TRADER MEDIA EAST LIMITED

Annual Report &
Consolidated Financial Statements
for the year ended 31 December 2015

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2015 FINANCIAL HIGHLIGHTS

Total revenues from continuing operations were US$ 21.4 million (2014 US$ 63.3), down by 66.2% due to company's business restructuring as well as excessive ruble exchange rate volatility. In local currency terms (LCY) total revenues decreased by 48.7%.

Online revenues were US$ 11.5 million (2014 US$ 25.2), down by 54.4%, and in local currency terms decreased by 30.8%.

Total group Adjusted EBITDA was US$ (5.6) million (2014: US$ (1.5)), down by 273.3%.

We define Adjusted EBITDA as net profit from continuing operations before financial income, financial expense, income tax (expense)/benefit, depreciation and amortization, provision for doubtful receivables and other receivables, impairment charges and certain other non-recurring gains and losses and Adjusted EBITDA margin as the ratio of Adjusted EBITDA to revenues.

We define Operations EBITDA (or operating profit before certain expenses) as Adjusted EBITDA before management service expenses or corporate costs, and Operations EBITDA margin as the ratio of Operations EBITDA to revenues.

Consolidated Revenues

The revenues were lower versus 2014 due to company's business restructuring that involved franchising out of printing operations in Russia, sale and/or liquidation of the company's regional offices as well economic reasons that included significant deterioration of the economic environment in Russia, Kazakhstan and Belarus, significant devaluation of local currencies versus US dollar in 2015 (Russian ruble depreciated by 58.5% in 2015). Mergers or liquidation in loss making print entities are ongoing.

The decrease in offline revenues was US$ 28.2 million or 74.0%, from US$ 38.1 million in 2014 down to US$ 9.9 million. Moscow includes Pronto Media Holding, Job.ru and Impress Media Marketing.

The decrease in online revenues was US$ 13.7 million or 54.4% from US$ 25.2 million in 2014 down to US$ 11.5 million. In LCY the decrease comprised 30.8%.

Adjusted EBITDA and Operations EBITDA

Operations EBITDA decreased from US$ (0.5) million in 2014 to US$ (5.2) million in 2015, by 940.0% while total group Adjusted EBITDA fell from US$ (1.5) million in 2014 to US$ (5.6) million in 2015, by 273.3%.

Offline Adjusted EBITDA increased from US$ (1.4) million in 2014 to US$ (0.3) million in 2015, by 78.6%. In Moscow Adjusted EBITDA increased by 27.0% due to decline in Revenues by 54.9%, cost saving comprised 41.9%. In Russian Regions, Adjusted EBITDA decreased by 64.7% in a climate where the revenues fell 83.2%, whereas cost saving was 87.3%.

Online Adjusted EBITDA decreased from US$ (0.1) million in 2014 to US$ (5.3) million in 2015.

Share of online revenues amounted to 53.7% of total revenues in 2015. It has increased compared to the share of online revenues of 39.8% in 2014.

Financial Highlights (continuing operations)

IN US$ MILLIONS	2015	2014
REVENUES	21.4	63.3
OPERATIONS EBITDA	(5.2)	(0.5)
MARGIN (%)	(24.3%)	(0.8%)
ADJUSTED EBITDA	(5.6)	(1.5)
MARGIN (%)	(26.2%)	(2.4%)
NET LOSS	(16.6)	(64.5)

Goodwill impairment

In 2015 management of TME Group finalized the restructuring process and transformed the company 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.

Following the change of strategy from offline to online TME's management anticipates a threefold increase of TME Group's revenues and expects to achieve EBITDA profitability of 51.5% by 2020. The management believes that the above revenue and profitability targets are achievable once all of strategic and product initiatives are implemented.

VISION, MISSION AND STRATEGIC GOALS

Trader Media East Limited ("TME")'s vision is to become the leading classified advertising transaction platform by providing our customers the best online and offline solutions, and generating high returns, which will create long term shareholder value.

TME is in a transformation stage where the revenues are shifting from traditional print media to digital, which is the conclusion of our once readers' / users' preference to use online resources more and more. We anticipate that as of the end of year 2016, our digital revenues, in which the operational costs are less and the model is much more scalable, will contribute more than 70% to the Group's total revenues.

We have a clear business plan in each country in line with our vision. In order to successfully manage the transition from offline to online and also extend the life of print, we formed a new management team, composed of experienced and dynamic top management.

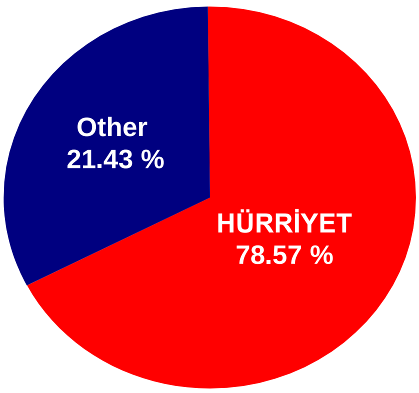
Our main competitive advantages are our well-established relations with professional clients in the real estate and auto segments, our regional franchise (operating physically over 82 cities in Russia & CIS) and our well-known brand, *Iz Ruk v Ruki,* in Russia & CIS.

In online segment IRR.RU and JOB.RU is the main revenue and traffic generators.

CORPORATE SHAREHOLDING STRUCTURE & PROFILE

At 31 December 2015 HÜRRİYET Invest B.V. ("HIBV")[1] directly owns 78.57% shares of Trader Media East Limited.

	Number of Shares	Share Ownership (%)
Hurriyet Invest BV	47,139,097	78.57
Others GDR	12,227,563	20.38
Others	633,340	1.05
Total	**60,000,000**	**100.00**



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

CHAIRWOMAN'S STATEMENT

2016 Overview & 2015 Financial Results

In 2015, we completed the transformation of the company and became a "pure digital" operation in Russia. Our print operations in Russian regions have either been discontinued or contractually transferred to 22 separate franchise partners, where we gain royalty fees for ongoing print operations. Most of the franchisees are also working like agencies, selling our digital portfolio against commissions. In 2016, we will focus on the efficiency of this franchise network as well as to grow revenues of Moscow, St. Petersburg and Tambov (regional call canter) operations which is under full control of the Moscow headquarters.

In 2015, the Company Management implemented a significant cost efficiency program which decreased the number of staff to acceptable levels for pure digital operations. We will continue to work on this subject especially to increase the efficiency of the Tambov call-center operation.

Our operations in CIS countries (namely Belarus and Kazakhstan) continue to stay with the old ownership and portfolio scheme, where we continue to have profitable but declining print operations and growing online. In 2016, we expect to implement a similar restructuring for the CIS countries to make most out of the digital growth potential and increase company's agility.

In 2015, we continued to invest in digital talent and improve our products to offer best usage experience in all segments. Our new technology team has successfully implemented a road map to to make IRR.ru the best product in the market. The core of the road map will finish by the end of Q2 2016 and we will spend all our efforts to increase the effectiveness of the platform for our clients.

On the macro side, we expect Russia to start a moderate recovery in the year 2016 from the long lasting economic stagnation, which adversely impacted the trading activity in real estate and car markets.

TME Board of Directors is committed to the transformation plan and thinks that it is an opportunity for the shareholders to re-gain back the value in the future.

Dividend

TME Board of Directors is not recommending a distribution.

Vuslat Sabancı
Chairwoman

29 April 2016

MESSAGE FROM THE CEO

Our operational results reflect the focus on business transformation and investment in future. In 2015, our Company has accomplished a scope of tasks set in 2014. The main strategic goal was transition from the agglomeration of print businesses across the country into a "**digital driven**" company and "**transformation of our digital product**".

We started the year 2015 with closing print operations in Moscow and in some other regions, where we used to have our subsidiaries. We moved print to the "**franchise model**" to mitigate financial risks and increase efficiency of the local businesses. As of now, we have 22 license agreements with our partners that run business in most regions of Russian Federation. These partners also help us to develop "regional online sales" under agency agreement. Therefore, we are looking to expand this network in the year 2016.

We took serious effort to strengthen sales in the regions through our call-center in Tambov. It has been fully set-up and is going under the new Management.

Focusing on the key digital products transformation, we have brought in a new dynamic team to lead this process. Besides, we have moved to the "Web Development Department" from Minsk to Moscow, which enabled us to gain better control and increase speed and quality of development. It has also reduced our dollar exposure. Most importantly, we managed to dramatically increase the performance and functionality of IRR.ru.

These changes enabled us to optimise and simplify the legal structure and headcount. As of now, we have reached target headcount of 784.

As a result, the Company is now strongly poised to face completion in the Digital Classified segment.

On behalf of Top Management, I would like to thank the Shareholders and Board of Directors of the Company for their belief and commitment in Russian market and our initiatives.

Nikolay Dadiani
Chief Executive Officer, CEO

29 April 2016

BOARD OF DIRECTORS & ADVISORS

Current Directors	Mrs.Vuslat Sabancı, *Chairwoman & Senior Director* [2] Mr. Turhan Cemal Beriker, Vice-Chairman & *Senior Independent Director* [3] Mrs. Özlem Mertoğlu-Munanoğlu, *Senior Director* [4] Mr. Kamil Nurettin Özörnek, Director [5]
Chief Executive Officer	Mr. Nikolay Dadiani [6]
General Secretary & Counsel	Dr. Hakan Hanlı [7]
Registered Office	SANNE Corporate Service Limited 13 Castle Street St. Helier Jersey JE4 5UT Channel Islands
Business Address	Karpelsdreef 6B 1101 CJ Amsterdam The Netherlands [8]
Company Registration	Registered in Jersey Number 91704
Independent Auditors	ZAO DELOITTE & TOUCHE CIS Lesnaya Street 5 Moscow 125047 Russia
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 JSC 2nd Zvenigorodskaya Street, Building 13, Constr. 42 Moscow 123022 Russian Federation
Website	Further corporate, financial and shareholder information is available in the Investor Centre section of TME Group's website: www.tmeast.com

2 Mrs. Vuslat Sabancı is a "Chairwoman" since August 17, 2010.
3 Mr. Turhan Cemal Beriker has been appointed as "Vice-Chairman" by the Board in April 9, 2013 and as Executive Director in October 19, 2015.
4 Mrs. Özlem Mertoğlu-Munanoğlu has been appointed as Director by the Board in July 31, 2013 and as Executive Director in October 19, 2015.
5 Mr. Kamil Nurettin Özörnek has been appointed as Director by the Board in October 19, 2015.
6 Mr. Nikolay Dadiani has been appointed as CEO by the Board in May 19, 2014.
7 Dr. Hakan Hanlı acts as "General Secretary & Counsel" since June 30, 2009.
8 TME business address has been changed as from July 1, 2015.

DIRECTORS' BIOGRAPHIES

Vuslat Sabancı

Chairwoman & Senior Director

Mrs. Vuslat Sabancı, born in 1971, Turkish citizen, has been a member of TME Board of Directors since March 2007. She is currently Chairwoman of TME Board of Directors being Senior Executive Director since August 2010.

During the course of her career, she currently holds the following positions: (i) within TME Group, including the positions of Vice-Chairwoman of Board of Directors, Vice-Presidents of Corporate Governance Committee, and Audit Committee; and (ii) HÜRRİYET Group, including the position of Chairwoman of Board, before that she held the positions of Board member, and CEO within HÜRRİYET Group.

Prior to joining the HÜRRİYET Group in 1996, her professional experience included time at the "Wall Street Journal" and the "New York Times". She is graduated from Bilkent University with B.A. in Economics and holds a Master Degree (LL.M) in Media & Communications from Columbia University. She is also a member of Board of the International Press Institute (IPI).

Turhan Cemal Beriker

Vice-Chairman & Senior Independent 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 Independent Director since April 2013 and being Executive Director since October 19, 2015.

Özlem Mertoğlu – Munanoğlu

Senior Director

Mrs. Özlem Mertoğlu-Munanoğlu, born in 1966, Turkish and Dutch citizen, graduated in International Relations (B.A.), School of Business Administration at Middle East Technical University, Ankara, Turkey, and studied International Business Law in the Faculty of Business Law at De Montfort University, Leicester in UK.

She started her career as Manager at Interbank AS in 1987. In 1990 she joined Impexbank, in 1991 HSBC AS as Finance & Marketing Manager and in 1996 KÖRFEZBANK AS as Vice-President. In 1999, she joined DIŞBANK as General Manager – Managing Director of Disbank Nederland NV and then after in 2003 to Demir-Halk Bank Nederland NV as Assistant General Manager. Between 2004 and 2009, she worked as Shareholder & Managing Director of Commodum Consultancy Services BV. Since 2009 she is the Shareholder & Managing Director of AFFIANCE Management BV (AMBV), a licensed trust office supervised by Dutch Central Bank. She is experienced in structured finance, international operations and expansion, finance and banking. Also, she acts as Independent Board Member in holding and finance companies.

She is currently member of TME Board of Directors, and member of the Audit and the Corporate Governance Committees, being Senior Director since July 2013 and being Executive Director since October 19, 2015.

Kamil Nurettin Özörnek

Director

Mr. Kamil Nurettin Özörnek, born in 1968, Turkish citizen, graduated from Tampa University with Bachelor of Science degree in Marketing Management, and holds a Master Degree (LL.M) in Business Administration from Tampa University. He obtained a Real Estate Broker License from İstanbul Chamber of Commerce.

Mr. Kamil Özörnek started his career as an Associate Manager at NELSON Sales Group in Miami, Florida, USA in 1996. In 1997, he joined AKSOY Group of Companies (Sahibinden.com) as Business Development Manager in İstanbul, Turkey. In 2005, he joined Cushman & Wakefield as Head of Retail Services in Turkey, and later joined PERA GYO - Global Investment Holding as Deputy-General Manager in 2007 in Turkey & Northern Cyprus. Afterwards, he formed ELLA INTERNET TECH (www.bonqo.com) as Co-Founder & CEO in 2009 in Santa Barbara, California, USA, and then after, joined VIPDUKKAN.COM as General Manager in 2012 in Turkey. In 2013, he joined HÜRRİYET Newspaper (www.Hurriyetemlak.com, www.Hurriyetoto.com, www.Yenibiris.com, www.EKolay.com) as E-Commerce Director & Executive Committee Member in İstanbul, Turkey.

Mr. Kamil Özörnek has been appointed as Director to the Board by TME Board of Directors on October 19, 2015.

Dr. Hakan Hanli

General Secretary & Counsel

Dr. Hakan Hanlı (Esq.) born in 1967, Turkish & Belgian citizen, and graduated from Ankara University Law School (LL.B in 1989), Universit Catholique de Louvain Law School (LL.M in 1993) in the “European Commercial & Competiton Law” , and HARVARD Law School (Ph.D, Juris Doctor in 1996) in “International Law & Business”.

Dr. Hakan Hanlı is a Senior Attorney-at-Law admitted in Ankara Bar (1990), Brussels Bar (1994) & International Bar Associations, and was Legal Expert at the European Commission Directorate General for “Telecommunication, Information Industries & Innovation” & “Audio-Visual & Media Policies / TV without Frontiers & Media Program and Custom Union” in 1992.

Dr. Hakan Hanlı was a Senior Attorney-at-Law in International & European Law firms in Brussels (1994-2004) and recently in Pekin & Pekin (2004-2007) and Çağa & Çağa Law Firm (2007- 2014) in Istanbul in the field of International, European & Turkish Corporate, Commerce & Competition Law, Capital Markets Law, Banking & Finance Law (NYE, LSE, BiST), Tax & Double Tax Treaty, Telecommunication, Audio-Visual, Media & Entertainment Law (TV & Radio Broadcasting, Print & Online Publishing), Information & Communication Technology (ICT), Intellectual & Industrial Property (IPR), Energy, Privatization, Project Finance, Foreign Investment, Private Equity, Arbitration, Construction & Real Estate, Sport (FIFA & UEFA), Maritime, Aviation & Space Laws, and International & European Human Rights Conventions (EHRC).

Dr. Hakan Hanlı: (i) received First Prize as “Outstanding Young Person in the World” in the “Legal, Political & Public Affairs” category by Junior Chamber International in 1999; (ii) an Outstanding Prize as “Outstanding Intellectual of the 21st Century” from CAMBRIDGE University in 2007 ; and (iii) was awarded as“TOP TEN GLOBAL COUNSEL OF THE WORLD : A+ Lawyer” in 2010 by CHAMBERS & PARTNERS in association with LEX MUNDI, TERRALEX, GLOBAL COUNSEL 3000, IFLR 1000, LEGAL500, EUROMONEY, MARTINGALE HUBBELL, COUTTS, ABA, ICLG, PLC, ISI Emerging Markets & MONDAQ. Dr. Hakan Hanlı is fluent in Turkish, English, French, speaks Dutch, and can read Ottoman (Old) Turkish. Dr. Hakan Hanlı : (i) acts a General Counsel of the Company (DOGAN & HÜRRİYET Group) since September 1, 2007 ; and (ii) acts as General Secretary since June 30, 2009.

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 October 1, 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 has a Standard Listing at the LSE and as such the UK Corporate Governance Code does not strictly apply to it. However, 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 15 and 16, 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. The departures from UK Corporate Governance Code are discussed below.

The majority of the Board, and Corporate Governance (Compensation & Nomination) Committee members are considered independent as required by 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.*

TME is a company going through transition, driving its revenues from offline to online. As a result of this transition, a more flexible body was needed to further push this change.

Going Concern Basis

After making enquiries, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that TME Group has adequate resources to continue in operational existence for the foreseeable future. Management has plans to improve the Group's financial position including, but not limited to borrowings from the parent and capital increase financed by the parent. In order to improve profitability and working capital situation management also envisages further cost reductions, in particular, but not limited, in offline segment, and considers additional external financing options. The Group finances its operations though the bank borrowings guaranteed by ultimate parent company.

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

THE BOARD OF DIRECTORS

- Mrs. Vuslat Sabancı, Chairwoman, Senior Director;
- Mr. Turhan Cemal Beriker, Vice-Chairman, Senior Independent Director;
- Mrs. Özlem Mertoğlu-Munanoğlu, Senior Director; and
- Mr. Kamil Nurettin Özörnek, 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 meets regularly and a table of attendance is shown on page 14.

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 2015, but chose to evaluate its own performance, that of its Committees and of its Directors. The Board was broadly satisfied with its performance.

Under UK Corporate Governance Code Provisions, the Company should arrange appropriate insurance cover in respect of legal action against its directors and officers. The Board believes that an increasing amount of work is undertaken by the Audit and Corporate Governance Committees and that director(s) can only properly fulfill 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 four directors: Mrs. Vuslat Sabancı as Chairwoman & Senior Director, Mr. Turhan Cemal Beriker as Vice-Chairman & Senior Independent Director, Mrs. Özlem Mertoğlu-Munanoğlu as Senior Director; and Mr. Kamil Nurettin Özörnek as Director. The biographies are set out on page 8-9, and illustrate the directors' breadth of experience.

The responsibilities of the Chief Executive Officer has been set out in writing and approved by the Board in year 2010. 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 Chairwoman was and remains a self-reliant Senior Director since the date of her 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. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") meet regularly with analysts and institutional shareholders.

The Chief Executive Officer and the Chief Financial Officer 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 is comprised of one independent director and two representatives of HÜRRİYET & DOĞAN Group. Mr. Turhan Cemal Beriker as President & Senior Independent Director is independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect its judgment. Mrs. Vuslat Sabancı is as Vice-President (who is Chairwoman of HÜRRİYET Group), Mrs. Özlem Mertoğlu-Munanoğlu as Senior Director is the Shareholder and Managing Director of Affiance Management BV (AMBV) trust company, and Mr. Kemal Sertkaya [12] is an employee of DOĞAN Group.

The Audit Committee 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 the Management at the close of the half-year and annual consolidated financial statements and supervising the Group's compliance with accounting and financial internal control processes.

The Audit Committee 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 Audit Committee will direct the Group's internal audit function and review and analyze the reports issued by the Internal Audit Team after a written response from the Management.

The performance of the External Auditor is evaluated by the Audit Committee 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 Audit Committee.

The Audit Committee has formal written terms of reference which are available on TME website.
The members of the Audit Committee at the date of this report were:

- Mr. Turhan Cemal Beriker (President) [9]
- Mrs. Vuslat Sabancı (Vice-President) [10]
- Mrs. Özlem Mertoğlu-Munanoğlu (Member) [11]
- Mr. Kemal Sertkaya (Member) [12]

Mr. Igor Popovich has been appointed as TME & Pronto Media Holding Limited "**Internal Audit Manager"** on December 1, 2014. He was born in 1983, Russian citizen, graduated from Finance University under the Government of Russain Federation for "Specialist in Finance & Taxation" in 2005.
In addition, he has been qualified in Audit Chamber of Russia as "Russian Certified Auditor". He started his career as Auditor at KPMG Moscow, in Energy & Natural Sources Department in July 2004.

[9] Mr. Turhan Cemal Beriker has been appointed as Member (July 31), then as President of Audit Committee in October 11, 2013.

[10] Mrs. Vuslat Sabancı has been appointed as Vice-President of Audit Committee in October 11, 2013.

[11] Mrs. Özlem Mertoğlu-Munanoğlu has been appointed as Member of Audit Committee in July 31, 2013.

[12] Mr. Kemal Sertkaya is Vice-President of Internal Audit activities within the parent groups of HÜRRİYET and DOĞAN Holding.

CORPORATE GOVERNANCE COMMITTEE [13]

The Corporate Governance Committee (CGC) is comprised of two Senior Director and one Senior Independent Director. Mr. Turhan-Cemal Beriker has been appointed as President of the CGC in 2013. Mrs. Vuslat Sabancı (who is also Chairwoman of HÜRRİYET Group, which is the majority shareholder of the Group), is Vice-President of the CGC. Mrs. Özlem Mertoğlu–Munanoğlu is (the Shareholder and Managing Director of Affiance Management BV (AMBV) trust company) member of the CGC. The senior director(s) is/are independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment.

The Corporate Governance Committee meets at least twice a year and 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 Chairwoman of the Group.

The Report on Remuneration set out on page 15 contains a more detailed description of the Group's policies and procedures for executive nomination and remuneration. The Chief Executive Officer, 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 Corporate Governance Committee has formal written *terms of reference*, which are available upon written request addressed to the Company Secretary.

The members of the Corporate Governance Committee at the date of this report were:

- Mr. Turhan Cemal Beriker (President) [14]
- Mrs. Vuslat Sabancı (Vice-President) [15]
- Mrs. Özlem Mertoğlu-Munanoğlu (Member) [16]

COMPENSATION & NOMINATION COMMITTEES

The Corporate Governance Committee is additionally responsible for the roles identified by UK Corporate Governance Code which would be reserved for Compensation and Nomination Committees. Consequently, the Corporate Governance Committee 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)".

[13] The Compensation Committee renamed as "Corporate Governance Committee" by the Board on April 17, 2014.

[14] Mr. Turhan Cemal Beriker has been appointed as Member (July 2013), then as President of Compensation Committee in October 11, 2013

[15] Mrs. Vuslat Sabancı has been appointed as Vice-President of Compensation Committee on October 11, 2013.

[16] Mrs. Özlem Mertoğlu-Munanoğlu has been appointed as Member of Compensation Committee on July 31, 2013.

INTERNAL CONTROL

The directors are responsible for the Group's established system of internal financial control and for reviewing its effectiveness. During the internal audit reviews, the Board has not been advised of any failings or weaknesses which were deemed to be significant. 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.

- *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 monthly management accounts are prepared, 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 Audit Committee 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.

Table of Attendance at the Meetings:

	Board	Audit Committee	Corporate Governance Committee	AGM
Number of meetings in the year 2015	**3**	**3**	**3**	**1**
Mrs. Vuslat Sabancı	3	3	3	1
Mr. Turhan Cemal Beriker	3	3	3	1
Mrs. Özlem Mertoğlu-Munanoğlu	3	3	3	1
Mr. Kamil Nurettin Özörnek	1	-	-	-
Mr. Kemal Sertkaya	-	3	-	-

REPORT ON REMUNERATION

The Company Directors are paid annual fee on a quarterly basis.

The Company annual fees are as follows:

(i) TME Board Chairwoman/man and Vice-Chairman's fees are EUR€ 20,000, and member fee is EUR€ 10,000;
(ii) TME Committees' President and member fees are EUR€ 1,000. Members of the Audit and Corporate Governance Committees are paid by attendance fee of EUR€ 1,000 per meeting.

Service Contracts

Non-Executive Directors

There are no service contracts in force between any non-executive director and TME 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.

Mr. Nikolay Dadiani

Chief Executive Officer (CEO)

Mr. Nikolay Dadiani was appointed as "CEO" by the Board on May 19, 2014.

He was born in 1970, Russian citizen, graduated from Cambridge Academy of English and European Business School for "Marketing, Advertising & Promotion" in 1992 and 1995 respectively, additionally studied in ISAS at Young & Rubicam in 2001 London in UK.

He started his career as Account Manager at MCCANN-ERICKSON RUSSIA in 1995, he also worked as Project Director at the University of Moscow in Academy of Marketing & Advertising in Russia in 1996, as Account Director at MAXIMA CG in Moscow (1997), as Group Account Director and Client Service Director at YOUNG & RUBICAM MOSCOW (2000 & 2007 respectively), as Commercial Director at AFISHA INDUSTRIES in Moscow (2007). Also, he served as Chief Sales Officer at SANOMA INDEPENDENT MEDIA in 2013.

Directors' Remuneration

TME Directors' annual remunerations are set out as follows:

	EUR€	
	2015 Basic Remuneration	**2015 Committees' Fees**
Mrs. Vuslat Sabancı	20,000	6,000
Mr. Turhan Cemal Beriker	20,000	6,000
Mrs. Özlem Mertoğlu-Munanoğlu	10,000	6,000
Mr. Kamil Nurettin Özörnek	2,500	-
Mr. Kemal Sertkaya	-	3,000

REPORT OF THE BOARD OF DIRECTORS

Trader Media East Limited ("TME" or the "Company" or the "Group")'s directors present their report and the audited financial statements for the year ended December 31, 2015.

Incorporation

The Company is incorporated in Jersey, Channel Islands on February 6, 2006.

Statement of Directors' Responsibilities

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

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

International Accounting Standard 1 requires that the financial statements present fairly for each financial year the company'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 company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are also required by the Disclosure and Transparency Rules (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 8-9 confirm that, to the best of each person's knowledge and belief:

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

Principal Activities

TME is one of the leading marketplace for communities of generalist, real estate, auto and recruitment, with strong local brands, serving local markets in Russia, Kazakhstan and Belarus. TME produces 6 print titles, with 0.5 million readers per month and hosts 9 websites, with 14.8 million unique monthly visitors. TME is one of the largest companies in the region operating with weekly and daily newspapers and websites, primarily in the generalist, real estate, automotive and recruitment categories.

Results and Dividends

The profit and loss account of the Group for the year ended December 31, 2015 is set out in the audited financial statements. No dividends were paid during the year 2015.

Directors

The composition of the Board of Directors as of December 31, 2015 is as follows:

- Mrs. Vuslat Sabancı as Chairwoman, Senior Director;
- Mr. Turhan Cemal Beriker as Vice-Chairman & Senior Independent Director;
- Mrs. Özlem Mertoğlu-Munanoğlu as Senior Independent Director; and
- Mr. Kamil Nurettin Özörnek as Director.

Directors' Interests

No options were granted to or exercised by any director of TME in the period between December 31, 2015 and the signing date of these audited financial statements. None of the directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the year.

Policy on Payment of Creditors

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

Financial Risk Management

The Group finances its operations through the generation of cash from operating activities and from bank borrowings. 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 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

Russia's economy contracted 3.7% in 2015. The economic downturn was primarily driven by a sharp plunge in private consumption, which contracted 10.1%. Retail sales fell 10% in 2015. The main driver behind the plunge, and thus the drop in private consumption, was the sharp weakening of the ruble and the subsequent spike in inflation, which caused real wages to decrease 9.5% last year. Another factor weighing on the economy in 2015 was a substantial deterioration in fixed investment as commodities producers cut capital spending in response to international sanctions and lower prices.

Kazakhstan's economy expanded 1.2% in 2015, which was a notable deceleration compared to the 4.1% increase registered in 2014 and represented the slowest growth rate since 2009. The Kazakh economy was significantly impacted last year by a deep recession in Russia, lower commodities prices and harsh financial conditions.

Belarus' economy declined by 3.9% in 2015 which was the first drop for Belarus' GDP in the last 20 years.

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, Hurriyet Group, as well as bank loans. Liquidity risk is managed through forecasting the future cash flow requirements of the business.

Foreign Currency

A high proportion of the Group's sales (72.0%) and operating loss arise in the Russian Federation. As a result, the Group's reported results in 2015 have been negatively affected by the weakening of the Russian Ruble (RUR) against the US Dollar (US$) (58.5% on an annual average basis) versus 2014.

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.

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 values attributed to intangible assets are referred to in Note 14 to the financial statements.

Purchase of Own Shares

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

Secretary

Dr. Hakan Hanlı is the Company Secretary since June 30, 2009.

Independent Auditors

Deloitte Touche Tohmatsu LLP[17] member firm ZAO Deloitte & Touche CIS has been appointed as External Auditor to TME Group since January 2013 in responding to regulatory obligation in Jersey.

A resolution to appoint the auditors and to authorize the directors to fix their remuneration will be proposed at the Annual General Meeting (AGM), which will be held in **June 13, 2016** at the Company's headquarter in Amsterdam, The Netherlands.

By order of the Board

Dr. Hakan HANLI
General Secretary & Counsel
29 April 2016

Registered office:
SANNE Corporate Service Limited
13 Castle Street
St. Helier Jersey JE4 5UT
Channels Islands

[17] Deloitte Touche Tohmatsu LLP was appointed by the Board as External Auditor to TME: its member firm ZAO "Deloitte & Touche CIS" in Russia since January 2013.

RESPONSIBILITY STATEMENT

TME Annual Report & Consolidated Financial Statements of 2015 contain a “Responsibility Statement” in compliance with paragraph 4.1.12 of the DTR signed by order of the Board by Mrs. Vuslat Sabancı as Chairwoman of the Board & Senior Director, Mr. Turhan Cemal Beriker as Vice-Chairman & Independent Senior Director, and Mrs. Özlem Mertoğlu-Munanoğlu as Senior Director.

This statement is set out below in full and unedited text. This states that on **April 29, 2016**, the date of approval of the 2015 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 TME Group”.

Amsterdam, The Netherlands
29 April 2016

TRADER MEDIA EAST LIMITED

Vuslat Sabancı
Chairwoman

Turhan Cemal Beriker
Vice-Chairman

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 December 31, 2015.

The financial results for both periods have been prepared on the basis described below, in the section “Basis of Presentation”.

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 market place for communities of real estate, auto and recruitment, with strong local brands, serving local markets in Russia, Kazakhstan and Belarus.

TME was founded in November 2005, and comprises the former operations of Trader Classified Media N.V., Currently, the Group employs 784 permanent employees in 3 countries.

TME’s branded classified advertising websites and publications and related specialized services have leading positions in specific markets in the following countries: Belarus, Kazakhstan, and Russia.

Major Developments

<u>TME Group Financial Restructuring</u>

TME Group acquired additional US$ 37.7 million intra-group loan from its parent company Hurriyet Invest B.V. (HIBV) on January 14, 2016, and transferred such fund to its direct Dutch subsidiary Mirabridge International B.V. (MIBV) to be used for the closure of existing bank debts in MIBV’s direct Russian subsidiary Pronto Media Holding Limited (PMH).

As a result, TME Group’s indirect Russian subsidiary PMH closed all its bank debts as of January 15, 2016. Including previous debts acquired from HIBV, which was used both for the partial closure of the bank debts and working capital requirement of PMH in the past, as from January 15, 2016 TME’s payable to HIBV reached to US$ 84,1 million approximately.

<u>Deniz Bank Moscow JSC Loan Line</u>

On February 2, 2016, TME Group indirect subsidiary Pronto Media Holding Limited (PMH) obtained mid-term loan from Denizbank Moscow JSC in the amount of RUB 40 million.

<u>Capital Increase in TME</u>

TME Group will use US$ 84.1 million HÜRRİYET Group as inter-company loan with the fair market interest rate, which will be then converted into the company’s share capital.

The Capital Raising in TME (which means to convert TME’s debt to HIBV into equity) will be launched later in 2016. TME aims that: (i) an offering to holders of TME's global depositary receipts of the right to subscribe for new ordinary shares (which will be evaluated independent company) in the capital of the Company in the form of newly issued GDRs with one New GDR representing one New Share and with three New GDRs offered for every one GDR held by Eligible Investors; and (ii) an offering to holders of ordinary shares on the register of members of the Company the right to subscribe for New Shares *pro rata* to their existing holding of ordinary shares.

<u>BNY Mellon Limited Converts & Transfers Some of Its Ordinary Shares to Barlow Partners</u>

BNY Mellon Limited converted and transferred its: *(i) 60,023 (sixty thousand and twenty-three) ordinary shares in TME to Barlow Partners Group Trust; and (ii) 222,308 (two hundred and twenty-two thousand three hundred and eight) ordinary shares in TME* to Barlow Partners Offshore Limited on January 5, 2016. After their registrations on January 28, 2016, BNY Mellon Limited total number of the ordinary shares are equal to 12,227,563.

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 AMBV (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 must be implemented within TME, as TME wishes to maintain the status of Dutch Tax Residency.

Russian Special Economic Measures (SEP)

Regarding air-force-jet crisis between Russia and Turkey, Russian Federation enacted a Decree dated November 28, 2015 *"on measures for safeguarding national security of the Russian Federation and protecting Russian citizens from criminal and other unlawful acts and on application of special economic measures against the Republic of Turkey"; and "on the territory of Russia temporarily introduced a number of measures aimed at restricting business activities of Turkish companies and Turkish citizens on Russian territory".* The Decree decisions meanings and the measures implementations are currently unknown, although, it does not include any measure to the capital. Although the impacts would not be known at this stage. TME Board follows closely such development and its impacts on Russian & CIS operations.

Oglasnik d.o.o. Dispute Settlement between TCM Adria d.o.o. and Minorities

On November 26, 2015, TME Group indirect subsidiary TCM Adria d.o.o previously holding 70% of the share capital of Oglasnik d.o.o (which was transferred to Croatian minority shareholders on February 24, 2014) and Croatian shareholders holding the other 30% of Oglasnik d.o.o. share capital with regard to the exercise of the put option rights by such shareholders have been amicably settled the pending dispute. TCM Adria d.o.o. was obliged to pay to Croatian shareholders a cash consideration in the amount of EUR 2,350,000 in four quarterly instalments. First payment was made in December 2015. Remaining amount of payments due to Croatian shareholders equals to EUR 1,762,500 as the date of this report.

Croatian Financial Agency (FINA) *versus* TCM Adria d.o.o.

On 9 February 2016, Croatian FINA submitted to the Commercial Court in Zagreb, the request for opening of the bankruptcy proceedings of TCM Adria d.o.o. on the grounds of blocked bank account of TCM Adria d.o.o. for more than 120 days, and this request of FINA was received by the Commercial Court in Zagreb.

On 8 March 2016, The Commercial Court in Zagreb issued a resolution by which the Commercial Court in Zagreb "*dismissed the bankruptcy proceedings of TCM Adria d.o.o.",* since it was established that the bank account of the TCM Adria d.o.o. was no longer blocked. Therefore, this case was finally dismissed and closed in favor of TCM Adria d.o.o.

Croatian Ministry of Finance, Zagreb Tax Authorities *versus* TCM Adria d.o.o.

On 28 February 2016, Zagreb Tax Authorities initiated a tax inspection of TCM Adria d.o.o. The Zagreb Tax Office inspection relates to the full inspection of the corporate profit tax of TCM Adria d.o.o. for the fiscal year 2014. Currently, Zagreb Tax Office inspection is still ongoing (pending), and its duration and result or potential outcome cannot be estimated at this stage of proceedings at present.

Pronto Moscow Limited İstanbul Liaison Office ("PMILO") Closing

PMILO has been closed-down on May 31, 2015.

ASPM Holding B.V. Liquidation

ASPM Holding B.V. liquidation has already been started and currently is still ongoing process at present. However, due to complexity of such multi-national transaction it will be liquidated during the year 2016.

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

- Pronto-Vladivostok LLC is in liquidation process since November 10, 2015.
- Pronto-Kazan LLC is in liquidation process since November 30, 2015.
- PMH LLC quit from Pronto-Kaliningrad LLC in December 2015.
- PMH LLC quit from Pronto-Krasnodar LLC in December 2015.
- PMH LLC quit from Delta-M LLC in December 2015.
- ID Impress Media Marketing LLC was established in December 2015.
- PMH LLC quit from Tambov-Info LLC in December 2015.
- Pronto-Baikal LLC quit from Pronto-Ulan-Ude LLC in December 2015.
- PMH LLC quit from Pronto-Ivanovo LLC in December 2015.
- Pronto-Soft LLC was liquidated in February 2016.
- Job.ru has started transfer of its operations to PMH LLC starting the end of December 2014, and has merged with PMH LLC in October 2015.
- PMH LLC (85%) sold 6% of IMM LLC’s share to David Tzor (15%) in February, 2016.
- PMH LLC concluded an agreement to sell 90% Pronto Nizhny Novgorod LLC in May 2015.
- PMH LLC concluded an agreement to sell 85% Tambukan LLC in April 2015.
- Pronto-Baikal LLC is in liquidation process since September 24, 2015.
- Pronto-DV LLC is in liquidation process since May 18, 2015.
- Pronto-Novosibirsk LLC is in liquidation process since May 27, 2015.
- Pronto-Oka LLC is in liquidation process since June 25, 2012.
- Pronto-Smolensk LLC is in liquidation process since May 19, 2015.

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 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.

As a consequence of the restructuring measures offline revenues decreased significantly in 2015 *versus* 2014. They fell by 74.0% from US$ 38.1 million to US$ 9.9 million.

Sales and Marketing

We sell various media formats and value-added services (VAS) on our websites through our local direct sales force, centralized marketing team, customer service call centers and our regional franchisees' network that currently consists of 22 counterparties.

Our number of web-sites and various publications, such as *Iz Ruk v Ruki* in Russia, have a national reach, and in these cases we solicit national advertising, either directly or through advertising agencies.

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 both our offices in Moscow and St. Petersburg and call centers in Tambov up-sell enhancements to advertisements and value-added services including our ''Power Pages'' solutions and inventory lot management.

Currency Fluctuations

We express our results in US Dollar and generate revenues in different currencies. The most significant currency is the Russian Ruble, in which we have generated 72.0% of our revenues in 2015. The second one is Kazakhstan Tenge which produces 14.5% of our revenues in 2015, and the third one is Belarusian ruble in which we have generated 13.5%.

Set up below is a table of 2015 annual average rates of major local currencies against US$ compared to 2014:

	2015 Annual average rate	2014 Annual average rate	Fluctuation %
Russian Ruble (RUR)	0.0164	0.026	(36.9%)
Kazakhstan Tenge (KZT)	0.0045	0.0056	(19.7%)
Belarusian Ruble (BYR)	0.00006	0.00009	(30.1%)

Inflation

Our costs are closely linked to domestic cost factors in the countries in which we operate. In 2015, the highest inflation rate was in Russia (12.9%).

The table below presents changes in Russia's consumer price index from 2009 through 2015.

(Annual percent change)	2009	2010	2011	2012	2013	2014	2015
Consumer Price Index (Dec. to Dec. change in RUR)	8.8%	8.8%	6.1%	6.6%	6.5%	11.4%	12.9%

Revenues

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) we collect royalty payments from our regional franchisees, which represent a fix percentage in a range between 3 and 5 percent of revenues that the franchisees generate from display advertisements, classified advertisements and circulation and 2) in CIS countries such as Belarus and Kazakhstan 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. We generated revenues from offline activities (46.3% in 2015 and 60.2% in 2014) and Internet activity (53.7% in year 2015, and 39.8% of revenues in year 2014).

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

	Relative Importance of Revenues by Channels	
	Year ended December 31, 2015	Year ended December 31, 2014
	(percentage of total revenues)	
Offline revenues	**46.3%**	**60.2%**
Classified Ads	12.6%	20.1%
Display	22.9%	31.4%
Circulation	3.3%	3.6%
Services & Other	7.5%	5.1%
Online revenues	**53.7%**	**39.8%**
Classified Ads	11.2%	7.3%
Display	27.1%	24.8%
Subscription	10.3%	6.0%
Services & Other	5.1%	1.7%

The 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

Revenues from continuing operations dropped to US$ 21.4 million in year 2015 from US$ 63.3 million in year 2014. In order to reflect the effect of acquisitions, disposals or mergers-liquidation on our financial statements, we measure revenues, Adjusted EBITDA and Operations EBITDA on the basis of total growth and organic growth. In calculating organic growth (in local currency), we include the revenue, Adjusted EBITDA or Operations 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:

On-line Revenue by source	**31-Dec-15 US$**	**31-Dec-14 US$**	**Decline (%)**
Display	5.8	15.7	(63.1%)
Classified Ads	2.4	4.6	(47.8%)
Subscription	2.2	3.8	(42.1%)
Services & Other	1.1	1.1	-
	11.5	**25.2**	**(54.4%)**
Offline Revenue by source			
Display	4.9	19.9	(75.4%)
Classified Ads	2.7	12.7	(78.7%)
Circulation	0.7	2.3	(69.6%)
Services & Other	1.6	3.2	(50.0%)
	9.9	**38.1**	**(74.0%)**

Offline revenues in year 2015 decreased by 74.0%, to US$ 9.9 million from US$ 38.1 million in year 2014. Online revenues in year 2015 decreased by 54.4%, to US$ 11.5 million from US$ 25.2 million in year 2014.

Operating loss

The operating loss increased by US$ 2.4 from US$ 5.7 million in year 2014 to US$ 8.1 million in year 2015, an increase of 42.1%.

ADJUSTED EBITDA

Adjusted EBITDA decreased by US$ 4.1 million from US$ (1.5) million in year 2014 to US$ (5.6) million in year 2015, a decrease of 273.3%. The margin fell to negative 26.2% in year 2015, due to decrease in both offline margin to 2.9% in year 2015 and online margin to negative 46.2% in year 2015 .

Total TME (millions of US$)	**December 31 2015**	**2014**	**(Decline)/ Growth in US$**	**Decline %**	**EBITDA Margin 2015 FY**
Operations Offline EBITDA	($0.1)	$0.4	($0.5)	(125.2%)	(1.0%)
Operations Online EBITDA	($5.1)	($0.1)	($5.0)	(4,999.3%)	(44.3%)
Corporate Costs	($0.4)	($1.8)	$1.4	(77.8%)	(1.9%)
Adjusted EBITDA	**($5.6)**	**($1.5)**	**($4.1)**	**(273.3%)**	**(26.2%)**

Operations Offline EBITDA decreased by US$ 0.5 million, or 125.2% in 2015 compared to year 2014

Operations Online EBITDA decreased by US$ 5.0 million, or 4,999.3% in 2015 compared to year 2014.

Summary Information Regarding TME's Leading Publications as of 2015

Number of publications 2015-end	Number of editions in 2015	Major publications	Segment	Primary market(s)	Year founded	Freq.	Revenue model	2015 circulation *(millions of copies sold)*	Approximate number of classified advertise-ment in 2015 *(millions of advertise-ments)*
2070	1358	Iz Ruk v Ruki	Generalist	Samara, Penza , Ulyanovsk, Belarus, Kazakhstan	1993	Daily/ Weekly	Free-Paid Ad/Paid Circulation	4,84	7,73
	527	Rabota Segodnya	Employment	Belarus, Kazakhstan	2004	Weekly	Paid Ad/Paid Circulation	0,62	0,67
	24	Nedvizhimost	Real Estate	Belarus	2004	Bi-Monthly	Paid Ad/Paid Circulation	0,05	0,03
	62	Avto	Automotive	Belarus, Kazakhstan	2002	Weekly /Monthly	Paid Ad/Free Circulation	0,04	0,07
	47	Real Estate	Real Estate	Moscow	2003	Bi-Monthly	Paid Ad/Free Circulation	n/a	n/a
	25	Other Publications		Kazakhstan	2011	Bi-Monthly	Paid Ad/Free Circulation	n/a	0,04

This table comprises the information applicable to TME entities, which were active as at December 31 2015.

Summary Information Regarding TME's Leading Websites as of 2015

Domain	Segment	Primary market(s)	Year founded	Revenue model	Average monthly visitors	Average monthly page views	Numbers of ads/ vacancies and CVs (average per day)	Numbers of Internet partners/ active clients (average per month)
IRR.RU	Generalist	Russia	2000	Free-Paid Ad/Advertising model	8,984,207	88,349,996	6,320,840 ads	6,578 internet partners
JOB.RU	Employment	Russia	1998	Paid ads and Paid access to CV database	4,548,859	35,882,461	68,937 vacancies 5,782,151 CV	20,028 active clients
IRR.KZ	Generalist	Kazakhstan	2008	Free-Paid Ad/Advertising model	182,807	2,560,404	3,906 ads	16 internet partners
IRR.BY	Generalist	Belarus	2005	Free-Paid Ad/Advertising model	792,021	14,154,034	212,626 ads	2,000 internet partners
Gojob.kz	Employment	Kazakhstan	2011	Paid ads and Paid access to CV database	99,969	660,270	156,894 CV 6,580 vacancies	640 active clients
Myjob.by	Employment	Belarus	2007	Paid ads and Paid access to CV database	213,555	1,479,868	95,298 CV 3,940 vacancies	978 active clients
Domania.by	Realty	Belarus	2008	Free-Paid Ad/Advertising model	33,571	282,469	1,409 ads	5 clients
Automania.by	Auto	Belarus	2008	Free-Paid Ad/Advertising mode	29,895	118,514	1,380 ads	3 clients
Turne.by	Tourism	Belarus	2011	Paid Ad/Advertising model	7,230	16,757	115 ads	10 clients

TRADER MEDIA EAST LIMITED

Consolidated financial statements
for the year ended 31 December 2015
and independent auditor's report

TRADER MEDIA EAST LIMITED

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INDEPENDENT AUDITOR'S REPORT

To the Members of Trader Media East Limited:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Trader Media East Limited (the "Company" or "TME") and its subsidiaries (together "the Group") which comprise the consolidated statement of profit and loss, the consolidated statement of comprehensive loss for the year ended 31 December 2015, statement of financial position as at 31 December 2015, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the related notes to the financial statements 1 to 32. The financial reporting framework that has been applied in their preparation is the applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view in accordance with IFRSs as adopted by EU and with the requirements of the Companies (Jersey) Law 1991 and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of accounting estimates made by the directors; and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for Qualified Opinion

The decrease of revenue in 2015 amounted to $41.9 million compared to 2014 and the Group has not achieved its planned revenue and operating income targets for 2015. In our opinion, the Group's revenue decline and significant continuing underperformance against operating targets indicates an impairment of goodwill in 2015. We consider that as at 31 December 2015 goodwill is overstated by $28.3 million and net loss for the year then ended is understated by the same amount.

Qualified Opinion

In our opinion, except for the matter described in the basis for qualified opinion, the consolidated financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015, and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

John Robarts
for and on behalf of

ZAO Deloitte & Touche CIS
Recognized Auditor

Moscow
29 April 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

	Notes	For the years ended 31 December 2015	31 December 2014
Continuing operations			
Revenue	6	21.4	63.3
Cost of sales	7	(13.7)	(32.7)
Gross profit		**7.7**	**30.6**
Marketing, selling and distribution expenses	7	(5.9)	(14.6)
General administrative expenses	7	(9.9)	(21.8)
Share of profit of associates	12	-	0.1
Operating loss		**(8.1)**	**(5.7)**
Financial income	8	-	0.1
Financial expenses	9	(3.8)	(5.3)
Foreign exchange loss, net		(7.0)	(52.5)
Impairment loss on investments in associates	12	(0.8)	-
Impairment loss on goodwill	15	(1.2)	-
Change in a liability to former non-controlling interest	21	4.6	-
Gain on disposal of subsidiaries		0.1	-
Gain on sale of property, plant and equipment		0.4	1.0
Other (expense)/income, net		(0.5)	0.3
Loss before taxes		**(16.3)**	**(62.1)**
Income tax expense	10	(0.3)	(2.1)
Loss for the year from continuing operations		**(16.6)**	**(64.2)**
Discontinued operations			
Loss for the year from discontinued operations	28	-	(0.3)
Net loss for the year		**(16.6)**	**(64.5)**
Attributable to:			
Equity holders of the parent		(16.4)	(65.9)
Non-controlling interests		(0.2)	1.4
		(16.6)	**(64.5)**
Loss per share			
Weighted average number of ordinary shares in issue (thousands)	27	60,000	52,849
Basic and diluted loss per share from continuing and discontinued operations (US Dollar per share)	27	(0.27)	(1.25)
Basic and diluted loss per share from continuing operations (US Dollar per share)	27	(0.27)	(1.24)

The accompanying notes on pages 37-77 form an integral part of these consolidated financial statements.

TRADER MEDIA EAST LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(Amounts expressed in millions of US Dollars ("$") unless otherwise indicated)

	For the years ended	
	31 December 2015	**31 December 2014**
Net loss for the year	(16.6)	(64.5)
Items that may be reclassified subsequently to profit or loss		
- Exchange differences on translating foreign operations	(9.4)	(2.2)
Total comprehensive loss for the year	**(26.0)**	**(66.7)**
Attributable to:		
Equity holders of the parent	(26.1)	(67.9)
Non-controlling interests	0.1	1.2
	(26.0)	**(66.7)**

The accompanying notes on pages 37-77 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Notes	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	11	0.8	1.8
Goodwill	13	31.9	42.7
Other intangible assets	14	22.2	30.4
Deferred tax assets	10	0.2	0.7
Investments in associates	12	-	1.1
Total non-current assets		**55.1**	**76.7**
Current assets			
Inventories	16	0.1	0.2
Trade and other receivables	17	0.7	2.2
Current income tax asset	10	0.1	0.4
Other current assets	24	0.8	1.8
Cash and cash equivalents	18	0.6	2.2
Total current assets		**2.3**	**6.8**
Total assets		**57.4**	**83.5**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	19	9.6	9.6
Additional paid-in capital		696.8	696.8
Translation reserve		5.3	15.0
Accumulated losses, opening balance		(730.3)	(664.4)
Loss for the reporting period		(16.4)	(65.9)
Total shareholders' deficit		**(35.0)**	**(8.9)**
Non-controlling interests		**(0.1)**	**(0.1)**
Total deficit		**(35.1)**	**(9.0)**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	10	3.7	4.3
Total non-current liabilities		**3.7**	**4.3**
Current liabilities			
Borrowings	20	37.7	38.4
Liabilities relating to former non-controlling interests	21	1.9	7.7
Trade and other payables	22	1.2	3.1
Amounts due to shareholders	23	46.3	35.2
Current income tax liabilities	10	0.1	0.5
Other current liabilities	25	1.6	3.3
Total current liabilities		**88.8**	**88.2**
Total liabilities		**92.5**	**92.5**
Total liabilities and equity		**57.4**	**83.5**

The accompanying notes on pages 37-77 form an integral part of these consolidated financial statements.

TRADER MEDIA EAST LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts expressed in millions of US Dollars ("$") unless otherwise indicated)

	Share capital	Additional paid-in capital	Translation reserve	Accumulated losses	Non-controlling interests	Total equity
Balance at January 1, 2014	**8.0**	**678.1**	**17.0**	**(664.4)**	**(0.2)**	**38.5**
Capital increase (Note 19)	1.6	18.7	-	-	-	20.3
Net loss for the year	-	-	-	(65.9)	1.4	(64.5)
Other comprehensive income for the year	-	-	(2.0)	-	(0.2)	(2.2)
Total comprehensive income for the year	**-**	**-**	**(2.0)**	**(65.9)**	**1.2**	**(66.7)**
Dividend payments to non-controlling interests	-	-	-	-	(0.8)	(0.8)
Disposal of non-controlling interest	-	-	-	-	(0.3)	(0.3)
Balance at 31 December 2014	**9.6**	**696.8**	**15.0**	**(730.3)**	**(0.1)**	**(9.0)**
Net loss for the year	-	-	-	(16.4)	(0.2)	(16.6)
Other comprehensive loss for the year			(9.7)	-	0.3	(9.4)
Total comprehensive loss for the year	**-**	**-**	**(9.7)**	**(16.4)**	**0.1**	**(26.0)**
Dividend payments to non-controlling interests	-	-	-	-	(0.2)	(0.2)
Disposal of non-controlling interest	-	-	-	-	0.1	0.1
Balance at 31 December 2015	**9.6**	**696.8**	**5.3**	**(746.7)**	**(0.1)**	**(35.1)**

The accompanying notes on pages 37-77 form an integral part of these consolidated financial statements.

TRADER MEDIA EAST LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts expressed in millions of US Dollars ("$") unless otherwise indicated)

	Notes	For the years ended 31 December 2015	31 December 2014
Net loss for the year		(16.6)	(64.5)
Adjustments:			
Depreciation and amortization	7	1.6	3.5
Income tax expense recognised in profit and loss	10	0.3	2.1
Unrealized foreign exchange expense		7.0	52.5
Share of profit of associates		-	(0.1)
Impairment loss on investments in associates		0.8	-
Impairment loss on goodwill		1.2	-
Impairment loss recognised on doubtful receivables	17	0.5	0.7
Gain on sale of property, plant and equipment		(0.4)	(1.0)
Financial expenses	9	3.8	5.3
Financial income	8	-	(0.1)
Change in a liability to former non-controlling interest		(4.6)	-
Other income (loss), net		0.5	0.3
Gain on disposal of subsidiaries	29	(0.1)	-
		(6.0)	**(1.3)**
Movements in working capital:			
Changes in trade and other receivables		1.1	1.3
Changes in inventories		0.1	0.2
Changes in other current assets		1.1	2.8
Changes in trade payables		(1.8)	(2.2)
Changes in liabilities relating to former non-controlling interests		(0.6)	0.1
Changes in other current liabilities		(1.6)	(3.8)
Cash used in operations		**(7.7)**	**(2.9)**
Interest paid		(2.1)	(4.9)
Income taxes paid		(0.5)	(1.8)
Net cash used in operating activities		**(10.3)**	**(9.6)**
Cash flows from investing activities:			
Payments to acquire property, plant and equipment and intangible assets		(0.5)	(2.4)
Proceeds from sales of property, plant and equipment and intangible assets		0.5	0.7
Proceeds from disposal of subsidiaries less cash disposed		(0.3)	(0.4)
Interest received		-	0.1
Net cash used in investing activities		**(0.3)**	**(2.0)**
Cash flows from financing activities:			
Proceeds from borrowings		37.2	5.2
Repayment of loans		(37.1)	(35.0)
Capital increase		-	0.6
Increase in loans from shareholders		8.7	35.0
Dividends paid to non-controlling interests		(0.2)	(0.8)
Net cash generated by financing activities		**8.6**	**5.0**
Net change in cash and cash equivalents		**(2.0)**	**(6.6)**
Cash and cash equivalents at the beginning of year		2.2	10.0
Effect of exchange rate changes on cash held in foreign currencies		0.4	(1.2)
Cash and cash equivalents at the end of year	**18**	**0.6**	**2.2**

Non cash transactions are disclosed in Note 30.

The accompanying notes on pages 37-77 form an integral part of these consolidated financial statements.

(Amounts expressed in millions of US Dollars ("$") 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 primarily in Russia and the Commonwealth of Independent States ("CIS").

During 2015, TME transformed its operations in subsidiaries in Russia to a franchising scheme. All of the Group's regional subsidiaries in Russia with an exception of Pronto Samara were either sold to non-controlling interests or liquidated or dissolved, with operations transferred to newly organized entities (independent from the Group) with which TME entered into licensing and/or agency agreements. As of the end of 2015, the Group had signed 22 license and agency agreements all over Russia, maintaining its broad Russia coverage.

The address of the registered office of TME is 13 Castle Street St. Helier Jersey JE4 5UT, Channel Islands.

The Group had the following subsidiaries as at 31 December 2015 and 2014:

Subsidiaries	Country of incorporation	Geographic segment	% ownership 2015	% ownership 2014
Investment and holding entities				
Publishing House Pennsylvania Inc.	USA	Corporate	100%	100%
Pronto Invest B.V.[4]	Holland	Corporate	-	100%
Mirabridge International B.V.	Holland	Corporate	100%	100%
Publishing International Holding BV	Holland	Corporate	100%	100%
OOO Rektcentr	Russia	Russia	100%	100%
ASPM Holding B.V.	Holland	Corporate	51%	51%
TCM Adria d.o.o.	Croatia	Corporate	100%	100%
Newspaper and internet publishing				
SP Belpronto	Belarus	Belarus	60%	60%
TOO Pronto Akmola	Kazakhstan	Kazakhstan	100%	100%
TOO Pronto Aktau	Kazakhstan	Kazakhstan	80%	80%
TOO Pronto Aktobe	Kazakhstan	Kazakhstan	64%	64%
TOO Pronto Atyrau	Kazakhstan	Kazakhstan	80%	80%
TOO Pronto Akzhol	Kazakhstan	Kazakhstan	80%	80%
LLC Pronto Media Holding	Russia	Russia	100%	100%
LLC Delta-M[2]	Russia	Russia	-	55%
LLC Pronto Baikal[1]	Russia	Russia	100%	100%
LLC Pronto DV[1]	Russia	Russia	100%	100%
LLC Pronto Ivanovo[2]	Russia	Russia	-	100%
LLC Pronto Kaliningrad[2]	Russia	Russia	-	95%
LLC Pronto Kazan[1]	Russia	Russia	100%	72%
LLC Pronto Krasnodar[2]	Russia	Russia	-	80%
LLC Pronto Moscow	Russia	Russia	100%	100%
LLC Pronto Nizhny Novgorod[2]	Russia	Russia	-	90%
LLC Pronto Novosibirsk[1]	Russia	Russia	100%	100%
LLC Pronto Oka[2]	Russia	Russia	100%	100%
LLC Pronto Samara	Russia	Russia	100%	100%
LLC Pronto Smolensk[1]	Russia	Russia	100%	100%
LLC Tambukan[2]	Russia	Russia	-	85%
LLC Utro Peterburga	Russia	Russia	55%	55%
LLC Pronto UlanUde[2]	Russia	Russia	-	90%
LLC Pronto Vladivostok[1]	Russia	Russia	90%	90%
LLC Tambov-Info[2]	Russia	Russia	-	100%

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

1. ORGANISATION AND NATURE OF OPERATIONS (CONTINUED)

Description of the business (continued)

Subsidiaries	Country of incorporation	Geographic segment	% ownership 2015	2014
Newspaper publishing				
TOO Pronto Ust Kamenogorsk	Kazakhstan	Kazakhstan	80%	80%
Publishing				
LLC Impress Media Marketing LLC[5]	Russia	Russia	91%	97%
LLC ID Impress Media[5]	Russia	Russia	91%	-
Internet publishing				
LLC Pronto Soft [1]	Belarus	Belarus	90%	90%
LLC Job.ru [3]	Russia	Russia	-	100%
LLC Rukom	Russia	Russia	100%	100%

[1] As at 31 December 2015 these entities were in the process of liquidation and were accounted for as disposed subsidiaries in these consolidated financial statements (Note 29).
[2] During 2015 the management of the Group decided to legally exit from these entities. In these consolidated financial statements, as of 31 December 2015 all assets and liabilities of these entities were written off to profit and loss (Note 29).
[3] Job.ru LLC was legally merged with LLC PMH during 2015.
[4] Pronto Invest B.V. was legally merged with Mirabridge International B.V. during 2015.
[5] In December 2015, the Group sold its 6% share of LLC Impress Media Marketing to the non-controlling interest shareholder for a nominal consideration, the loss on sale is insignificant and was accounted for as change in the non-controlling interest in the consolidated statement of changes in equity. In December 2015 a new entity, LLC ID Impress Media, was established.

Formation of the Group

TME was incorporated in November 2005 in Jersey, and is listed on the London Stock Exchange (“LSE”) through Global Depository Receipt shares (“GDRs”). The controlling party of TME is Hurriyet Invest B.V. which holds 78.58% of its shares as of 31 December 2015.

The parent company of Hurriyet Invest B.V. is Hurriyet Gazetecilik ve Matbaacilik A.Ş. (“Hurriyet”), a company listed on the Borsa İstanbul A.Ş. (“BIAS”) in Turkey. The majority shareholder of Hürriyet is Doğan Holding Şirketler Grubu A.Ş. (“Doğan Holding”) which is listed on BIAS and controlled by Aydın Doğan, the Doğan Family and companies owned by the Doğan Family (“Ultimate Controlling Party”).

Business and economic environment

The subsidiaries of TME representing its continuing operations operate in Russia and the CIS (Russia, Belarus and Kazakhstan). Russia and the CIS 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 CIS involve risks, which do not typically exist in other markets.

1. ORGANISATION AND NATURE OF OPERATIONS (CONTINUED)

Russia

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. During 2014-2015 and then in the first quarter of 2016, the oil price decreased significantly, which led to substantial decrease of the Russian Ruble exchange rate.

Starting from 2014, sanctions have been imposed in several tranches by the U.S. and the E.U. on certain Russian officials, businessmen and companies.

In the first quarter of 2015 two international credit agencies downgraded Russia’s long-term foreign currency sovereign rating to the speculative level with the negative outlook.

The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences.

Belarus

In 2014-2015, the economy of Belorussia experienced similar challenges as the Russian economy: fast and severe domestic currencies devaluation against US$ that had a negative spillover effect on inflation, consumption and overall business activity.

The National Bank of Belarus introduced a range of measures aimed at limiting outflow of customer deposits from the banking system, improving the liquidity of banks, and supporting the exchange rate of the Belarussian Ruble. The stabilization of the economic situation in Belarus depends, to a large extent, upon success of the Belarussian government’s efforts and the future condition of the Russian economy and political developments in the CIS.

Kazakhstan

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. During 2014-2015 and then in the first quarter of 2016, the oil price decreased significantly, which led to significant decrease in national export revenue. On 20 August 2015, the Government and the National Bank of Kazakhstan announced a transition to a new monetary policy based on free floating tenge exchange rate, and cancelled the currency corridor. In 2015 and in the first quarter of 2016 tenge depreciated significantly against major foreign currencies.

The consolidated financial statements reflect management’s assessment of the impact of the business environments in the countries in which the Group operates. The future business environments may differ from management’s assessment.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

2.1. Amendments to IFRSs and that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that were mandatorily effective for accounting periods beginning on or after 1 January 2015.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include the following amendments to various IFRSs.

The amendments to IFRS 13 clarify that the scope of portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of a financial assets or financial liabilities within IAS 32.

There is no significant effect of these amendments on the consolidated financial statements.

The Group did not early adopt any other standard, amendment or interpretation that has been issued and is not yet effective.

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

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

2.2. New and revised IFRSs in issue but not yet effective and which have not been early adopted by the Group

As of the date of the approval of these consolidated financial statements the following new and revised IFRSs that have been issued but are not yet effective:

New or amended standard or interpretation	Effective date[1] - for annual periods beginning on or after
IFRS 9 *Financial Instruments*	1 January 2018
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018
IFRS 16 *Leases*	1 January 2019
Amendments to IFRS 11 – *Accounting for Acquisition of Interests in Joint Operations* – The amendments provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations.	1 January 2016
Amendments to IAS 1 – *Disclosure Initiative* – The amendments address perceived impediments to preparers exercising their judgement in presenting their financial reports.	1 January 2016
Amendments to IAS 16 and IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation* – The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset.	1 January 2016
Amendments to IAS 16 and IAS 41 – *Agriculture: Bearer Plants* – define the bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments clarify the accounting for the sale or contribution of assets to a joint venture or associate.	Date to be determined by the IASB[2]
Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment Entities: Applying the Consolidation Exception* – The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 27 – Equity Method in Separate Financial Statements – The amendments allow entities to apply the equity method as one of the option for accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle – IFRS 5, IFRS 7, IAS 9, IAS 34	1 January 2016
Amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses* – The amendments clarify that unrealized losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.	1 January 2017

[1] Early adoption is permitted for all new or amended standards and interpretations. IFRS 16 can be early adopted if IFRS 15 Revenue from Contracts with Customers has also been applied.
[2] The amendment was initially issued in September 2014 with the effective date on 1 January 2016. In December 2015 the IASB deferred the effective date of the amendments indefinitely until the research project on the equity method has been concluded.

The management of the Group currently evaluates the effects of these standards and amendments on the Group's consolidated financial statements for the future accounting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with those IFRSs and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board that were issued and effective, or issued and early adopted for use in the European Union ("EU").

The 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 on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The disclosure of fair value of certain financial assets and liabilities recorded at cost or amortized cost is as follows:

- Cash and cash equivalents: The carrying value approximates fair value due to the short maturity of these instruments;
- Trade and other receivables: The carrying value approximates fair value due to the short maturity of these instruments;
- Trade and other payables: The carrying value approximates fair value due to the short maturity of these instruments; and
- Borrowings: The fair value is based on the Group's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

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.

3.2.2. Inflation accounting

The Group operates subsidiaries in Belarus. With effect from 1 January 2015, the Belarusian economy is no longer considered to be hyperinflationary in accordance with the criteria in IAS 29 *Financial Reporting in Hyperinflationary Economies*. Accordingly, these consolidated financial statements do not contain adjustments for changes in the general purchasing power of the Belarusian ruble, except for the comparative information for 2014.

3.2.3. Restatement of prior period information

Certain prior period comparative information in disclosures to the consolidated financial statements has been reclassified or restated to comply with current year presentation to maintain transparency and comparability, in particular, segment reporting information (Note 6).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.4. Going concern

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

The Group has realized a trading loss of $16.6 for the year ended 31 December 2015 as well as negative operating and net cash flows, and as at the year-end had a working capital deficit of $86.5 (31 December 2014: deficit of $81.4) and equity deficit of $35.1 (31 December 2014: deficit of $9.0).

As discussed in Note 31, in order to decrease the Group’s short-term debt to the third parties TME management performed the refinancing of the debt outstanding at LLC Pronto Media Holding (“LLC PMH”) to Credit Europe Bank N.V. (“CEB”) in the amount of $35.2 and to CJSC Deniz Bank in the amount of $2.5 as of 14 January 2016. TME acquired additional loan from its parent company Hurriyet Invest B.V. (“HIBV”) in the amount of $37.7 on 14 January 2016, and transferred these funds to its direct Dutch subsidiary Mirabridge International B.V. (“MIBV”), the shareholder of LLC PMH, for the repayment of the external debts.

Management has plans to improve the Group’s financial position including, but not limited to, equity capital increases financed by the parent. In order to improve profitability and working capital situation management also envisages further cost reductions, including personnel, general & administrative expenses, and considers additional external financing options. The Group finances its operations though bank borrowings guaranteed by its ultimate parent company and other financial support from the parent company when and as required.

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

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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- The size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 of 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.

3.4. Business combinations

The acquisition 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 profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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* 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 as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss 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 balance sheets and statements of income as non- controlling interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. 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 profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at Note 3.6 below.

3.6. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group’s consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.7. 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.

3.8. 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 discussed in Note 6.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9. 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.

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 as the transactions between unrelated parties.

Management has assessed the Group's related parties as being Doğan Holding, Doğan Yayın, and the Group's shareholders, key management personnel and Board members, along with their families and any entities under their control. Transactions with related parties for the years ended 31 December 2015 and 2014 and outstanding amounts as of those dates are disclosed in Note 23.

3.10. Revenue recognition

The Group's primary source of revenues in 2015 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.

Licensing fees represent a percentage of advertising and circulation revenues collected by the franchisees and are recognized 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.

The Group is engaged in barter transactions whereby the Group exchanges the advertising space on its websites, print media and exhibitions for advertising space in other print media, websites, forums and events and other mediums. The Group considers that these advertising services are dissimilar and therefore recognises revenues and expenses from such barter transactions at fair value which is determined based on the value of similar non-barter transactions. The amounts of revenue and expense recognised for advertising barter transactions are disclosed in Note 30.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11. Foreign currencies

The functional currency of the Company is the Russian Ruble, as this is the currency in which the majority of transactions take place. The Group uses the US Dollar as its presentational currency as management considers this to be the most meaningful currency for the users of the 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 profit or loss in the period in which they arise.

Exchange rates are taken from the official daily closing rate per the Central Bank of Russia (CBR). The Russian Ruble and some other currencies of Russia and the CIS are not readily convertible outside of their countries. Accordingly, the translation of amounts recorded in these currencies into US Dollars should not be construed as a representation that such currency amounts have been, could be or will in the future be converted into US Dollars at the exchange rate shown or at any other exchange rate.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into US Dollars 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. As a result of the significant volatility in the Ruble: US Dollar exchange rate during 2015 the income and expense items of Russian, Belarussian and Kazakhstan subsidiaries were translated at the average quarterly rates (2014: income and expenses of Russian subsidiaries were translated at the average rate during 9 months period ended 30 September 2014 and at the average monthly rates in the fourth quarter of 2014). Exchange differences arising, if any, are recognised in other comprehensive loss and accumulated in equity.

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	**2015**	**2014**
RUB/USD	72.88	56.26
BYR/USD	18,569	11,850
KZT/USD	339.47	182.35
EURO/USD	0.92	0.80

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	2015	January-Sept. 2014	Oct. 2014	Nov. 2014	Dec. 2014	2014
RUB/USD	62.19	52.65	62.98	66.05	61.29	35.42	40.8	46.22	55.77	38.47
BYR/USD	14,683	14,682	16,389	17,813	15,926	-	-	-	-	10,224
KZT/USD	184.58	185.86	216.92	300.44	221.98	-	-	-	-	179.10
EURO/USD	-	-	-	-	0.90	-	-	-	-	0.75

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 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 profit or loss. 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 profit or loss in the period in which they are incurred.

3.13. Leasing

Assets acquired under finance lease agreements are capitalized at the inception of the lease at fair value of the leased asset or at present value of the lease payment, 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. Finance charges are charged directly against income.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. 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 sheet. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Buildings	10-50 years
Printing presses and related equipment	3-15 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. Improvements which extend the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred.

3.15. Intangible assets

3.15.1. 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. 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.

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

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

Certain trademarks have indefinite useful lives as it is not practical to determine their useful lives.

3.15.2. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.15.3. 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, on the same basis as intangible assets that are acquired separately.

3.15.4. 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 profit or loss when the asset is derecognised.

3.16. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and 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 to sell 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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3.17. Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs to make the sale. Inventories are mainly composed of paper raw materials. The cost of inventories is determined on the weighted average basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18. 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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.19. Cash and cash equivalents

Cash and cash equivalents are defined as cash available in bank accounts or in hand and highly liquid investments, including bank deposits, with a maturity term of less than three months.

3.20. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.21. 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 de-recognised 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.

3.21.1. Receivables

Receivables are carried at amortised cost, less any impairment. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. Movement in the provision for doubtful receivables is included in marketing, selling and distribution expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21.2. Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.22. Financial liabilities

3.22.1. 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.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the net carrying amount on initial recognition.

3.22.2. 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 profit or loss.

3.23. Dividends

Dividends on ordinary shares are recognised in equity in the period in which the dividends are approved by the Group's shareholders. Dividend income is recognised when the right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24. 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 income statement, 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 3, the directors of the Company are 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.

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. Critical accounting judgements

4.1.1. 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. In 2015, considering the restructuring of the Group the management of the Group disaggregated the CIS segment into Belarus and Kazakhstan segments in order to align the presentation of segments with the level at which the Group’s chief operating decision maker reviews the results of the Group.

4.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

4.2.1. Useful lives of intangible assets

The Directors estimate the useful lives of certain trade names as indefinite. Had these intangible assets' useful lives been considered finite, with a useful life of 20 years, the Group's amortization charge and loss before tax for the year ended 31 December 2015 would have increased by $1.1 (2014: increase in amortization charge and loss before tax of $1.4), with net assets decreasing by the same amount.

The Group amortizes intangible assets relating to certain trade names, and domain names over their useful lives, which are estimated by management and reviewed on an annual basis. At the end of the year the useful lives of 20 years represent the best estimate of the management. Had the useful lives of such trade names, customer lists and domain names been increased/decreased by 10%, the Group's amortization charge and loss before tax for the year ended 31 December 2015 would have decreased/increased by $0.1 (year ended 31 December 2014: decrease/increase in amortization charge and increase/decrease in profit before tax of $0.2), with net assets increasing/decreasing by the same amount.

4.2.2. 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. 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. 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 less than expected, a material impairment loss may arise.

The carrying amount of goodwill and intangible assets with indefinite useful lives as at 31 December 2015 was $31.9 and $20.9, respectively (31 December 2014: $42.7 and $27.0, respectively). Details of the goodwill and intangible assets with indefinite useful lives impairment testing performed by the Group are set out in Note 15.

4.2.3. Barter revenue recognition

The Group recognises barter revenue on a gross basis at the fair value of services provided, adjusted by the amount of any cash equivalents transferred. Management uses its judgement to measure the fair value of the services provided by reference to similar non-barter advertising revenue.

4.2.4. 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 of 31 December 2015 the management of the Group did not recognize a deferred tax asset of $2.3 on tax losses carried forward for 2015 as the Group considers it is not probable that sufficient taxable profit would be available within the period of the tax loss carried forward expiration.

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

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 and its subsidiaries to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

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

The Directors monitor the capital structure of the Group on the basis of the gearing ratio, calculated as net external debt divided by total capital (defined as total equity plus net debt), with a target gearing ratio of 45% – 65%. The gearing ratio at the end of each reporting period was as follows:

	31 December 2015	31 December 2014
Total bank borrowings (Note 20)	37.7	38.4
Less: Cash and cash equivalents (Note 18)	(0.6)	(2.2)
Net debt	37.1	36.2
Total equity	(35.1)	(9.0)
Total capital	**2.0**	**27.2**
Gearing ratio	**8.55**	**1.33**

The movement in the gearing ratio from 2014 to 2015 as depicted above has resulted primarily from a significant devaluation of the Russian Ruble against the US Dollar and from the restructuring of the business of the Group performed during 2015. The Group undertakes external debt refinancing to reduce its gearing ratio down to the target range by taking a loan from its parent company Hurriyet Invest B.V. (HIBV) to close of existing bank debts and converting parts of its shareholder's debt to equity in the course of 2016 (Note 31).

5.2. Financial risk management

The Group is exposed to variety of financial risks due to its operations. 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 a 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 discussed in Note 31, the Group repaid all its bank debts in January 2016. Consequently, management does not consider the Group to be materially exposed to fluctuations in interest rates.

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

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 accounts receivable. The Group does not have significant credit risk exposure to any single counterparty.

5.2.3. Liquidity risk

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 reserves, banking facilities and reserve 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 contracted repayments of financial liabilities is managed by monitoring working capital levels and maintaining the availability of adequate committed funding lines from high quality lenders.

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 2015	**Up to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 2 years**	**Total**
Borrowings	37.7	-	-	-	37.7
Trade and other payables	1.2	-	-	-	1.2
Amounts due to shareholders	46.3	-	-	-	46.3
	49.0	**36.2**	**0.5**	**-**	**85.7**

At 31 December 2014	**Up to 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 2 years**	**Total**
Borrowings	-	36.0	3.0	-	39.0
Trade and other payables	3.1	-	-	-	3.1
Amounts due to shareholders	-	-	35.2	-	35.2
	3.1	**36.0**	**38.2**	**-**	**77.3**

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

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.4. Foreign currency risk

The Group's subsidiaries undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. 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 2015	31 December 2014	31 December 2015	31 December 2014
US Dollars	0.1	0.2	(80.7)	(73.6)
Euro	0.1	-	(2.8)	-

The following table details the Group's sensitivity to a 20% increase and decrease in the US Dollar in the Euro against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel 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 an increase in profit or equity where the US Dollar or Euro weakens 20% against the relevant currency. For a 20% strengthening of the US Dollar or Euro against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	US Dollar impact	
	2015	2014
Profit after tax	12.9	11.8

	Euro impact	
	2015	2014
Profit after tax	0.4	-

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker 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 chief operating decision maker at the Adjusted EBITDA level. Adjusted EBITDA is defined by the Group as net profit from continuing operations before financial income, financial expense, income tax (expense)/benefit, depreciation and amortization, provision for doubtful receivables and other receivables, impairment charges and certain other non-recurring gains and losses.

In 2015, the former CIS segment was disaggregated into Belarus and Kazakhstan as the Group's chief operating decision maker reviews the results of its performance separately and the comparative information for 2014 was restated accordingly. Thus, as at 31 December 2015 and 2014 the Group's three reportable segments under IFRS 8 *Operating Segments* are as follows: Russia, Belarus and Kazakhstan.

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

6. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment for the year ended 31 December 2015:

	Russia	Belarus	Kazakhstan	Sub-total	Corporate and unallocated	Total
Online revenues	10.0	1.0	0.5	11.5	-	11.5
Offline revenues	5.4	1.9	2.6	9.9	-	9.9
Total revenues	**15.4**	**2.9**	**3.1**	**21.4**	**-**	**21.4**
Adjusted EBITDA	**(6.2)**	**0.5**	**0.5**	**(5.2)**	**(0.4)**	**(5.6)**
Depreciation and amortization	(1.4)	(0.1)	-	(1.5)	(0.1)	(1.6)
Income tax expense	-	(0.1)	(0.2)	(0.3)	-	(0.3)
Gain on sale of property, plant and equipment	0.4	-	-	0.4	-	0.4
Non-cash gain/(loss), net:						
Provision for doubtful receivables and other receivables	(0.5)	-	-	(0.5)	-	(0.5)
Total assets	56.3	0.4	0.4	57.1	0.3	57.4
Additions to non-current assets	0.5	-	-	0.5	-	0.5
Intangible assets	21.5	0.7	-	22.2	-	22.2
Goodwill	31.8	-	0.1	31.9	-	31.9
Total liabilities	52.5	0.2	0.1	52.8	39.7	92.5

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segment for the year ended 31 December 2014, as restated:

	Russia	Belarus	Kazakhstan	Sub-total	Corporate and unallocated	Total
Online revenues	22.7	1.8	0.7	25.2	-	25.2
Offline revenues	29.1	4.5	4.5	38.1	-	38.1
Total revenues	**51.8**	**6.3**	**5.2**	**63.3**	**-**	**63.3**
Adjusted EBITDA	**(3.4)**	1.4	1.5	**(0.5)**	**(1.0)**	**(1.5)**
Depreciation and amortization	(3.3)	(0.1)	(0.1)	(3.5)	-	(3.5)
Income tax expense	(1.1)	(0.3)	(0.2)	(1.6)	(0.5)	(2.1)
Gain on sale of property, plant and equipment	1.0	-	-	1.0	-	1.0
Non-cash gain/(loss), net:						
Provision for doubtful receivables and other receivables	(0.6)	-	(0.1)	(0.7)	-	(0.7)
Total assets	78.9	0.8	1.1	80.8	2.7	83.5
Additions to non-current assets	2.5	-	-	2.5	-	2.5
Intangible assets	29.4	1.0	-	30.4	-	30.4
Goodwill	42.5	-	0.1	42.6	0.1	42.7
Total liabilities	47.9	0.5	0.4	48.8	43.7	92.5

Royalty fee received by the Group included in offline revenues equals to $0.2 (2014: $0.2)

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

6. SEGMENT INFORMATION (CONTINUED)

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

	2015	2014
Adjusted EBITDA for reportable segments	(5.2)	(0.5)
Corporate and unallocated adjusted EBITDA	(0.4)	(1.0)
Depreciation and amortization	(1.6)	(3.5)
Provision for doubtful receivables and other receivables	(0.5)	(0.7)
Foreign exchange loss, net	(7.0)	(52.5)
Financial income	-	0.1
Financial expense	(3.8)	(5.3)
Change in a liability to former non-controlling interest	4.6	-
Impairment loss on goodwill	(1.2)	-
Impairment loss on investments in associates	(0.8)	-
Gain on disposal of subsidiaries	0.1	-
Other gain/(loss), net	(0.5)	1.3
Loss before income tax	**(16.3)**	**(62.1)**

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

	2015	2014
Segment assets for reportable segments	57.1	80.8
Corporate and unallocated:		
Cash and cash equivalents	0.2	0.2
Prepayments and other assets	0.1	1.4
Investments in associates	-	1.1
Total assets	**57.4**	**83.5**

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

	2015	2014
Segment liabilities for reportable segments	52.8	48.8
Corporate and unallocated:		
Amounts due to shareholders	37.4	35.2
Liabilities to former non-controlling interests	1.9	7.7
Other payables	0.4	0.8
Total liabilities	**92.5**	**92.5**

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

7. EXPENSES

Expenses, by nature, for the years ended 31 December 2015 and 2014 are as follows:

	2015	2014
Continuing operations		
Personnel costs	12.3	27.3
Advertising	4.6	10.9
Commissions	2.8	6.5
Raw materials:		
- Printing and ink	*2.1*	*7.0*
- Paper	*0.2*	*1.4*
Depreciation and amortization charges (Notes 11 and 14)	1.6	3.5
Rent	1.7	4.2
Electricity, water and office expenses	0.7	1.5
Consultancy	0.6	2.0
Provision for doubtful receivables	0.5	0.7
Transportation, storage and travel	0.4	1.1
Communication	0.3	0.7
Other	1.7	2.3
	29.5	**69.1**

8. FINANCIAL INCOME

Financial income for the years ended 31 December 2015 and 2014 is as follows:

	2015	2014
Continuing operations		
Interest income on short term bank deposits	-	0.1
	-	**0.1**

9. FINANCIAL EXPENSES

Financial expense for the years ended 31 December 2015 and 2014 is as follows:

	2015	2014
Continuing operations		
Interest expense on borrowings	3.8	5.3
	3.8	**5.3**

10. INCOME TAXES RELATING TO CONTINUING OPERATIONS

10.1. Income tax recognised in profit and loss

	2015	2014
Current tax expense in respect of the current year	0.3	1.7
Deferred tax expense in respect of the current year	-	0.4
Total income tax (benefit)/expense in the current year relating to continuing operations	**0.3**	**2.1**

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

10. INCOME TAXES RELATING TO CONTINUING OPERATIONS (CONTINUED)

The Group primarily pays corporate income tax in the Russian Federation, Belarus and Kazakhstan, where the rates of corporate income tax throughout 2015 were 20%, 18% and 20%, respectively (2014: 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 profit as follows:

	2015	2014
Loss before tax from continuing operations	**(16.3)**	**(62.1)**
Income tax benefit calculated at statutory rate of Russian Federation of 20% (2014: 20%)	(3.3)	(12.4)
Expenses not deductible for tax purposes	0.7	0.9
Effect of different tax rates of subsidiaries operating in other jurisdictions	0.2	0.2
Change in unrecognised deferred tax assets	2.3	7.6
Withholding tax relating to dividend distribution	0.1	0.1
Write-off of deferred tax assets	-	5.0
Other	0.3	0.7
Income tax expense	**0.3**	**2.1**

10.2. Movement in deferred tax balances

The movements in deferred tax balances during the reporting periods were as follows:

2015	**Opening balance**	**Recognised in profit or loss**	**Currency translation differences**	**Closing balance**
Deferred tax (liabilities)/assets relating to:				
Property, plant & equipment and intangible assets	(5.7)	0.2	1.2	(4.3)
Doubtful debts	0.1	0.1	-	0.2
Other	1.9	(0.4)	(1.0)	0.5
	(3.7)	**(0.1)**	**0.2**	**(3.6)**
Tax losses	0.1	0.1	(0.1)	0.1
	(3.6)	**-**	**0.1**	**(3.5)**

2014	**Opening balance**	**Recognised in profit or loss**	**Currency translation differences**	**Closing balance**
Deferred tax (liabilities)/assets relating to:				
Property, plant & equipment and intangible assets	(9.9)	0.3	3.9	(5.7)
Doubtful debts	1.1	0.1	(1.1)	0.1
Other	2.0	2.0	(2.1)	1.9
	(6.8)	**2.4**	**0.7**	**(3.7)**
Tax losses	5.0	(2.8)	(2.1)	0.1
	(1.8)	**(0.4)**	**(1.4)**	**(3.6)**

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

10. INCOME TAXES RELATING TO CONTINUING OPERATIONS (CONTINUED)

Deferred tax assets and liabilities are netted within the individual subsidiaries of the Group where the legal right of offset exists.

10.3. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2015	2014
Deferred tax assets	0.2	0.7
Deferred tax liabilities	(3.7)	(4.3)
	(3.5)	**(3.6)**

The Group's unrecognised tax losses are due to expire as follows:

2021	4.5
2022	1.0
2023	9.2
2024	29.9
2025	9.4
Total	**54.0**

11. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the reporting periods is as follows.

	Buildings	Printing presses and related equipment	Furniture and fixtures	Leasehold improve-ments	Construc-tion in progress	Total
Cost						
Balance at 1 January 2014	**1.4**	**0.1**	**6.6**	**0.3**	**0.7**	**9.1**
Additions	-	-	-	-	0.1	**0.1**
Disposals	(0.4)	-	(0.9)	-	-	**(1.3)**
Transfers	-	-	0.3	-	(0.3)	**-**
Currency translation impact	(0.2)	(0.1)	(1.2)	(0.2)	(0.5)	**(2.2)**
Balance at 31 December 2014	**0.8**	**-**	**4.8**	**0.1**	**-**	**5.7**
Additions	-	-	-	-	0.2	**0.2**
Disposals	(0.1)	-	(0.6)	(0.1)	-	**(0.8)**
Transfers	-	-	0.1	0.1	(0.2)	**-**
Disposal of subsidiaries	-	-	(0.7)	-	-	**(0.7)**
Currency translation impact	(0.1)	-	(1.0)	-	-	**(1.1)**
Balance at 31 December 2015	**0.6**	-	**2.6**	**0.1**	**-**	**3.3**

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

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Printing presses and related equipment	Furniture and fixtures	Leasehold improve-ments	Construc-tion in progress	Total
Accumulated depreciation						
Balance at 1 January 2014	**0.5**	**-**	**5.6**	**-**	**-**	**6.1**
Charge	0.1	-	0.7	-	-	**0.8**
Disposals	(0.1)	-	(0.7)	-	-	**(0.8)**
Currency translation impact	(0.2)	-	(2.0)	-	-	**(2.2)**
Balance at 31 December 2014	**0.3**	**-**	**3.6**	**-**	**-**	**3.9**
Charge	0.1	-	0.4	-	-	**0.5**
Disposals	-	-	(0.6)	-	-	**(0.6)**
Disposal of subsidiaries	-	-	(0.6)	-	-	**(0.6)**
Currency translation impact	(0.1)	-	(0.6)	-	-	**(0.7)**
Balance at 31 December 2015	**0.3**	**-**	**2.2**	**-**	-	**2.5**
Net carrying value						
As of 31 December 2014	**0.5**	**-**	**1.2**	**0.1**	**-**	**1.8**
As of 31 December 2015	**0.3**	**-**	**0.4**	**0.1**	**-**	**0.8**

Depreciation expense amounting to $0.4 for the year ended 31 December 2015 has been included in general administrative expenses (year ended 31 December 2014: $0.8).

12. INVESTMENTS IN ASSOCIATES

Details of each of the Group’s associates at the end of the reporting period are as follows:

Investment	Shareholding %	Country of incorporation	Nature of business
SP Pronto Kiev	50%	Ukraine	Newspaper and internet publishing
TOV E-Prostir	50%	Ukraine	Internet publishing

All of the above associates are accounted for using the equity method in these consolidated financial statements and relate to the prior period CIS segment, which was disaggregated into Belarus and Kazakhstan in 2015.

Since 2014, Ukraine has experienced political and economic instability. The Ukrainian Hryvnia has devalued against major foreign currencies. The National Bank of Ukraine passed a decree №540 on 29 August 2014 prohibiting Ukrainian companies to pay dividends to foreign investors. In 2015, the National Bank of Ukraine extended its range of measures that were introduced in 2014 and aimed at limiting the outflow of foreign currency from the country, *inter alia*, a mandatory sale of foreign currency earnings, certain restrictions on purchases of foreign currencies on the interbank market and on usage of foreign currencies for settlement purposes, limitations on remittances abroad. As of 31 December 2015 the management of the Group concluded that due to legal restrictions to obtain dividends from Ukrainian entities and the continuing political tension between Russia and Ukraine, the investments in associates should be fully impaired. The respective impairment in the amount of $0.8 is recognized in the consolidated statement of profit and loss for the year ended 31 December 2015.

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

13. GOODWILL

The movements in goodwill during the years ended 31 December 2015 and 2014 are as follows:

	2015	2014
1 January	**42.7**	**72.9**
Disposal of subsidiaries	(0.1)	-
Goodwill impairment (Note 15)	(1.2)	-
Currency translation impact	(9.5)	(30.2)
31 December	**31.9**	**42.7**

Discussion of the Group's annual impairment testing for goodwill can be found in Note 15.

14. OTHER INTANGIBLE ASSETS

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

	Trade names	Customer lists	Software	Other intangibles	Assets under develop-ment	Total
Cost						
Balance at 1 January 2014	**53.6**	**2.0**	**21.5**	**5.3**	**1.4**	**83.8**
Additions	-	-	0.5	0.8	-	**1.3**
Disposals	-	-	(1.9)	-	-	**(1.9)**
Transfers	-	-	-	0.8	(0.8)	**-**
Currency translation impact	(22.4)	(0.8)	(4.2)	(1.9)	(0.6)	**(29.9)**
Balance at 31 December 2014	**31.2**	**1.2**	**15.9**	**5.0**	**-**	**53.3**
Additions	-	-	-	-	0.3	**0.3**
Disposals	-	(0.9)	(1.3)	(0.9)	-	**(3.1)**
Transfers	-	-	0.3	-	(0.3)	**-**
Disposal of subsidiaries	-	-	(0.2)	-	-	**(0.2)**
Currency translation impact	(7.1)	(0.3)	(0.8)	(1.6)	-	**(9.8)**
Balance at 31 December 2015	**24.1**	**-**	**13.9**	**2.5**	**-**	**40.5**
Accumulated amortization						
Balance at 1 January 2014	**5.0**	**2.0**	**20.1**	**2.7**	**-**	**29.8**
Charge	0.1	-	1.3	1.3	-	**2.7**
Disposals	-	-	(1.8)	-	-	**(1.8)**
Currency translation impact	(2.0)	(0.8)	(4.0)	(1.0)	-	**(7.8)**
Balance at 31 December 2014	**3.1**	**1.2**	**15.6**	**3.0**	**-**	**22.9**
Charge	0.1	-	0.3	0.7	-	**1.1**
Disposals	-	(0.9)	(1.1)	(0.5)	-	**(2.5)**
Disposal of subsidiaries	-	-	(0.2)	-	-	**(0.2)**
Currency translation impact	(0.7)	(0.3)	(0.8)	(1.2)	-	**(3.0)**
Balance at 31 December 2015	**2.5**	**-**	**13.8**	**2.0**	**-**	**18.3**
Net carrying value						
As of 31 December 2014	**28.1**	**-**	**0.3**	**2.0**	**-**	**30.4**
As of 31 December 2015	**21.6**	**-**	**0.1**	**0.5**	**-**	**22.2**

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

14. OTHER INTANGIBLE ASSETS (CONTINUED)

Intangible assets with indefinite useful lives included in the above balances amount to $20.9 at 31 December 2015 (2014: $27.0). Discussion of the Group's annual impairment testing for intangible assets with indefinite useful lives can be found in Note 15.

The amortization charge of $1.1 for the year ended 31 December 2015 has been included in general administrative expenses (year ended 31 December 2014: $2.7).

Research and development expenditure recognised as an expense during the year comprised $1.9 (2014: $nil).

15. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

As at 31 December 2015, goodwill and other intangible assets with indefinite useful lives have been allocated for impairment testing purposes to the following cash-generating units:

- Russia;
- Belarus;
- Kazakhstan.

The carrying amounts of goodwill and other intangible assets with indefinite useful lives attributable to continuing operations were allocated to the cash-generating units/groups of cash-generating units as follows:

	Goodwill		**Other intangibles**	
	2015	**2014**	**2015**	**2014**
Russia	31.8	42.5	20.9	27.0
Belarus[1]	-	-	-	-
Kazakhstan	0.1	0.2	-	-
	31.9	**42.7**	**20.9**	**27.0**

[1] Belarus figures were rounded to $nil.

The recoverable amounts of the Russia, Belarus and Kazakhstan cash-generating units are determined based on value in use calculations which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 18.4% per annum (2014: 14.7% per annum).

For impairment testing as of 31 December 2015 cash flow projections during the projected period 2016-2020 for the Russia, Belarus and Kazakhstan cash-generating units are based on an expected EBITDA margin for the online business as follows:

Russia	1.7% - 55.8%
Belarus	17.7% - 48.8%
Kazakhstan	11.7% - 41.2%

In 2014: 18% to 35% for the online business and -5% to 5% for the offline business.

The cash flows beyond that five-year period have been extrapolated using steady 3.7% per annum growth rate for the online and offline business (2014: 4% for online and nil% for offline business), and EBITDA margin of 41.2% (2014: 35%), which the directors consider to be reasonable and achievable long-term average growth rates for the online advertising markets in Russia, Belarus and Kazakhstan.

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

15. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (CONTINUED)

In performing the annual impairment testing, management considered the following scenarios which would have an adverse impact on the recoverable amounts of the cash-generating units. The sensitivity percentages used in these scenarios are those which management considers are the most extreme scenarios that could be reasonably anticipated.

- An increase in WACC to 19.4% (31 December 2014: 18.5%);
- Budget deficit in each year of 20% (31 December 2014: 10%);
- Terminal growth rate decrease to 2.7% (31 December 2014: 4.0%).

Management estimates that in the event that the above assumptions occur, it would result in the aggregate carrying amount of the Russia cash-generating unit exceeding its recoverable amount by $5.9.

As of 31 December 2015, the management of the Group concluded that due to restructuring of the business in 2015 the goodwill related to the entities which were in the process of liquidation had been impaired and the corresponding impairment loss of $1.2 was recorded in the consolidated financial statements.

16. INVENTORIES

	2015	2014
Raw materials	-	0.1
Finished goods	0.1	0.1
	0.1	**0.2**

The cost of inventories recognised as an expense during the year and included in cost of sales amounted to $2.3 (2014: $8.4).

17. TRADE AND OTHER RECEIVABLES

The details of trade and other receivables as at 31 December 2015 and 2014 are as follows:

	2015	2014
Trade receivables	1.6	4.1
Less: allowance for doubtful debts	(0.9)	(1.9)
Net trade receivables	**0.7**	**2.2**

The fair values of trade and other receivables approximate to their carrying values.

As of 31 December 2015 trade receivables that are neither past due nor impaired comprises of $0.5 (2014: $2.0)

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

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

As of 31 December 2015, trade receivables of $0.2 (2014: $0.2) included in the above amounts were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aged analysis of these trade receivables is as follows:

	2015	2014
Up to 3 months past due	0.2	0.2
	0.2	**0.2**

As of 31 December 2015, trade receivables of $0.9 (2014: $1.9) were impaired. The individually impaired receivables relate to customers being difficult economic situations. The aged analysis of these receivables is as follows:

	2015	2014
Up to 3 months	0.1	0.2
3 to 6 months	0.6	0.2
Over 6 months	0.2	1.5
	0.9	**1.9**

The movement in the allowance for doubtful debts is as follows:

	2015	2014
1 January	**1.9**	**3.2**
Impairment losses recognised on receivables	0.5	0.7
Amounts written off during the year as uncollectable	(0.2)	(1.2)
Amounts relating to impaired receivables disposed of with a subsidiary	(0.6)	-
Foreign exchange translation gains and losses	(0.7)	(0.8)
31 December	**0.9**	**1.9**

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.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2015 and 2014 are as follows:

	2015	2014
Cash at bank and in hand	0.6	1.8
Short term bank deposits	-	0.4
	0.6	**2.2**

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

18. CASH AND CASH EQUIVALENTS (CONTINUED)

The maturity analysis of time deposits is as follows:

	2015	2014
Up to 1 month	-	0.2
1-3 months	-	0.2
	-	**0.4**

19. SHARE CAPITAL

The Company's shareholding structure is as follows:

	2015			2014		
	Share capital	Number of shares	Share, %	Share capital	Number of shares	Share, %
Hurriyet Invest B.V.	7.5	47,139,097	78.57	7.5	47,139,097	78.57
Hurriyet Invest B.V. GDR	-	4,113	0.01	-	4,113	0.01
Other	0.1	351,009	0.58	0.1	351,009	0.58
Other GDR	2.0	12,505,781	20.84	2.0	12,505,781	20.84
Share capital	**9.6**	**60,000,000**	**100.00**	**9.6**	**60,000,000**	**100.00**

In 2015 no capital transactions were performed by the Group.

In September 2014, the Company raised additional capital in the amount of $ 20.3 via the offering of new GDRs to the existing holders of TME shares on a pro-rata basis (1 new GDR offered for 5 GDRs held by eligible investors) at the rate of USD 2.03 per new GDR. The total amount of shares issued comprised 10 million shares with the nominal value of USD 0.16, increasing the share capital by $1.6 and additional paid-in capital by $18.7. The Group used the net proceeds obtained through the issuance of the capital to repay its debt to Hurriyet Invest B.V. and for operating purposes. The amount of debt to Hurriyet Invest B.V. which comprised $19.7 as of 15 October 2014 was off-set with the proceeds from the capital raising in full, the rest $0.6 were paid to TME in October 2014.

20. BORROWINGS

	Currency	Annual interest rate (actual rate as at 31 December 2015)	Maturity	31 December 2015	31 December 2014
Deniz Bank CJSC	RUR	20.00%	23 June-11 August 2016	1.0	2.5
Deniz Bank CJSC	RUR	Mosprime + 3.25% (14.96%)	22 January-09 March 2016	1.5	0.7
Credit Europe Bank N.V.	USD	4.29%-6.25%	20 April 2015	-	35.2
Credit Europe Bank N.V.	USD	3.75%	21 April 2016	35.2	-
Less: amounts due within one year				(37.7)	(38.4)
Borrowings, net of current portion				**-**	**-**

As of the reporting date the Group was not in compliance with the covenants for the credit facilities of Credit Europe Bank N.V. and Deniz Bank CJSC (due to restructuring within the Group), although this did not affect the financial statements as the loans were classified as short-term as of the reporting date.

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

20. BORROWINGS (CONTINUED)

On 20 April 2015, the management of the Group has received a loan of $35.0 from Hurriyet Invest B.V. bearing annual interest of 4.29% and maturing on 20 April 2016 in order to repay the loan to Credit Europe Bank N.V. in the same amount outstanding as of 31 December 2014. The $35.0 loan to Credit Europe Bank N.V. was repaid in full on 20 April 2015. On 22 April 2015, the management of the group negotiated new loan from Credit Europe Bank N.V. in the amount of $35.0 and interest rate of 3.75%. As discussed in Note 31, the external debt was repaid in full in January 2016.

As at 31 December 2015, Dogan Holding has a blocked bank deposit of $35.0 with Credit Europe Bank N.V. as a guarantee against the Group's borrowings (31 December 2014: $35.0).

As at 31 December 2015 the Group has committed but not accessed borrowing facilities in the amount of $1.5 (31 December 2014: $2.0).

The carrying value of borrowings is considered to approximate their fair value due to their short-term nature.

21. LIABILITIES RELATING TO FORMER NON-CONTROLLING INTERESTS

The Group has historically held a put-option over the non-controlled ordinary share capital of its Croatian subsidiary, Oglasnik d.o.o., in which the Group held a 70% equity interest as at 31 December 2013 and earlier reporting periods. During 2013, the Zagreb Court of Arbitration found in favour of a court case filed by the Group that the put-option is null and void. In response, the non-controlling shareholders of Oglasnik d.o.o filed a lawsuit against the Group of Euro 3.5 million plus interest, for financial damages as a result of the Group not exercising the original put-option. As at 31 December 2013 the Group recognised a liability of $7.6 as management's best estimate of the amount that might become payable to the non-controlling shareholders of Oglasnik d.o.o. should the court find in their favour. As discussed in Note 28, in 2014 the non-controlling share in Oglasnik d.o.o. was disposed of for a nominal consideration.

In July 2014, the arbitration process in Zagreb Arbitration Court has been concluded; accordingly the option was decided as invalid and a compensation in favour of the non-controlling shareholders' was decided due to the loss occurred. The decision has been appealed by the Group on 5 November 2014 and the suspension of the payment has been filed. As of 31 December 2014 the Group reflected $7.7 (including interest accrued) as a liability related to the court case.

In November 2015, the settlement agreement was concluded between the former non-controlling interest shareholders and the management of TME Group and the liability to the claimants in accordance with the terms of the agreement comprised EUR 2.35 (equivalent of $2.5 as of the date of the agreement) and should be paid in four quarterly instalments by 1 September 2016. The final settlement was recognized in the consolidated statement of profit and loss as the change in liability to former non-controlling interests of $4.6 and foreign exchange at the date of transaction of $0.6. In December 2015, the first payment of $0.6 was financed by Hurriyet Invest B.V. and the remaining liability to non-controlling interest shareholders comprised $1.9 as of 31 December 2015.

22. TRADE AND OTHER PAYABLES

Trade and other payables as at 31 December 2015 and 2014 are as follows:

	2015	2014
Trade payables	0.9	2.3
Other payables	0.3	0.8
	1.2	**3.1**

The Group has financial policies in place to ensure all payables are paid within the contracted credit terms.

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

23. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Interest payable accrued for the period:

	2015	2014
Hürriyet Invest B.V.	1.6	0.9
	1.6	**0.9**

Purchase of services for the period:

	2015	2014
Affiance Management B.V.	0.1	0.1
	0.1	**0.1**

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

	2015	2014
Hürriyet Invest B.V.	46.3	35.2
	46.3	**35.2**

Debt payable to Hurriyet Invest B.V. as of 31 December 2015 is presented by the loans in the amount of $35.0 obtained in December 2014 with an annual interest of 4.29% and of $8.9 obtained in March and August 2015 bearing an annual interest of 4.29%.

As of the reporting date the covenants for loans payable to Hurriyet Invest B.V. were broken due to non-payment of monthly interest, although this did not affect the financial statements as the loans were classified as short-term as of 31 December 2015.

The related party Dogan Holding has a blocked bank deposit of $35.0 (31 December 2014: $35.0) as a guarantee against TME Group borrowings at Credit Europa Bank N.V. (Note 20).

The following balances were in trade and other receivables at the end of the reporting period:

	2015	2014
Hürriyet Invest B.V.	0.1	0.1
	0.1	**0.1**

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

	2015	2014
Cash remuneration paid to board members and key management personnel	0.4	0.9
	0.4	**0.9**

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

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

24. OTHER CURRENT ASSETS

Other current assets as at 31 December 2015 and 2014 are as follows:

	2015	2014
Prepaid rent and other expenses	0.2	0.4
Value Added Tax ("VAT") receivable	0.1	0.2
Other current assets	0.6	1.2
Less: allowance for other doubtful debts	(0.1)	-
	0.8	**1.8**

25. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2015 and 2014 are as follows:

	2015	2014
Advances received	1.0	1.9
Social security and other taxes payable	0.3	0.4
VAT payable	0.2	0.7
Provisions	0.1	-
Amounts due to employees	-	0.3
	1.6	**3.3**

26. COMMITMENTS AND CONTINGENCIES

26.1. Operating lease arrangements

Minimum non-cancellable operating lease payments under existing operating leases for office space, automobiles and office equipment as at 31 December 2015 are as follows:

	2015	2014
Within one year	0.2	1.5
	0.2	**1.5**

Operating lease payments during the year ended 31 December 2015 amounted to $1.7 (year ended 31 December 2014: $4.2).

26.2. Litigation

The Group may be involved in various litigations arising in the normal course of business.

There were no litigations as at 31 December 2015 through to the date of approval of these consolidation financial statements which management believes could have a significant adverse impact, either individually or in aggregate, on these consolidated financial statements.

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

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

26.3. Tax and regulatory environment

The Group primarily operates in Russia and other countries of the CIS, in which laws and regulations affecting businesses continue to change rapidly. These changes are characterized by different interpretations and arbitrary application by the authorities. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant authorities. The tax authorities in Russia and other countries of the CIS frequently take an assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities may be challenged. It is therefore possible that significant additional taxes, penalties and interest may be assessed. Under certain circumstances reviews may cover longer periods. Where uncertainty exists, the Group has accrued tax liabilities as management's best estimate of the probable outflow of resources which will be required to settle such liabilities. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. However, the relevant authorities may have differing interpretations, and the effects could be significant.

27. 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:

	2015	2014
Loss for the year used in the calculation of basic and diluted loss per share	(16.4)	(65.9)
Less Loss for the year from discontinued operations used in the calculation of basic and diluted loss per share from discontinued operations	-	0.3
Loss used in the calculation of basic and diluted loss per share from continuing operations	**(16.4)**	**(65.6)**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (thousands of shares)	60,000	52,849

	2015 US Dollars per share	2014 US Dollars per share
Basic and diluted loss per share		
From continuing operations	(0.27)	(1.24)
From discontinued operations	-	(0.01)
Total basic and diluted loss per share	**(0.27)**	**(1.25)**

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

28. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

28.1. Disposal of Croatian, Hungarian, Bosnian and Herzegovinian and Serbian operations

On 28 February 2014, the Group transferred its subsidiary Oglasnik d.o.o., the operating company of its Croatian operations, for consideration of Kuna 2 to the non-controlling interests. In March 2014, the Group disposed of its subsidiaries in Bosnia & Herzegovina, and Serbia for a consideration of EUR 2 to non-controlling interest. The Group has disposed of its subsidiary Expressz Magyarorszag Media Kft. to non-controlling shareholders for EUR 1 in April 2014.

28.2. Loss on disposal of discontinued operations

Loss on disposal of discontinued operations for the years ended 31 December 2014 was as follows:

	2014
Consideration received	-
Net (assets)/liabilities disposed of	(0.6)
Non-controlling interests	0.3
Associated goodwill written-off	-
Loss on disposal of discontinued operations	**(0.3)**

The major classes of assets and liabilities of the operations classified as held for sale as of the date of disposal in 2014 are as follows:

	At the date of disposal
Assets	
Cash and cash equivalents	0.4
Trade and other receivables	0.8
Other current assets	0.5
Property, plant and equipment	1.1
Intangible assets	8.3
Impairment on asset held for sale	(8.4)
Total assets disposed of/held for sale	**2.7**
Liabilities	
Trade payables	1.1
Other payables	0.4
Deferred tax liabilities	0.6
Total liabilities disposed of/held for sale	**2.1**
Total net asset disposed of	**0.6**

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

29. DISPOSAL OF SUBSIDIARIES

The Group sold its 85% share of LLC Tambukan on 7 May 2015 to its minority shareholder. In addition, the Group's 90% share of LLC Pronto Nizhny Novgorod was sold on 27 May 2015 to its minority shareholder. Gain on sale of these subsidiaries for the year ended 31 December 2015 is presented below:

	2015
Consideration received	0.1
Net (assets)/liabilities disposed of[1]	-
Gain on disposal of subsidiaries	**0.1**

[1] Net assets/liabilities disposed of are rounded to $nil.

The Group has quit from LLC Pronto Kaliningrad, LLC Pronto Krasnodar, LLC Delta-M, LLC Tambov-Info, LLC Pronto Ulan-Ude and LLC Pronto Ivanovo in December 2015.

LLC Pronto Vladivostok, LLC Pronto Kazan, LLC Pronto Novosibirsk, LLC Pronto Smolensk, LLC Pronto Baikal, LLC Pronto DV and Pronto Soft are in the process of liquidation as at 31 December 2015. All assets and liabilities of these entities were written down to profit and loss and the effect of the write off is insignificant and recorded in the gain from disposal of subsidiaries in the consolidated statement of profit and loss.

30. NON-CASH TRANSACTIONS

During the year ended 31 December 2015 and 2014, the Group entered into the following non-cash barter transactions which are not reflected in the statement of cash flows:

	2015	**2014**
Revenue recognised for barter transactions	0.4	0.9

As discussed in Note 19, in October 2014 the Group had offset the loan from Hurriyet Invest B.V. in the amount of $19.7 against net proceeds from capital increase due as a result of capital issuance performed by the Company in September 2014.

31. EVENTS AFTER THE REPORTING PERIOD

In January 2016, the management of TME refinanced the Group's external debts payable by LLC PMH, the subsidiary of the Group, to Credit Europe Bank N.V. in the amount of $35.2 and to Deniz Bank in the amount of $2.5. On 14 January 2016, TME received an additional loan of $37.7 from Hurriyet Invest B.V., its parent company, and transferred these funds to its direct Dutch subsidiary Mirabridge International B.V. to be used for the repayment of existing bank debts of LLC PMH, subsidiary of Mirabridge International B.V. As a result of the transaction, the Group's debt outstanding to banks was repaid and the total amount of the Group's debt payable to Hurriyet Invest B.V. increased to $84.0 as of 15 January 2016.

In January 2016, the Group's subsidiary LLC ID Impress Media obtained a loan from Hurriyet Invest B.V. in the amount of $0.1.

In February 2016, the Group opened a new credit line for the total amount of RUB 75 million (equivalent of $1.0) in Deniz Bank with an annual interest of Mosprime 1m +2% and obtained tranches totaling to RUB 40 mln (equivalent of $0.5 as of the date of transaction) during February and March 2016 maturing in January and February 2017, respectively.

31. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

On 28 February 2016, Zagreb Tax Authorities initiated a tax inspection of TCM Adria d.o.o. The Zagreb Tax Office inspection relates to the full inspection of the corporate profit tax of TCM Adria d.o.o. for the fiscal year 2014. Currently, Zagreb Tax Office inspection is still ongoing (pending), and its duration and result or potential outcome cannot be estimated at this stage of proceedings at present.

In order to comply with the RF requirements to mass media foreign ownership limitations, in February 2016, the Group sold 6% of its subsidiary Impress Media Marketing LLC to its non-controlling interest shareholder decreasing the Group's share to 85%. In March 2016, the Group withdrew from the Impress Media Marketing LLC. The new entity, LLC Impress Publishing House, was established in December 2015, to which the net assets of LLC Impress Media Marketing were transferred in March 2016.

32. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on 29 April 2016.