TRADER MEDIA EAST LIMITED

Annual Report & Consolidated Financial Statements for the year ended 31 December 2018

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2018 FINANCIAL HIGHLIGHTS

As of 2017 year end, LLC Pronto Media Holding ("PMH") took the decision to cease its digital operations, based on the considerations regarding market competitiveness of PMH in which it operates and its performance being under the intended level. Management believe that this will lead to improvements in our cash flow and increase our operational effectiveness in our core business in Russia and other countries.

Financial Highlights from continuing operations

IN US$ THOUSAND	**2018**	**2017**
REVENUES	**2,381**	**2,748**
ADJUSTED EBITDA	**10**	**(67)**
ADJUSTED EBITDA MARGIN (%)	**0.42%**	**(2.44%)**
NET LOSS FROM CONTINUING OPERATIONS	**(438)**	**(1,352)**

Consolidated Revenues from continuing operations

The revenues were lower compared to 2017 due to main reasons like Group's business restructuring that involved franchising out printing operations in the Russian Federation, ceasing digital operations, sale and/or liquidation of the Group's regional offices as well economic reasons that included deterioration of the economic environment in the Russian Federation and the Republic of Belarus.

Total consolidated revenues from continuing operations were US$ 2,381 thousand (2017: US$ 2,748 thousand), down by 13.4% due to the business restructuring of Trader Media East Limited (the "Company" or "TME") and its subsidiaries (together, the "Group") as well as the exchange rate volatility in the countries the Group operates. Online consolidated revenues from continuing operations were US$ 572 thousand (2017: US$ 750 thousand), down by 23.7% and offline revenues from continuing operations were US$ 1,809 thousand (2017: US$ 1,998 thousand), down by 9.5%.

Adjusted EBITDA from continuing operations

The "Adjusted EBITDA" can be defined as net loss from continuing operations before financial income, financial expense, income tax (expense)/ benefit, depreciation and amortisation, provision for doubtful receivables and other receivables, impairment charges and certain other non-recurring gains and losses. "Adjusted EBITDA margin" is the ratio of Adjusted EBITDA to Revenues. As of 31 December 2018, the Adjusted EBITDA from continuing operations was US$ 10 thousand (2017: US$ (67) thousand).

Share of online revenues amounted to 24.1% of total revenues from continuing operations in 2018. It has decreased compared to the share of online revenues of 27.3% in 2017.

Discontinued operations

During 2017, the Group has taken the decision to cease its digital operations, based on the considerations regarding market competitiveness of PMH in which it operates and its performance being under the intended level. In addition to this, during 2017 it was decided to close the business in Kazakhstan. Management has continued to classify PMH's operations as discontinued as neither management nor shareholders have intention to make further investment in digital assets and there is no long-term business plan to continue operations of PMH. Management's decision of ultimately ceasing the operations and liquidating PMH has not changed. Due to this reason, net profit/loss from these entities was recognized as "Discontinued Operations" in the profit and loss statements for the years ended 31 December 2018 and 2017.

Financial Highlights from discontinued operations

IN US$ THOUSAND	2018	2017
REVENUES	700	4,390
ADJUSTED EBITDA	(691)	(4,205)
ADJUSTED EBITDA MARGIN (%)	(98.7%)	(95.8%)
NET LOSS FROM DISCONTINUED OPERATIONS	(3,573)	(64,545)

Goodwill impairment

In 2015, the Group had finalised the restructuring process and transformed the Group into a pre-dominantly online business while reducing dependency on the offline business and bundled (online & offline) sales. By completing the transformation to digital business, management created a sound platform for future revenues and cash-flow growth, which reflected in the assumptions underlying the financial model used for goodwill impairment testing. However, during 2017, the Group has taken the decision to cease its digital operations, based on the considerations regarding market competitiveness of PMH in which it operates.

Due to this, the Group recorded an impairment loss for goodwill from discontinued operations of US$ 33,712 thousand in 2017.

VISION, MISSION AND STRATEGIC GOALS

The Group's vision is to provide our customers the best online and offline solutions, and generate high returns, which will create long term shareholder value.

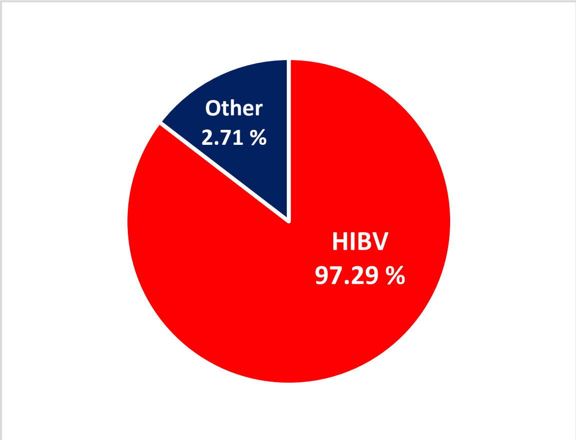
We have successfully completed the transition from offline to online. With the acquisition of media assets in May 2018, we became part of Demirören Medya Yatırımları Ticaret A.Ş. ("Demirören Medya") and formed a new management team, composed of experienced and dynamic top management within the TME-PMH Group.

Our main competitive advantages in 2018 have been our well-established relations with professional clients and our well-known brand, Iz Ruk v Ruki, in Russia and CIS.

CORPORATE SHAREHOLDING STRUCTURE & PROFILE

At 31 December 2018, Hürriyet Invest B.V. ("HIBV")[1] directly owns 97.29% shares of Trader Media East Limited.

	Number of shares	Share Ownership (%)
Hürriyet Invest BV	466,979,413	97.29
Others GDR	12,349,013	2.57
Others	671,574	0.14
Total	**480,000,000**	**100.00**



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[1] Hürriyet Invest B.V. is a wholly and directly owned by Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet").

CHAIRMAN'S STATEMENT

2019 Overview & 2018 Financial Results

During the first two quarters of 2018, we have offered our clients through IRR.ru an optimized usage experience in all segments. In the meantime, our restructuring process in CIS and the Russian Federation kept going and we have closed down our printing business in Kazakhstan.

In 2018, we received some approach from strategic partners and potential investors for our digital brand IRR.ru running under our main subsidiary PMH which had ceased its digital operations in Russian Federation in 2017, followed by the termination of PMH's branch in Tambov. Strategic options are still being evaluated by the top management of TME-PMH Group.

We still continue negotiations for the remaining digital assets within our Group and in 2019 we are committed to minimizing and covering our costs.

Dividend

TME Board of Directors is not recommending a distribution.

Fatih Berber
Chairman

30 April 2019

MESSAGE FROM THE CEO OF PMH

In 2018, we continued to focus on reducing our costs and we decreased our headcount from 163 to 106. It is our goal to find out strategic options for our remaining assets in order to create cash inflow and minimize losses.

On behalf of Top Management, I would like to thank the Shareholders and Board of Directors of the Group for their belief and support in our initiatives throughout the year 2018.

Ömür Sürenkök
Chief Executive Officer of PMH, CEO

30 April 2019

BOARD OF DIRECTORS & ADVISORS

Current Directors	Mr. Fatih Berber, Chairman & Senior Director[2] Mr. Turhan Cemal Beriker, Vice-Chairman & Senior Director[3] Mr. Erik Reijnierse, Senior Director [4]
General Secretary & Counsel	Ms. Elif Ekin Çayhan[5]
Registered Office	SANNE Corporate Service Limited IFC 5, St Helier Jersey, JE1 1ST Channel Islands[6]
Business Address	Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam The Netherlands[7]
Company Registration	Registered in Jersey Number 91704
Independent Auditors	AO PricewaterhouseCoopers Audit 10, Butyrsky Val str. Moscow 125047 Russian Federation
Legal Advisers as to Jersey Law	Mourant Ozannes 22 Grenville Street St Helier, Jersey JE4 8PX Channel Islands
Solicitors	Clifford Chance LLP 10 Upper Bank Street London, E14 5JJ United Kingdom
Principal Bankers	Credit Europe Bank N.V. Karspeldreef 6A 1101 CJ Amsterdam The Netherlands Deniz Bank Moscow CJSC 2nd Zvenigorodskaya Street, Building 13, Constr. 42 Moscow 123022 Russian Federation
Website	Further corporate, financial and shareholder information is available in the Investor Relations section of TME's website: www.tmeast.com

[2] Mr. Fatih Berber has been the "Chairman" since 30 July 2018.
[3] Mr. Turhan Cemal Beriker was appointed as "Vice-Chairman" by the Board on 9 April 2013 and as Executive Director on 19 October 2015.
[4] Mr. Erik Reijnierse was appointed as Director by the Board on 31 January 2019.
[5] Ms. Elif Ekin Çayhan was appointed as "General Secretary& Counsel" on 13 May 2016.
[6] TME's registered address was changed on 3 September 2018.
[7] TME's business address was changed on 1 September 2016.

DIRECTORS' BIOGRAPHIES

Fatih Berber

Chairman & Senior Director

Born on 16 April 1980, in Istanbul, Fatih Berber started his career within his family corporations in construction and automotive sectors. In the following years of his career, Mr. Berber became active in shipping business and for the last 5 years he is carrying joint projects with his German partners in automotive sector, concurrently Mr. Berber also owns construction projects in the Bodrum province of Turkey. Fatih Berber is married with two children.

Mr. Fatih Berber was appointed as Director and Chairman of the Board by the General Assembly on 30 July 2018.

Turhan Cemal Beriker

Vice-Chairman & Senior Director

Mr. Turhan Cemal Beriker, born in 1968, a Turkish and Dutch citizen, graduated in Management Science (BSc) in the Faculty of Engineering at Bilkent University in Ankara, Turkey. He started his career as Manager at Interbank AS in 1990. In 1993, he joined Finansbank as Director, and as CEO in 2001 and joined Credit Europe Bank N.V. as Director in 2010, where he gained experience in banking, finance and management. After Credit Europe Bank N.V., he joined Kiltoprak NV as full-time advisor to the President& Board in transport, energy and tourism sectors in 2011.

He is currently Vice-Chairman of TME Board of Directors, and President of Audit and Corporate Governance Committees, being Senior Director since April 2013 and being Executive Director since 19 October 2015.

Erik Reijnierse

Senior Director

Mr. Reijnierse has extensive banking experience in the corporate and financial industries and has been working as TMF Netherlands' Director Client Services since January 2015. Prior to joining TMF Group, Mr. Reijnierse spent 17 years working for Citigroup in a variety of roles, including client sales and relationship manager. Erik holds a Master of Business Economics from the Erasmus University Rotterdam and is a Dutch native speaker, fluent in English.

Mr. Erik Reijnierse was appointed as Director by the Board on 31 January 2019.

Ms. Elif Ekin Çayhan

General Secretary & Legal Counsel

Elif Ekin Çayhan, born in 1981, Turkish citizen, graduated from Marmara University, School of Law (LL.B. in 2004) and holds two Master Degrees, one in European Union Law (M.A. in 2009) from Marmara University and one in German and International Law (LL.M. in 2013) from University of Cologne.

Elif Ekin Çayhan is admitted to Istanbul Bar Association in 2006 and since then she worked as a lawyer in local and European law firms, in fields of contracts and commercial law, corporate law, national and international DDs and M&A projects, PPP projects, Project Finance and Investments, with clients especially from health and construction sectors, advised national and international clients in numerous fields of law such as real-estate law, administrative law, law of aliens, as well as press and media law.

Elif Ekin Çayhan is native in Turkish and fluent both in English and German. She is certified as sworn translator in Turkey for English and German languages since 2011. She received advanced trainings and certificates in fields of private international law, alternative dispute resolution and international arbitration in different countries and worked for Arbitration Institution in Germany.

Elif Ekin Çayhan was appointed as the General Secretary&Counsel, VP & CLO of Trader Media East Limited on 13 May 2016.

CORPORATE GOVERNANCE

The 2008 Combined Code of Corporate Governance has been renamed UK Corporate Governance Code, with the revised Code applying to reporting periods beginning on or after 1 October 2012. It sets out certain Corporate Governance recommendations in relation to companies with a Premium Listing of equity shares at the London Stock Exchange ("LSE") regardless of whether they are incorporated in The United Kingdom or elsewhere. Trader Media East Limited as a Standard Listed company at the LSE, the UK Corporate Governance Code does not strictly apply to it; that it has a "comply or explain" requirement under the Listing Rules and Disclosure and Transparency Rules. Thus, the Group intends so far as it is able to apply the underlying principles of UK Corporate Governance Code, having regard to its size and stage of development.

The Board is committed to maintaining high standards of Corporate Governance. This statement, together with the Report on Remuneration and the Report of the Board of Directors set out on pages 13 and 14 to 18, describes how the Group has applied the relevant Principles of UK Corporate Governance Code, and also adheres to Dutch tax substance requirements. The Board believes that the Group complies with the spirit of UK Corporate Governance Code although there are some departures as mentioned below.

Corporate Governance Compliance Statement

As a Jersey incorporated company, the Company is governed according to its articles of association and the relevant provisions of the Companies (Jersey) Law 1991. The Board is responsible for the proper management of the Group and confirms that the Group has complied throughout the financial year with most of the relevant provisions set out in UK Corporate Governance Code.

Board of Directors, Audit & Corporate Governance Committees' Status

The restructuring of the Board and Committees have taken place with two simple considerations in mind, *simplicity and efficiency.*

The Group has gone through transition from offline to online, and by completing its transition the Group derived its revenues mainly from online business. As a result of this, a more flexible body was restructured.

Going Concern Basis

After making enquiries, the Directors have formed a judgement, at the time of approving the consolidated financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The parent company management confirmed that they are able to and that they will continue to provide Trader Media East Limited and its subsidiaries with financial support to enable them to continue in operation and to meet their obligations as and when they fall due for at least eighteen months from April 2019. This commitment to support Trader Media East Limited and its subsidiaries will not be retracted within those eighteen months.

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

THE BOARD OF DIRECTORS

- Mr. Fatih Berber, Chairman, Senior Director;
- Mr. Turhan Cemal Beriker, Vice-Chairman, Senior Director;
- Mr. Erik Reijnierse, Senior Director.

The Board is responsible and accountable for the Group's operations. The Board has a formal schedule of matters for which they have sole responsibility, including the Group's strategic plans, acquisitions or disposals, capital expenditure, all financing matters, annual operating plan and budget and operating and financial performance.

The Board also delegates specific responsibilities to the Committees, each of which has clear written terms of reference, as described below. The Board did not believe that it was necessary to use external resources to review its performance during year 2018, but chose to evaluate its own performance, that of its Committees and of its Directors. The Board was broadly satisfied with its performance.

The Board believes that an increasing amount of work is undertaken by the Audit and Corporate Governance Committees and that the Director(s) can only properly fulfil their responsibilities if they are present during committee meetings and are able to follow the detail of discussions and debate held at those meetings.

There are currently three directors: Mr. Fatih Berber as Chairman & Senior Director, Mr. Turhan Cemal Beriker as Vice-Chairman & Senior Director and Mr. Erik Reijnierse as Senior Director. The biographies are set out on page 7 illustrate the Directors' breadth of experience.

The Independent Director is subject to re-appointment on an annual basis at TME Annual General Meeting. Before a director is proposed for re-election by the Shareholders, the Corporate Governance Committee (which is responsible for the roles identified by UK Corporate Governance Code, which would be reserved for the "Compensation & Nomination Committees") meets to consider whether an Independent Director's performance continues to be effective and whether s/he demonstrates a commitment to the role.

Each director is subject to re-election by the Shareholders on an annual basis at TME Annual General Meeting. An assessment is made of any training needs on a director's appointment and the appropriate training provided, if applicable. All directors have access to the Company Secretary and, in the furtherance of their duties, may take independent professional advice, if necessary, at the Group's expense.

TME Board believes that the Chairman was and remains a self-reliant Senior Director since the date of his appointment.

RELATIONS WITH THE SHAREHOLDERS

The Group encourages two-way communication with its investors and responds quickly to all queries received orally or in writing, and report to the Board giving details of comment and "feedback" received from analysts and institutional investors. At TME Annual General Meeting, directors or alternates are available for questions. The communication is also made through the website, which is regularly updated.

AUDIT COMMITTEE

The Audit Committee ("AC") is comprised of three members. Mr. Turhan Cemal Beriker, Senior Director, acting as the President of the AC. Mr. Fatih Berber is the Vice-President (who is Chairman of TME) of the AC and Mr. Erman Güran acting as a Member of the AC, who is an employee of Demirören Holding and a member of the AC.

The AC meets at least twice a year and is responsible for reviewing, prior to its publication, any financial information made public through quarterly and half-year press releases on the Group's results, monitoring the Group's financial, accounting and legal practices against relevant ethical standards, reviewing any changes in accounting methods and main judgments made by management at the close of the annual consolidated financial statements and supervising the Group's compliance with accounting and financial internal control processes.

The AC will also recommend the choice of independent auditor(s) to the Board, to be put to the shareholders for approval at TME Annual General Meeting. It will also discuss with the auditor(s) its/their findings. In addition, the AC will direct the Group's internal audit function and review and analyse the reports issued by the Internal Audit Team after a written response from management.

The performance of the External Auditor is evaluated by the AC each year. Central to this evaluation is scrutiny of the External Auditors' independence, objectivity and viability. To maintain the independence of the External Auditors, the provision of non-audit services is limited to tax and audit-related work that fall within specific categories. The appointment of Independent Auditors to perform these non-audit services has been pre-approved by the AC.

The AC has formal written terms of reference which are available on TME website.

The members of the AC at the date of this report were:

- Mr. Turhan Cemal Beriker (President)[8]
- Mr. Fatih Berber (Vice-President)[9]
- Mr. Erman Güran (Member)[10]

In 2018, personnel from internal audit department of Demirören Medya have been assigned for PMH in order to support and follow up internal audit works and to provide continuous internal control mechanism.

[8] Mr. Turhan Cemal Beriker was appointed as Member on 31 July 2013, then as President of Audit Committee on 11 October 2013
[9] Mr. Fatih Berber was appointed as Vice-President of Audit Committee on 30 January 2019
[10] Mr. Erman Güran is appointed as Member of Audit Committee on 30 January 2019

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee (“CGC”) is comprised of two members. Mr. Turhan Cemal Beriker, as a Senior Director has been appointed the President of the CGC in 2013. Mr. Fatih Berber (who is Chairman of TME), is Vice-President of the CGC.

The CGC is responsible for establishing and controlling the corporate internal practices and rules developed in terms of financial compensation and also nomination for the members of the Board, certain members of the Executive Management and other key employees. It is also responsible for periodically reviewing the Board’s structure and identifying potential candidates to be appointed as director(s), as the need may arise, and determining succession plans for the Chairman of the Group.

The Report on Remuneration set out on page 13 contains a more detailed description of the Group’s policies and procedures for executive nomination and remuneration. The CEO, the General Counsel and Chief HR Officer, as appropriate, attend the meetings of the CGC, but they do not participate in discussions on their own remuneration.

The CGC has formal written terms of reference, which are available upon written request addressed to the Company Secretary.

The members of the CGC at the date of this report were:

- Mr. Turhan Cemal Beriker (President)[13]
- Mr. Fatih Berber (Vice-President)[14]

The CGC is additionally responsible for the roles identified by UK Corporate Governance Code which would be reserved for Compensation and Nomination Committees. Consequently, the CGC also meets as required to select and propose to the Board suitable candidates of appropriate caliber for appointment as “director(s), officer(s), advisor(s) and its/their related fee(s)/package(s)”.

The Compensation Committee was renamed as “Corporate Governance Committee” by the Board on 17 April 2014.

INTERNAL CONTROL

The Directors are responsible for the Group’s established system of internal financial control and for reviewing its effectiveness.

Upon acquisition of Hürriyet and its group of companies including TME in May 2018, the Board of Directors has taken a decision to strengthen the internal audit mechanisms. This was followed by a financial due diligence on PMH and through the process of due diligence reasonable doubt has been established that an investment property was disposed on 21 November 2017 with no evidence of proper authorization from the Board. Appropriate steps to initiate legal action has been taken to recover the property.

No system of internal financial control can provide absolute assurance against material misstatement or loss. The established system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key procedures that have been established and designed to provide effective internal financial control are:

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

[13] Mr. Turhan Cemal Beriker was appointed as Member on 31 July 2013, then as President of Corporate Governance Committee on 11 October 2013.
[14] Mr. Fatih Berber was appointed as Vice-President of Corporate Governance Committee on 30 January 2019

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

  Monthly revenue and profit returns are received from all operating units followed by the issuance of monthly and quarterly management accounts, which are prepared promptly and reported against the approved budget. Consolidated management accounts are prepared on a monthly basis, including detailed profit analysis (with comparisons to budget, latest forecasts, prior year and consensus market opinion), and treasury report (including comparison to our financial covenants), providing relevant, reliable and up-to-date financial and other information to the Board. Revised profit and cash flow forecasts for the current year are prepared and submitted to the Board at quarterly intervals during the year.

- *Investment Appraisal*: We have a clearly defined framework for capital expenditure which is controlled centrally. Appropriate authorization levels and limits beyond which such expenditure requires the prior approval of the Executive Management Team or, in certain circumstances, the Board, are clearly set. There is a prescribed format for capital expenditure applications which places a high emphasis on the overall Group strategy or logic for the expenditure, and demands a comprehensive and sound financial representation of the business case being put forward. All significant corporate acquisitions or investments are controlled by the Board on the basis of proposals advanced by the Executive Management Team or a Board sub-committee and are subject to detailed investment appraisal and performance of due diligence procedures prior to approval by the Board.

- *Functional Reporting:* A number of our key functions, including treasury, taxation, internal audit and risk management, litigation, IT strategy and development and insurance are dealt with centrally. Each of these functions reports to the Board on a regular basis through CEO, CFO and General Counsel, as appropriate. The treasury function operates within the terms of clearly defined policy statements. The policy statements exist to ensure that we are not exposed to any unnecessary risk and that where appropriate there is hedging against foreign currency and interest rate risks.

The AC reviews the reports from the Management, the Internal Audit Department and the External Auditors to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

REPORT ON REMUNERATION

The Directors are paid annual fee on a quarterly basis as follows:

(i) TME Board Chairwoman/man and Vice-Chairman's annual fees are EUR 20,000, and Director/Member and Corporate Secretary annual fees are EUR 10,000;

(ii) TME Committees' President and member fees are EUR 1,000. Members of the Audit and Corporate Governance Committees are paid quarterly fee of EUR 1,000 per committee membership.

Service Contracts

<u>Non-Executive Directors</u>

There are no service contracts in force between any non-executive director and the Group. Each of the non-executive directors has a letter of appointment setting out the terms and conditions of her/his appointment. The letters of appointment do not provide for any benefits to be paid to the non-executive director(s) upon the termination of its/their appointments nor do they provide for a specific notice period. There is/are no commission(s) or profit-sharing arrangement(s) in its/their letter(s) of appointment.

<u>Directors' Remuneration</u>

Directors' annual remunerations are set out as follows:

	EUR 2018	EUR 2018
	Basic Remuneration	**Committees' Fees**
Mrs. Vuslat Sabancı (*)	11,667	4,666
Mr. Turhan Cemal Beriker	20,000	8,000
Mrs. Özlem Mertoğlu-Munanoğlu	10,000	8,000
Mr. Kemal Sertkaya (*)	-	2,333

(*) Mrs. Vuslat Sabanci and Mr. Kemal Sertkaya resigned from their positions effective from 30 July 2018.

REPORT OF THE BOARD OF DIRECTORS

The Directors of the Group present their report and the audited consolidated financial statements for the year ended 31 December 2018.

Incorporation

The Company was incorporated in Jersey, Channel Islands in November 2005 and it was re-registered on 6 February 2006.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with any applicable law and regulations.

Under Article 105(11) of the Companies (Jersey) Law 1991 the directors of a holding company need not prepare separate financial statements (i.e. Company only financial statements) if consolidated accounts for the Company are prepared, unless required to do so by the members of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and, in the Directors' opinion, the Company meets the definition of a holding company. As permitted by law, the Directors have elected not to prepare separate financial statements.

The Companies (Jersey) Law 1991 requires the Directors to prepare the financial statements for each financial year. Under that law, the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

International Accounting Standard 1 requires that the consolidated financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually, all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors confirm they have complied with all the above requirements in preparing the consolidated financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them 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 and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 consolidated financial statements since they were initially presented on the website.

The Directors are also required by the Disclosure and Transparency Rules (DTR) of the United Kingdom Listing Authority (UKLA) to include a Management Report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

Directors' Statement pursuant to the Disclosure and Transparency Rules (DTR)

Each of the Directors, whose names and functions are listed on page 7 confirm that, to the best of each person's knowledge and belief:

- the Consolidated Financial Statements, prepared in accordance with IFRS as adopted by EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;

- the Directors' Report contained in the Annual Report includes a review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- the Annual Report and the Consolidated Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Group's performance, business model and strategy.

Principal Activities

The Group is one of the leading marketplace for communities of generalist, real estate, auto, goods and services, with strong local brands, serving local markets in the Russian Federation and Belarus.

Results and Dividends

The profit and loss account of the Group for the year ended 31 December 2018 is set out in the audited consolidated financial statements. No dividends were paid during the year 2018.

Directors

The composition of the Board of Directors as at 31 December 2018 is as follows:[19]

- Mr. Fatih Berber as Chairman, Senior Director;
- Mr. Turhan Cemal Beriker as Vice-Chairman & Senior Director;
- Mrs. Özlem Mertoğlu-Munanoğlu, Senior Director was replaced by Mr. Erik Reijnierse, Senior Director

Directors' Interests

No options were granted to or exercised by any director of TME in the period between 31 December 2018 and the signing date of these audited consolidated financial statements. None of the directors had a material interest in any contract of significance to which the Group 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.

[19] Mrs. Özlem Mertoğlu-Munanoğlu resigned from her position effective of 31st January 2019 and Mr. Erik Reijnierse has been appointed.

Financial Risk Management

The Group finances its operations through the generation of cash from operating activities and bank borrowings. Moreover, the parent company management is able to provide financial support to Trader Media East Limited and its subsidiaries. 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 as the principal risks facing the Group. The Group has a risk management structure in place that is designed to identify, manage, and mitigate business risks. This forms part of the Group's system of internal control that is described in detail in Corporate Governance. The key risks identified through this risk management process, and how they are managed is detailed below.

General

The Group's activities expose it to a variety of operational and financial risks; these risks are market risk including the effects of changes in debt and equity market prices, foreign currency exchange rates, fair value interest rate risk, and cash flow interest rate risk, credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets as well as changeable parameters of the Russian economy and seeks to minimize potential adverse effects on the financial performance of the Group. As the Group operates in different regions and countries, TME headquarters deal effectively with the coordination of management of different entities.

Risks relating to the Group's Business and Industry

According to Federal Statistics Service' report, Russia's economy grew by 2.8% in 2018 following a 1.6% growth in 2017. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. Firm oil prices, low unemployment and rising wages supported a modest growth of the economy in 2018.

In Belarus, the economy continued to grow in 2018. The increase in GDP was 3.0% in 2018, compared with a 2.5% in 2017. Inflation in the economy slowed, the Consumer Price Index was 104.9% in 2018 (106.0% in 2017).

Risks relating to the Group's Financial Condition

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

The Group finances its operations through loan facilities provided by its controlling shareholder, Hürriyet Group and Demirören Medya, as well as bank loans, if needed. Liquidity risk is managed through forecasting the future cash flow requirements of the business.

Competitive Forces

The markets in which the Group operates are highly dynamic and competitive. The majority of its co-operation is long term in nature and access to the key platforms is critical to the success of the business. This requires sustained investment in technology, capability and infrastructure, which presents a high barrier to entry. However, these factors alone do not protect the Group from competition, such that price competition and technical advances made by competitors could adversely affect the Group's results. The Group has developed a balanced business portfolio and maintained a steady improvement in operational performance, which together with the establishment of long-term customer relationships and sustained investment in technology acquisition, allow the Group to respond to competitive pressure.

Foreign Currency

A high proportion of the Group's revenues from continuing operations (67%) and operating loss arise in the Russian Federation. As a result, the Group's reported results in 2018 have been negatively affected by the weakening of the Russian Rouble (RUB) against the US Dollar (US$) versus 2017.

Legal Risks

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

The Group addresses this risk in a number of ways:

- through reviews, advice and opinions provided by the in-house legal department;
- monitoring and reporting of issues by the Internal Audit function;
- internal control processes requiring local and Group's Executive Management to report on areas of potential non-compliance; and
- controls on the levels of the 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 tradenames and goodwill in allocating a part of the purchase price paid for its subsidiaries to these intangible assets. These intangible assets were fully impaired as at 31 December 2017 as a result of the decision to cease PMH's digital operations.

Purchase of Own Shares

The Group did not purchase any of its shares for cancellation during the year.

Secretary

E. Ekin Çayhan has been the Company Secretary since 13 May 2016.

Independent Auditors

AO PricewaterhouseCoopers Audit was appointed as External Auditor to the Group at the Annual General Assembly on 30 July 2018.

A resolution to appoint the auditors and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting (AGM), which will be held during 30 July 2019 at the Company's headquarter in Amsterdam, The Netherlands.

By order of the Board

E. Ekin Çayhan
General Secretary & Counsel

30 April 2019

Registered office:

SANNE Corporate Service Limited
IFC 5, St Helier
Jersey, JE1 1ST
Channels Islands

RESPONSIBILITY STATEMENT

TME Annual Report & Consolidated Financial Statements of 2018 contain a "Responsibility Statement" in compliance with paragraph 4.1.12 of the DTR signed by order of the Board by Mr.. Fatih Berber as Chairman of the Board & Senior Director, Mr. Turhan Cemal Beriker as Vice-Chairman & Senior Director, and Mr. Erik Reijnierse as Senior Director of the Company.

This statement is set out below in full and unedited text. This states that on **30 April 2019**, the date of approval of the 2018 Annual Report & Consolidated Financial Statements (Accounts).

Each of the Directors hereby confirm:

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

Amsterdam, The Netherlands
30 April 2019

TRADER MEDIA EAST LIMITED

Fatih Berber
Chairman

Turhan Cemal Beriker
Vice-Chairman, Director

Erik Reijnierse
Director

GENERAL OVERVIEW & FINANCIAL REVIEW

We are pleased to present the consolidated financial results of Trader Media East Limited ("**Trader Media East**" or "**TME**" or the "**Group**" or **"We"**) for the year ended 31 December 2018.

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

About Trader Media East

TME is one of the leading marketplace for communities of generalist, real estate, auto, goods and services, with strong local brands, serving local markets in the Russian Federation and Belarus.

TME was founded in November 2005, and comprises the former operations of Trader Classified Media N.V. Currently, the Group employs 106 permanent employees as of 31 December 2018.

The Group is one of the largest companies in the region operating with websites, primarily in the real estate, automotive and goods and services categories in specific markets as Belarus and the Russian Federation.

Major Developments

Cessation of Digital Assets in PMH

On 22 November 2017, PMH has taken the decision to cease its digital operations, based on the considerations regarding market competitiveness of PMH in which it operates and its performance being under the intended level. The Group's management believe that this will lead to improvements in our cash flow and increase our operational effectiveness in our core business in Russia and other countries. Due to this decision, total net loss from those operations are classified as "Discontinued Operations" in the profit/loss statement as of 31 December 2017. We continue to have these operations classified as discontinued as there are no long-term budgets for the operations of PMH as of 31 December 2018.

TME Group Financial Restructuring

As of the date of this report, the Group's payable to Hürriyet is US$ 12,996 thousand and HIBV is US$ 2,544 thousand, including previous debts acquired from related parties, which were used both for the partial closure of the bank debts and working capital requirement of PMH in the past.

New OECD Frame Directive & Dutch Corporate & Tax Legal Substance Rules & Compliance

New OECD Frame Directive "BEPS-Base Erosion & Profit Shifting" means that: *"Artificial structures will no more be allowed!".* Dutch authorities have introduced New Regulations & Measures (effective as of January 2016), and which further extend the requirements towards supervision of the business activities of the structures involving Dutch entities. TME Group's trust company TMF Netherlands BV (licensed by Dutch Central Bank) is obliged to keep TME Group files up to date and at all times to maintain a transparent overview of the structure and its activities. This is the direction towards which the Corporate Changes have been implemented within TME, as TME wishes to maintain the status of Dutch Tax Residency. As a matter of fact, we have submitted our CbCR (Country-by-Country Reporting) notification in all relevant jurisdictions we operate including the Netherlands. We have finally filed our Group's CbC reports, as well as we had our local and master files at Company Headquarters.

Russian Special Economic Measures (SEP)

Most of the restrictions introduced by the Russian Federation were abolished in 2017, allowing Turkish companies and businessmen to work actively in Russian & CIS countries.

TCM Adria d.o.o.

TCM Adria d.o.o. liquidation has already been started since 12 June 2017 and was finalized on 20 December 2018.

Incorporation, Transfer, Disposal, Dissolution & Liquidation in Russia & CIS

- Pronto Akmola had been in liquidation process since 1 May 2017 and was finally liquidated on 3 July 2018.
- Pronto Akzhol had been in liquidation process since 30 September 2017 and was finally liquidated on 3 July 2018.

BUSINESS OVERVIEW

Our registered office is in Jersey and we maintain our principal administrative offices in the Netherlands. Our operating structure is designed to provide centralized control over financial management, acquisitions, strategic partnerships and Internet development.

We provide local managers with support for finance, sales, marketing, production and distribution while giving them the responsibility and the flexibility to react quickly and effectively to varying local market conditions. Within each of our major metropolitan and regional markets, we have operation managers, sales and marketing teams, a production group and distribution managers.

Market Conditions

In 2015, TME has undergone a significant restructuring: exited printing business as a publisher and it has franchised out all of its Russian regional printing operations, set up a centralized call center in Tambov, re-allocated product development in-house, strengthened of product teams and implemented a holding-wide cost-cutting program and reduced headcount. In addition to this, as described in previous sections, on 22 November 2017, PMH cease its digital operations, based on the considerations regarding market competitiveness of PMH in which it operates and its performance being under the intended level.

Sales and Marketing

We sell various media formats and value-added services (VAS) on our websites through our local direct sales force, centralised marketing team, customer service call centers and our regional franchisees' network with whom we currently do not cooperate anymore because we closed the print editions.

Our web-site IRR.ru in Russia, have a national reach, and in these cases we solicit national advertising. Our local online media operations has a dedicated direct sales force focused on retaining existing advertisers and acquiring new ones, particularly local businesses such as car dealers, real estate brokers and other local retailers, through sales visits to customers. In addition, our sales forces in Moscow enhancements to advertisements and value-added services including our ‘‘Power Pages’’ solutions, mobile version and inventory lot management

Currency Fluctuations

We express our results in US Dollar and generate revenues from continuing operations in different currencies. The most significant currency is the Russian Rouble, in which we have generated 74% of our revenues in 2018. The second one is Belarusian Rouble which produces 26% of our revenues in 2018.

Set up below is a table of 2018 annual average rates of major local currencies against US$ compared to 2017:

	2018 Annual average rate	2017 Annual average rate	Fluctuation %
Russian Rouble (RUB)	0.0159	0.0172	(7.6)%
Belarusian Rouble (BYR)	0.4898	0.5175	(5.4)%

Inflation

Our costs are closely linked to domestic cost factors in the countries in which we operate.

In 2018, the inflation rate in the Russian Federation was 4.3%.

The table below presents changes in Russia's consumer price index from 2011 through 2018.

(Annual percent change)	2011	2012	2013	2014	2015	2016	2017	2018
Consumer Price Index (December to December change in RUB)	6.1%	6.6%	6.5%	11.4%	12.9%	5.4%	2.5%	4.3%

Revenues from continuing operations

Source of Revenues

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.

Our offline revenues from are twofold: 1) in Russia we derive revenues from selling advertising space in our publications and events 2) in Belarus we derive revenues from selling advertising space in our publications and to a lesser extent, we derived revenues from paid circulation of some of our print publications and from additional services we provide. The portion of offline business in our total revenues from continuing operations is 75.9% in 2018 (2017: 72.7%); and the portion of online business is 24.1% in year 2018 (2017: 27.3%).

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

	Percentage of revenues by segments (continuing operations)	
	Year ended 31 December 2018	Year ended 31 December 2017
Online revenues	**24.1%**	**27.3%**
Russia	7.7%	6.4%
Belarus	16.4%	20.9%
Offline revenues	**75.9%**	**72.7%**
Russia	59.1%	55.6%
Belarus	16.8%	17.1%

Management believes that the Group is operating under two business segments as the scope of the business for the Group, nature of products, nature of production processes, methods used to distribute the products are different.

We recognise 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.

We recognise print revenues (classified and display) at the time the advertisement is published. We defer revenues related to advertisements appearing on multiple occasions and recognise them proportionally during the period when the advertisement is run. We recognise circulation revenues at the time a publication is sold to a customer. We recognise services revenues (mainly presented by royalty fees and advertising space on exhibitions) as earned at the date the service is rendered.

We recognise online revenues at the time the advertisement is run.

Consolidated Revenues from continuing operations

Revenues from continuing operations decrease to US$ 2,381 thousand in year 2018 from US$ 2,748 thousand in year 2017. In order to reflect the effect of acquisitions, disposals or mergers-liquidation on our financial statements, we measure revenues, Adjusted EBITDA on the basis of total growth and organic growth. In calculating organic growth (in local currency), we include the revenue or Adjusted EBITDA contribution from business only with respect to entities that have been consolidated in our financial statements for at least twelve months.

Revenues by sources are as follows:

	31 December 2018 US$ thousand	31 December 2017 US$ thousand	Change (%)
Online revenues	**572**	**750**	**(23.7%)**
Russia	*183*	*177*	*3.4%*
Belarus	*389*	*573*	*(32.1%)*
Offline revenues	**1,809**	**1,998**	**(9.5%)**
Russia	*1,407*	*1,527*	*(7.9%)*
Belarus	*402*	*471*	*(14.6%)*
Total revenues	**2,381**	**2,748**	**(13.4%)**

As of 31 December 2018, offline revenues decreased by 9.5%, to US$ 1,809 thousand from US$ 1,998 thousand and online revenues decreased by 23.7%, to US$ 572 thousand from US$ 750 thousand in 2017.

Operating loss from continuing operations

The operating loss from continuing operations decreased by US$ 1,051 thousand or 70% from US$ (1,491) thousand to US$ (440) thousand in 2018.

ADJUSTED EBITDA from continuing operations

Adjusted EBITDA increased by US$ 77 thousand from US$ (67) thousand to US$ 10 thousand l in 2018.

Forward-Looking Statements

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Company or its officers with respect to various matters. When used in this document, the words “expects”, “believes”, “anticipates”, “plans”, “may”, “will”, “should” and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual 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.

TRADER MEDIA EAST LIMITED

Consolidated financial statements for the year ended 31 December 2018

and independent auditor's report

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Independent Auditor's Report

To the Members of Trader Media East Limited:

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Trader Media East Limited (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited:

The Group's consolidated financial statements, included within the annual report, comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2018;
- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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pwc

Our audit approach

Overview

Materiality

- Overall group materiality: United States Dollars ("USD") 236 thousand, which represents 5% of the loss before tax and before one-off items (further explained below).

Audit scope

- We conducted our audit work on the significant components of the Group and also in respect of individual balances and types of operations of other components of the Group where necessary.
- Because of the centralised structure of the Group, the audit was performed entirely in Russia.
- Our audit scope addressed 100% of the Group's revenues and 97% of Group's absolute value of underlying loss before tax.

Key Audit Matters

- Going concern assessment
- Prior period error
- Accounting for discontinued operations of LLC Pronto Media Holding ("LLC PMH")

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	USD 236 thousand
How we determined it	Based on 5% of the Group's loss before tax and before certain one-off items for the year ended 31 December 2018
Rationale for the materiality benchmark applied	We have applied this benchmark based on our analysis of the information needs of the stakeholders and other users of the consolidated financial statements. In accordance with the restructuring of the Group in recent years and approved forecasts, the Group is expected to incur operating losses at least for another year. Gain on sales of digital assets amounting to USD 707 thousand (Note 4.2) was excluded from loss before tax calculation as it is considered to be a significant one-off item.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Going concern assessment *Refer to note 4.1 in the consolidated financial statements for the related disclosures.* The Group incurred a net loss of USD 4,011 thousand, a negative operating cash flow of USD 1,805 thousand during the year ended 31 December 2018, and at the reporting date, the Group's current liabilities exceed its current assets by USD 15,725 thousand. The above factors necessitated further assessment of whether it is appropriate for the Group to continue preparing the consolidated financial statements on a going concern basis. We considered that this continues to be a key audit matter because management's assessment involves significant assumptions and judgements which are based on their best estimates, analysis of the current market conditions and the Group's performance.	Our audit procedures included discussion with management of Hurriyet Gazetecilik ve Matbaacilik A.S. ("Hurriyet"), the Group's parent company, and obtaining and examining management's business plan for the next five-year period for continuing operations. Furthermore, we obtained a copy of the letter of support from Hurriyet to the Group, confirming that Hurriyet will continue to provide financial support to the Group to enable it to continue in operation and to meet its obligations as and when they fall due, for the foreseeable future. In addition, we obtained audit evidence to satisfy ourselves that Hurriyet would be able to meet the undertakings which were set out in the letter of support, in the context of our audit of the Group. We also compared the going concern disclosures in note 4.1 to the consolidated financial statements to the relevant requirements of IFRS.
Prior period error *Refer to notes 3.2.2 and 10 in the consolidated financial statements for the related disclosures.*	We discussed with management the results of their due diligence work.

Key audit matter	How our audit addressed the Key audit matter
Management identified an error in the investment property balance included in the 2017 consolidated financial statements and corrected this error retrospectively. The error was identified by management during an internal due diligence conducted after the 2017 consolidated financial statements had been authorised for issue. The result of the due diligence showed that the investment property carried at USD 278 thousand was transferred to a third party without proper authorisation in 2017 and this transfer was not reflected in the consolidated financial statements. We considered this to be a key audit matter because the impact of this error, together with other uncorrected errors, resulted in a material misstatement that required restating the comparative amounts for the prior period.	Management also provided the evidence proving that the investment property was transferred to a third party in 2017. We have verified this information through available state registers. We also carried out additional procedures in relation to the prior period consolidated financial statements. We have involved forensics specialists to perform background checks of some former employees, suppliers and customers. We assessed the information disclosed in Note 3.2.2 to the consolidated financial statements for accuracy and compliance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".
Accounting for discontinued operations of LLC PMH	
Refer to notes 4.2 and 18 in the consolidated financial statements for the related disclosures. As described in notes 4.2 and 18 in the consolidated financial statements, on 22 November 2017 the Board of Directors of LLC PMH, the biggest subsidiary of the Group, has decided to cease its digital operations. In the 2017 consolidated financial statements, management classified LLC PMH's operations as "discontinued" based on their conclusion that the operations meet the criteria set out in IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" ("IFRS 5"). As at 31 December 2018 and at the date of our auditor's report, the liquidation process has not yet been initiated. Furthermore, LLC PMH has generated USD 700 thousand revenue during the year through its digital assets.	We analysed management's judgements underlying the classification of LLC PMH's operations as discontinued in accordance with the provisions of IFRS 5. We inquired of management and representatives of Hurriyet with respect to their long-term plans in relation to LLC PMH. We analysed the facts that resulted in the delay of the original liquidation plan provided to us. We considered the presentation of LLC PMH as discontinued operations in the consolidated statement of comprehensive income and the related disclosures in note 18 in the consolidated financial statements and assessed the presentation and disclosures against the requirements of IFRS 5.

Key audit matter	How our audit addressed the Key audit matter
Management has decided to continue to classify LLC PMH's operations as discontinued as neither management nor the shareholders intend to make further investments and there is no long-term budget for operations of LLC PMH and the intention of management and the shareholders is still to ultimately discontinue the business and liquidate the legal entity. We focused on this area due to the size of the operations of LLC PMH: accounting for 23% of the Group's revenues and 69% of the Group's loss before tax for the year ended 31 December 2018. Furthermore, management's original expectation with respect to potential liquidation of LLC PMH in 2018 have not been realised. Accounting for parts of an entity as discontinued operations has a significant impact on presentation and disclosure in the consolidated financial statements. This also requires application of judgements to be made by management in their analysis of the criteria for recognising LLC PMH as discontinued operations.	

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group is headquartered in Jersey with two significant components located in Moscow, Russian Federation where management functions are also carried out. Therefore we identified the following significant components where we performed full scope audit procedures: LLC PMH and LLC ID Impress Media. In addition, we performed specified audit procedures over selected financial information of several components located in the Russian Federation, Belarus, the Netherlands and Jersey. We also performed audit procedures over the consolidation of the Group's components and significant consolidation adjustments.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report, which we obtained prior to the date of this auditor's report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors and those charged with governance for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the requirements of the Companies (Jersey) Law 1991 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The certified auditor responsible for the audit resulting in this independent auditor's report is Tatiana Sirotinskaya.

AO PricewaterhouseCoopers Audit

30 April 2019

Moscow, Russian Federation

T.V. Sirotinskaya, certified auditor (licence no. 01-000527),

AO PricewaterhouseCoopers Audit

Audited entity: Trader Media East Limited

Certificate of incorporation issued on 6 February 2006 under registration № 91704

IFC 5, St. Helier Jersey JE1 1ST, Channel Islands

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 11603050547

The maintenance and integrity of the website of Trader Media East Limited 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 financial statements since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

	Notes	For the years ended 31 December 2018	31 December 2017 *restated*
Continuing operations			
Revenue	6	2,381	2,748
Cost of sales	7	(1,605)	(1,822)
Gross profit		**776**	**926**
Marketing, selling and distribution expenses	7	(20)	(72)
General administrative expenses	7	(1,187)	(2,106)
Other operating expenses	7	(9)	5
Other operating income		-	34
Write-off of investment property	3.2.2,10	-	(278)
Operating loss		**(440)**	**(1,491)**
Interest expenses		(74)	(17)
Foreign exchange gain, net		60	231
Gain/ (loss) on sale of property, plant and equipment		21	(16)
Loss before tax		**(433)**	**(1,293)**
Income tax expense	8	(5)	(59)
Net loss for the year from continuing operations		**(438)**	**(1,352)**
Loss from discontinued operations	18	(3,573)	(64,545)
Net loss for the year		**(4,011)**	**(65,897)**
Attributable to:			
Equity holders of the Company		(3,833)	(65,775)
Non-controlling interests		(178)	(122)
		(4,011)	**(65,897)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translating foreign operations		3,376	1,856
Total comprehensive loss for the year		**(635)**	**(64,041)**
Attributable to:			
Equity holders of the Company		(485)	(63,923)
Non-controlling interests		(150)	(118)
		(635)	**(64,041)**
Arises from:			
Continued operations		(438)	(1,385)
Discontinued operations		(197)	(62,656)
		(635)	**(64,041)**
Loss per share from continuing operations attributable to the ordinary equity holders of the company:			
Weighted average number of ordinary shares in issue (thousands)	23	480,000	480,000
Basic and diluted loss per share (US Dollar per share)	23	(0.0009)	(0.0026)
Loss per share attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share (US Dollar per share)	23	(0.0080)	(0.1371)

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

	Notes	31 December 2018	31 December 2017 *restated*
ASSETS			
Non-current assets			
Property, plant and equipment	9	44	76
Investment property	10	-	-
Deferred tax assets	8	1	1
Other intangible assets	12	-	-
Total non-current assets		**45**	**77**
Current assets			
Inventories		15	21
Trade receivables	13	103	256
Current income tax asset		-	35
Other current assets	20	73	211
Amounts due from shareholders	19	144	155
Cash and cash equivalents	14	347	653
Short-term financial investments		-	41
Total current assets		**682**	**1,372**
Total assets		**727**	**1,449**
EQUITY			
Share capital	15	76,800	76,800
Additional paid-in capital	15	21,022	21,022
Translation reserve		21,424	18,076
Accumulated losses		(134,895)	(130,912)
Total equity attributable to equity holders of the Company		**(15,649)**	**(15,014)**
Non-controlling interests		(36)	(36)
Total equity		**(15,685)**	**(15,050)**
LIABILITIES			
Non-current liabilities			
Borrowings	16	-	7,639
Deferred tax liabilities	8	5	9
Total non-current liabilities		**5**	**7,648**
Current liabilities			
Borrowings	16	-	2,526
Trade payables	17	911	1,421
Borrowings due to shareholders	19	14,814	3,643
Current income tax liabilities	8	89	87
Contract liabilities		339	-
Other current liabilities	21	254	1,174
Total current liabilities		**16,407**	**8,851**
Total liabilities		**16,412**	**16,499**
Total liabilities and equity		**727**	**1,449**

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

	Attributable to the equity holders of the Company					
	Share capital	Additional paid-in capital	Translation reserve	Accumulated losses	Non-controlling interests	Total equity
Balance at 1 January 2017	**76,800**	**21,022**	**16,224**	**(65,137)**	**82**	**48,991**
Net loss for the year (restated)	-	-	-	(65,775)	(122)	(65,897)
Other comprehensive income for the year	-	-	1,852	-	4	1,856
Total comprehensive income/(loss) for the year (restated)	**-**	**-**	**1,852**	**(65,775)**	**(118)**	**(64,041)**
Balance at 31 December 2017 (restated)	**76,800**	**21,022**	**18,076**	**(130,912)**	**(36)**	**(15,050)**
Net loss for the year	-	-	-	(3,833)	(178)	(4,011)
Other comprehensive income for the year	-	-	3,348	-	28	3,376
Disposal of subsidiaries (Note 18)	-	-	-	(150)	150	-
Total comprehensive income/(loss) for the year	**-**	**-**	**3,348**	**(3,983)**	**-**	**(635)**
Balance at 31 December 2018	**76,800**	**21,022**	**21,424**	**(134,895)**	**(36)**	**(15,685)**

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

	Notes	For the years ended 31 December 2018	31 December 2017 *restated*
Net loss for the year		(4,011)	(65,897)
Adjustments:			
Depreciation and amortisation	9,10,12	18	1,208
Income tax expense/ (credit) recognised in consolidated statement of comprehensive income	8	5	(4,801)
Impairment loss on intangible and tangible assets	9,12	-	29,164
Impairment loss on goodwill	11,12	-	33,712
Impairment loss on doubtful receivables	14	3	234
Gain on sale of property, plant and equipment and intangible assets		(21)	(33)
Write-off of investment property	3.2.1, 10	-	278
Interest expenses		1,088	1,032
Loss on disposal of subsidiaries	18	791	7
Unrealised foreign exchange gain		1,741	(320)
		(386)	**(5,416)**
Movements in working capital:			
Changes in trade receivables	13	150	20
Changes in inventories		6	30
Changes in other current assets	20	138	418
Changes in trade payables	17	(510)	(478)
Changes in other current and contract liabilities		(581)	(764)
Cash used in operations		**(1,183)**	**(6,190)**
Interest paid		(622)	(1,008)
Net cash used in operating activities		**(1,805)**	**(7,198)**
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets	9,10	-	(1,305)
Proceeds from sales of property, plant and equipment and intangible assets		749	141
Net cash generated from/ (used in) investing activities		**749**	**(1,164)**
Cash flows from financing activities:			
Proceeds from borrowings	16	-	15,707
Repayment of loans	16	(9,342)	(10,210)
Loans received from shareholders	19	10,798	2,422
Net cash generated by financing activities		**1,456**	**7,919**
Net change in cash and cash equivalents		**400**	**(443)**
Cash and cash equivalents at the beginning of year	14	653	1,060
Effect of exchange rate changes on cash held in foreign currencies		(706)	36
Cash and cash equivalents at the end of year	14	**347**	**653**
Cash flows of discontinued operation	18	**840**	**(726)**

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

1 ORGANISATION AND NATURE OF OPERATIONS

Description of the business

Trader Media East Ltd. (the "Company" or "TME") and its subsidiaries (together, the "Group") are involved in classified advertising mainly for real estate, automotive and recruitment businesses through internet services, daily and weekly newspapers, periodicals and magazines in Russia and the Commonwealth of Independent States ("CIS").

The address of the registered office of TME is IFC 5, St. Helier, Jersey JE1 1ST, Channel Islands.

The Group had the following subsidiaries as at 31 December 2018 and 2017:

Subsidiaries	Country of incorporation	Geographic segment	% ownership 2018	% ownership 2017
Investment and holding entities				
TCM Adria d.o.o.[2]	Croatia	Corporate	-	100%
Publishing House Pennsylvania Inc.[4]	USA	Corporate	100%	100%
Mirabridge International B.V.[4]	Holland	Corporate	100%	100%
Publishing International Holding BV[4]	Holland	Corporate	100%	100%
LLC Rektcentr[4]	Russia	Russia	100%	100%
Operating entities				
LLC Pronto Media Holding ("LLC PMH")[1]	Russia	Russia	100%	100%
TOO Pronto Akmola[2]	Kazakhstan	Kazakhstan	-	100%
TOO Pronto Akzhol[2]	Kazakhstan	Kazakhstan	-	80%
SP Belpronto[3]	Belarus	Belarus	60%	60%
LLC ID Impress Media[3]	Russia	Russia	91%	91%
LLC Pronto Samara[4]	Russia	Russia	100%	100%
LLC Rukom[4]	Russia	Russia	100%	100%

1 As announced in the press release dated 22 November 2017, the Board of Directors of LLC PMH, the biggest subsidiary of TME, has decided to cease LLC PMH's digital operations (mainly irr.ru and job.ru) in Russia. Refer to Note 4.2 for further details.
2 These entities were liquidated in 2018. Related losses were recorded in the consolidated statement of comprehensive income in 2017 except for the effects of recycling of currency translation differences which are recorded when the subsidiaries are liquidated (Note 18).
3 As disclosed in Note 4.1. the key remaining operating entities as at 31 December 2018 are LLC ID Impress Media and SP Belpronto.
4 These entities did not have any material operations during 2018 and 2017.

Formation of the Group

TME was incorporated in November 2005 in Jersey and then re-registered on 6 February 2006. TME is listed on the London Stock Exchange ("LSE") through Global Depository Receipt shares ("GDRs"). The controlling party of TME is Hürriyet Invest B.V. ("HIBV") which holds 97.29% of its shares as at 31 December 2018 (31 December 2017: 97.29%).

The parent company of HIBV is Hürriyet Gazetecilik ve Matbaacilik A.Ş. ("Hürriyet"), a company listed on the Borsa İstanbul A.Ş. ("BIAS") in Turkey. As at 31 December 2018 the majority shareholder of Hürriyet was Demirören Medya Yatırımları Ticaret A.Ş. ("Demirören Medya"). Demirören Medya is controlled by Demirören Family ("Ultimate Controlling Party"). On 16 May 2018, Demirören Medya acquired direct and indirect subsidiaries operating in the publishing and broadcasting segments of Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding"). The transaction included Hürriyet, HIBV and TME.

As at 31 December 2017 the majority shareholder of Hürriyet was Doğan Holding, which is listed on BIAS and controlled by Aydın Doğan, the Doğan Family and companies owned by the Doğan Family.

Business and economic environment

The subsidiaries of TME representing its continuing operations operate in Russia and the Republic of Belarus. Russia and the Republic of Belarus have been experiencing political and economic change, which has affected and will continue to affect the activities of enterprises operating in this environment. Adverse changes arising from systemic risks in global finance and the economy could slow or disrupt the Russian economy, adversely affect the Group's access to capital and cost of capital and, more generally, its business, results of operations, financial condition and prospects. Consequently, operations in Russia and the Republic of Belarus involve risks which do not typically exist in other markets.

1 ORGANISATION AND NATURE OF OPERATIONS (CONTINUED)

Operating environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 22). The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. Firm oil prices, low unemployment and rising wages supported a modest growth of the economy in 2018. The operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Republic of Belarus. The Republic of Belarus displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Belorussian economy has slightly improved in 2018; however, the financial markets continue to be volatile in particular in Europe and Russia, which is the main export market for Belarus, and other risks could have significant negative effects on the Belorussian financial and corporate sectors. The future economic development of the Republic of Belarus is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of its operations in the current business and economic environment. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following new and revised standards and interpretations have been adopted by the Group in the reporting year and have affected the amounts reported and disclosures in the consolidated financial statements.

2.1. Adoption of New or Revised Standards and Interpretations

Adoption of IFRS 9 "Financial Instruments". The Group adopted IFRS 9, Financial Instruments, from 1 January 2018 and elected to apply modified retrospective method, in which comparative figures were not restated. No adjustments were recognised in the consolidated financial statements as at 1 January 2018 as a result of adoption of IFRS 9.

From 1 January 2018, the Group classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value through profit or loss ("FVPTL"), those to be measured subsequently at fair value through other comprehensive income ("FVOCI"), and those to be measured subsequently at amortised cost ("AC").

The classification of debt instruments depends on the organization's business model for managing financial assets and whether contractual cash flows of an asset give rise to payments on specified dates that are solely payments of principal and interest ("SPPI").

Financial assets and liabilities previously classified in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" within categories of receivables, investments held to maturity and other financial liabilities measured at amortised cost using the effective interest method, in accordance with IFRS 9 "Financial Instruments" are classified as financial assets carried at amortised cost. Measurement of cash and cash equivalents, trade and other receivables and payables, long-term and short-term loans and investments, has not changed and these financial instruments are measures at amortised cost.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The adoption of IFRS 9 did not significantly impact balance sheet classification of financial assets and liabilities in the consolidated statement of financial position. The amount of ECL as at 1 January 2018 does not materially differ from the amount of recognised provisions and allowances in the consolidated financial statements as at 31 December 2017 and therefore there is no quantitative effect of transition as of 1 January 2018.

Adoption of IFRS 15 "Revenue from Contracts with Customers". The Group applied simplified method of transition to IFRS 15, and elected to apply the practical expedient available for simplified transition method. The Group applies IFRS 15 retrospectively only to contracts that were not completed at the date of initial application (1 January 2018).

The adoption of IFRS 15 resulted in changes in accounting policies and adjustments to the consolidated financial statements. The main changes from the adoption of IFRS 15 is the presentation of the contract liabilities as explained further in Note 3.9.1.

The following amended standards became effective for the Group from 1 January 2018, but did not have any material impact on the Group:

- Amendments to IFRS 2 "Share-based Payment" (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4 – "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle – Amendments to IFRS 1 an IAS 28 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 40 – "Transfers of Investment Property" (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

2.2. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2019 or later, and which the Group has not early adopted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB, not yet endorsed by the EU). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss and other comprehensive income. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The Group decided that it will apply the standard from its mandatory adoption date of 1 January 2019 using the modified retrospective method, without restatement of comparatives. Right-of-use assets for property leases are measured on transition as if the new rules had always applied. All other right-of-use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued expenses).

As at 31 December 2018 the Group does not have any non-cancellable lease commitments therefore the Group does not expect to recognise right-of-use assets and lease liabilities.

IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019). IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019). The amendments enable measurement at amortised cost of certain loans and debt securities that can be prepaid at an amount below amortised cost, for example at fair value or at an amount that includes a reasonable compensation payable to the borrower equal to present value of an effect of increase in market interest rate over the remaining life of the instrument. In addition, the text added to the standard's basis for conclusion reconfirms existing guidance in IFRS 9 that modifications or exchanges of certain financial liabilities measured at amortised cost that do not result in the derecognition will result in an gain or loss in profit or loss. Reporting entities will thus in most cases not be able to revise effective interest rate for the remaining life of the loan in order to avoid an impact on profit or loss upon a loan modification. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).The amendments clarify that reporting entities should apply IFRS 9 to long-term loans, preference shares and similar instruments that form part of a net investment in an equity method investee before they can reduce such carrying value by a share of loss of the investee that exceeds the amount of investor's interest in ordinary shares. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Annual Improvements to IFRSs 2015-2017 cycle – amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019). The narrow scope amendments impact four standards. IFRS 3 was clarified that an acquirer should remeasure its previously held interest in a joint operation when it obtains control of the business. Conversely, IFRS 11 now explicitly explains that the investor should not remeasure its previously held interest when it obtains joint control of a joint operation, similarly to the existing requirements when an associate becomes a joint venture and vice versa. The amended IAS 12 explains that an entity recognises all income tax consequences of dividends where it has recognised the transactions or events that generated the related distributable profits, eg in profit or loss or in other comprehensive income. It is now clear that this requirement applies in all circumstances as long as payments on financial instruments classified as equity are distributions of profits, and not only in cases when the tax consequences are a result of different tax rates for distributed and undistributed profits. The revised IAS 23 now includes explicit guidance that the borrowings obtained specifically for funding a specified asset are excluded from the pool of general borrowings costs eligible for capitalisation only until the specific asset is substantially complete. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

The following other new pronouncements are not expected to have any material impact on the Group when adopted:

- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).
- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020, not yet endorsed by the EU).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020, not yet endorsed by the EU).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020, not yet endorsed by the EU).
- IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, not yet endorsed by the EU).

3 SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and interpretations issued by the IFRS Interpretations Committee ("IFRIC") applicable to companies reporting under IFRS.

Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these accounting policies set out in Note 3 have been consistently applied to all reporting periods.

3.2. Basis of preparation

3.2.1. General

The consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, financial instruments categorised at FVTPL and at FVOCI.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates, and also requires management to exercise judgment in the process of applying the Group’s accounting policies. Those areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in Note 4.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management prepared these consolidated financial statements on a going concern basis. Refer to Note 4 for uncertainties relating to events and conditions that may cast a significant doubt upon the Group's ability to continue as a going concern.

3.2.2. Correction of prior period error

Subsequent to the issuance of the consolidated financial statements for the year ended 31 December 2017, a material error was identified as a result of the internal due diligence performed over Russian subsidiaries, that on 21 November 2017 an investment property was transferred to a third party without proper authorisation. The carrying value of the investment property amounted to USD 278 thousand as at 31 December 2017 and the transfer was not reflected in the 2017 consolidated financial statements. Management is currently investigating available options for legal action to recover the property. No contingent asset was recognised as of 31 December 2018 with respect to possible recoveries in this regard.

In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the error was corrected retrospectively as it is material to the current year consolidated financial statements. The impact of the error correction is outlined as below:

	As of 31 December 2017 and for year 2017 when correcting error in the reporting year		
	Before restatement	**Restatement**	**Restated**
Consolidated statement of comprehensive income for the year ended 31 December 2017			
Write-off of investment property	-	(278)	(278)
Loss before tax	**(1,015)**	**(278)**	**(1,293)**
Income tax expense	(115)	56	(59)
Net loss for the year from continuing operations	**(1,130)**	**(222)**	**(1,352)**
Total comprehensive loss for the year	**(63,819)**	**(222)**	**(64,041)**
Loss per share from continuing operations attributable to the ordinary equity holders of the Company	**(0.0021)**	**(0.0005)**	**(0.0026)**
Loss per share attributable to the ordinary equity holders of the Company	**(0.1366)**	**(0.0005)**	**(0.1371)**
Consolidated statement of financial position at 31 December 2017 Investment property	278	(278)	-
Total assets	**1,727**	**(278)**	**1,449**
Deferred tax liabilities	65	(56)	9
Total liabilities	**16,555**	**(56)**	**16,499**
Accumulated losses	(130,690)	(222)	(130,912)
Total equity	**(14,828)**	**(222)**	**(15,050)**
Consolidated statement of changes in equity for the year ended 31 December 2017			
Net loss for the year	(65,675)	(222)	(65,897)
Total comprehensive loss for the year	**(63,819)**	**(222)**	**(64,041)**
Consolidated statement of cash flows for the year ended 31 December 2017			
Net loss for the year	(65,675)	(222)	(65,897)
Income tax (credit)/ expense recognised in the consolidated statement of comprehensive income	(4,745)	(56)	(4,801)
Write-off of investment property	-	278	278
Net cash used in operating activities	**(7,198)**	**-**	**(7,198)**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and its subsidiaries. Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3.3.1. Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control over a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3.2. Company Only Financial Statements

Under Article 105(11) of the Companies (Jersey) Law 1991 the directors of a holding company need not prepare separate financial statements (i.e. Company only financial statements) if consolidated accounts for the Company are prepared, unless required to do so by the members of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and, in the Directors' opinion, the Company meets the definition of a holding company. As permitted by law, the Directors have elected not to prepare separate financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* ("IFRS 5") are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss in the consolidated statement of comprehensive income as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss in the consolidated statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the profit or loss in the consolidated statement of comprehensive income where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The non-controlling shareholders' share in the net assets and results for the period of subsidiaries are separately classified in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.

3.5. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination, and represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income in profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the resulting gain or loss on disposal in the consolidated statement of comprehensive income.

3.6. Assets held for sale and discontinued operations

In accordance with guidance contained in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

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

Discontinued operations represent parts of the Group which either are classified as held-for-sale or have been disposed of, and whose activities and cash flows represent a geographical segment or major line of business and can be treated as separable from the Group's activities and cash flows.

3.7. Segment reporting

Management has determined the Group's reportable operating segments based on the reports reviewed and used to make strategic decisions by the Executive Committee, which is the Group's chief operating decision-maker. The Executive Committee monitors the business from a geographic perspective as the risks and returns in geographical areas reflecting the primary source of risks and returns. The Group's reportable operating segments have been disclosed in Note 6.

3.8. Related party transactions

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 *Related Party Disclosures*. In considering related party relationships, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions with related parties for the years ended 31 December 2018 and 2017 and outstanding amounts as at those dates are disclosed in Note 19.

3.9. Revenue recognition

3.9.1 Revenue recognition (effective for annual periods beginning on or after 1 January 2018)

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised services to a customer.

Revenue is recognised net of discounts and value added taxes.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group's revenue is presented by the following types:

Online revenue, which is primarily earned through sale of advertising space on the Group's websites (CRE.ru and IRR.ru in Russia and IRR.by in Belarus).

Offline revenue, which is primarily earned through (1) organisation of events for commercial real estate market (Commercial Real Estate Moscow Awards, CRE Summit etc.) (2) sale of advertising space in the Group's publications ("CRE", "CRE Retail" in Russia and "Iz ruk v ruki" in Belarus etc.).

Under major part of contracts with customers services are provided on a full prepayment basis. The repayment period under remaining contracts with customers generally does not exceed 30 days from the date of service provision.

The Group provides services under fixed-price contracts. Performance obligations are recognised in the accounting period in which the services are rendered. Revenue from organization of events is recognised when event is held. Revenue from advertising is recognised at the time when advertisement is placed on the Group's website or Group's printed publications.

Revenue related to advertisements appearing on multiple occasions over time is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Contracts with customers usually include a single performance obligation and do not have significant financing component. A receivable is recognised when the services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Contract liabilities comprise advances received from customers.

Management made the following adjustment to the amounts recognised in the consolidated statement of financial position as at 1 January 2018:

	IAS 18 carrying amount at 31 December 2017	Reclassifications	IFRS 15 carrying amount at 1 January 2018	Retained earnings effect at 1 January 2018
Other current liabilities	1,174	(769)	405	-
Contract liabilities	-	769	769	-
	1,174	**-**	**1,174**	**-**

3.9.2 Revenue recognition (effective for annual periods before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group, services have been rendered, the amount of the revenue can be measured reliably and persuasive evidence of an arrangement exists.

In the annual periods before 31 December 2017, the Group's primary source of revenues is online revenue. Online revenue is primarily earned through the sale of advertising space on the Group's websites, derived principally from classified ads and display ads, including professional ads, consumer ads and banners. The related revenues are recognised at the time when the advertisement is published online, with an appropriate portion deferred where the advertisement has been scheduled to run over multiple periods.

Other types of online revenue include (1) subscription or one-off access fees to content and information provided through the Group's websites which are recognised over the period of usage and (2) revenues generated from paid line usage for connecting buyers and sellers or other related services, which are recognised upon provision of the service.

Offline revenue consists mainly of print revenue, licensing fees (royalties) and circulation revenue. Print revenue is earned from the sale of advertising space in the Group's publications. Private and professional classified advertisements and display advertisements are published on a daily, weekly and monthly basis. The related revenues are recognised at the time the advertisement is published. Revenues related to advertisements appearing on multiple occasions are deferred and recognised as the relevant advertisements are run.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Licensing fees represent a percentage of advertising and circulation revenues collected by the franchisees and are recognised in the period when earned.

Circulation revenues, whereby publications are sold via third party vendor, are recognised at the time when the publications are sold to the third party vendor. Circulation revenues are earned mainly through kiosks, newsstands and other points of sales, with such vendors having one month to return any unsold publications. Revenue recognised initially is offset by an estimate of expected returns, based on the historical track record of such returns.

3.10. Employee benefits

Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the unified social tax.

3.11. Foreign currencies

The functional currency of the Company is the USD. The Group uses the USD as its presentational currency as management considers this to be the most meaningful currency for the users of the consolidated financial statements given the number of different local currencies in use across the Group. All Group entities use their local currency as their functional currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the consolidated statement of comprehensive income in the period in which they arise. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'financial expenses, net'.

Exchange rates are taken from the official daily closing rate per the Central Bank of Russian Federation, National Bank of the Republic of Belarus and National Bank of Kazakhstan. Russian Rouble ("RUB"), Belorussian Rouble ("BYR") and Kazakhstan Tenge ("KZT") are not readily convertible outside of their countries. Accordingly, the translation of amounts recorded in these currencies into the USD should not be construed as a representation that such currency amounts have been, could be or will in the future be converted into the USD at the exchange rate shown or at any other exchange rate.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the USD using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Components of equity are translated at the historic rates.

Income and expenses items for 2018 and 2017 of Russian, Belarussian and Kazakhstan subsidiaries were translated at average annual exchange rates as there were no significant fluctuations.

The exchange rates at which the assets, liabilities and operations of the Group were translated into the presentation currency are presented below:

Reporting date spot rates	**31 December 2018**	**31 December 2017**
RUB/USD	69.47	57.60
BYR/USD	2.1660	1.9727
KZT/USD	384.73	332.33
EURO/USD	0.87	0.84

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Average rates	**2018**	**2017**
RUB/USD	62.93	58.30
BYR/USD	2.0416	1.9324
KZT/USD	345.90	326.00
EURO/USD	0.85	0.89

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss in the consolidated statement of comprehensive income.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of comprehensive income. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.12. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

3.13. Leasing

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

Lease payments are apportioned between the finance charges and capital redemption so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and provision for impairment, where required. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Assets lives and residual values are reviewed annually at each balance date. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Buildings	10-50 years
Furniture and fixtures	3-10 years
Leasehold improvements	2-20 years

Assets held under finance leases and leasehold improvements are depreciated 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 recognised in the period of disposal of the asset within non-operating income/ (expenses), net. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the consolidated statement of comprehensive income to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal.

3.15 Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Earned rental income is recorded in the consolidated statement of comprehensive income for the year within other operating income/ (expenses), net.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. The depreciation period for the investment properties, which approximates to the economic useful lives, is 40 years.

If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs to sell. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment.

3.16. Intangible assets

3.16.1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The useful lives of the Group's intangible assets acquired separately, substantially all of which resulted from business combinations except for computer software, have been assessed as follows:

Trade names	20 years
Software	3-5 years
Other intangible assets	2-5 years

Certain trade names have indefinite useful lives as it is not practical to determine their useful lives. As disclosed in Note 12 all tradenames, software and other intangible assets were impaired as of 31 December 2017 due to decision of ceasing operations of LLC PMH.

3.16.2. Internally-generated intangible assets – research and development expenditure

The Group's internally-generated intangible assets relate to website development costs. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the consolidated statement of comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation based on their useful lives of 2-5 years, and accumulated impairment losses, if any, on the same basis as intangible assets that are acquired separately.

3.16.3. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any, on the same basis as intangible assets that are acquired separately.

3.16.4. Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17. Impairment of intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income. As described in Note 12 goodwill, tradenames, software and other intangible assets were fully impaired as of 31 December 2017 due to ceased operations of LLC PMH.

3.18. Inventories

Inventories are recorded at the lower of cost and net realisable value. Inventories are mainly composed of paper raw materials and office supplies. The cost of inventories is determined on the weighted average basis.

3.19. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of certain resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.20. Financial instruments (effective for annual periods beginning on or after 1 January 2018)

3.20.1 Key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

AC is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for ECL. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired (“POCI”) at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

3.20.2 Initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

3.21. Financial assets

The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The Group’s financial assets comprise cash and cash equivalents, short-term financial investments, trade receivables and amounts due from shareholders. Financial assets are carried at AC.

3.21.1. Financial assets – classification and subsequent measurement – business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group’s objective is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”,) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21.2. Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

3.21.3. Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

3.21.4. Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group did not have any contract assets, loan commitments, guarantees issued and financial assets carried at FVOCI at 31 December 2018.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 5. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 5 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

3.21.5. Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21.6. Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

3.21.6. Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

There were no modification in financial assets in 2018.

3.22. Financial liabilities

3.22.1. Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

The Group did not have any financial liabilities at FVTPL as at 31 December 2018 and 2017.

3.22.2. Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

There were no modification in financial liabilities in 2018.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22.3. Financial liabilities designated at FVTPL

The Group may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in OCI and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

3.23. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy. Borrowings and other payables, including trade payables, are initially recognised at fair value and subsequently are measured at amortised cost using the effective interest method.

There were no financial assets and financial liabilities offset as at 31 December 2018 and 2017.

3.24. Financial instruments (effective for annual periods before 1 January 2018)

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.24.1. Trade receivables

Trade receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

3.24.2. Impairment of financial assets

Impairment losses are recognised in the consolidated statement of comprehensive income when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganisation; or
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the profit or loss for the year.

3.24.3. Derecognition of financial assets

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities

3.24.4. Borrowings and other payables

Borrowings and other payables, including trade payables, are initially recognised at fair value and subsequently are measured at amortised cost using the effective interest method.

3.24.5. Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of comprehensive income.

3.25. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

3.26. Short-term financial investments

Short-term financial investments are represented by bank deposits, with a maturity term of more than three months but less than one year.

3.27. Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at AC using the effective interest method.

3.28. Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.29. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

3.30. Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note. The statutory accounting reports are the basis for profit distribution and other appropriations. Russian legislation identifies the basis of distribution as the current year net profit.

3.31. Income taxes

Income taxes have been computed in accordance with the laws of the country of incorporation of the respective companies of the Group.

Deferred tax assets and liabilities are recognised for the expected future tax consequences of existing differences between the financial and tax reporting bases of assets and liabilities, as well as loss carry forwards, using enacted tax rates expected to be in effect at the time these differences are realised.

The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the consolidated statement of operations and comprehensive income in the period in which the change is substantively enacted. Deferred tax assets are written-down at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realised. In making such determination, the Group considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations.

Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income or equity, in which case the deferred tax is also recorded within other comprehensive income or equity.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset to the extent there is a legally enforceable right to set off current tax assets against current tax liabilities, and the Group intends to settle its current tax assets and liabilities on a net basis.

3.32. Earnings per share

Earnings per share are determined by dividing the net loss attributable to the equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year.

3.33. Share capital

Ordinary shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1. Going concern

The consolidated financial statements have been prepared on the going concern basis, which means they have been prepared on the assumption that the Group will continue operations, realisation of assets, and settlement of liabilities and commitments in the normal course of business.

The Group incurred a net loss of USD 4,011 for the year ended 31 December 2018 as well as negative operating and net cash flows, and as at the year-end had a working capital deficit of USD 15,725 (31 December 2017: USD 7,479) and negative net assets of USD 15,685.

As described in Note 4.2 to the consolidated financial statements, on 22 November 2017 the Group announced its decision to cease digital operations of its major subsidiary, LLC PMH. Furthermore, operations of the Group subsidiaries in Kazakhstan were also ceased during 2017.

Notwithstanding business restructuring described above, the Group intends to maintain operating activities of LLC SP Belpronto (Belarus), which is involved in classified advertising, and LLC ID Impress (Russia), which is mainly involved in event organisation for clients operating in commercial real estate business.

In order to improve financial performance of the operating subsidiaries and working capital situation, management intends to continue focusing on cost reduction activities, including reduction of personnel costs and general administrative expenses. The Group finances its operations though bank borrowings guaranteed by Hürriyet and other financial support from Hürriyet and Demirören Medya as and when required.

Management recognises that access to external funds is critical to support the ongoing operations. The parent of the Group, Hürriyet, has confirmed its ongoing support to the Group for the foreseeable future via a letter of support.

Based on the measures described above and the commitment of Hürriyet to support the Group, management has a reasonable expectation that the Group has access to adequate resources to continue its remaining activity for the foreseeable future.

4.2 Discontinued operations

As announced in the press release dated 22 November 2017, the Board of Directors of LLC PMH, the biggest subsidiary of the Group, decided to cease LLC PMH's digital operations (mainly irr.ru and job.ru) in Russia. The operations in Kazakhstan had been ceased during 2017 as well and the Kazakh subsidiaries were in the process of liquidation as of 31 December 2017.

Although the legal liquidation process had not been initiated as at 31 December 2017, management classified LLC PMH's operations as discontinued based on their conclusion that the operations met the criteria set out in IFRS 5, in particular:

- Operations of LLC PMH represented a separate major line of the Group's business in Russia;
- Majority of LLC PMH's employees were laid off and received severance payments as at 31 December 2017; and
- The Group derecognised major part of non-current assets related to LLC PMH, including goodwill and other intangible assets amounting to USD 33,712 and USD 29,092, respectively as at 31 December 2017.

On 25 January 2018, the sale of job.ru's digital assets was completed with total proceeds amounting to RUB 40 million (approximately USD 707) (Note 18).

As at 31 December 2018 and as of the date of the issuance of these consolidated financial statements, the legal liquidation process still has not been initiated, irr.ru website has been active and LLC PMH generated revenues of USD 700 during 2018.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Management has continued to classify LLC PMH's operations as discontinued as neither management nor shareholders intend to make further investment in digital assets and there is no long-term business plan to continue operations of LLC PMH. Management's decision of ultimately ceasing the operations and liquidating LLC PMH has not changed.

4.3 Identification of reportable operating segments

Note 6 discloses the Group's reportable operating segments. The identification of reportable operating segments in accordance with the provisions of IFRS 8 *Operating Segments* requires judgement. In making their judgement, management considered the independence of Group entities in terms of cash inflows and outflows and the aggregation level at which results are reviewed by the Group's chief operating decision maker.

4.4 Impairment testing of goodwill and intangible assets with indefinite useful lives

Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets with indefinite useful lives have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are lower than expected, a material impairment loss may arise.

Goodwill and intangible assets with indefinite useful lives as at 31 December 2018 and 2017 were fully impaired (Note 12).

4.5. Deferred tax asset recoverability

Determining whether recognised deferred tax assets, specifically those arising on losses carried forward, are recoverable, requires an estimation of the future cash flows and taxable profits expected to arise from the subsidiary in which the associated deferred tax asset has been recognised. Where the actual future cash flows and taxable profits are less than expected, a material write-off of deferred tax assets may arise. As at 31 December 2018 the management of the Group did not recognise a deferred tax asset on tax losses carried forward and other deductible temporary differences in the amount of USD 17,516 (31 December 2017: deferred tax assets on tax losses carried forward in the amount of USD 18,106). As described in Note 8, the tax losses carry forward were mainly incurred by LLC PMH. There is no expectation of using tax losses carry forward and other deductible temporary difference in the future. Therefore management did not recognise deferred tax assets relating to the tax losses carry forward and other temporary differences as at 31 December 2018 and 2017.

5 CAPITAL AND FINANCIAL RISK MANAGEMENT

5.1. Capital risk management

The Group's objectives when managing capital are to safeguard the ability of the Group in respect of continued operations to continue as a going concern while maximising the return to shareholders.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group.

The Directors monitor the capital structure of the Group on the basis of the gearing ratio, calculated as net debt divided by total capital (defined as total equity plus net debt). However, due to the recent developments in the operations as explained in Note 4.1 and 4.2 and financial results in the past years, management reviews the capital structure on a regular basis and obtains necessary funding from its parent, Hürriyet when needed.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

5 CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The gearing ratio at the end of each reporting period was as follows:

	31 December 2018	31 December 2017
Total loans due to shareholders (Note 19)	14,814	3,643
Total bank borrowings (Note 16)	-	10,165
Less: Cash and cash equivalents (Note 14)	(347)	(653)
Net debt	14,467	13,155
Total equity	(15,649)	(15,014)
Total capital	**(1,182)**	**(1,859)**
Gearing ratio	**(1223.9%)**	**(707.6%)**

5.2. Financial risk management

The Group is exposed to a variety of financial risks. These risks include interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

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

5.2.1. Interest rate risk

The Group funds its working capital requirements through short-term credit facilities and additional financing received from the parent company, and places surplus cash, if any, on short-term floating rate interest bearing deposits. Management actively manages the Group's short-term deposits to ensure the most favourable interest rates are obtained.

As at 31 December 2018, the Group had no floating rate borrowings, therefore is not exposed to the effects of the fluctuations in the prevailing level of market interest rates on its financial position and cash flows. However, the Group is exposed to the risk of change in the fair values of the borrowings at fixed interest rate. Fair values of the borrowings from shareholders are disclosed in Note 19.

5.2.2. Credit Risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses a combination of information supplied by independent rating agencies, other publicly available financial information, and its own trading records to rate the creditworthiness of its major customers.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables. The Group does not have significant credit risk exposure to any single counterparty.

Expected Credit Loss measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates. The estimates consider forward looking information to reflect probability weighted development of key macroeconomic variables that have an impact on credit risk; however, the impact of forward looking information is considered to be negligible due to short-term nature of their financial assets.

For ECL measurement, the Group assesses its financial assets – trade receivables and cash and cash equivalents, separately.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

5 CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The assessment whether or not there has been a SICR since initial recognition is performed on an individual basis for trade receivables. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted. Further information about trade receivables is presented in Note 13.

5.2.3. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The ability to meet the contractual repayments of financial liabilities is managed by monitoring working capital levels and maintaining the availability of adequate committed funding lines from high quality lenders. Further steps taken by management to address liquidity deficit is disclosed in Note 4 of the consolidated financial statements.

The following tables detail the Group's remaining contractual maturity for financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

At 31 December 2018	**Up to 3 months**	**3 to 6 months**	**6 to 12 Months**	**1-3 years**	**Total**
Borrowings due to shareholders	-	-	15,703	-	15,703
Trade payables	911	-	-	-	911
	911	**-**	**15,703**	**-**	**16,614**

At 31 December 2017	**Up to 3 months**	**3 to 6 months**	**6 to 12 Months**	**1-3 years**	**Total**
Borrowings	701	1,374	586	10,080	12,741
Trade payables	1,421	-	-	-	1,421
Borrowings due to shareholders	-	-	3,862	-	3,862
	2,122	**1,374**	**4,448**	**10,080**	**18,024**

Further information regarding the borrowings is described in Note 16.

5.2.4. Foreign currency risk

The Group's subsidiaries undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. In respect of foreign currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored regularly. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
USD	118	188	(12,415)	(1,486)
Euro	61	38	(3,126)	(2,850)

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

5 CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the Group's sensitivity to a 20% increase and decrease in the USD and Euro against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to the Executive Committee and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates a decrease in loss or increase in equity where the USD or Euro weakens 20% against the relevant currency. For a 20% strengthening of the USD or Euro against the relevant currency, there would be a comparable impact on the loss or equity, and the balances below would be negative.

Impact of USD denominated monetary items	**2018**	**2017**
Loss before tax/ equity	2,459	260

Impact of EUR denominated monetary items	**2018**	**2017**
Loss before tax/ equity	613	562

6 SEGMENT INFORMATION

Information reported to the chief operating decision maker ("key management") for the purposes of resource allocation and assessment of segment performance focuses on the geographical location in which the Group's revenues are derived, with revenues being further analysed as derived from offline or online sources. All revenues reported are external.

Segment performance is primarily analysed by the key management at the Adjusted EBITDA level. Adjusted EBITDA is defined by the Group as net profit/(loss) before financial income, financial expense, income tax, depreciation and amortisation, provision for doubtful receivables and other receivables, impairment charges, gain on sale of property, plant and equipment, loss on disposal of subsidiaries and certain other non-recurring gains and losses.

As at 31 December 2018 the Group has two reportable segments under IFRS 8 *Operating Segments* (Russia, and Belarus) (31 December 2017: three reportable segments; Russia, Belarus and Kazakhstan).

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment as at and for the year ended 31 December 2018:

	Russia Continued	**Russia discontinued**	**Belarus continued**	**Sub-total**	**Corporate and unallocated**	**Total**
Online revenues	183	700	389	1,272	-	1,272
Offline revenues	1,407	-	402	1,809	-	1,809
Total revenues	**1,590**	**700**	**791**	**3,081**	**-**	**3,081**
Adjusted EBITDA	**1**	**(691)**	**9**	**(681)**	**(444)**	**(1,125)**

	Russia	**Belarus**	**Sub-total**	**Corporate and unallocated**	**Total**
Non-current assets	17	28	45	-	45
Current assets	299	194	493	189	682
Total assets	**316**	**222**	**538**	**189**	**727**
Total liabilities	**13,007**	**89**	**13,096**	**3,316**	**16,412**

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

6 SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment as at and for the year ended 31 December 2017:

	Russia			Kazakh-stan			
	continued	disconti-nued	Belarus continued	disconti-nued	Sub-total	Corporate and unallocated	Total
Online revenues	177	4,147	573	40	4,937	-	4,937
Offline revenues	1,527	32	471	171	2,201	-	2,201
Total revenues	**1,704**	**4,179**	**1,044**	**211**	**7,138**	**-**	**7,138**
Adjusted EBITDA	**(63)**	**(4,052)**	**(4)**	**(153)**	**(4,272)**	**(1,144)**	**(5,416)**

	Russia (*)	Belarus	Kazakhstan	Sub-total	Corporate and unallocated	Total
Non-current assets	24	43	10	77	-	77
Current assets	849	193	10	1,052	320	1,372
Total assets	**873**	**236**	**20**	**1,129**	**320**	**1,449**
Total liabilities	**13,298**	**110**	**87**	**13,495**	**3,004**	**16,499**

(*) As explained in Note 3.2.2, non-current assets and total liabilities for Russian segment are restated.

The Group does not have any single customer, which represents 10% or more of the total revenues.

As announced in the press release dated 22 November 2017, the Board of Directors of LLC PMH, the biggest subsidiary of the Group, decided to cease its digital operations (mainly irr.ru and job.ru) in Russia. The operations in Kazakhstan were also ceased during 2017. The Kazakh subsidiaries were in the process of liquidation as of 31 December 2017. The consolidated statement of comprehensive income of these subsidiaries was presented as part of the discontinued operations. Balances as of 31 December 2018 and transactions for the year then ended related to Kazakh subsidiaries are insignificant to be presented as a separate operating segment.

Although the Group is intending to sell the assets of these subsidiaries, their sale is not probable within twelve months from 31 December 2018, and as a result no assets and liabilities of these subsidiaries are classified as held for sale.

A reconciliation of adjusted EBITDA to loss before tax for each reporting period is as follows.

	2018			2017		
	continued	discontinued	Total	continued(*)	discontinued	Total
Adjusted EBITDA for reportable segments	10	(691)	(681)	(67)	(4,205)	(4,272)
Corporate and unallocated adjusted EBITDA	(429)	(15)	(444)	(1,144)	-	(1,144)
Depreciation and amortisation	(18)	-	(18)	(38)	(1,170)	(1,208)
Provision for doubtful receivables	(3)	-	(3)	38	(272)	(234)
Interest expenses	(74)	(1,014)	(1,088)	(17)	(1,015)	(1,032)
Foreign exchange gain/ (loss), net	60	(1,801)	(1,741)	231	89	320
Loss on disposal of subsidiaries	-	(791)	(791)	-	(7)	(7)
Gain on sales of property, plant, equipment and intangible assets	21	739	760	(16)	49	33
Impairment loss on goodwill	-	-	-	-	(33,712)	(33,712)
Impairment loss on intangible and tangible assets	-	-	-	-	(29,164)	(29,164)
Write-off of investment property	-	-	-	(278)	-	(278)
Loss before income tax	**(433)**	**(3,573)**	**(4,006)**	**(1,291)**	**(69,407)**	**(70,698)**

(*) As explained in Note 3.2.2, reconciliation of Adjusted EBITDA of continued operations for 2017 is restated.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

6 SEGMENT INFORMATION (CONTINUED)

Reportable segments' assets are reconciled to total assets in each reporting period as follows.

	31 December 2018	31 December 2017(*)
Segment assets for reportable segments	538	1,129
Corporate and unallocated:		
Cash and cash equivalents	43	179
Prepayments and other assets	146	141
Total assets	**727**	**1,449**

(*) As explained in Note 3.2.2, segment assets for reportable segments and total assets are restated.

Reportable segments' liabilities are reconciled to total liabilities in each reporting period as follows.

	31 December 2018	31 December 2017(*)
Segment liabilities for reportable segments	13,096	13,495
Corporate and unallocated:		
Amounts due to shareholders	3,126	2,850
Other payables	190	154
Total liabilities	**16,412**	**16,499**

(*) As explained in Note 3.2.2, segment liabilities for reportable segments and total liabilities are restated.

7 EXPENSES

Expenses from continuing operations, by nature, for the years ended 31 December 2018 and 2017 are as follows:

	2018	2017
Personnel costs	820	1,170
Consultancy	469	606
Event organisation	448	459
Raw material costs:		
- Printing and ink	*242*	*274*
- Paper	*17*	*36*
Social taxes	248	294
Commissions	234	272
Electricity, water and office expenses	90	98
Rent	85	151
Depreciation and amortisation charges (Notes 9, 10 and 12)	18	38
Transportation, storage and travel	18	24
Communication	15	20
Advertising	5	49
Management fees (Note 19)	2	415
Other	110	89
Total expenses	**2,821**	**3,995**

8 INCOME TAXES

8.1. Income tax recognised in the consolidated statement of comprehensive income

	2018	2017 *restated*
Current tax expense	3	5
Deferred tax expense/ (credit)	2	(4,806)
Total income tax expense/ (credit)	**5**	**(4,801)**

Income tax expense/ (credit) attributed to	**2018**	**2017**
Income tax credit attributable to discontinued operations (Note 18)	-	(4,860)
Income tax expenses attributable to continuing operations	5	59
Total income tax expense/ (credit)	**5**	**(4,801)**

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

8 INCOME TAXES (CONTINUED)

The Group primarily pays corporate income tax in the Russian Federation, the Republic of Belarus and Kazakhstan, where the rates of corporate income tax throughout 2018 and 2017 were 20%, 18% and 20%, respectively. The Russian Federation is considered by management to be the main jurisdiction in which income tax is paid. The income tax expense for the year can be reconciled to the accounting loss as follows:

	2018	**2017** ***restated***
Loss before tax from continuing operations	(433)	(1,293)
Loss before tax from discontinued operations	(3,573)	(69,405)
	(4,006)	**(70,698)**
Income tax benefit calculated at statutory rate of Russian Federation of 20% (2017: 20%)	(801)	(14,140)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(8)
Unrecognised deferred tax assets on tax loss for the year	100	1,521
Effect of non-deductible expenses	563	185
Impairment of goodwill	-	6,742
Unrecognised other potential deferred tax assets arising on intangible assets	-	406
Deferred tax assets write-off	-	368
Other	143	125
Income tax expense/ (credit)	**5**	**(4,801)**

In 2018 and 2017, non-deductible expenses are related to the foreign exchange losses and interest expense recorded due to borrowings from the shareholders and obtained from financial institutions but guaranteed by the shareholders, which are treated as non-deductible due to thin capitalisation rules.

8.2. Deferred tax balances

Differences between IFRS and statutory taxation regulations in the respective countries where the Group's entities operate give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The movements in deferred tax balances during the reporting periods were as follows:

2018	**Opening balance**	**Recognised in profit or loss**	**Currency translation differences**	**Closing balance**
Deferred tax (liabilities)/ assets relating to:				
Property, plant & equipment, intangible assets and investment property	(9)	2	2	(5)
	(9)	**2**	**2**	**(5)**
Tax losses	1	-	-	1
	(8)	**-**	**-**	**(4)**

2017 – restated(*)	**Opening balance**	**Recognised in profit or loss**	**Currency translation differences**	**Closing balance**
Deferred tax (liabilities)/ assets relating to:				
Property, plant & equipment, intangible assets and investment property	(5,143)	5,407	(273)	(9)
Doubtful debts	302	(318)	16	-
Other	147	(155)	8	-
	(4,694)	**4,934**	**(249)**	**(9)**
Tax losses	125	(128)	4	1
	(4,569)	**4,806**	**(245)**	**(8)**

(*) As explained in Note 3.2.2, deferred tax liabilities as at 31 December 2017 and for the year then ended were restated.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

8 INCOME TAXES (CONTINUED)

Deferred tax assets and liabilities are presented net within the individual subsidiaries of the Group where the legal right of offset exists. The following is the analysis of deferred tax assets/ (liabilities) presented in the consolidated statement of financial position:

	31 December 2018	31 December 2017
Deferred tax assets	1	1
Deferred tax liabilities	(5)	(9)
	(4)	**(8)**

The Group has unrecognised potential deferred tax assets in respect of unused tax loss carry forwards and other temporary differences (arising on provisions, accruals and intangible assets) of USD 87,582 (31 December 2017: USD 90,531). The losses were incurred by LLC PMH. Since LLC PMH ceased its business, there is no expectation of using tax losses carry forward in the future, management has not recognised deferred tax assets relating to the tax losses carry forward.

9 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the reporting periods were as follows:

	Buildings	Furniture and fixtures	Leasehold improvements	Assets under construction	Total
Cost					
Balance at 1 January 2017	**234**	**2,259**	**63**	**10**	**2,566**
Additions	-	10	-	-	10
Disposals	(26)	(924)	-	(8)	(958)
Disposal of subsidiaries	-	(40)	-	-	(40)
Impairment loss	(217)	(923)	(66)	(2)	(1,208)
Currency translation impact	9	64	3	-	76
Balance at 31 December 2017	**-**	**446**	**-**	**-**	**446**
Additions	-	3	-	-	3
Disposals	-	(12)	-	-	(12)
Currency translation impact	-	(72)	-	-	(72)
Balance at 31 December 2018	**-**	**365**	**-**	**-**	**365**
Accumulated depreciation					
Balance at 1 January 2017	**175**	**2,000**	**63**	**-**	**2,238**
Charge	2	100	-	-	102
Disposals	(13)	(862)	-	-	(875)
Disposal of subsidiaries	-	(28)	-	-	(28)
Impairment loss	(171)	(899)	(66)	-	(1,136)
Currency translation impact	7	59	3	-	69
Balance at 31 December 2017	**-**	**370**	**-**	**-**	**370**
Charge	-	18	-	-	18
Disposals	-	(2)	-	-	(2)
Currency translation impact	-	(65)	-	-	(65)
Balance at 31 December 2018	**-**	**321**	**-**	**-**	**321**
Net carrying value					
As at 31 December 2017	**-**	**76**	**-**	**-**	**76**
As at 31 December 2018	**-**	**44**	**-**	**-**	**44**

Depreciation charge amounting to USD 18 for the year ended 31 December 2018 has been included in general administrative expenses (year ended 31 December 2017: USD 102). Depreciation charge for the year ended 31 December 2018 relates to continued operations (year ended 31 December 2017: continued operations – USD 28, discontinued operations – USD 74).

Net impairment loss amounting to USD 72 for the year ended 31 December 2017 is due to ceased operations of LLC PMH.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

10 INVESTMENT PROPERTY

The Group has started to use the office building in Samara to earn rental income in 2016. As explained in Note 3.2.2, management identified that an unauthorised transfer of the investment property to a third party happened on 21 November 2017. The disclosure below has been restated to reflect the impact of the restatement impact as follows:

	Buildings
Cost	
Balance at 1 January 2017	**366**
Currency translation impact	25
Write-off of investment property (Note 3.2.2)	(391)
Balance at 31 December 2017	**-**
Accumulated depreciation	
Balance at 1 January 2017	**93**
Charge	10
Currency translation impact	10
Write-off of investment property (Note 3.2.2)	(113)
Balance at 31 December 2017	**-**
Net carrying value	
As at 31 December 2017	**-**
As at 31 December 2018	**-**

Depreciation charge amounting to USD 10 for the year ended 31 December 2017 has been included in general administrative expenses and relates to continuing operations.

Management is currently investigating the options to recover the investment property back. No contingent asset was recognised as of 31 December 2018.

11 GOODWILL

The movements in goodwill during the years ended 31 December 2018 and 2017 are as follows:

	2018	2017
Balance as at 1 January	**-**	**32,353**
Goodwill impairment (Note 12 and 18)	-	(33,712)
Currency translation impact	-	1,359
Balance as at 31 December	**-**	**-**

As explained in Note 4, goodwill impairment for the year ended 31 December 2017 relates fully to discontinued operations.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

12 OTHER INTANGIBLE ASSETS

The movement of other intangible assets and related accumulated amortisation for the reporting periods is as follows.

	Trade names	Software	Other intangibles	Total
Cost				
Balance at 1 January 2017	**28,904**	**14,530**	**3,489**	**46,923**
Additions	-	2	1,293	1,295
Disposals	-	(320)	(75)	(395)
Disposal of subsidiaries	-	(1)	-	(1)
Impairment loss	(30,395)	(2,205)	(4,815)	(37,415)
Currency translation impact	1,534	125	185	1,844
Balance at 31 December 2017	**43**	**12,131**	**77**	**12,251**
Accumulated amortisation				
Balance at 1 January 2017	**3,057**	**14,221**	**2,234**	**19,512**
Charge	84	200	812	1,096
Disposals	-	(320)	(75)	(395)
Disposal of subsidiaries	-	(1)	-	(1)
Impairment loss	(3,263)	(2,048)	(3,012)	(8,323)
Currency translation impact	165	79	118	362
Balance at 31 December 2017	**43**	**12,131**	**77**	**12,251**
Net carrying value				
As at 31 December 2017	**-**	**-**	**-**	**-**

The carrying value of intangible assets with indefinite useful lives (i.e. trade names) included above were written off as of 31 December 2017 due to the cessation of operations of LLC PMH.

The amortisation charge of USD 1,096 for the year ended 31 December 2017 has been included in general administrative expenses and relates fully to discontinued operations (Note 18).

Net impairment loss amounting to USD 29,092 for the year ended 31 December 2017 is due to the cessation of operations of LLC PMH and is included under discontinued operations (Note 18).

The additions to other intangibles amounting to USD 1,293 in 2017 are mainly related to the website development costs which were fully impaired during 2017 due to the cessation of operations of LLC PMH.

As at 31 December 2017 goodwill and other intangible assets were fully impaired due to the decision to cease digital operations of LLC PMH. The amount of the impairment booked for 2017 amounted to USD 62,876 and relates to impairment of goodwill (USD 33,712), impairment of other intangible assets (USD 29,092) and impairment of tangible assets (USD 72).

13 TRADE RECEIVABLES

The details of trade receivables as at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Trade receivables	1,265	1,783
Less: credit loss allowance/ impairment provision	(1,162)	(1,527)
Net trade receivables	**103**	**256**

The fair values of trade receivables approximate their carrying values.

As at 31 December 2018 trade receivables that are neither past due nor impaired amounted to USD 79 (31 December 2017: USD 142). These trade receivables relate to a number of independent customers for whom there is no recent history of default.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

13 TRADE RECEIVABLES (CONTINUED)

As at 31 December 2018, trade receivables of USD 24 (31 December 2017: USD 114) included in the above amounts were past due but not impaired. These past due but not impaired receivables relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	31 December 2018	31 December 2017
Up to 3 months past due	24	114
	24	**114**

As at 31 December 2018, trade receivables of USD 1,162 (31 December 2017: USD 1,527) were impaired. The individually impaired receivables relate to the customers experiencing economic difficulties. The ageing analysis of these receivables is as follows:

	31 December 2018	31 December 2017
Up to 3 months	8	51
3 to 6 months	3	102
Over 6 months	1,151	1,374
	1,162	**1,527**

The Group uses its historical credit loss experience and reserves 100% of the receivable balance if the receivable is past due 3 months or more. For trade receivables past due up to 3 months, an individual assessment per counterparty is carried out and necessary provision is recorded. For receivables that are not past due, no ECL was recorded because it is not material.

The movement in the credit loss allowance for trade receivables is as follows:

	2018	2017
Balance as at 1 January	**1,527**	**1,510**
Credit loss allowance/ Impairment losses recognised on receivables	3	284
Reversal of prior year provision due to collection	-	(50)
Amounts written off during the year as uncollectable	(107)	(296)
Foreign exchange translation difference	(261)	79
Balance as at 31 December	**1,162**	**1,527**

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

During 2018, credit loss allowance recognised on receivables amounted to USD 3 and related to continued operations.

During 2017, net impairment losses recognised on receivables amounted to USD 234 and comprised of USD 272 impairment related to discontinued operations (Note 18) and reversal of prior year provision in the amount of USD 38 related to continued operations.

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Cash at bank and in hand	201	553
Short-term time deposits	146	100
	347	**653**

Short-term time deposits are comprised of USD denominated deposits with interest rates from 0.6% to 3.9% p.a. (31 December 2017: 0.71% p.a.) and a maturity of less than 3 months.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

15 CASH AND CASH EQUIVALENTS (CONTINUED)

The credit quality of bank balances payable on demand may be summarised based on Fitch ratings as follows:

	31 December 2018	31 December 2017
Neither past due nor impaired		
BB-	45	181
BBB-	153	330
B+	149	-
B-	-	80
BB+	-	62
	347	**653**

The Group uses lifetime ECL approach to measure ECL for most of its financial assets. Cash and cash equivalents are at Stage 1 and not impaired as they are placed in the banks with investment grade ratings. Therefore as of 31 December 2018 and 2017, no credit loss allowance for impairment with respect to these assets was recognised.

15 SHARE CAPITAL

The Company's shareholding structure is as follows:

	31 December 2018			31 December 2017		
	Share capital	Number of shares	Share, %	Share capital	Number of shares	Share, %
HIBV	74,719	466,979,413	97.29	74,719	466,979,413	97.29
Other	108	671,574	0.14	108	671,574	0.14
Other GDR	1,973	12,349,013	2.57	1,973	12,349,013	2.57
Share capital	**76,800**	**480,000,000**	**100.00**	**76,800**	**480,000,000**	**100.00**

In 2018 and 2017 no capital transactions were performed by the Group.

In August 2016 the Group announced an offering to the holders of the Group's GDR of the right to subscribe for new ordinary shares in the capital of the Group and an offering to the holders of ordinary shares on the register of members of the Group of the right to subscribe for new shares at the rate of 21 US cents per share. The total number of shares issued was 420 million with the nominal value of 16 US cents per share, increasing the share capital by USD 67,200 and additional paid-in capital by USD 21,000. The debt to HIBV amounting to USD 87,292 was transferred to the equity as a result of the share capital increase. Remaining amount of USD 908 was received in cash and used for meeting the working capital needs and for general corporate purposes.

All issued ordinary shares are fully paid.

16 BORROWINGS

	Currency	Annual interest rate (actual rate as at 31 December 2017)	Maturity	31 December 2018	31 December 2017
Yapi Credi Bank	RUB	12.25%	21 November 2018 - 31 December 2018	-	356
Deniz Bank CJSC	RUB	11.13% (Mosprime + 2.75%)	1 February 2018 - 24 January 2019	-	1,302
Deniz Bank CJSC	RUB	12.25%	14 June 2018 - 30 September 2020	-	8,507
				-	**10,165**

As at 31 December 2017, the fair value of borrowings approximated their carrying amount.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

16 BORROWINGS (CONTINUED)

As at 31 December 2017, borrowings in the amount of USD 7,639, which were classified as long-term liabilities in the consolidated statement of financial position, related to LLC PMH. These borrowings were expected to be settled in 2019-2020 and management intended to settle them based on the contractual maturity, notwithstanding that the operations of LLC PMH had been ceased and were classified as discontinued operations.

During 2017, the Group opened new credit lines for the total amount of RUB 520 million (equivalent to USD 9,028) in Yapi Kredi Bank. The Group obtained tranches during 2017 totalling RUB 350 million (equivalent to USD 6,016) in Yapi Kredi Bank with maturity of less than one year and RUB 565 million (equivalent to USD 9,691) in Deniz Bank CJSC. During 2017, the Group settled its debts in the amount of USD 5,664 to Yapi Kredi Bank and USD 4,546 to Deniz Bank CJSC.

During 2018, the Group closed all bank loans using the funds obtained from Hürriyet.

As at 31 December 2018 the Group has committed but not accessed bank borrowing facilities in the amount of USD 7,485 (31 December 2017: USD 3,012).

The movements of borrowing principal for the reporting periods were as follows:

	Borrowings
Borrowings at 1 January 2017	**4,369**
Cash inflow	15,707
Interests accrued	1,008
Cash outflow	(10,210)
Interests paid	(1,008)
Currency translation difference	299
Borrowings at 31 December 2017	**10,165**
Cash inflow	-
Interests accrued	622
Cash outflow	(9,342)
Interests paid	(622)
Currency translation difference	(823)
Borrowings at 31 December 2018	**-**

17 TRADE PAYABLES

Trade payables as at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Trade payables	911	1,421
	911	**1,421**

The average maturity of trade payables is 3 months. The Group has financial policies in place to ensure all payables are settled within the contractual credit terms.

The fair values of trade payables approximate their carrying values.

18 DISCONTINUED OPERATIONS

As explained in Note 4.2, the Group has decided to cease LLC PMH's digital operations (mainly irr.ru and job.ru) in Russia. The operations in Kazakhstan were ceased during 2017 as well and Kazakh subsidiaries were in the process of liquidation as of 31 December 2017.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

18 DISCONTINUED OPERATIONS (CONTINUED)

The results of discontinued operations are as follows:

	For the years ended	
	31 December 2018	**31 December 2017**
Discontinued operations		
Revenue	700	4,390
Cost of sales	(413)	(3,141)
Gross profit	**287**	**1,249**
Marketing, selling and distribution expenses	(104)	(2,640)
General administrative expenses	(853)	(4,051)
Other operating expenses	(42)	(309)
Other operating income	6	106
Operating loss	**(706)**	**(5,645)**
Interest expenses	(1,014)	(1,015)
Foreign exchange (loss)/ gain, net	(1,801)	89
Impairment loss on goodwill (Note 11)	-	(33,712)
Impairment loss on intangible and tangible assets (Note 9 and 12)	-	(29,164)
Loss on disposal of subsidiaries	(791)	(7)
Gain on sale of property, plant and equipment and intangible assets	739	49
Loss before income tax	**(3,573)**	**(69,405)**
Income tax credit	-	4,860
Net loss for the year from discontinued operations	**(3,573)**	**(64,545)**

During 2017, several subsidiaries in Russia and Kazakhstan were sold or liquidated. Related losses due to disposal of these subsidiaries amounted to USD 7 and recorded under discontinued operations.

Loss on disposal of subsidiaries of USD 791 in 2018 is related to the currency translation differences of Croatian and Kazakh subsidiaries, which are recycled from the translation reserve to the accumulated losses as part of the current year other comprehensive income recorded at the amount of USD 3,376.

An analysis of the cash flows of discontinued operations is as follows:

Net cash used in operating activities	(1,057)	(6,429)
Net cash generated from/ (used in) investing activities	739	(1,164)
Net cash generated from financing activities	1,158	6,867
Net increase/ (decrease) in cash and cash equivalents	**840**	**(726)**

19 RELATED PARTY BALANCES AND TRANSACTIONS

For the purposes of these consolidated financial statements, parties are generally considered to be related if the party is part of the Group’s key management or the Board of Directors; the party has the ability to control or jointly control the other party; both parties are under common control; or one party can exercise significant influence over the other party in the financial and operational decision-making process. In considering each possible related-party relationship, the Group’s management pays attention to the substance of the relationship, and not merely the entities’ legal form.

Related parties may enter into transactions in which unrelated parties would not enter. Transactions between related parties may be on different terms, conditions and amounts than transactions between unrelated parties.

The nature of the related-party relationships for those related parties with whom the Group entered into significant transactions during the years ended 31 December 2018 and 31 December 2017, or had significant balances outstanding as of 31 December 2018 and 31 December 2017, are presented below.

Management has assessed the Group’s related parties to include Demirören Medya (31 December 2017 and up to 16 May 2018: Doğan Holding), Hürriyet, and the Group’s shareholders, key management personnel and Board members, along with their families and any entities under their control.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

19 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Interest expense for the year ended 31 December:

	2018	2017
Hürriyet	392	8
HIBV	74	19
	466	**27**

Purchase of services for the year ended 31 December:

	2018	2017
Hürriyet	2	415
	2	**415**

The following payables were outstanding at the end of the reporting period:

	31 December 2018	31 December 2017
Hürriyet	726	693
	726	**693**

This balance was included in trade payables line in the consolidated statement of financial position.

The following borrowings from shareholders were outstanding at the end of the reporting period:

	31 December 2018	31 December 2017
Hürriyet	12,270	1,378
HIBV	2,544	2,265
	14,814	**3,643**

The interest rate of USD denominated borrowings is 6.00% p.a. and EUR denominated borrowings is 6.00% p.a and the fair values of the borrowings approximate their carrying values.

The movement of borrowings for the reporting periods were as follows:

Borrowings at 1 January 2017	**1,069**
Cash inflow	2,422
Interests accrued	27
Currency translation impact	125
Borrowings at 31 December 2017	**3,643**
Cash inflow	10,798
Interests accrued	466
Currency translation impact	(93)
Borrowings at 31 December 2018	**14,814**

The following receivables balances were outstanding at the end of the reporting period:

	31 December 2018	31 December 2017
HIBV	144	155
	144	**155**

The remuneration of directors and other key management personnel during the year was as follows:

	2018	2017
Short-term benefits (salaries)	109	388
	109	**388**

The short-term benefits for the year-ended 31 December 2018 amounted to USD 109 (31 December 2017: USD 388) and comprised of salaries paid to the General Director of LLC PMH together with the remuneration to the Board of Directors of the Group.

There were no other benefits or payments made to directors or other key management personnel during the reporting periods.

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

20 OTHER CURRENT ASSETS

Other current assets as at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Prepaid rent and other expenses	40	73
Receivables from social funds	19	148
Value Added Tax ("VAT") receivable	14	-
Less: allowance for other doubtful debts	-	(10)
	73	**211**

21 OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
VAT payable	74	114
Accrual for unused vacations	63	51
Provision for severance payments	47	133
Amounts due to employees	44	23
Social security and other taxes payable	-	34
Advances received	-	769
Other	26	50
	254	**1,174**

As a result of the resolution to cease operations of LLC PMH, the Group created the provision for severance payments as at 31 December 2017 of USD 133, which will be paid to the employees when they will be laid-off. This amount was included in General administrative expenses within discontinued operations (Note 18). During 2018, management has used USD 86 of the provision for the employees who were laid-off. Management considers the remaining provision as at 31 December 2018 to be adequate for the remaining employees.

As disclosed in Note 3.9.1, advances received from customers are presented as contract liabilities from 1 January 2018 as a result of IFRS 15 adoption.

22 COMMITMENTS AND CONTINGENCIES

22.1. Operating lease arrangements

As at 31 December 2018, the Group has no non-cancellable operating lease agreements (31 December 2017: USD 122).

Operating lease expenses during the year ended 31 December 2018 related to continued operations amounted to USD 85 and those related to discontinued operations amounted to USD 94 (year ended 31 December 2017: continued operations - USD 151 and discontinued operations – USD 427).

22.2. Litigation

From time to time, the Group is involved in certain litigations arising in the normal course of business.

In 2015, a legal claim for a total amount of RUB 39 million (approximately USD 535) was raised against one of the Group's subsidiaries and other third parties. The resolutions of the first and second instance courts, which took place prior to 31 December 2015, were in favour of the defendants. However, in June 2016 the cassation court ruled that previous court resolutions should be cancelled and this case should be considered again in the first instance court. The final resolutions of the courts, which took place in 2017, were again in favour of the defendants and the legal claim was closed.

22 COMMITMENTS AND CONTINGENCIES (CONTINUED)

22.3. Tax and regulatory environment

During 2018 the major part of the Group's operations are performed in the Russian Federation. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years (5 years for Belarus and Kazakhstan) preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated outside of the Russian Federation. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in the Russian Federation. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these consolidated financial statements if these are challenged by the authorities

(Amounts expressed in thousands of US Dollars ("USD") unless otherwise indicated)

23 LOSS PER SHARE

Basic and diluted loss per share

The losses attributable to the equity holders of the Company and the weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	31 December 2018	31 December 2017 *restated*
Loss per share from attributable to the ordinary equity holders of the company:		
Weighted average number of ordinary shares in issue (thousands)	480,000	480,000
Net loss from continuing operations attributable to the ordinary equity holders	(410)	(1,230)
Basic and diluted loss per share from continuing operations (USD per share)	(0.0009)	(0.0026)
Net loss from discontinued operations attributable to the ordinary equity holders	(3,423)	(64,545)
Basic and diluted loss per share from discontinued operations (USD per share)	(0.0071)	(0.1345)
Total Basic and diluted loss per share	**(0.0080)**	**(0.1371)**

24 EVENTS AFTER THE REPORTING PERIOD

There have been no significant events occurred after the reporting period that require disclosure.

25 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorised for issuance on 30 April 2019.