 32 - Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
- IAS 34 - Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1 Financial risk management

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

Financial risk management is carried out by the Group management under policies approved by the Boards of Directors.

(a) Interest rate risk

The Group management uses limited interest bearing short term assets to stabilize the maturity of the interest bearing liabilities and assets. Furthermore, the Group hedges interest rate risks arising from floating rate borrowings when necessary, by limited use of derivatives.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Funding risk of current and future debt requirements is managed by the continual monitoring of the quality and availability of credit access and maintenance of cash and cash equivalents. The Group aims at maintaining cash and cash equivalents for the anticipated cash flows for the subsequent period. Cash and cash equivalents amount to \$15.1 at June 30, 2012 (December 31, 2011: \$9.4).

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. Such amounts are undiscounted future cash flows of financial liabilities of the Group. Financial liabilities due within 12 months equal their carrying balances as the impact of discounting is not significant.

2012	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
Financial liabilities	1.2	1.2	72.4	-	-	74.8
Financial liabilities to non-controlling interests	10.1	-	-	-	-	10.1
Trade and other payables	10.6	-	0.6	-	-	11.2
Due to shareholders	17.1	-	-	-	-	17.1
2011	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Total
Financial liabilities	3.6	1.2	2.4	72.4	-	79.6
Financial liabilities to non-controlling interests	8.0	2.2	-	-	-	10.2
Trade and other payables	8.7	0.1	0.6	-	-	9.4
Due to shareholders	-	-	13.4	-	-	13.4

At June 30, 2012, the Group has no long-term financial liabilities (December 31, 2011: \$70) (Note 7).

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk management (Continued)

(c) Funding risk

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

(d) Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk to any individual counterparty. As the entities comprising customer base are numerous and spread on different business areas, credit risk is diversified.

Financial assets, which potentially expose the Group to concentrations of credit risk consist primarily of cash and accounts receivable. Cash and cash equivalents are deposited with financial institutions which the Group believes to be of high credit quality. The Group does not believe that it is subject to any unusual financial credit risk related to cash and cash equivalent beyond the normal risk associated with commercial banking relationships. The Group establishes the allowance for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends and other information.

(e) Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated assets and liabilities to US Dollars. The foreign exchange risk mainly arises from the impact of rate changes in the translation of the Group’s foreign currency denominated borrowings (Note 7).

Assets and liabilities denominated in foreign currencies, in the context of functional currencies used by the subsidiaries, at June 30, 2012 and December 31, 2011 and resulting net foreign currency position at the respective balance sheet dates are as follows:

	June 30, 2012	December 31, 2011
Assets - Cash and cash equivalents	\$ 0.7	\$ 1.0
Liabilities		
- Senior credit facility	(70.9)	(73.5)
- Financial liabilities to non-controlling interests	(8.0)	(8.0)
Net foreign currency position	(78.2)	(80.5)

All foreign currency balances included in the foreign currency position at June 30, 2012 and December 31, 2011 are originally denominated in US Dollars except for the cash and cash equivalents amounting to \$0.3 at June 30, 2012 (31 December 2011; \$ 0.4) which were originally denominated in Euros.

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of June 30, 2012: \$ 0.0305 = RUR 1, EUR 0.0242=RUR 1 (December 31, 2011: \$0.0311= RUR 1, EUR 0.0240= RUR 1)

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk management (Continued)

(e) Foreign currency risk (Continued)

At June 30, 2012, had the US Dollar weakened/strengthened by 10% against RUR and other local currency of the countries which Group has significant operations, ceteris paribus, income before tax and non-controlling interests for the six-month period ended would have been \$7.8 higher/lower (2011:\$8.1), as a result of foreign exchange gains/losses on translation of USD denominated financial liabilities.

3.2 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair value of the balances denominated in foreign currencies, which are translated by using the exchange rates prevailing at period-end, is considered to approximate carrying value.

The fair values of certain financial assets carried at cost where the fair values cannot be measured reliably, including cash and cash equivalents, are considered to approximate their respective carrying values due to their short-term nature and is negligible impairment risk of the receivables.

The carrying value of trade receivables measured at amortised cost using the effective interest method, less provision for impairment are assumed to approximate their fair values.

Monetary liabilities

The carrying values of trade payables are assumed to approximate their fair values. The carrying values of non-current borrowings approximate their fair values as the repricing maturity of the borrowings are 3 months. The carrying values of trade payables and other long term financial liabilities approximate their fair values as the effect of the discounting is not material.

3.3 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 4 - SEGMENT INFORMATION

The Group’s geographic operating segments are organized on a regional basis for purposes of presenting internal financial information, consistent with its operating management structure. Geographical operating profit is analyzed by management at the EBITDA level. There is no standard definition of EBITDA in international financial reporting standards, however the Group defines EBITDA as operating profit before interest, tax, depreciation and amortization, impairment charges and other non-recurring gains and losses.

Management has determined the operating segments based on the reports reviewed by Executive Committee that are used to make strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The committee considers the business from geographic perspective. Geographically, management considers the performance in Russia & CIS, Hungary, Croatia and Eastern Europe. Nature of products, nature of production processes, type of customers, methods used to distribute the products are similar.

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 4 - SEGMENT INFORMATION (Continued)

a) Geographic segmental analysis as at and for the six-month period ended June 30, 2012:

	Russia & CIS	Hungary	Croatia	Eastern Europe	Corporate and unallocated	Total
Print revenue	44.6	1.1	1.5	-	-	47.2
Online revenue	12.3	1.0	0.5	0.7	-	14.5
Total revenue	56.9	2.1	2.0	0.7	-	61.7
EBITDA	7.1	(0.2)	0.1	0.2	(0.6)	6.6
Depreciation and amortisation	(2.6)	(0.1)	(0.1)	-	-	(2.8)
Income tax expenses	(1.1)	0.2	-	-	(0.1)	(1.0)
Non-cash expenses:						
Provision for doubtful receivables	(0.7)	-	-	-	-	(0.7)
Total non-cash expenses	(0.7)	-	-	-	-	(0.7)
Total assets	154.7	2.0	7.9	5.8	9.8	180.2
Additions to non-current assets	1.9	0.1	0.3	-	-	2.3
Intangible assets	54.7	0.3	7.1	0.3	-	62.4
Goodwill	73.5	-	-	5.2	-	78.7
Total liabilities	16.5	1.2	1.0	0.7	107.6	127.0

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 4 - SEGMENT INFORMATION (Continued)

b) Geographic segmental analysis for the six-month period ended June 30, 2011:

	Russia & CIS	Hungary	Croatia	Eastern Europe	Corporate and unallocated	Total
Print revenue	56.8	1.9	2.4	0.1	-	61.2
Online revenue	9.7	1.1	0.7	0.9	-	12.4
Total revenue	66.5	3.0	3.1	1.0	-	73.6
EBITDA	6.9	-	0.1	0.4	(0.7)	6.7
Depreciation and amortisation	(4.0)	(0.4)	-	-	-	(4.4)
Income tax expenses	(3.1)	-	0.2	-	-	(2.9)
Non-cash expenses:						
Provision for doubtful receivables	(0.3)	(0.1)	-	-	-	(0.4)
Total non-cash expenses	(0.3)	(0.1)	-	-	-	(0.4)
Total assets	188.4	10.0	14.7	5.7	4.8	223.6
Additions to non-current assets	2.8	0.2	0.1	-	-	3.1
Intangible assets	63.5	7.6	14.0	0.1	-	85.2
Goodwill	85.3	-	-	5.1	-	90.4
Total liabilities	20.1	1.3	1.5	1.0	100.8	124.7

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 5 - BUSINESS COMBINATIONS AND GOODWILL

i) Business combinations

There are no significant business combinations as at June 30, 2012 and for the six-month period then ended.

ii) Goodwill

The movements in goodwill during the six-month periods ended June 30 are as follows:

	2012	2011
January 1	79.6	82.7
Currency translation differences	(1.5)	6.9
Change in expected exercise price of the written put options issued in connection with business combinations	0.6	0.9
Disposals	-	(0.1)
June 30	78.7	90.4

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 6 - INTANGIBLE ASSETS

Movement of intangible assets and related accumulated amortization for the six-month periods ended June 30, 2012 is as follows:

	January 1, 2012	Additions	Currency translation differences	Disposal	June 30, 2012
Cost:					
Trade names	66.8	-	(1.9)	-	64.9
Customer list	6.8	-	0.2	-	7.0
Software and rights	28.3	0.3	0.2	(0.4)	28.4
Other intangible assets	5.8	0.8	(0.1)	-	6.5
Construction in progress	1.1	0.1	-	-	1.2
	108.8	1.2	(1.6)	(0.4)	108.0
Accumulated amortization:					
Trade names	10.6	0.1	(0.1)	-	10.6
Customer list	6.8	-	0.2	-	7.0
Software and rights	22.5	1.3	0.1	-	23.9
Other intangible assets	3.6	0.5	-	-	4.1
	43.5	1.9	0.2	-	45.6
Net book value	65.3				62.4

Intangible assets with indefinite useful lives amounts to \$52.2 at June 30, 2012 (December 31, 2011: \$53.9). Amortisation expenses amounting to \$1.9 for the six-month period ended June 30, 2012 have been included in operating expenses (June 30, 2011: \$3.0).

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 6 - INTANGIBLE ASSETS (Continued)

Movement of intangible assets and related accumulated amortization for the six-month periods ended June 30, 2011 is as follows:

	January 1, 2011	Additions	Currency translation differences	Assets classified as held for sale	June 30, 2011
Cost:					
Trade names	82.4	-	7.7	-	90.1
Customer list	7.7	-	1.0	-	8.7
Software and rights	26.7	1.1	1.4	(0.1)	29.1
Other intangible assets	4.9	0.6	0.6	-	6.1
	121.7	1.7	10.7	(0.1)	134.0
Accumulated amortization:					
Trade names	11.4	0.3	1.4	-	13.1
Customer list	7.7	-	1.0	-	8.7
Software and rights	19.7	2.4	1.3	(0.1)	23.3
Other intangible assets	3.0	0.3	0.4	-	3.7
	41.8	3.0	4.1	(0.1)	48.8
Net book value	79.9				85.2

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 7 - FINANCIAL LIABILITIES - SENIOR CREDIT FACILITY

TME restructured its outstanding loan facility of \$70, with a new bank loan facility of the same amount. The new loan facility has a maturity of 2 years, with 1+1 extension option, up to 4 years in total. The loan facility carries 6.75% fixed interest rate (versus LIBOR + 7.75% interest rate of previous loan), with quarterly interest payment period. The loan facility has been granted without share pledge or guarantee of any TME Group legal entities. Based on the restructured loan agreement, amount of \$70 belonging to Doğan Şirketler Grubu Holding A.Ş. have been blocked as guarantee deposit for the Group’s loan agreement.

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

Year	June 30, 2012	December 31, 2011
2012	-	-
2013(*)	-	70.0
2014 and over	-	-
	-	70.0

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

	June 30, 2012	December 31, 2011
Up to 3 months (*)	70.9	73.5
	70.9	73.5

(*) Although \$70 loan has been reported in Current Liabilities as of June 30, 2012, TME has 1+1 year (Total 2 years) extension options based on original loan agreement signed on April 15, 2011, which can be used in December 2012 and in December 2013. For the use of the extension option the following conditions should be satisfied:

- No event of default is continuing,
- The representation and warranties provided by the Company, set out in the agreement are true in all material aspects,
- No market disruption event mentioned in the agreement occurs in relation to the loan.

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

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 8 - FINANCIAL LIABILITIES TO NON-CONTROLLING INTERESTS

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

The Group has the right to purchase 13% of non-controlling shares from non-controlling shareholders, provided that certain conditions are met related to the Group’s subsidiary, Impress Media Marketing LLC (“Impress Media”) which was acquired by OOO Pronto Moscow in January 2007. TME acquired %10 of non-controlling shares from non-controlling shareholders on May 25, 2012 for \$0.5 which means the option has been exercised of relevant stake (December 31, 2011: \$0.7). Group, pursuant to an agreement signed in September of 2010, had the option to purchase the remaining non-controlling shares of 3%. The fair value of the option will be determined based on calculation over the EBITDA of Impress Media. As of June 30, 2012, fair value of the put option is estimated to be \$0.1 (December 31, 2011: \$ 0.05)

The Group has granted a put option, on the remainder of 30% shares during the acquisition of 70% interest of the shares in its subsidiary Oglasnik d.o.o. located in Croatia. As of June 30, 2012, the fair value of this option is estimated to be \$8.0 (December 31, 2011: \$8.0) and classified in “other short-term financial liabilities”. The negotiations related with using that put option is still continuing as of the date which the financial statements publicly announced. There is a dispute about the protocol between the parties concerned and an arbitration process has begun in the presence of Zagreb Court of Arbitration. A lawsuit has been opened by the non-controlling shareholders against the Group since non-controlling shareholders could not exercise this put option. Non-controlling shareholders have been demanding € 3.5 in order to compensate their loss due to not exercise of put option and the decrease in the value of shares caused by poor management. Related subpoena reached to the Group at 5 March 2012. The first arbitral tribunal hearing was held on July 12, 2012 as subsequent event of June 30, 2012 reporting.

The Group acquired a 55% interest in Moje Delo d.o.o. (“Moje Delo”) in Slovenia. The Group paid an earn-out amounting to EUR 1.0 in 2008. The Group amended the put and call options clauses agreed on Share purchase agreement in 2007 with a new contract signed on June 6, 2012. According to that new contract, the Group has granted put options to non-controlling interest owners exercisable from April 2013 until October 2013 (6 Months). Exercise price shall be calculated based on EBITDA and the net financial debt of Moje Delo. If the calculated total amount is less than EUR 1.0 , than the Group should pay minimum EUR 1.0 to non-controlling interest owners. New amended call option of the Group gives right to purchase relevant shares after October 2013 till unlimited time. The fair value of the put option is estimated to be \$2.0 as of June 30, 2012 (December 31, 2011: \$1.5).

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 9 - COMMITMENTS AND CONTINGENCIES

- (a) The commitments reflecting minimum lease payments under existing operating leases for office space, automobiles and office equipment at June 30, 2012 and December 31, 2011 are as follows:

	June 30, 2012	December 31, 2011
2012	3.1	6.6
	<u>3.1</u>	<u>6.6</u>

Lease expense amounted to \$3.1 (June 30, 2011: \$4.1) for the six-month period ended June 30, 2012.

- (b) The Group is or may be involved in various litigation and tax audits arising in the normal course of business in several countries. The Group believes that none of these actions, individually or in the aggregate, will have a material adverse effect on the condensed consolidated interim financial statements.

Commitments and contingencies, from which the management does not anticipate any significant losses or liabilities, are summarised below:

Guarantees given

There is no guarantees given as of June 30, 2012 (31 December 2011: \$0.4).

c) Derivative financial instruments:

The notional principal amounts of the outstanding interest rate swap contracts at December 31, 2011 were \$4.75 . At December 31, 2011, the fixed interest rates vary from 3.0% to 5.6% and the main floating rate is 6-Month LIBOR. Financial expense recognized in regards with these agreements amounted to \$0.7 as of December 31, 2011.

As of June 30, 2012 the Group has no outstanding derivative financial instrument left in hand.

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 10 - SHARE CAPITAL

The shareholding structure is as follows:

	2012	Share (%)	2011	Share (%)
Hürriyet Invest B.V	5.9	74.29	5.4	67.3
Publicly owned	2.1	25.71	2.6	32.7
Share capital	8.0	100.00	8.0	100.00

At January 1, 2006, TME had an issued share capital of two shares of £1.0 each, that have been each subdivided and re consolidated into 11.03125 shares of \$0.16 (full) as of January 25, 2006, then brought to 12 shares of \$0.16 (full) at the same date after that each member of TME have allotted and issued at par to them 0.96875 of a share. These shares have been transferred to TCM. A further number of 49,999,976 ordinary shares have been issued in the restructuring process to the benefit of TCM, being the final owner of the 50,000,000 ordinary shares of TME. Additional paid-in capital amounting to \$678.1 at December 31, 2011 (2010: \$678.1 and 2009: \$678.1) is related to issuance of such shares and share premium arised in the restructuring process.

Hurriyet Invest B.V acquired 6,98% shares corresponding to 3.490.691 share certificates of TME in consideration of \$26.3 based on the valuation report prepared by an independent valuation company on 7 March 2012.

NOTE 11 - RELATED PARTY DISCLOSURES

i) **Balances with related parties:**

Amounts due to shareholders - current:

	June 30, 2012	December 31, 2011
Hürriyet Invest BV.	16.9	13.0
	16.9	13.0

ii) **Transactions with related parties:**

Interest expense to related parties:

	June 30, 2012	June 30, 2011
Hürriyet Invest BV.	0.5	-
	0.5	-

iii) **Transactions with related parties:**

	January 1- June 30, 2012	January 1- June 30, 2011
Remunerations paid to Board members and key management personnel	0.7	1.2

TRADER MEDIA EAST LTD.

Notes to Condensed Consolidated Interim Financial Statements

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

NOTE 12 - RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

Amounting to \$1.9 ‘deferred tax asset’ in ‘other current asset’ is disclosed by offsetting with ‘deferred tax liabilities’, thereby prior year consolidated financial statements are restated.

	As Previously Reported	Offsetting	As Restated
Other current assets	9.9	(1.9)	8.0
Deferred income tax liabilities	11.8	(1.9)	9.9

NOTE 13 - EVENTS AND TRANSACTIONS AFFECTING FINANCIAL STATEMENTS

The group has started the negotiations for the share transfer of OOO Autoschout24, joint venture, to the other partner and the legal process regarding the share transfer is ongoing.

.....