Trader Classified Media N.V.

Annual Report 2006

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R. WAALS

INDEX TO FINANCIAL STATEMENTS

Trader Classified Media N.V.

DIRECTORS' REPORT

Trader Classified Media N.V. ("TCM" or the "Company") is pleased to present its 2006 Annual Report. This 2006 Annual report is filed with the Amsterdam Chamber of Commerce in the Netherlands.

Trader Classified Media was, prior to the disposal of the quasi-totality of its operating assets, a leading facilitator of consumer-to-consumer and business-to-consumer transactions through its print and online classified advertising properties. The Company generated its revenues in all categories of classified advertising, including automobile, real estate, employment, boats and others.

Following the decision of the Supervisory Board of Trader Classified Media N.V. to maximize value for its shareholders, the company completed in 2006 the following transactions:

- the international offering in February 2006 of shares in the form of GDRs of Trader Media East Limited ("TME") at US$13 per share on the London Stock Exchange. TME is an independent company comprising the former Russian & CIS, Baltics, Hungarian, Croatian and Polish assets of TCM. This offering resulted in approximately €450 million of net proceeds to TCM for the sale of 87% of the capital of TME,

- the sale on June 8, 2006 of its Canadian and US operations to Yellow Pages Group ("YPG") (Canada's largest directory publisher), for total consideration of approximately $CAN 760 million (€540 million),

- the buy-out in June 2006 by local management of ViaVia, its Dutch operations for total consideration of €0.3 million.

- the sale on July 14, 2006 of its Western European and Latin American operations (the "Western Europe sale") to Schibsted ASA, a leading Scandinavian media company, for total cash consideration of approximately €576 million.

- the sale on August 31,2006 of its 15.0% interest in Soufun and options for cash consideration of approximately US$100 million (€78 million) to Telstra, a leading Australian telecom company.

The financial statements for both periods have been prepared on the basis of the IFRS standards and interpretations published and adopted by the European Union at the date of this report and on IAS / IFRS applicable as of December 31, 2006. Further to the successful disposals of its principal operating assets in 2006, TCM confirms its intention to effect the orderly disposal of the remaining investment properties as soon as possible, and to return the remaining value to the shareholders by means of further distributions and, subject to shareholder approval, a capital distribution through a voluntary liquidation. Consequently, the 2006 consolidated financial statements are no longer prepared on a going concern basis.

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

History and Development of the Company

Trader Classified Media was, prior to the disposal of quasi-totality of its operating assets, a leading facilitator of consumer-to-consumer and business-to-consumer transactions through its print and online classified advertising properties. Print and online properties facilitated local, regional and national commerce by serving as a marketplace where consumers and businesses, including car dealers, real estate and employment agencies, advertise goods or services for sale and where consumers reach these sellers to purchase these items. The Company generated its revenues in all categories of classified advertising, including automobile, real estate, employment, boats and others. Through its integrated print and online strategy, Trader Classified Media offered buyers and sellers a comprehensive and targeted way to perform transactions.

Operating revenues and expenses

We have historically generated revenue from the following classified advertising, both on the print and internet distribution channels. Print revenues were mainly generated from commercial display advertisements, circulation and classified advertisements, both professional and private. Our online distribution channel generated revenue primarily through (i) the sale of classified listings, banners and other advertisements,(ii) the fees from professional advertisers for links that provide consumers direct access to our searchable databases for product offerings of automobile dealers, real estate agents and other merchants, and (iii) commissions on complementary products and services. We typically offered advertisers a bundled product offering consisting of print and online advertisements.

Cost of revenues consisted of the following components:

- Raw materials and consumables such as paper and ink,
- Employee benefits expenses including salaries and commissions for sales staff, production staff and general and administration,
- Printing and paper costs,
- Non-salary costs for third party distributors, and
- Other external expenses including printing costs, marketing costs, non-salary costs for third party distributions and technological costs related to web site maintenance and development.

General and administrative costs consisted of salaries and costs of administrative and management personnel, marketing costs, facilities costs, headquarters costs and all other costs not directly related to production or direct, local sales efforts.

Our operating margins in the countries in which we conducted business depended primarily on the operating margins of our publications. The operating margin of any publication depended primarily on its local competitive environment and its sources of revenue. A publication that had a strong market position generally enjoyed better operating margins than one that faces strong competition from other sources of classified advertisements, such as classified advertising publications, newspapers or free circulation papers. A publication with multiple sources of revenue, such as a publication that generated revenue from paid classified and display advertisements and from paid circulation, generally enjoyed better operating margins than one that only had one or two sources of revenue.

Critical Accounting Policies

Preparation of financial information requires management to make judgments concerning selection of accounting methods, estimates and assumptions that are sensitive to changes in market conditions or other uncertainties that could affect reported results. We have outlined below several of the critical accounting policies, the judgments used to develop our reported results and the sensitivity of these results to changes in conditions. This should be read in conjunction with our Operating Results.

Going concern

The financial statements for both periods have been prepared on the basis of the IFRS standards and interpretations published and adopted by the European Union at the date of this report and on IAS / IFRS applicable as of December 31, 2006.

Further to the successful disposals of its principal operating assets in 2006, TCM confirms its intention to effect the orderly disposal of the remaining investment properties as soon as possible, and to return remaining value to the shareholders by means of further distributions and, subject to shareholder approval, a capital distribution through a voluntary liquidation.

The Group is following a liquidation plan of its remaining corporate activities and as a result, pursuant to IAS1§23, the 2006 consolidated financial statements are no longer prepared on a going concern basis. As a consequence, assets and liabilities from corporate activities include all additional expected costs and benefits, including accruals for litigations and expected proceeds from remaining assets, for a net liability amount of €12.4 million (see a detailed breakdown on note 3 to the consolidated financial information).

Impairment

In accordance with IAS 36, "Impairment of Assets", assets generating independent cash flows and assets included within Cash-generating units (CGUs) are tested for impairment whenever events or new circumstances which arise provide indications that individual assets or CGUs may have suffered impairment losses. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets. For the group impairment purposes, each reporting unit represents a CGU.

Assets with indefinite useful life, such as goodwill and certain tradenames are not subject to amortization but are tested annually for impairment and whenever events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Group reviews annually goodwill and other indefinite-lived intangible assets for impairment in accordance with the accounting policy stated above. Such review requires management to make material judgments and estimates when performing impairment tests. The Group compares the carrying value of each of its geographic reporting units, including goodwill and intangible assets, to the recoverable value. The recoverable amount is the higher of the CGU's fair value less costs to sell and value in use. The value in use is determined based on estimated future pre-tax cash flows to be generated by an asset or CGU, discounted with the appropriate weighted-average cost of capital. Management applied the value in use methodology up to 2005 and changed to the fair value less costs of sell method since Management announced the sale of all its assets.

Management believes its policies relating to such impairment testing are critical accounting policies involving critical accounting estimates because determining the fair value of reporting units is based on valuation techniques and requires either to determine (i) estimated selling value through offers or comparables or (ii) value in use which requires (1) determining the appropriate discount rate to be used to discount future expected cash flow of the cash generating unit, (2) estimating the terminal value of each free cash flow computed, (3) estimating the growth rate of the revenues generated by the assets tested for impairment and (4) estimating the operating margin rates of underlying assets for related future periods.

Net proceeds from the sale of these investments may differ from the estimated fair value of each asset.

Accrued and contingent liabilities

Pursuant to the successful disposals of its principal operating assets in 2006 and the Directors intention to effect the orderly disposal of the remaining investment properties as soon as possible, and to return remaining value to the shareholders by means of further distributions and, subject to shareholder approval, a capital distribution through a voluntary liquidation, all additional expected costs, including accruals for litigations, and benefits for a net liability amount of €12.4 million have been recorded in the balance sheet under "Provisions, accrued expenses and other liabilities". Actual costs and benefits may differ from management assessment.

Tax accounting

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for all uncertain tax positions issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Also, Management uses its best estimates to account for the use of deferred tax assets originated from net operating losses. The effective realisability of these net operating losses may differ from the expected use of them.

2006 Results

Results from continuing operations

All Trader Classified Media remaining operating assets are held for sale except for corporate assets and liabilities. According to IFRS, assets held for sale are treated as discontinued operations. In addition, corporate activities intended to be liquidated have been also classified as discontinued operations. Consequently, TCM is reporting no operational results for the year 2006 in these consolidated financial statements. The contribution to net profit of disposed and disposal group is presented in "discontinued operations, net". Comparative figures for 2005 have been retreated.

Results from discontinued operations

Discontinued operations (€ in millions)	*2006*	*2005*
Loss from disposed operations until date of sale	(1.6)	-
Net gain on sale of assets	1,063.0	-
Subtotal Net gain from disposed Group (A)	**1,061.4**	-
Income (loss) from disposal operations	(6.4)	35.1
Loss from available for sale financial assets	(8.0)	-
Subtotal Net gain (loss) from disposal Group (B)	**(14.4)**	**35.1**
Loss from corporate activities	(18.7)	(19.3)
Subtotal Net loss from corporate activities (C)	**(18.7)**	**(19.3)**
Discontinued operations, net	**1,028.3**	**15.8**

(A) Net gain from disposed Group

Net gain from sale of assets results from the sale in 2006 of our four major group of assets.

- The initial public offering of 87% of Trader Media East Limited ("TME") at US$13 per share on the London Stock Exchange resulted in approximately €450 million of net proceeds to TCM. TME is an independent company comprising the former TCM Russian & CIS, Baltics, Hungarian, Croatian and Polish assets.
- The completion of the sale of TCM Canadian and US operations to Yellow Pages Group ("YPG") (Canada's largest directory publisher) represented total consideration of approximately $CAN 760 million (€540 million).
- The completion of the sale of TCM Western European and Latin American operations (the "Western Europe sale") to Schibsted ASA, a leading Scandinavian media company, for total cash consideration of approximately €576 million.
- And finally, the completion of the sale of a 15% interest in Soufun and options for a cash consideration of approximately US$100 million (€78 million) to Telstra, a leading Australian telecom company.

Net gain on sale from disposed group is as follows

(€ in millions)	2006	2005
Gross proceeds from the sale of disposed group	1,668.3	-
Cost of sales	(40.6)	-
Net Proceeds from the sale of disposed group	1,627.7	-
Carrying value of disposed group (including third party financing)	(564.7)	-
Gain from sale of disposed group	1,063.0	-
Loss from disposed group until date of sale	(1.6)	-
Net gain from sale of disposed group	**1,061.4**	-

(B) Loss from disposal group

Loss from disposal operations

The disposal operations, comprising businesses in Taiwan (Car News – ownership of 55%), China (Shou di Shou - ownership of 55%), and France and Canada (NetClub – ownership of 77%), generated in aggregate revenues of €10.0 million and Operation EBITDA of €0.1 million for the year ended December 31, 2006 before deducting minority interests. The determination of the net realizable value for those three assets resulted in recording a write-down of €5.4 million at December 31, 2006.

Disposal operations financial results for the for the year ended December 31, 2006 are as follows

Income statement information *(€ in millions)*	**Year ended December 31,**	
	2006	**2005**
Revenue	10.0	12.4
Expenses	(11.0)	(13.9)
Loss before tax from disposal operations	(1.0)	(1.5)
Tax	-	0.1
Loss after income tax of disposal operations	(1.0)	(1.4)
Pre-tax loss recognised in the remeasurement of assets of disposal operations	(5.4)	-
Loss from disposal operations	**(6.4)**	**(1.4)**

Loss from available for sale financial assets

Available for sale financial assets refer to the 13% investment in Trader Media East Limited, a company listed on the London Stock Exchange. This investment is presented at fair market value, being as at December 31, 2006 equivalent to the price offered by Hurriyet Invest B.V. in its recommended cash offer of US$10.0 per GDR (One GDR being equivalent to one share). Gain or loss on available-for-sale financial assets is recognised directly in equity, through the statement of changes in equity, until the financial asset is no longer recognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Gain or loss on exchange differences are recorded in the income statement. The reduction in value of US$ to € from February 2006 to December 31, 2006 resulted in a negative exchange difference, recorded in the income statement, of €8.0 million in 2006.

(C) Loss from corporate activities

Corporate activities *(€ in millions)*	**Year ended December 31,**	
	2006	**2005**
Corporate expenses	(17.2)	(6.2)
Net future liquidation expenses	(12.4)	-
Net financial income (expense)	10.1	(15.5)
Tax benefit	0.8	2.4
Loss from corporate activities	**(18.7)**	**(19.3)**

Corporate costs presented in the net loss from corporate activities are corporate costs which are not paid by the operating entities. Corporate costs not covered by operating entities increased by €11.0 million, from €6.2 million in 2005 to €17.2 million in 2006 as a result of the sale of operations which dramatically reduced the basis for allocating corporate expenses. Corporate expenses for 2006 include restructuring expenses incurred in 2006 for €6.3 million. Corporate activities also include additional liabilities for future liquidation and contingencies expenses of €12.4 million. Corporate expenses were partly offset by the net financial results, which increased by €25.6 million from a loss of €15.5 million to a benefit of €10.1 million. This net financial result is primarily generated by the investment in funds of the net proceeds from the sale of operations which generated €13.1 million of financial income. These placements of liquidities in funds were reduced by both distributions to shareholders in September and November 2006, of €1,147.1 million and €57.4 million respectively. Simultaneously, the cost of debt was reduced in 2006 as a result of the reimbursement of our debt obligations in the first semester 2006, the reduction of expense associated with the write down of unamortized deferred financing fees despite the increase of the interest on senior debt from approximately 4.08% in December 2005 to approximately 4.38% in June 2006. Net loss from corporate activities was also reduced by the tax benefit related to the reversal of unused tax provisions as a result of the positive outcome of certain tax audits.

Net Income

Net income attributable to the Equity holders of the Group increased by €1,013.8 million from €12.7 million in 2005 to €1,026.5 million in 2006. This increase is essentially driven by the sale of operations in 2006 for a net amount of €1,063.0 million. This net gain was slightly offset by reduced contribution to net income from the disposal group and corporate activities of €33.1 million.

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

Earnings per share increased from €0.13 in 2005 to €10.44 in 2006 primarily as a result of the sale of operations.

Liquidity and Capital Resources

Historically, our working capital requirements have been minimal, and cash flow from operations has been sufficient to finance our operations and capital expenditures. Acquisitions have been financed both with bank borrowings and the excess cash generated by our operating activities.

Subsequent to the sale of the 87% investment in Trader Media East Holding in February 2006 and the sale of our North American operations in June 2006, the Group fully reimbursed its outstanding obligations of €427.2 million under its €750 million senior debt facility led by BNP Paribas. Subsequently, the group unwound its derivative instruments, which generated a net gain of €0.7 million and wrote down the outstanding deferred financing fees.

Cash remitted from our operating subsidiaries to our holding companies in the Netherlands consists of the payment of management fees, intercompany loans and related interest, dividends, and in certain instances, the repayment of capital. The nature of these remittances generally depends on the most tax-efficient vehicle for each country and is subject to local laws and regulations. These remittances were significantly reduced by the sale of the major operations.

As of December 31, 2006, we had available cash of €77.6 million and financial liabilities related to minority interests of €1.3 million, resulting in a positive excess cash position of €76.3 million. This compares to a net debt balance of €498.8 million as of December 31, 2005, as follows:

(In € millions)	December 31, 2006	December 31, 2005
Senior debt facilities	-	432.5
Deferred acquisition debt and other debt	-	5.7
Bank overdrafts	-	1.7
Fair value of derivative financial instruments	-	(1.1)
Less unamortized deferred financing fees	-	(12.5)
Less cash and equivalents	(77.6)	(12.0)
Financial net indebtedness before liability related to put options	**(77.6)**	**414.3**
Financial liability related to minority interest put options	1.3	84.5
Financial net indebtedness (excess cash)	**(76.3)**	**498.8**

Cash and cash equivalents include cash held in escrow related to the sale of the Soufun investment of €7.6 million. The escrow expires on December 31, 2007, subject to customary indemnification release provisions.

Under the terms of some historical purchase agreements, the Group was committed to acquiring the interests owned by minority shareholders in consolidated subsidiaries, if these minority interests wished to sell their investments. Pursuant to IAS 32, "Financial Instruments: Disclosure and Presentation", the value of such put options has been presented as financial liability on the balance sheet for the discounted value of the expected exercise price of the option, notwithstanding the ability at Company's election to settle part of these obligations through the Company's shares and not cash. In computing this liability, the Group assumed the exercise of the put option when possible under the respective agreement.

As at December 31, 2006, Trader Classified Media sold its major operations and transferred, as part of the sale agreement, its obligations. The only financial liability related to put options outstanding as at December 31, 2006 relates to the minority interest of Netclub for €1.3 million.

Deferred acquisition debt and other debt -mainly lease debt - have been transferred, pursuant to the sale purchase agreements, to the acquirer of the Western Europe and North America assets.

Cash Flows

Consistent with the income statement presentation, cash flow from continuing operations is nil. All components of the statements of cash flow have been classified as within cash flow from discontinued operations. In accordance with IFRS, Statements of Cash flows include for both periods the contribution of held for sale operations until date of sale. Accordingly, cash flows from discontinued operations are not comparable for both periods.

Cash flows from discontinued operations

Cash generated by operations was reduced by €93.4 million, from €101.7 million in 2005 to €8.3 million in 2006. Including cash paid for interests and income taxes, cash flow from operations decreased by €43.3 million from €58.9 million in 2005 to €15.6 million in 2006, primarily as a result of the sale of operations in 2006.

Net cash provided by investing activities increased by €1,675.9 million, from a negative €(43.0) million in 2005 to €1,632.9 million in 2006. This results from the sale of operations in 2006 for net proceeds of €1,641.0 million, whereas 2005 was impacted by the acquisition of a 15% interest in Soufun and other acquisitions for €34.8 million. Capital expenditures for property, plant and equipment, primarily driven by investments in website development and back office solutions, remained sustained in 2006 until the sale of operations.

Net cash flows used in financing activities of a negative €1,580.9 million in 2006 result primarily from the distributions to shareholders for a total of €1,204.5 million and the reimbursement of net borrowings of €427.2 million, partly offset by cash received upon exercises of stock options for €46.4 million.

Outlook for 2007

TCM confirms its intention to effect the orderly disposal of the remaining investment properties as soon as possible, and to return value to the shareholders by means of further distributions.

Further to the sale of most of its operations, TCM started a plan in 2006 to wind up its corporate structure and liquidate the companies. Accordingly, all contracts with corporate employees were terminated, with the exception of two employees in the Dutch headquarters office. The legal liquidation process of the various corporate entities started also in 2006 and with an expectation to complete most of the liquidation plan in 2007. However management has no assurance that this process will be fully completed by that date. Upon completion of the liquidation process of all entities up to Trader Classified Media N.V., and subject to shareholder approval, TCM intends to perform a final capital distribution through voluntary liquidation.

The amount of additional liabilities expected to occur during the liquidation process, net of financial income from cash placement, is estimated at €12.4 million. This net amount has been recorded as part of "Provisions, accrued expenses and other liabilities" at December 31, 2006.

Subsequent Events

Recommended offer on Trader Media East Limited (TME)

Hurriyet Invest B.V., a wholly-owned subsidiary of Hürryiet Gazetecilik ve Matbaacilik A.S., made a cash offer for Trader Media East Limited at US$10 per GDR (equivalent to US$10 per share). Trader Classified Media tendered its 6,521,739 GDRs to the offering which was subsequently declared unconditional on March 15, 2007. TCM received net proceeds of approximately $65.0 million (equivalent to €48.5 million at a rate of €1=US$1.34) by March 31, 2007. The Group expects no significant impact on the 2007 net income since the investment in TME has been recorded at the offering price, being US$10 (€7.6) per GDR as at December 31, 2006.

Sale of remaining assets

In February 2007, Trader Classified Media sold the assets of the Netclub businesses to Match.com. Part of the proceeds have been placed in an escrow account which terminates in June 2007.

Also in February 2007, Trader Classified Media sold its interest in Shou di Shou.

Capital share reduction

In November 2006, a reduction of capital by par value reduction has been voted and was effective on February 28, 2007. Par value of class A and B shares have been reduced by sixteen, from €0.16 and €1.92 respectively to €0.01 and €0.12 respectively. Consequently, capital share has been reduced by €75.6 million, with an increase of share premium by the same amount.

Corporate Governance

European Directive on takeovers disclosures

Specific regulations regarding appointment and dismissal of Management and Supervisory Board members and the change in the Articles of Association

The members of the Management and Supervisory Board are elected by a simple majority vote of the shareholders. The Supervisory Board can make nominations for election to the Management and Supervisory Board but these nominations are non-binding and shareholders are free to vote for other candidates if they wish. The Articles of Associations can be amended by a simple majority vote of shareholders.

Description of the powers of the board, especially regarding the issuance of shares in the capital of the Company and the purchase of own shares

The power to issue shares, to grant right to acquire shares and to exclude pre-emptive rights with respect to the issuance of shares and the grant of the right to acquire shares has been delegated to the Management Board, acting with the approval of the Supervisory Board, through June 22, 2011. The power to repurchase the Company's shares has alos been delegated to the Company's Management Board, acting with the approval of the Supervisory Board, until December 22, 2007.

The Company's shares may be repurchased in privately negotiated transactions or through open market purchases for a price which is not less than the nominal value of the shares being repurchased and not more than 110% of the most recently available (as of the time of repurchase) price of the Company's shares on the stock exchange where they are listed.

Corporate Governance Code

In December 2003, the Netherlands' revised Code of Corporate Governance (commonly referred to as the Tabaksblat Code) was published. Its guidelines are applicable from the financial year starting January 1, 2004. Both the Supervisory Board and the Management Board have spent considerable time analysing the new Code. Trader Classified Media fully endorses the approach and the principles represented by the Code, and recognizes the importance of good corporate governance.

The Tabaksblat principles are a code of conduct designed for companies operating in the normal course. As TCM is currently in the process of disposing of its remaining assets, distributing proceeds to shareholders and winding-up the Company, the Tabaksblat code is not applicable in many respects to the Company. While the Company has complied with Tabaksblat in the past and may continue to comply with Tabaksblat in the future, in light of the current nature of the activity of the Company, the Company reserves the right to cease complying with any or all provisions of Tabaksblat at any time.

Auditors fees

PriceWaterhouseCoopers expenses in 2006 are in significantly reduced compared to prior year given the sale of Trader Classified Media major operations. The breakdown of PriceWaterhouseCoopers fees is as follows:

(€ in millions)	2006	2005
Audit services	0.2	1.1
Audit related services	0.1	1.2
Tax services	0.3	0.4
Total services	**0.6**	**2.7**

Forward Looking Statements

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

These forward-looking statements speak only as of the date of this document. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

TRADER CLASSIFIED MEDIA
Consolidated Balance Sheets
(Euro in millions)

	Note	December 31, 2006	December 31, 2005
ASSETS			
Non-current assets:			
Property, plant and equipment, net	4	-	12.6
Goodwill and intangible assets, net	5	-	591.4
Goodwill related to put options	13	-	31.5
Deferred income tax assets, net	14	-	11.0
Investments in associates	6	-	0.1
Investments in other companies		-	18.8
Loans and other receivables		-	2.6
Derivative financial instruments	15	-	1.3
Total non-current assets		-	**669.3**
Current assets:			
Trade receivables, net	7	-	41.2
Other receivables and other assets	8	3.7	18.2
Inventories		-	1.5
Income tax receivable		0.3	2.1
Cash and cash equivalents	9	76.6	12.0
Total current assets		**80.6**	**75.0**
Non-current assets held for sale	3	**61.7**	**282.2**
TOTAL ASSETS		142.3	1,026.5
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	10	80.6	79.1
Share premium and other reserves		0.2	678.1
Non current assets held for sale directly recognized in equity		(14.8)	-
Retained earnings		50.0	(483.7)
		116.0	273.5
Minority interests	13	-	1.3
TOTAL EQUITY		**116.0**	**274.8**
LIABILITIES			
Non-current liabilities:			
Borrowings – long term portion	12	-	305.6
Financial liability related to minority interest put options	13	-	84.5
Other long term liabilities		-	0.2
Deferred income tax liabilities	14	-	44.5
Derivative financial instruments	15	-	0.2
Other provisions and employee benefits	16	-	4.5
Total non-current liabilities		-	**439.5**
Current liabilities			
Trade and accrued payables		4.2	39.3
Current income tax payable		1.0	3.5
Provisions, accrued expenses and other liabilities		15.4	17.6
Borrowings – current portion	12	-	121.8
Deferred revenues		-	7.4
Total current liabilities		**20.6**	**189.6**
Liabilities related to non-current assets held for sale	3	**5.7**	**122.6**
TOTAL LIABILITIES		26.3	751.7
TOTAL EQUITY AND LIABILITIES		142.3	1,026.5

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

03-07-2007

TRADER CLASSIFIED MEDIA
Consolidated Income Statements
(Euro in millions except share and per share amounts)

	Note	December 31, 2006	December 31, 2005
Continuing operations			
Revenues		-	-
Finance costs		-	-
Share of (loss)/profit of associates		-	-
Tax expense		-	-
Profit from continuing operations		-	-
Discontinued operations	3		
Loss from corporate activities		(18.7)	(19.3)
Gain (loss) from disposal operations		(6.4)	35.1
Loss from held for sale financial assets		(8.0)	-
Loss from disposed operations until date of sale		(1.6)	-
Net gain on sale of assets		1,063.0	-
Profit for the year		**1,028.3**	**15.8**
Attributable to:			
Equity holders of the Group		1,026.5	12.7
Minority interest		1.8	3.1
Earnings per share for profit from continuing operations attributable to the equity holders of the Company (expressed in € per share)	18		
basic		-	-
diluted		-	-
Earnings per share for profit from discontinued operations attributable to the equity holders of the Company during the year (expressed in € per share)	18		
basic		10.44	0.13
diluted		10.44	0.13
Earnings per share for profit for the year attributable to the equity holders of the Company during the year (expressed in € per share)	18		
basic		10.44	0.13
diluted		10.44	0.13

03 - 07 - 2007

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

TRADER CLASSIFIED MEDIA
Consolidated Statements of Recognized Income and Expense
(Euro in millions)

	December 31, 2006	December 31, 2005
Net fair value of available for sale financial assets	(14.8)	-
Cash flow hedges	(1.8)	2.8
Currency translation adjustment (CTA)	(1.2)	16.6
Recycling of CTA due to the sale of subsidiaries	(11.0)	(4.4)
Deferred compensation expense	0.5	2.0
Net income recognized directly in equity	**(28.3)**	**17.0**
Profit for the year	1,028.3	15.8
Total recognized income for the year	**1,000.0**	**32.8**
Attributable to :		
Equity holders of the Company	999.9	29.7
Minority interest	0.1	3.1

TRADER CLASSIFIED MEDIA
Consolidated Statements of Cash Flows
(Euro in millions)

	Note	December 31, 2006	December 31, 2005
Continuing operations			
Net cash provided by operating activities		-	-
Net cash used in investing activities		-	-
Net cash provided by (used in) financing activities		-	-
		-	-
Discontinued operations			
Cash flows from operating activities	19		
Cash generated from operations		8.3	101.7
Cash received (paid) for interest		8.5	(20.8)
Cash paid for income tax		(1.2)	(22.0)
Net cash generated by operating activities		**15.6**	**58.9**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		(0.4)	(16.0)
Acquisition of investments in associates		(0.1)	(18.8)
Purchases of property, plant and equipment (PPE)		(7.6)	(17.3)
Proceeds from sale of investments		1,641.0	9.1
Net cash provided by (used in) investing activities		**1,632.9**	**(43.0)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		46.4	3.4
Proceeds received from borrowings		69.2	454.7
Repayments on borrowings		(496.4)	(409.8)
Cash paid for financing fees		-	(16.3)
Cash received from unwind of swap		1.9	-
Cash distributions to shareholders		(1,204.5)	(59.7)
Cash dividends paid to minority interests and others		(0.7)	(7.0)
Cash dividends received		3.2	-
Net cash used in financing activities		**(1,580.9)**	**(34.7)**
			-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**67.6**	**(18.8)**
Cash, cash equivalents and overdrafts at beginning of the year		10.3	42.2
Effect of exchange rate changes on cash, cash equivalents and overdrafts		(0.3)	2.9
Cash, cash equivalents and overdrafts at end of the year		**77.6**	**26.3**

03 - 07 - 2007

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

Notes to Consolidated Financial Statements
(Euro and other currencies in millions except share and per share amounts)

GENERAL INFORMATION

Trader Classified Media N.V. ("Trader Classified Media" or the "Company" or "TCM") is a limited liability company incorporated in The Netherlands. For the years ended December 31, 2005, and 2006, the terms "Group" or the "Company" as used herein refer to Trader Classified Media and its subsidiaries.

Trader Classified Media was, prior to the disposal of the quasi-totality of its operating assets, a leading facilitator of consumer-to-consumer and business-to-consumer transactions through its print and online classified advertising properties. Through its integrated print and online strategy, Trader Classified Media offered buyers and sellers a comprehensive and targeted way to perform transactions.

The Supervisory Board of Trader Classified Media N.V. determined to maximize value for its shareholders, which resulted in 2006 in the:

- International offering of shares in the form of GDRs of Trader Media East Limited ("TME"), at US$13 per share on the London Stock Exchange. TME is an independent company comprising the former TCM Russian & CIS, Baltics, Hungarian, Croatian and Polish assets. This offering resulted in approximately €450 of net proceeds to TCM for the sale of 87% of the capital of TME,

- Completion of the sale of its Canadian and US operations to Yellow Pages Group ("YPG") (Canada's largest directory publisher), for total consideration of approximately $CAN 760 (€540) on June 8, 2006 and the buy-out by local management of ViaVia, its Dutch operations.

- Completion on July 14, 2006, of the sale of its Western European and Latin American operations (the "Western Europe sale") to Schibsted ASA, a leading Scandinavian media company, for total cash consideration of approximately €576.

- Completion on August 31 of the sale of its 15% interest in Soufun and options for a cash consideration of US$100 (€78) to Telstra, a leading Australian telecom company.

Trader Classified Media shares are publicly listed on Euronext's Eurolist.

These group consolidated financial statements were authorised for issue by the Supervisory Board on April 26, 2007.

As provided in section 402 of the Dutch Civil Code, book 2, the Company – only profit and loss account on page 57 of this report includes only the after-tax results of participating interests, as Trader Classified Media N.V.'s figures are included in the consolidated financial statements.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Note 1.1 Basis of preparation

The accompanying consolidated Trader Classified Media financial statements have been prepared in accordance with IFRS as adopted by the European Union (EU). The IFRS include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). The financial statements are compliant with the IAS/IFRS standards which are applicable in the EU as of December 31, 2006, as published at that date or anticipated by the Group as explained below.

Further to the successful disposals of its principal operating assets in 2006, TCM confirms its intention to effect the orderly disposal of the remaining investment properties as soon as possible, and to return value to the shareholders by means of special distribution and, subject to shareholder approval, a capital distribution through a member's voluntary liquidation. The Group is following a liquidation plan of its remaining corporate activities and as a result, pursuant to IAS1§23, the 2006 Consolidated Financial Information is no longer prepared on a going concern basis.

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Note 1.1 Basis of preparation (continued)

Accordingly, financial statements have been prepared under following principles :

- The results of disposed Group, disposal group (comprising disposal operations and held for sale investment) and corporate activities have been reclassified in the statement of operations for 2006 in "discontinued operations". Prior year information has also been reclassified to be consistent with the 2006 financial statement presentation.
- In accordance with IFRS 5, all assets and liabilities from the disposal group have been reclassified in the balance sheet in "non-current assets held for sale" and "liabilities related to non-current assets held for sale". A detailed breakdown of these assets and liabilities is disclosed in note 3 of the consolidated financial information.
- Corporate activities are run by management under a liquidation plan. Assets and liabilities from corporate activities include all additional expected costs and benefits, including additional accruals for litigations and expected proceeds from remaining assets, for a net liability amount of €12.4 (see a detailed breakdown on note 3 to the consolidated financial information).
- The remaining assets held for sale have been valued at the lower of net book value and recoverable amount less cost to sell.

Amendments to published standards effective in 2006

- **IAS 19 (Amendment), Employee Benefits** (effective from January 1st, 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Group will apply this amendment although without impact as at December 31, 2006.

- **IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions** (effective January 1st, 2006). The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intragroup transaction that would qualify as a hedged item in the consolidated financial statements as of December 31, 2006 and 2005.

- **IAS 39 (Amendment), The Fair Value Option** (effective from January 1st 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. This amendment does not have a significant impact on the classification of financial instruments, as the Group complies with the amended criteria for the designation of financial instruments at fair value through profit and loss. The Group applies this amendment from annual periods beginning January 1st, 2006.

Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretation to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after May 1, 2006 or later periods but are not relevant for the Group's operations:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from March 1, 2006). IFRIC 7 provides guidance on how to apply requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional Currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a Currency of a hyperinflationary economy as its functional Currency, IFRIC 7 is not relevant to the Group's operations

Note 1.1 Basis of preparation (continued)

Standards, amendments and interpretations effective in 2006 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after January 1, 2006 but are not relevant to the Group's operations:

- **Amendment to IAS 21, Amendment "Net investment in a foreign operation"**, effective for annual periods beginning on or after January 1, 2006. This amendment is not relevant for the Group;

- **IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from January 1st, 2006).** This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognized at their fair value, and subsequently measured at the higher of (a) the unamortized balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to IAS 39 and concluded that it is not relevant to the Group.

- **IFRS 6, "Exploration for and evaluation of mineral resources"**, effective for annual periods beginning on or after January 1, 2006. This standard is not relevant for the Group;

- **IFRIC 4, "Determining whether an arrangement contains a lease", effective for annual periods beginning on or after January 1, 2006.** The Group has reviewed its contracts. Some of them are required to be accounted for as leases in accordance with IAS 17, "Leases". However, these leases are operating leases, and their reclassification has had no impact on the expense recognised in respect of them;

- **IFRIC 5, "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds"**, effective for annual periods beginning on or after January 1, 2006. This interpretation is not relevant for the Group; and

- **IFRIC 6, "Liabilities arising from participating in a specific market - waste electrical and electronic equipment"**, effective for annual periods beginning on or after December 1, 2005. This interpretation is not relevant for the Group.

Interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods that the Group has not early adopted:

- **IFRIC 8, Scope of IFRS 2** (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Group's accounts; and

- **IFRIC 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006).** IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

- **IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).** IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

Note 1.1 Basis of preparation (continued)

- **IFRIC 11, (effective for annual periods beginning on or after 1 November 2006).** The Group will apply IFRIC 11 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

- **IFRIC 12, (effective for annual periods beginning on or after 1 November 2006).** The Group will apply IFRIC 12 from 1 January 2007, but it is not expected to have any impact on the Group's accounts.

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from January 1st, 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning January 1st, 2007.

- **IFRS 8 Applicable for annual period beginning on or after January 1st, 2009. Earlier application has not been adopted**

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.25.

03-07-2007

Note 1.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid or transferred and the relevant share acquired of the carrying value of net assets of the subsidiary.

Note 1.2 Consolidation (continued)

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 1.6).

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.
Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Note 1.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group's sources and nature of risks and rates of return were affected predominantly by the fact that it operated in different countries or other geographical areas. Therefore its primary format for reporting segment information was geographical segments, with secondary information reported for groups of related products and services presented in two segments: print and online.

In light of recent transactions in 2006 and decision to wind up the company, this classification no longer applies as there is no segment reporting to be identified. Therefore, Note 2 discloses the financial information on corporate and discontinued operations. The information related to discontinued operations presented in note 2 includes only the contribution to the Group's net income, consistently with the presentation of these discontinued operations on the Group's balance sheet and income statement. Operational results from discontinued operations are presented in note 3 – *Discontinued operations.*

Note 1.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.
Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

Note 1.4 Foreign currency translation (continued)

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Note 1.5 Property, plant and equipment

Property, plant and equipment are recognized at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Each material component of a composite asset with different useful lives or different patterns of depreciation is accounted for separately for the purpose of depreciation and accounting for subsequent expenditure. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Land is not depreciated. Depreciation is computed for financial reporting purposes by use of the straight-line method over the estimated useful lives as follows:

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.7). Gains or losses on disposal are determined by comparing proceeds with carrying amount and are recognized in income statement in the period of disposal of the asset.

Assets held under finance lease

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases and leasehold improvements are depreciated over the shorter of the useful life of the asset or the lease term.

Note 1.6 Goodwill and intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "Goodwill and Intangible assets, net". Goodwill on acquisitions of associates is included in investments in associates. Separately recognized Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Tradenames and advertiser databases

Intangible assets, substantially all of which resulted from business combinations, include tradenames and advertiser bases. Purchase price amounts allocated to these intangibles, and their related amortization periods, are determined principally by external valuation studies and by the Company. Tradenames with definite life and advertiser base are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over their estimated useful lives being 20 years for tradenames and 12 years for the advertiser databases.

Tradenames with indefinite useful life are not amortized but subject to, at least, an annual assessment for impairment. Following the detailed review of the useful lives of its tradenames performed by the Management, certain tradenames which were amortized until December 31, 2003 have been subsequently considered as intangible assets with indefinite useful life.

Websites and software

The Group recognizes development costs related to websites for own use, other than promoting and advertising, in accordance with IAS 38 "Intangible assets". As such, the Group expenses all costs incurred that relate to the planning and post implementation phases for development of its websites. Directly attributable costs incurred in the development phase are capitalized when they meet the recognition criteria and amortized over the estimated useful lives ranging from 1 to 5 years. Costs associated with repair and maintenance of the website are included in operating costs and expensed.

Note 1.7 Impairment of non-financial assets

In accordance with IAS 36, "Impairment of Assets", assets generating independent cash flows and assets included within Cash-generating units (CGUs) are tested for impairment whenever events or new circumstances which arise provide indications that individual assets or CGUs may have suffered impairment losses. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets. For the group impairment purposes, each reporting unit represents a CGU.

Assets with indefinite useful life, such as goodwill and certain tradenames are not subject to amortization but are tested annually for impairment and whenever events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Group compares the carrying value of each of its geographic reporting units, including goodwill and intangible assets, to the recoverable value. The recoverable amount is the higher of the CGU's fair value less costs to sell and value in use. The value in use is determined based on estimated future pre-tax cash flows to be generated by an asset or CGU, discounted with the appropriate weighted-average cost of capital. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and accounted for in the Income Statement. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Note 1.8 Other non-current assets

Other non-current assets comprise mainly deferred acquisition costs and other non-current assets.

The Group defers directly attributable acquisition costs that qualify for capitalization as part of the purchase price of targeted acquisitions. Such costs are principally advisory services, such as accounting, legal and consulting fees. The typical time frame over which the costs of targeted acquisitions are capitalized ranges between eight and twelve months. Costs for acquisitions which are no longer actively pursued are written-off in full in the period in which management determines the acquisition is no longer feasible and in no circumstances would such costs remain on the balance sheet for a period in excess of one year. As of December 31, 2006, no acquisition costs were deferred to future periods.

Note 1.9 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognized in the income statement.

Note 1.10 Financial assets

The Group classifies its financial assets in the three following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. This category is divided into two sub-categories: financial assets held for trading and financial assets designated at fair value through profit or loss at inception. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category, including interest and dividend income, are presented in the income statement in operating or financial results according to their nature in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as 'trade and other receivables' in the balance sheet. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.

A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans and receivables. The amounts of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognized in the income statement.

Note 1.10 Financial assets (continued)

(c) Available for sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

Securities

Change in fair value of monetary securities denominated in foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit and loss; translation differences on non- monetary securities are recognized in equity. Changes in fair value of monetary and non-monetary securities classified as available for sale are recognized in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Group's right to receive payments is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length trsanctions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relyiong as little as possibler on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 1.9.

Note 1.11 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 15. Movements on the hedging reserve in shareholders' equity are shown in Statement of changes in shareholders equity. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining hedge item is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months.

Note 1.11 Derivative financial instruments and hedging activities (continued)

(a) Cash-flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity – "cash-flow hedges". The gain or loss relating to the ineffective portion is recognized immediately in the income statement within 'other gains/(losses) – net'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). Any gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within 'finance costs', while any gain or loss relating to the effective portion of contracts hedging sales is recognized in the income statement within 'operating profit'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

(b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement within "other gains/(losses) – net".

Note 1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Note 1.13 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Note 1.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.
Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Note 1.15 Trade payable

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

Note 1.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1.17 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

In compliance with IAS 12.39, the Group has also estimated and recognized deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, including undistributed earnings of its foreign subsidiaries.

Consistent with IAS12, deferred tax assets and liabilities are not discounted.

Note 1.18 Employee benefits

(a) *Pension obligations*

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. Defined contribution plans are only effective in the Taiwan operation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

As a consequence of the early adoption of the amendement to IAS 19 – Employee benefits - actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of recognized income and expense in the period in which they arise. Such actuarial gains and losses remain insignificant.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Note 1.18 Employee Benefits (continued)

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based equity incentives

The Group operates equity-settled, share-based Equity incentive plans. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value of the option plans is calculated at the grant date, according to the Black-Scholes model, taking into account their expected lifespan. The expense is modified to take into account the actual cancellation rate of the options.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to invested equity (share capital (nominal value) and share premium) when the options are exercised.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(d) Profit-sharing and bonus plans

The Group recognizes, for certain of its subsidiaries in accordance with local legislations, a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the legal entity's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged.

Note 1.19 Provisions

Provisions for restructuring costs and legal claims are recognized when (a) the Group has a present legal or constructive obligation as a result of past events (b) it is probable that an outflow of resources will be required to settle the obligation and (c) the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the discounting effect is recognized as interest expense.

Further to the decision to wind up the company after sale of its assets, the Group accrued all identified costs deemed necessary to complete the closure of all entities, to the extent that there is no sufficient expected future income.

Note 1.20 Revenue recognition

Revenue is recognized at the fair value of the consideration received/receivable, net of value-added tax, rebates and discounts and after eliminated sales within the Group.

Print revenues

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

Circulation revenues

Circulation revenues, net of returns, are recognized on a weekly basis at the time when the publications are sold through to the customer. Circulation revenues are earned mainly through distributors.

Services and other revenues

Service revenues include commissions earned for selling products and services to third parties including insurance and warranty services on automobiles and boats. The commissions are a percentage of the value of the products or services and are recognized as earned at the date the products are sold, or when contracts are activated. In addition, other revenue includes the sale of prepaid telephone cards, used by customers to call our centres to publish an ad. Prepaid telephone card revenue is recognized when the card is sold to the customer since the use of the card essentially takes place in the month of its sale.

Online revenues

Online revenues are derived primarily from classified ads and display ads, including professional ads, consumer ads and banners which are deferred and recognized during the period when the advertisement is run. Other types of revenue include (1) subscription or one-off access fees to content and information provided through the Company's websites which are recognized over the period of usage and (2) professional solutions including virtual visits and other related services. Online revenues include revenues on products sold solely on website and revenues for contracts providing both print and online advertisements for which an allocation of revenues attributable to online revenues has been made by management based upon relative fair value.

03-07-2007

Note 1.21 Advertising expenses

The Group advertising costs are expensed as incurred. Advertising expenses are included in other external expenses in the Income Statement.

Note 1.22 Dividends or distribution to shareholders

Dividends or other distributions to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the distribution is approved by the Company's shareholders.

Note 1.23 Non-current assets (or disposal groups) held for sale and discontinued operations

Disposal group held for sale

The Group has elected to apply IFRS 5 from January 1st, 2005. A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction and not through continuing use. This implies that the asset (or disposal group) is available for immediate sale and its sale is highly probable. These assets may be a component of an entity, a disposal group or an individual non-current asset. A non-current asset (or disposal group) classified as held for sale is measured at the lower of its fair value less costs to sell and its carrying amount. Any impairment loss on write-down of the asset (or disposal group) to fair value less costs to sell is recognized in profit or loss.

Note 1.23 Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

Discontinued Operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and (a) represents a separate major line of business or geographical area of business, (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or c) is a subsidiary acquired exclusively with a view to resale. The component discontinued is clearly distinguishable operationally and for reporting purposes.
When the criteria of IFRS 5 are met, the net results of the discontinued activities, including the results of the sale and the adjustments of assets to fair value, net of selling costs, are presented under the income statement line item "Profit from discontinued operations". The application of IFRS 5 does not impact on the prior-year financial statements other than a change in the presentation of the income statement and cash flows of discontinued operations.

Note 1.24 Financial risks management

Financial risk factors

The Group's activities are exposed to financial risks, including market risk, credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management, carried out by Group Treasury management, focuses on minimizing potential adverse effects on the Group's financial performance of the unpredictability of financial markets. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Canadian dollar and consequently the US dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts.

For segment reporting purposes, each subsidiary designates contracts with Group Treasury as cash flow hedges. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies and entered into derivatives to hedge excess cash upstreams to the Netherlands.

(b) Concentration of credit risk and significant customers

The Group has no significant concentrations of credit risk. Policies are implemented in each operation to ensure that sales of products are made to professional customers with appropriate credit histories. Sales to retail customers are made in cash or via major credit cards. The Company establishes the allowance for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends and other information. No individual customer accounted for greater than 10% of trade receivable as at December 31, 2005 and December 31, 2006 or 10% of revenues for both periods presented.

(c) Credit risk with financial institutions

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and monitored with limits.

Note 1.24 Financial risks management (continued)

Financial instruments, which potentially expose the Company to concentrations of credit risk consist primarily of cash and accounts receivable. Cash and cash equivalents are deposited with financial institutions which the Company believes to be of high credit quality.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

(e) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings raised by the Group have been issued at variable rates and expose the Group to cash flow interest rate risk. The Group then manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Fair value of financial instruments:

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

Note 1.25 Accounting for Put options

Under the terms of certain acquisition agreements, the Group is committed to acquire the interests owned by minority shareholders in consolidated subsidiaries, if these minority interests wish to sell their investment. IAS 32, "*Financial Instruments: Disclosure and Presentation*", requires the value of such put option to be presented as a financial liability on the balance sheet for the discounted value of the expected exercise price of this option, notwithstanding the ability of the Company to settle part of these obligations with its own shares and not cash. In addition, the share of minority shareholders in the net asset of the company subject to the put option must be reclassified from "minority interest" to "financial liability" in the consolidated balance sheet. The Group has chosen to present, on initial recognition, the difference between the exercise price of the option and the carrying value of the minority interests first as a reduction of minority interest and then as additional goodwill. The subsequent unwinding of the discount is recognized in financial expense in the consolidated income statement under *"Non-cash interest on minority put-options"*. Any subsequent change in the value of the commitment is recorded through goodwill.

The exercise price of the option is computed based on a multicriteria approach which includes discounted cash flow analysis. Management assumptions for discounted cash flows include assumptions on projected cash flows, discount rates, residual value calculation. Also, the exercise price determination includes assumptions on the date of exercise, most frequently assumed on the first date when possible.

03 - 07 - 2007

Note 1.26 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management of the Group has made a number of estimates and assumptions, including the fair value of each remaining assets, the realizability of deferred tax assets and the assessment of accrued and contingent liabilities until the wind up of the company, among others, to prepare these financial statements in conformity with the IFRS. Actual results could differ from those estimates.

Going concern

The financial statements for both periods have been prepared on the basis of the IFRS standards and interpretations published and adopted by the European Union at the date of this report and on IAS / IFRS applicable as of December 31, 2006.

Further to the successful disposals of its principal operating assets in 2006, TCM confirms its intention to effect the orderly disposal of the remaining investment properties as soon as possible, and to return remaining value to the shareholders by means of further distributions and, subject to shareholder approval, a capital distribution through a voluntary liquidation.

The Group is following a liquidation plan of its remaining corporate activities and as a result, pursuant to IAS1§23, the 2006 Consolidated Financial Information is no longer prepared on a going concern basis. As a consequence, assets and liabilities from corporate activities include all expected costs and benefits, including accruals for litigations and expected proceeds from remaining assets, for a net liability amount of €12.4 (see a detailed breakdown on note 3 to the consolidated financial information).

Impairment

In accordance with IAS 36, "Impairment of Assets", assets generating independent cash flows and assets included within Cash-generating units (CGUs) are tested for impairment whenever events or new circumstances which arise provide indications that individual assets or CGUs may have suffered impairment losses. A CGU is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets. For the group impairment purposes, each reporting unit represents a CGU.

Assets with indefinite useful life, such as goodwill and certain tradenames are not subject to amortization but are tested annually for impairment and whenever events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization, including intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Group reviews annually goodwill and other indefinite-lived intangible assets for impairment in accordance with the accounting policy stated above. Such review requires management to make material judgments and estimates when performing impairment tests. The Group compares the carrying value of each of its geographic reporting units, including goodwill and intangible assets, to the recoverable value. The recoverable amount is the higher of the CGU's fair value less costs to sell and value in use. The value in use is determined based on estimated future pre-tax cash flows to be generated by an asset or CGU, discounted with the appropriate weighted-average cost of capital. Management applied the value in use methodology up to 2005 and changed to the fair value less costs of sell method since Management announced the sale of all its assets.

Management believes its policies relating to such impairment testing are critical accounting policies involving critical accounting estimates because determining the fair value of reporting units is based on valuation techniques and requires either to determine (i) estimated selling value through offers or comparables or (ii) value in use which requires (1) determining the appropriate discount rate to be used to discount future expected cash flow of the cash generating unit, (2) estimating the terminal value of each free cash flow computed, (3) estimating the growth rate of the revenues generated by the assets tested for impairment and (4) estimating the operating margin rates of underlying assets for related future periods.

Net proceeds from the sale of these investments may differ from the estimated fair value of each asset.

(Euro and other currencies in millions except share and per share amounts)

Note 1.26 Critical accounting estimates and judgments (continued)

Accrued and contingent liabilities

Pursuant to the successful disposals of its principal operating assets in 2006 and the Directors intention to effect the orderly disposal of the remaining investment properties as soon as possible, and to return remaining value to the shareholders by means of further distributions and, subject to shareholder approval, a capital distribution through a voluntary liquidation, all additional expected costs, including accruals for litigations, and benefits for a net liability amount of €12.4 have been recorded in the balance sheet under "accrued expenses and other liabilities". Actual costs and benefits may differ from management assessment.

Tax accounting

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for all uncertain tax positions issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Also, Management uses its best estimates to account for the use of deferred tax assets originated from net operating losses. The effective realisability of these net operating losses may differ from the expected use of them.

NOTE 2 SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group's sources and nature of risks and rates of return were affected predominantly by the fact that it operates in different countries or other geographical areas.

Further to the sale of its major operations, this classification no longer applies. The information related to discontinued operations presented in this paragraph includes only the contribution to the Group's net income, consistently with the presentation of these discontinued operations on the Group's balance sheet and income statement. 2005 information has been reclassified for consistency purposes.

This information for the period ended December 31, 2006 is as follows :

	Disposed Group	Disposal Group		Corporate activities	Total discontinued operations
		Disposal operations held for sale	Financial assets held for sale		
Net profit from continuing operations	-	-	-	-	-
Net profit from discontinued operations	1,061.4	(6.4)	(8.0)	(18.7)	**1,028.3**
Total liabilities	-	5.7	-	20.6	**26.3**
Total assets	-	12.3	49.4	80.6	**142.3**
Goodwill	-	5.9	-	-	**5.9**
Intangible assets with indefinite useful life	-	-	-	-	**-**
Property, Plant and Equipment	-	0.6	-	-	**0.6**
Capital expenditure	6.2	1.0	-	0.1	**7.3**

(Euro and other currencies in millions except share and per share amounts)

NOTE 2 SEGMENT INFORMATION (continued)

The information for the period ended December 31, 2005 is as follows :

	Disposed Group	Disposal Group		Corporate activities	Total discontinued operations
		Disposal operations held for sale	Financial assets held for sale		
Net profit from continuing operations	-	-	-	-	-
Net profit from discontinued operations	-	35.1	-	(19.3)	**15.8**
OTHER INFORMATION					
Total liabilities	581.0	4.1	-	166.6	**751.7**
Total assets	974.7	36.8	-	15.0	**1,026.5**
Goodwill	645.5	11.3	-	-	**656.8**
Intangible assets with indefinite useful life	111.2	1.5	-	-	**112.7**
Property, Plant and Equipment	30.6	0.5	-	0.6	**31.7**
Capital expenditure	9.5	10.6	-	0.7	**20.8**

NOTE 3 DISCONTINUED OPERATIONS

Discontinued operations comprise (i) the results of sold operations ("Disposed Group") until the date of sale, net income from the sale of operations, (ii) the results for the year 2006 from held for sale assets as at December 31, 2006 (" the Disposal Group") which include available for sale financial assets and (iii) the results from corporate activities.

In € millions	**Year ended December 31**	
	2006	***2005***
Results from disposed Group until date of sale	(1.6)	-
Net gain on sale of assets	1,063.0	-
Results from disposal operations	(6.4)	35.1
Results from available for sale and financial assets	(8.0)	-
Results from corporate activities	(18.7)	(19.3)
Total	**1,028.3**	**15.8**

• *Disposed Group*

During 2006, the Company disposed of a 87% stake in Trader Media East Limited ("TME") through an international offering of shares in the form of GDRs at US$13 per share on the London Stock Exchange. TME is an independent company comprising the TCM's former Russian & CIS, Baltics, Hungarian, Croatian and Polish assets. This offering resulted in approximately €450 in net proceeds to TCM for the sale of 87% of the capital. On June 8, 2006, Trader Classified Media announced the completion of the sale of its Canadian and US operations to Yellow Pages Group ("YPG") (Canada's largest directory publisher), for total consideration of approximately $CAN 760 (€540) and the completion of the sale through an MBO of its Dutch operations. On July 14, 2006, Trader Classified Media completed the sale of its Western European and Latin American operations (the "Western Europe sale") to Schibsted ASA, a leading Scandinavian media company, for total cash consideration of approximately €576. The group also finalized the sale of its 15% interest in Soufun and options for a cash consideration of approximately US$100 (€78) to Telstra, a leading Australian telecom company.

Accordingly, the results of these disposed operations have been reclassified in *"Discontinued operations, net of taxes"* for the periods presented.

(Euro and other currencies in millions except share and per share amounts)

NOTE 3 DISCONTINUED OPERATIONS (continued)

Financial information relating to the disposed operations for the year ended December 31, 2006 is as follows:

Income statement information

	Year ended December 31, 2006	Year ended December 31, 2005
Revenue	152.9	461.2
Expenses	(151.7)	(408.3)
Profit before tax from Disposed Group	1.2	52.9
Tax	(2.8)	(16.4)
Profit after income tax of Disposed Group	(1.6)	36.5
Pre-tax income recognised in the remeasurement of assets of Disposed Group	1,063.0	-
Profit from disposed group	**1,061.4**	**36.5**

The net-cash provided by the Disposed Group until the date of sale is as follows:

	December 31, 2006	December 31, 2005
Operating cash flows	23.4	58.3
Investing cash flows	(18.5)	(18.2)
Financing cash flows	(14.6)	(47.2)
Total cash flows	(9.7)	(7.1)

Net proceeds from the Disposed Group for the year ended December 31, 2006 is as follows :

	December 31, 2006
Consideration received or receivable:	
cash received	1,668.3
cash disposed of	(28.0)
Total net consideration of Disposed Group	1,640.3

Below is an analysis of the assets and liabilities of the Disposed Group until the date of the sale completion.

	At date of sale
Assets of the Disposed Group:	
property, plant and equipment	31.4
intangible assets	803.9
inventory	4.6
cash and cash equivalents	28.0
other current assets	101.3
Total assets of the Disposed Group	**969.2**
Liabilities related to Disposed Group :	
trade and other payables	38.0
Borrowings	12.2
financial liabilities related to put options	153.6
other current liabilities	30.9
Other non-current liabilities	84.4
Total liabilities of the Disposed Group	**319.1**
Total net assets of the Disposed Group	**650.1**

03-07-2007

(Euro and other currencies in millions except share and per share amounts)

NOTE 3 DISCONTINUED OPERATIONS (continued)

- ***Disposal Group***

The Disposal Group comprise (i) the disposal operations combining interests in businesses in Taiwan (Car News - 55%), China (Shou di Shou - 55%), and France and Canada (NetClub – 77%), and (ii) a 13% available for sale investment in Trader Media East.

The analysis of assets and liabilities of the Disposal Group is as follows:

	Disposal operations	Available for sale investment	Total Disposal Group
Assets of the Disposal Group:			
property, plant and equipment	0.6	-	0.6
intangible assets	7.9	-	7.9
inventory	-	-	-
Available for sale financial asset	-	49.4	49.4
cash and cash equivalents	0.9	-	0.9
other current assets	2.9	-	2.9
Total assets of the Disposal Group	**12.3**	**49.4**	**61.7**
Liabilities related to non-current assets of the Disposal Group:			
trade and other payables	1.3	-	1.3
Borrowings	-	-	-
financial liabilities related to put options	1.3	-	1.3
other current liabilities	1.4	-	1.4
Other non-current liabilities	1.7	-	1.7
Total liabilities of the Disposal Group	**5.7**	**-**	**5.7**
Total net assets of the Disposal Group	**6.6**	**49.4**	**56.0**

03-07-2007

Disposal operations

Disposal operations financial results for the for the year ended December 31, 2006 is as follows

	Year ended December 31,	
	2006	**2005**
Revenue	10.0	12.4
Expenses	(11.0)	(13.9)
Profit before tax from disposal group	(1.0)	(1.5)
Tax	-	0.1
Profit after income tax of disposal group	(1.0)	(1.4)
Pre-tax income (loss) recognised in the remeasurement of assets	(5.4)	-
Profit (loss) from disposal operations	**(6.4)**	**(1.4)**

The disposal operations, comprising businesses in Taiwan (Car News - 55%), China (Shou di Shou - 55%), and France and Canada (NetClub – 77%), generated in aggregate revenues of €10.0 and loss before tax of €(0.4) for the year ended December 31, 2006 before deducting minority interests. The determination of the net realizable value for those three assets resulted in recording a write-down of €5.4 at December 31, 2006.

Financial liability related to non-current assets held for sale is included within "liabilities related to non-current assets held for sale". These financial liabilities were mainly related to put-option granted to holders of minority interests in certain assets sold through the Initial Public Offering of Trader Media East.

(Euro and other currencies in millions except share and per share amounts)

NOTE 3 DISCONTINUED OPERATIONS (continued)

Available for sale financial investment

The 13% investment in Trader Media East Limited, a company listed on the London Stock Exchange under TME, RNS 3482T, is presented as an available-for-sale financial asset. Available-for-sale financial assets are recorded at fair market value, being for this investment the offering price from Hurryiet Invest B.V. at US$10 per GDR (One GDR being equivalent to one share).

Gain or loss on an available-for-sale financial assets is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. The Fair market value investment resulted in a reduction of the value of investment of €14.8, being the difference between the initial public offering price of €11.1 ($13) per share and the offering price per share by Hurriyet of €7.6 ($10).

The currency translation of the US$ investment in euro generated a loss of €8.0 in 2006 further to the reduction in value of US$ vs €.

The movements in Available for sale financial instruments are as follows :

	Available for sale financial assets
At January 1, 2005	-
Additions	18.8
At December 31, 2005	**18.8**
Additions	72.2
Sale of Soufun Financial asset	(18.8)
Fair market value adjustment	(14.8)
Currency translation and other movements	(8.0)
At December 31, 2006	**49.4**

The net-cash flow provided by the Disposal Group operations were as follows:

	December 31, 2006	December 31, 2005
Operating cash flows	1.1	0.6
Investing cash flows	(1.0)	(0.7)
Financing cash flows	-	0.1
Total cash flows	**0.1**	-

- *Corporate activities*

Corporate activities for the for the year ended December 31, 2006 are as follows

Income statement information	Note	Year ended December 31, 2006	2005
Revenue		-	-
Operating expenses		(17.4)	(7.9)
Net financial income (loss)		10.3	(13.8)
Net future liquidation expenses		(12.4)	-
Loss before tax from corporate activities		(19.5)	(21.7)
Tax	17	0.8	2.4
Loss from corporate activities		**(18.7)**	**(19.3)**

The net future liquidation expenses represent liabilities for the estimated cash outflows until the liquidation of Group companies. They also include personal and legal costs estimated until the liquidation expected by the end of 2007. Provisions and accruals are net of financial income estimated at €1.0 in 2007.

(Euro and other currencies in millions except share and per share amounts)

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Printing press and related equipment	Office furniture, computers and other equipment	Other	Total
At January 1, 2005					
Cost or valuation	8.8	13.2	38.0	7.0	67.0
Accumulated depreciation and impairment	(1.4)	(3.1)	(27.3)	(3.4)	(35.2)
Net value	**7.4**	**10.1**	**10.7**	**3.6**	**31.8**
Year ended December 31, 2005					
Opening net amount at January 1, 2005	7.4	10.1	10.7	3.6	31.8
Exchange differences	0.2	0.8	0.8	0.2	2.0
Acquisition of subsidiary	-	-	0.2	-	0.2
Additions	0.3	0.3	7.1	2.5	10.2
Disposals	(4.6)	-	(0.2)	(0.3)	(5.1)
Depreciation charge	(0.3)	(1.0)	(5.3)	(0.8)	(7.4)
Other (includes transfers to disposal group)	(2.9)	(10.2)	(4.0)	(2.0)	(19.1)
Closing net value at December 31, 2005	**0.1**	**-**	**9.3**	**3.2**	**12.6**
At December 31, 2005					
Cost or valuation	0.3	-	28.3	5.3	33.9
Accumulated depreciation and impairment	(0.2)	-	(19.0)	(2.1)	(21.3)
Net value	**0.1**	**-**	**9.3**	**3.2**	**12.6**
Year ended December 31, 2006					
Opening net amount at January 1, 2006	0.1	-	9.3	3.2	12.6
Exchange differences	-	-	(0.2)	(0.1)	(0.3)
Additions	-	-	2.7	0.8	3.5
Disposals	-	-	(0.4)	(0.3)	(0.7)
Depreciation charge	-	-	(2.0)	(0.3)	(2.3)
Other (includes transfers to disposal group)	(0.1)	-	(9.4)	(3.3)	(12.8)
Closing net value at December 31, 2006	-	-	-	-	-
At December 31, 2006					
Cost or valuation	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-
Net book amount	-	-	-	-	-

03-07-2007

There are no assets held under finance lease at December 31, 2006 (€0.5 at December 31, 2005).

TRADER CLASSIFIED MEDIA

Notes to Consolidated Financial Statements (Continued)
(Euro and other currencies in millions except share and per share amounts)

NOTE 5 GOODWILL AND OTHER INTANGIBLES

	Goodwill	Trade names	Advertiser bases	Websites, software and other intangibles	Total
At January 1, 2005					
Cost or valuation	679.5	192.2	37.9	28.5	938.1
Accumulated depreciation and impairment	(163.2)	(35.5)	(19.0)	(17.8)	(235.5)
Net book amount	**516.3**	**156.7**	**18.9**	**10.7**	**702.6**
Exchange differences	25.1	7.7	1.2	0.4	34.4
Acquisition of subsidiary	-	-	-	-	-
Additions	11.0	2.9	-	10.6	24.5
Disposals	-	-	-	(0.1)	(0.1)
Impairment charge	(6.0)	(0.7)	-	(5.7)	(12.4)
Depreciation charge	-	(5.5)	(4.0)	-	(9.5)
Other (includes transfers to Disposal Group)	(108.7)	(32.8)	(2.0)	(4.6)	(148.1)
Closing net book amount at December 31, 2005	**437.7**	**128.3**	**14.1**	**11.3**	**591.4**
At December 31, 2005					
Cost or valuation	513.4	160.9	32.4	25.6	732.3
Accumulated depreciation and impairment	(75.7)	(32.6)	(18.3)	(14.3)	(140.9)
Net book amount	**437.7**	**128.3**	**14.1**	**11.3**	**591.4**
Year ended December 31, 2006					
Opening net amount at January 1, 2006	437.7	128.3	14.1	11.3	591.4
Exchange differences	(6.4)	(1.9)	(0.3)	(0.2)	(8.8)
Acquisition of subsidiary	-	-	-	-	-
Additions	-	-	-	3.8	3.8
Disposals	-	-	-	-	-
Impairment charge	-	-	-	-	-
Depreciation charge	-	(1.4)	(1.2)	(3.5)	(6.1)
Other (includes transfers to Disposal Group)	(431.3)	(125.0)	(12.6)	(11.4)	(580.3)
Closing net book amount at December 31, 2006	-	-	-	-	-
At December 31, 2006					
Cost or valuation	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-
Net book amount	-	-	-	-	-

"Websites, software and other intangibles" category includes internally generated capitalized software development costs and other costs.

(Euro and other currencies in millions except share and per share amounts)

NOTE 5 GOODWILL AND OTHER INTANGIBLES (continued)

Impairment tests for goodwill

Held for sale assets value is determined in 2006 based on fair value less cost of sale calculations. Fair value is determined through offers made to the group or management expectations of possible selling price.

This differs from the methodology used in 2005 when recoverable amount of a Cash Generated Unit was determined based on value-in-use calculations. These calculations used cash flow projections covering a five-year period based on past performance and management expectations of market development. Cash flows beyond the five-year period were extrapolated using estimated growth rates. Weighted average growth rates used were consistent with industry reports forecasts and did not exceed long-term average growth rate for the business in which the Cash Generated Unit operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Assumptions used to determine the value in use included perpetual growth rates in the range of 2.0% to 4.0% (7% for China) and average cost of capital in the range of 7.3% to 8.3% in 2005. Also, sensitivity of assumptions was used in the impairment tests including assumptions on the net cash flows or WACC. These sensitivities tests resulted in no material impacts.

These assumptions have been used for the analysis of each CGU within the business segment.

As a result of the impairment test conducted in 2006, an impairment charge, reflecting the lower or the net book value and the fair value less costs to sell, related to the Asian and Chinese assets and Netclub operations has been recorded for an amount of €5.4. This impairment charge is reflected in the net results of disposal operations. The impairment charge was €9.7 in 2005 and related to disposed operations in 2006.

NOTE 6 INVESTMENTS IN ASSOCIATES

	December 31, 2006	December 31, 2005
Beginning of the year	0.1	-
Acquisition of subsidiary	-	0.5
Share of loss/profit	-	(0.4)
Sale of subsidiary	(0.1)	-
End of the year	-	0.1

Investments in Associates only included a 49% interest in Infojobs Italia Srl sold in July 2006 as part of the Western European Sale.

NOTE 7 TRADE RECEIVABLES

	December 31, 2006	December 31, 2005
Trade receivables, gross	-	46.5
Provision for impairment loss	-	(5.3)
Trade receivables, net	-	41.2

Trade receivables for the disposal group are included within "assets held for sale".

(Euro and other currencies in millions except share and per share amounts)

NOTE 8 OTHER RECEIVABLES

	December 31, 2006	December 31, 2005
Prepaid expenses	0.1	7.5
Receivables related to VAT	0.6	3.9
Other receivables	3.0	6.8
Other receivables	**3.7**	**18.2**

Other receivables and other assets primarily relates to receivables from Trader Media East as at December 31, 2006.

NOTE 9 CASH AND CASH EQUIVALENTS

	December 31, 2006	December 31, 2005
Cash at bank and in hand	76.6	10.2
Short term deposits & Promissory notes	-	1.8
Cash and cash equivalents	**76.6**	**12.0**

The effective interest rate on short-term deposits was 2.4% in 2005. These deposits have an average maturity date of less than one month.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	December 31, 2006	December 31, 2005
Cash and cash equivalents	76.6	12.0
Less Bank overdrafts	-	(1.7)
Cash and bank overdrafts	**76.6**	**10.3**

Included in Cash and cash equivalent is restricted cash in connection with the sale of our 15% investment in Soufun. €7.6 (US$9.7) of the proceeds from the sale has been placed in an escrow account. The escrow account expires on December 31, 2007.

03-07-2007

NOTE 10 SHARE CAPITAL

	Ordinary shares	Share premium	Treasury shares	Total
At January 1st, 2005	**79.0**	**723.3**	**-**	**802.3**
Issuance of share	0.1	3.3	-	3.4
Distribution to shareholders	-	(59.7)	-	(59.7)
Treasury shares purchased	-	-	(0.7)	(0.7)
At December 31, 2005	**79.1**	**666.9**	**(0.7)**	**745.3**
Issuance of share	1.5	44.9	-	46.4
Distribution to shareholders	-	(711.2)	-	(711.2)
Treasury shares purchased	-	-	0.7	0.7
At December 31, 2006	**80.6**	**0.6**	**-**	**81.2**

(Euro and other currencies in millions except share and per share amounts)

NOTE 10 SHARE CAPITAL (continued)

Ordinary shares

A description of the shares of Trader Classified Media N.V. is provided below:

	December 31, 2006	December 31, 2005
Par value		
Class A, €0.16 nominal value; 1,783,282,600 and 1,783,282,600 shares authorized, 67,982,556 and 58,680,895 issued and outstanding as of December 31, 2006 and 2005, respectively; one vote per share.	10.9	9.4
Class B, €1.92 nominal value; 36,300,000 and 36,300,000 shares authorized, 36,300,000 and 36,300,000 shares issued and outstanding as of December 31, 2006 and 2005, respectively; 12 votes per share.	69.7	69.7
Total par value	**80.6**	**79.1**
Share premium	**0.6**	**666.9**
Total share capital and share premium	**81.2**	**746.0**

Class A Common Shares

Each Class A common share is entitled to one vote per share and has similar distribution rights as Class B shares. A reconciliation of activity for Class A Common Shares during 2006 and 2005 is as follows:

	Shares	Par Value	Share premium
Balances, January 1st, 2005	57,845,924	9.3	645.8
Exercise of share options	834,971	0.1	3.3
Distribution to shareholders	-	-	(59.7)
Balances, December 31, 2005	58,680,895	9.4	589.4
Exercise of share options	9,301,661	1.5	122.4
Distribution to shareholders	-	-	(711.2)
Balances, December 31, 2006	**67,982,556**	**10.9**	**0.6**

Class B Common Shares

Holders of Class B Common Shares are entitled to 12 votes per share in a general meeting of shareholders. Each Class B Common Share shall be automatically converted into 11 Class C Shares and 1 Class A Common share upon transfer to any person other than a permitted transferee of Class B Common Shares and other than certain transfers resulting in the transferee holding a majority of the voting interests. Such permitted transferees consist only of (i) John H. McCall MacBain, Eric Teyssonnière de Gramont and certain of their family members, (ii) corporations and trusts wholly-owned by or solely for the benefit of John H. McCall MacBain or Eric Teyssonière de Gramont and certain of their family members and (iii) not-for-profit entities to which Class B Common Shares have been donated.

Upon any transfer of any Class B Common Shares the transferee of such shares must immediately transfer all Class C Shares received by such transferee upon such transfer to Trader Classified Media for no consideration. Trader Classified Media may then redeem and cancel all such Class C Shares for no consideration.

(Euro and other currencies in millions except share and per share amounts)

NOTE 10 SHARE CAPITAL (continued)

Distributions of all types (other than share dividends), including dividends and liquidation distributions, to be confirmed, among common shareholders shall be made ratably, as a single class, regardless of the relative nominal value of the Class A and Class B Common Shares. If a share dividend is paid on Class A Common Shares, a dividend at the same rate, payable in Class B Common Shares, must be paid on the Class B Common Shares, and vice versa. Trader Classified Media may not issue additional Class B Common Shares except in payment of such a share dividend. The shares of one class of common shares may not be split or combined, or the nominal value thereof changed, unless the shares of the other class are proportionally split or combined, or the nominal value thereof proportionally changed.

Class C Shares

Each Class C Share has a nominal value of €0.16 and is entitled to a non-cumulative cash dividend up to €0.16 per year. In the event of a liquidation of the Group's assets, holders of Class C Shares shall be entitled to payment out of the net assets available for distribution to shareholders of € 0.16 per share, and no more. Holders of Class C Shares are entitled to one vote per share in a general meeting of shareholders. Trader Classified Media can redeem and cancel all issued Class C Shares at any time, in whole or in part, provided such redemption and subsequent cancellation has been approved by the general meeting of shareholders of Trader Classified Media. For Class C shares held by the Company no consideration will be payable upon such redemption and cancellation. There are 168,300,000 shares authorized and 0 (zero) issued and outstanding as of December 31, 2006 and 2005.

Share options

The Group has three share options plans. In accordance with the transitional provisions of IFRS 2 *"Share Based payments"*, IFRS 2 has been applied only to grants made after November 7, 2002 that were unvested as of January 1, 2005.

In accordance with the Plan documents, the Compensation and Nominating Committee accelerated the vesting of options under the 1998 and the 2000 equity incentive plans in the first semester of 2006. Accelerated option grants included grants of options to employees in disposed of operations, grants to employees in headquarter and central support operations, as well as grants made to directors. In certain cases, the acceleration of vesting is dependent upon the beneficiary entering into a share restriction agreement. Acceleration of vesting resulted in an immediate recognition of the amount that otherwise would have been recognized for services received over the remainder of the vesting period, for an amount of €0.2 in 2006. All in-the-money vested options were exercised prior to September distribution.

The information below relates to all share options plans. The plans which were accounted for under IFRS 2 are presented under the paragraph "Share options restated under IFRS" at the end of this note.

		Exercise Price per share	
	Number of Options	Range	Weighted Average
January 1, 2005	**9,409,615**	**1.64 – 17.45**	**5.01**
Granted	905,000	11.00 – 13.24	11.37
Exercised	(834,971)	1.64 – 9.71	4.06
Cancelled / Forfeited	(164,998)	1.64 – 10.48	6.42
Adjustments	468,725	1.56 – 16.62	5.33
December 31, 2005	**9,783,371**	**1.56 – 16.62**	**5.42**
Granted	-	-	-
Exercised	(9,301,661)	1.56 – 16.62	4.98
Cancelled / Forfeited	(158,725)	1.56 – 16.62	12.49
December 31, 2006	**322,985**	**6.09 – 16.62**	**14.48**

Outstanding options expire 10 years from grant date, ranging from 2010 and 2015. As the exercise price of remaining outstanding options is above market value, the Company expects that the remaining options will never be exercised.

NOTE 10 SHARE CAPITAL (continued)

Trader Classified Media's 1998 Equity Incentive Plan, 1999 Option Plan and 2000 Option Plan (together the "Equity Plans") provided for the grant of options to purchase Class A Common shares to key employees and other individuals who provide services to the Group. The Equity Plans are administered by a committee appointed by the Supervisory Board. Options generally expire ten years after grant date or 12 months after termination of business relationship, whichever is earlier, and generally vest in equal annual instalments over a five-year period. No further grants will be made under the Company's Equity Plans.

Exceptional distributions and share option adjustment

In 2004 and 2005, Trader Classified Media N.V. made three exceptional distributions to shareholders of respectively €406.5 (€4.35 per share) on April 26, 2004, €81.0 (€0.86 per share) on November 4, 2004, and €59.7 (€0.63 per share) on July 30, 2005 through the repayment of Additional Paid-In Capital. In accordance with the terms of the option plans, the total number and exercise price of the outstanding option grants were adjusted in order to restore the economic position of option holders to their position pre-distribution. These adjustments resulted in an increase of 4,878,188 of the number of options and the reduction of the exercise price from a range of €2.82 to €30.0 to a range of €1.56 to €16.62.

In 2006, Trader Classified Media N.V. made two additional exceptional distributions to shareholders of respectively €1,147.1 (€11.00 per share) on September 26, 2006 and €57.4 (€0.55 per share) on November 15, 2006 through a combination of dividend and repayment of Additional Paid-In Capital. In the money options were exercised prior to the September distribution, resulting in no adjustment.

Restricted Shares

In May 2002 and March 2003, respectively 135,000 and 75,000 Class A Common Shares (the "Restricted Shares") were sold to our Chief Operating Officer ("COO") for consideration equal to the nominal value of €0.16 per share, subject to a Share Restriction Agreement. Vesting of these restricted shares was scheduled on December 31, 2006, subject to the COO maintaining a business relationship with the Company at that date, with vesting accelerating upon certain change of control events. The fair value of the shares on grant date has been recorded as deferred compensation expense and amortized on a straight-line basis over the vesting period, generating compensation expense of €0.4 in 2005 and 2006.

In May 2002 Trader Classified Media COO was also granted a loan of €0.5 principally used to acquire the Restricted Shares and an additional 50,000 Class A Shares at the fair value of €8.01 per share. The rate of interest under the loan was equal to the then-prevailing rate of the Company's revolving line of credit, determined on a quarterly basis.

The restricted shares vested upon completion of the Western Europe Sale on July 14, 2006. As of July 30, 2006 the principal and accrued interest under the loan was fully reimbursed by the COO.

(Euro and other currencies in millions except share and per share amounts)

NOTE 10 SHARE CAPITAL (continued)

Share options and restricted shares restated under IFRS 2 Share-based payments

IFRS 2 Share-based payments allows the Company to use the fair value model only for options granted since November 7, 2002. The following tables present options accounted for under IFRS 2.

	Options	Exercise Price per share	
		Range	Weighted share price
January 1, 2005	**3,221,461**	**4.19 – 8.73**	**4.86**
Granted	905,000	11.00 – 13.24	11.37
Exercised	(56,513)	4.12 – 6.93	4.66
Cancelled / Forfeited	(81,328)	4.08 – 10.48	8.62
Adjustments	193,518	3.99 – 10.48	5.77
December 31, 2005	**4,182,138**	**3.99 – 13.24**	**5.97**
Granted	-	-	-
Exercised	(4,182,138)	3.99 – 13.24	5.97
Cancelled / Forfeited	-	-	-
Adjustments	-	-	-
December 31, 2006	**0**	**-**	**-**

Options have been granted in 2005 at a weighted average share price of €11.37 and fair value of €2.24. No option has been granted in 2006.

The fair value of each option grant is estimated at grant date using the Black-Scholes option pricing model with the following assumptions for the year ended December 31, 2005:

	December 31, 2006	December 31, 2005
Expected dividend yield	N/A	5%
Expected stock price volatility	N/A	30%
Risk-free interest rate	N/A	4,03%
Expected life	N/A	6

03-07-2007

Share stabilization program

Subject to certain provisions of the bylaws and Dutch law, the Company may acquire its own shares free of charge or by universal transmission of assets. The shares held by the Company are devoid of a right to vote and cannot benefit from a distribution of dividends or liquidating dividends. During the general shareholders' meeting on June 27, 2002, the Company's shareholders authorized the Company to buy back the Company's shares up to a maximum of 10% of the share capital and have renewed their authorization every year. On January 21, 2005 the AMF issued approval No. 05-031 for the latest information note prepared by the Company describing the purposes and methods of the share buyback program authorized by the general shareholders' meeting on June 25, 2004 and by the Management Board on January 12, 2005. The objectives of this program by order of priority are (i) to ensure market activity in the Company's stock through a liquidity agreement, (ii) to use repurchased shares as a form of consideration in an acquisition, merger or similar external development operation, (iii) to grant options and restricted shares to officers of the Company and the Group and (iv) to hold shares as treasury stock.

As part of stock market price stabilization program, the Company appointed an independent broker under the liquidity contract to ensure liquidity in the trading of its stock and initially made €1.0 available to the broker for use in the program.

As part of its share stabilization program, the Company purchased 130,212 Class A shares and sold 183,212 Class A shares between January 1, 2006 and July 2006. The average price of purchased shares was €11.97 and of sold shares €11.97. The stabilization program was terminated in July 2006.

(Euro and other currencies in millions except share and per share amounts)

NOTE 11 OTHER RESERVES

Statement of recognized Income and expense

	2006	2005
Net fair value gains, gross of tax:		
Cash flow hedges	(1.8)	2.8
Currency translation differences	(12.2)	18.5
Net income recognized directly in equity	(14.0)	21.3
Profit for the year	1,026.5	15.8
Total recognized income for the year	1,012.5	37.1
Attributable to:		
Equity holders of the Company	1,012.4	27.7
Minority interest	0.1	9.4
	1,012.5	37.1

NOTE 12 BORROWINGS

In July 2005, the Group entered into a new €750 senior debt facility led by BNP Paribas, syndicated with a pool of 16 banks. This new facility replaced Trader's three outstanding senior debt facilities totaling approximately €365, without penalty. The new facility provided a significant improvement in financial conditions, considerably greater operating flexibility and reflected the Company's migration from a leveraged credit to a crossover corporate credit.

The new bank credit facility included several tranches maturing 5 to 6 years from the closing date. The interest margin applicable for all tranches of 125 bps over Euribor or applicable IBOR was subject to downward adjustments, based on certain thresholds.

Further to the sale of the 87% interest in Trader Media East in February and the sale of the North American operations in June 2006, all the BNP bank facilities were fully reimbursed on June 30, 2006.

	December 31, 2006	December 31, 2005
Non-current		
Senior Debt Facilities	-	301.3
Deferred acquisition debt and other debt	-	4.3
Total non-current borrowings	-	**305.6**
Current portion of long-term borrowings		
Senior Debt Facilities	-	118.6
Deferred acquisition debt and other debt	-	1.5
Overdrafts	-	1.7
Total current borrowings	-	**121.8**

(Euro and other currencies in millions except share and per share amounts)

NOTE 12 BORROWINGS (continued)

	December 31, 2006	December 31, 2005
(i) Senior Debt Facilities		
BNP Paribas Agreement on July 1, 2005 for €750, of which €350 was drawn down on July 8, 2005:		
Amortizing multicurrency term loan of €350, maturing in 5 years at 125 bps over EURIBOR or applicable IBOR, comprising of:		354.1
Acquisition: €200 multicurrency acquisition loan, available through July 8, 2005 to March 16, 2006 for identified acquisitions		-
Revolving: €200 multicurrency revolving credit facility, available through July 8, 2005 until July 8, 2010		78.4
Total Senior Debt Facilities	-	432.5
(ii) Deferred acquisition debt and other debt	-	5.7
Less unamortized deferred financing fees	-	(12.5)
Total Borrowings	-	425.7
Borrowings – current portion	-	120.1
Borrowings – long term portion	-	305.6

As a consequence of the new facility, previously capitalized deferred financing fees related to the former credit agreements were recorded as finance expense in 2005 income statement for an amount of €14.3. Also, hedge instruments related to the former agreement were unwound for a cash amount of €0.7.

The maturities of long-term debt are as follows:

	December 31, 2006	December 31, 2005
Between 1 and 2 years	-	51.4
Between 2 and 5 years	-	253.9
Over 5 years	-	0.3
	-	305.6

The effective interest rates at the balance sheet date were as follows:

	December 31, 2006			December 31, 2005		
	US dollar	Canadian dollar	EUR	US dollar	Canadian dollar	EUR
Bank borrowings	-	-	-	4.59%	5.33%	4.34%
Equipment debt	-	-	-	-	-	-

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	2006	2005	2006	2005
Bank borrowings	-	301.3	-	301.3
Equipment debt	-	2.2	-	2.2
Other debt	-	2.1	-	2.1
	-	305.6	-	305.6

TRADER CLASSIFIED MEDIA

Notes to Consolidated Financial Statements (Continued)
(Euro and other currencies in millions except share and per share amounts)

NOTE 12 BORROWINGS (continued)

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.5% (2004: 7.2%). The carrying amounts of current portion of borrowings approximate their fair value.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	December 31, 2006	December 31, 2005
Euro	-	250.0
US dollar	-	27.5
Canadian dollar	-	148.2
	-	425.7

NOTE 13 FINANCIAL LIABILITY RELATED TO PUT OPTIONS

In the course of its past acquisitions, TCM entered into put-option contracts with minority interest in acquired business. Further to the sale of investments during the year, the only outstanding contract at December 31, 2006 is related to the NetClub investment. In relation to the initial purchase of a 80.25% interest in NetClub BV, a 95.95% direct subsidiary of Trader (Netclub) Holdings BV, the Company granted a put option to the 19.75% minority interest over their shares. This right is exercisable with an exercise price determined through an earnings-based formula. The fair value of the put option is estimated at €1.3 as at December 31, 2006 and recorded as part of "liabilities related to non-current assets held for sale".

NOTE 14 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	December 31, 2006	December 31, 2005
Deferred tax assets		
deferred tax asset to be recovered after more than 12 months	-	11.0
deferred tax asset to be recovered within 12 months	-	3.0
	-	14.0
Deferred tax liabilities:		
deferred tax liability to be recovered after more than 12 months	-	(44.5)
deferred tax liability to be recovered within 12 months	-	(1.2)
	-	(45.7)
Net deferred tax liability	-	(31.7)

The gross movement on the deferred income tax account is as follows:

	December 31, 2006	December 31, 2005
Beginning of the period	(31.7)	(39.3)
Charged/(credited) to income statement	(0.1)	0.4
Acquisition of subsidiary	-	(0.5)
Change in perimeter and other	30.6	9.6
Foreign exchange (CTA)	1.2	(1.9)
End of the period	-	(31.7)

Significant deferred tax liabilities were recorded in prior years pursuant to the purchase price allocation of acquired assets. The sale of major operations in 2006 resulted in a significant reduction of this deferred income tax liability reflected in "change in perimeter and other".

(Euro and other currencies in millions except share and per share amounts)

NOTE 14 DEFERRED INCOME TAX (Continued)

At December 31, 2006, the Trader Classified Media N.V. had €108.9 of accumulated net operating loss carry forwards, , including €36.9 which expires in various years from 2011 through 2012 and €72.0 expires from 2013 through 2015. Including in the €108.9 are €36.9 related to the fiscal years up to 2003 and formally assessed by the Dutch Tax Authorities. The Group has not recognized any deferred income tax asset on these nols given the non-probability of future taxable profit generation.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	December 31, 2006	December 31, 2005
Deferred tax assets:		
Allowance for doubtful accounts	-	-
Accrued liabilities and deferred revenues	-	0.9
Fixed assets	-	2.3
Net operating loss carry forwards	-	7.8
Other	-	3.0
Deferred tax assets:	-	**14.0**
Deferred tax liabilities:		
Accrued liabilities	-	(1.2)
Fixed assets and intangibles	-	(43.4)
Other	-	(1.1)
Deferred tax liabilities	-	**(45.7)**
Net deferred tax liability	-	**(31.7)**

NOTE 15 DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2006		December 31, 2005	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward foreign exchange contracts – Cash flow hedges	-	-	-	0.1
Interest rate swaps- Cash flow hedges	-	-	1.1	-
Interest rate options – Cash flow hedge	-	-	0.2	0.1
Total	-	-	€1.3	€0.2
Non-current portion	-	-	1.3	0.1
Current portion	-	-	-	0.1
Total	-	-	€1.3	€0.2

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedge item is less than 12 months.

03-07-2007

Notes to Consolidated Financial Statements (Continued)
(Euro and other currencies in millions except share and per share amounts)

NOTE 16 OTHER PROVISIONS AND RETIREMENT BENEFITS

	Restructuring & liquidation	Post-employment benefits	Legal claims	Total
At 1 January 2005	0.8	3.9	0.2	4.9
Charged to consolidated income statement:				
Additional provisions	0.1	0.7	0.2	1.0
Unused amounts reversed	-	-	-	-
Exchange differences	-	-	-	-
Increase in provision – discount unwinding	-	-	-	-
Used during year	(0.8)	(0.3)	(0.3)	(1.4)
At 31 December 2005	0.1	4.3	0.1	4.5
Charged to consolidated income statement:				
Additional provisions	19.4	-	-	19.4
Unused amounts reversed	-	(0.2)	-	(0.2)
Discontinued operations	(0.1)	(4.1)	(0.1)	(4.3)
Exchange differences	-	-	-	-
Increase in provision – discount unwinding	-	-	-	-
Used during year	(7.0)	-	-	(7.0)
Reclassification to "Provisions, accrued expenses and other liabilities"	(12.4)	-	-	(12.4)
At 31 December 2006	-	-	-	-

Restructuring provisions have been impacted by an increase of €19.4 in 2006, of which €7.0 was paid during the period. These provisions are net of €1.0 of financial income expected in 2007. Post-employment benefits were reduced to NIL with the Western European sale.

NOTE 17 INCOME TAX EXPENSE / BENEFIT

03-07-2007

The income tax benefit from our corporate activities in 2006 is primarily generated by the release of tax provisions for €1.1 as a result of the positive outcome of certain tax audits. The breakdown of income tax benefit on our corporate activities is as follows:

	2006	2005
Current income tax benefit	0.7	2.7
Deferred income tax benefit	0.1	(0.3)
	0.8	2.4

	2006	2005
Income before income taxes	(20.3)	(21.7)
Estimated statutory tax expense	6.0	6.8
Utilisation of previously unrecognized tax losses	-	-
Effect of foreign tax rate differences	0.7	0.1
Non-deductible differences:		
Write-down of goodwill and other	(5.9)	(4.5)
Income tax benefit	**0.8**	**2.4**

Income tax benefit has been reduced in 2006 with the restriction on deducting certain restructuring and corporate expenses.

(Euro and other currencies in millions except share and per share amounts)

NOTE 18 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2006	2005
Profit from continuing operations attributable to equity holders of the Company	-	-
Weighted average number of ordinary shares in issue	98,332,417	94,681,839
Basic earnings per share (€ per share)	-	-
Profit from discontinued operations attributable to equity holders of the Company	1,026.5	12.7
Weighted average number of ordinary shares in issue	98,332,417	94,681,839
Basic earnings per share (€ per share)	10.44	0.13
Profit attributable to equity holders of the Company	1,026.5	12.7
Weighted average number of ordinary shares in issue	98,332,417	94,681,839
Basic earnings per share (€ per share)	10.44	0.13

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Only share options are dilutive potential ordinary shares. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the years ending December 31, 2006 and 2005 is computed including the effect of 0 and 5,475,138 issuable shares upon the exercise of share options.

	2006	2005
Profit from continuing operations attributable to equity holders of the Company	-	-
Weighted average number of diluted ordinary share	98,332,417	100,156,977
Diluted earnings per share (€ per share)	-	-
Profit from discontinued operations attributable to equity holders of the Company	1,026.5	12.7
Weighted average number of diluted ordinary share	98,332,417	100,156,977
Diluted earnings per share (€ per share)	10.44	0.13
Profit attributable to equity holders of the Company	1,026.5	12.7
Weighted average number of diluted ordinary share	98,332,417	100,156,977
Diluted earnings per share (€ per share)	10.44	0.13

03-07-2007

(Euro and other currencies in millions except share and per share amounts)

NOTE 19 CASH GENERATED FROM OPERATIONS

This table reconciles net income to cash flow generated from operations as per statements of cash flows.

	Note	2006	2005
Net Profit for the period		**1,028.3**	**15.8**
Adjustments for:			
Minority interests		-	6.1
Income taxes	18	0.2	14.9
Depreciation	4	1.0	8.9
Amortisation		0.8	25.0
Provision for doubtful accounts		1.2	4.5
Goodwill and intangible impairment charge		-	0.7
Profit on sale of property, plant and equipment		-	(4.6)
Net fair value gains on derivative financial instruments		(1.9)	0.6
Fair value losses (including loss on disposal) on other financial assets		13.4	0.7
Interest expense		(3.6)	42.4
Dividends received		(3.2)	-
Share of loss from associates		0.1	0.4
Non cash compensation expense		0.5	2.0
Foreign exchange gains		(1.2)	(1.7)
Net future liquidation expenses		12.4	-
Net change in disposal group held for sale		(1,038.4)	-
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
Inventories		(0.6)	(0.6)
Trade and other receivables		(4.2)	(7.9)
Trade and other payables		3.5	(5.5)
Cash generated from operations		**8.3**	**101.7**

NOTE 20 COMMITMENTS AND CONTINGENCIES

Commitments

The commitments reflecting minimum lease payments under existing operating leases for office space, automobiles and office equipment amount to approximately €0.8 in 2006. All major lease contracts have been terminated by December 31, 2006 but certain termination agreements include future operating lease payments in 2007 for an amount of €0.3, which are reflected in the liabilities. Lease expense amounted to €0.8 and €0.7 for the years ended December 31, 2006 and 2005, respectively.

Contingencies

The Group is or may be involved in various litigation and tax audits arising in the normal course of business in several countries. The Group believes that none of these actions, individually or in the aggregate, will have material adverse effect on the Group's results of operations or financial position. In particular, the Company is involved in an arbitration proceeding in Hungary regarding the calculation of an earn-out payment payable to the sellers in relation to the 2003 acquisition of Kisokos. The contract caps the maximum amount payable for the earn-out at HUF 4,000 (approx. €16.5). After a thorough review of the financial statements, the Company and its advisors believe that no further amounts are due to the sellers. The Economic Board of the Hungarian Capital Court recently suspended execution of a €8.2 local arbitration award against the Company until the conclusion of criminal investigations against the seller as to whether the evidence produced by the seller in the arbitration was fraudulent. The Court held that an arbitration decision based on falsified accounts produced by seller would be against public order and therefore void and unenforceable, a conclusion that reinforces the Company's view.

In addition, the sale of the Company's Australian business was the subject of an audit by the Australian Taxation Office ("ATO"). In March 2006, the ATO informed the Company that it had closed its audit, definitively concluding that no tax was due in Australia on this sale.

(Euro and other currencies in millions except share and per share amounts)

NOTE 20 COMMITMENTS AND CONTINGENCIES (Continued)

Cash restrictions

In connection with the sale of our 15% investment in Soufun and our Netclub activities, part of the proceeds from the sale have been placed in escrow accounts for a total amount of €9.1. The escrows expire during the second semester 2007, upon absence of warranty claim.

NOTE 21 BUSINESS COMBINATIONS

2006 Acquisitions

The sole acquisition performed in 2006 was the purchase of Servicios de Geomarketing Immobiliaro S.L. in Spain for an amount of €0.5.

2005 Acquisitions

The following table presents for each 2005 acquisition summary information regarding the acquisition and the total consideration paid by the Company at the acquisition date including direct costs of acquisition and earn-out payments made by the Company during and subsequent to the acquisition through December 31, 2005.

Acquisition Name	Country	Date Acquired	Percentage Ownership Acquired	Total Consideration
Shou di Shou	China	March 10	55%	4.5
Toronto Buy and Sell	Canada	July 14	90%	4.1
Annuncigratuiti.it	Italy	Feb 23	100%	1.2
E-List	Canada	Nov 21	30%	0.6
Others (including acquisitions in Eastern countries)				4.2
Total Acquisitions during 2005				**14.6**
Add: earn-out paid and deferred acquisition payments in 2005				1.5
Total Cash paid for acquisitions				**16.1**

The assets and liabilities arising from the acquisitions are as follows:

	Acquiree's Fair value	Acquiree's carrying amount
Goodwill	11.0	11.0
Other Intangible assets	4.3	4.3
Investments	0.3	0.3
Net tangible assets acquired	2.2	2.2
Deferred income tax liability	(0.9)	(0.9)
Cash and cash equivalents	(0.8)	(0.8)
Total Cash paid for acquisitions	**16.1**	**16.1**

Also in 2005, the Company purchased for $22.5 (€18.8) an investment of 15% and was granted a call option to further increase its stake in Soufun.

(Euro and other currencies in millions except share and per share amounts)

NOTE 22 BOARD REMUNERATIONS

Key management compensation

Remuneration of Members of the Management Board in 2006.

	Remuneration (in k€)	Incentive (in k€)	Total (in k€)	Stock options issued	Stock options exercised	Average value of stock options exercised
John McCall MacBain	80.0	-	80.0	-	2,642,836	3.64
Didier Breton	250.3	96.0	346.3	-	2,402,024	7.42
François Jallot	265.2	86.0	351.2	-	287,152	5.21
Ruud Waals	174.0	-	174.0	-	43,510	6.16
Total	**769.5**	**182.0**	**951.5**	-	**5,375,521**	**5.22**

Remuneration of Members of the Management Board in 2005.

	Remuneration (in k€)	Incentive (in k€)	Total (in k€)	Stock options issued	Stock options exercised	Average value of stock options exercised
John McCall MacBain	100.0	-	100.0	-	-	-
Didier Breton	314.2	77.7	391.9	150,000	-	-
François Jallot	227.3	88.3	315.6	50,000	-	-
Ruud Waals	171.1	10.0	181.1	15,000	-	-
Total	**812.6**	**176.0**	**988.6**	**215,000**	-	-

Remuneration of Members of the Supervisory Board in 2006

Name	Attendance fees (in k€)	Stock options issued	Stock options exercised	Average value of options exercised
William Altman	43.8	-	36,139	4.41
Robert Fetherstonhaugh	41.3	-	432,407	2.65
Barry Nalebuff	30.0	-	18,070	4.41
René Rijntjes	20.0	-	18,070	4.41
Sean Riley	27.5	-	36,139	4.41
Donald Sobey	25.0	-	-	-
Christiaan Antonius van den Berg	36.2	-	18,070	4.41
Eric Teyssonnière de Gramont	37.5	-	386,233	1.56
	261.3	-	945,128	2.44

Remuneration of Members of the Supervisory Board in 2005.

Name	Attendance fees (in k€)	Stock options issued	Stock options exercised	Average value of options exercised
William Altman	51.2	-	-	-
Robert Fetherstonhaugh	42.5	-	-	-
Barry Nalebuff	33.8	-	-	-
René Rijntjes	27.5	-	-	-
Sean Riley	36.3	-	-	-
Donald Sobey	25.0	-	-	-
Christiaan Antonius van den Berg	37.5	-	-	-
Eric Teyssonnière de Gramont	37.5	-	-	-
	291.3	-	-	-

03-07-2007

TRADER CLASSIFIED MEDIA

Notes to Consolidated Financial Statements (Continued)
(Euro and other currencies in millions except share and per share amounts)

NOTE 23 RELATED PARTY TRANSACTIONS

Loans provided to the Management Board Members

On August 31, 2006, short term loans have been granted to Mr John H. McCallMacBain, Breton, Jallot and Waals for respectively €9.6, €17.8, €1.5 and €0.3 to allow for stock options exercise. Shares issued upon the exercise of options were pledged under the loan agreements. These short term not-bearing interest loans have been fully reimbursed on September 26 upon the distribution to shareholders.

The Group has not performed any purchase or sale of goods and services with related parties. There are no related party balances as at December 31st 2006.

Related party financing

In May 2002, our COO was granted a loan of €0.5 used to acquire 135,000 Restricted Shares, for consideration equal to the nominal value of €0.16 per share, and an additional 50,000 Class A Shares at the fair market value of €8.01 per share. The loan and interest were fully reimbursed on July 30, 2006.

	December 31, 2006	December 31, 2005
Beginning of the period	0.6	0.5
Loans advanced during year	-	-
Loan repayments received	(0.7)	-
Interest charged	0.1	0.1
End of the period	-	**0.6**

Company's Parent

Trader Classified Media N.V. parent is Jactmac B.V., a Dutch Company registered in the Netherlands.

03-07-2007

NOTE 24 EVENTS AFTER THE BALANCE SHEET DATE

Refer to the subsequent events paragraph on page 9 of this annual report.

TRADER CLASSIFIED MEDIA N.V.
Company-only Balance Sheets
(in millions of euros)
before proposed appropriation of result

	Notes	December 31, 2006	December 31, 2005
ASSETS			
Fixed assets:			
Financial fixed assets	2	203.6	368.5
Total fixed assets		203.6	368.5
Current assets:			
Prepaid expenses	3	-	2.7
Other receivables		0.2	0.2
Cash		68.6	0.5
Total current assets		68.8	3.4
Total assets		**272.4**	**371.9**

	Notes	December 31, 2006	December 31, 2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Share capital		80.6	79.1
Share premium	12	0.6	666.9
Treasury shares		-	(0.7)
Retained earnings		(976.5)	(496.4)
Net income for the period		1,026.5	12.7
Non current assets held for sale directly recognized in equity and legal reserves for cash flow hedges		(14.8)	1.8
Cumulative Translation Adjustment		(0.4)	10.1
Total equity	11	116.0	273.5
Long-term debt	4	-	96.0
Current liabilities:			
Accounts payable and accrued liabilities	5	4.6	2.3
Provision for accrued expenses and liabilities	6	12.4	-
Payable to subsidiaries	7	139.4	0.1
Total current liabilities		156.4	2.4
Total liabilities and shareholders' equity		**272.4**	**371.9**

See accompanying notes to the financial statements.

03-07-2007

TRADER CLASSIFIED MEDIA N.V.
Company-only Income Statements
(in millions of euros)

	December 31, 2006	December 31, 2005
Net result after tax from subsidiaries	514.3	16.3
Other after tax income and (expenses)	512.2	(3.6)
Net income	**1,026.5**	**12.7**

See accompanying notes to the financial statements.

TRADER CLASSIFIED MEDIA N.V.
Notes to Company-Only Financial Statements (continued)
(in millions of euros)

1 GENERAL

A description of the group's activity and group structure are included in the consolidated financial statements prepared on the basis of the accounting policies that conform with the International Financial Reporting Standards ("IFRS"). The company itself has no active trading or business activities. Its primary activity is the holding of investments in subsidiaries. The functional currency and reporting currency of the company is the euro.

Summary of accounting policies:

General

In accordance with article 2:362 Part 8 of the Netherlands Civil Code, the company has prepared its company financial statements in accordance with IFRS being accounting principles generally accepted in the Netherlands and applied in the consolidated financial statements

Financial fixed assets

Investments in subsidiaries are stated at net asset value as the company effectively exercises influence of significance over the operational and financial activities of these investments. The net asset value is determined on the basis of the IFRS accounting principles applied by the company in its consolidated financial statements.

2 FINANCIAL FIXED ASSETS

This represents investments from Trader Classified Media N.V. in subsidiaries, loans to fully-owned subsidiaries Trader Classified Media International B.V. and Trader Classified Media (NA) Holdings B.V. (formerly Trader Classified Media Finance B.V.) and other loans to Trader Classified Media subsidiaries.

Trader Classified Media N.V. direct subsidiaries are:	% ownership
Trader Classified Media International B.V.	100%
Trader Classified Media Holdings N.V	100%
Trader Classified Media (NA) Holdings B.V	100%
Trader.com Inc	100%

Investments and receivables from subsidiaries are:

	December 31, 2006	December 31, 2005
Investments in subsidiaries	203.6	-
Loan to Trader Classified Media International B.V. *	-	97.2
Loan to Trader Classified Media (NA) Holdings B.V.	-	247.5
Others loans to Trader Classified Media subsidiaries	-	23.8
Investments in and receivables from subsidiaries	**203.6**	**€368.5**

The loan to Trader Classified Media International B.V. is maturing on June 30, 2007 and bears interest at Euribor 3 months +1% per annum, revised on a quarterly basis. The loan to Trader Classified Media (NA) Holdings B.V., which bears interest at Euribor 3 months +1% per annum, is maturing April 21, 2009.

Loans to other Trader Classified Media subsidiaries do not bear interest.

* Included in the loan to Trader Classified Media International B.V. was an investment amount of a negative €4.1 in 2005.

03-07-2007

TRADER CLASSIFIED MEDIA N.V.
Notes to Company-Only Financial Statements (continued)
(in millions of euros)

2 FINANCIAL FIXED ASSETS (continued)

The movements of the financial fixed assets are as follows:

	December 31, 2006	December 31, 2005
Opening balance	368.5	374.9
Result for the year	514.3	16.3
Dividends declared to Trader Classified Media N.V.	(303.1)	(17.5)
Reclassification of negative investment to the loan to Trader Classified Media International B.V.	(4.1)	(13.6)
Movements in loans to subsidiaries	(164.9)	6.4
Exchange differences	(3.5)	14.8
Closing balance	**203.6**	**368.5**

The following is a list of Trader Classified Media entities with the percentage of ultimate ownership in parentheses.

Trader Classified Media N.V. and its holding companies:

- Trader Classified Media International B.V. (Amsterdam - Netherlands)
- Trader Classified Media Group B.V. (Amsterdam - Netherlands)
- Trader Classified Media Management (Services) B.V. (Amsterdam - Netherlands)
- TCM Services B.V. (Amsterdam - Netherlands)
- Trader Classified Media IPR B.V. (Amsterdam - Netherlands)
- Trader (Netclub Holdings) BV (95.95%) (Amsterdam-Netherlands)
- NetClub BV (77.48%) (Amsterdam-Netherlands)
- Trader Classified Media China Holdings B.V. (Amsterdam – Netherlands)
- Trader Classified Media India Holdings B.V. (Amsterdam – Netherlands)
- Trader Classified Media International S.A.R.L (Paris-France) - In liquidation
- Trader Classified Media (UK) Limited (London – Great Britain)
- Trader Classified (Mauritius) Holdings Ltd (Mauritius)
- Trader Media East Limited (13%) (Jersey)

Discontinued operations:

- NetClub Inc (77.48%) (Canada)
- NetClub SA (77.48%) (France)
- Red Horse Management A.G. (37.50%) (Switzerland)
- TC Media China (Switzerland) SA (100%) (Switzerland)
- Scout Servizi Editoriali SA (Switzerland)
- Tarai Trading Pte, Ltd. (100%) (Singapore)
- Hebdo Mag Singapore Pte, Ltd. (55%) (Singapore)
- Beijing Hand to Hand Information Technology Co Ltd (Shou di Shou), (China)

03 - 07 - 2007

3 PREPAID EXPENSES

	December 31, 2006	December 31, 2005
Prepaid expenses	-	2.7
	-	2.7

2005 Prepaid expenses related to the strategic review for €2.4 have been recorded through the income statement in 2006.

(in millions of euros)

4 LONG TERM DEBT

All long term debt obligations, consisting as at December 31, 2005 of drawdowns of European tranche and of multicurrency revolving facility under the BNPParibas Credit facility, were fully reimbursed subsequent to the Trader Media East offering. Consequently, unamortized deferred financing fees have been written down.

	December 31, 2006	December 31, 2005
Senior Debt Facilities	-	98.0
Less unamortized deferred financing fees	-	(2.0)
Closing balance	**-**	**96.0**

				31 Dec 2006	31 Dec 2005
	Term ≤ 1 year	**Term 1 – 5 years**	**Term ≥ 5 years**	**Total term > 1 year**	**Total term > 1 year**
	EUR	EUR	EUR	EUR	EUR
Loans from credit institutions	-	-	-	-	96.0

5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are primarily impacted as at December 31, 2006 by transaction fees payable for €3.0.

6 PROVISION FOR ACCRUED EXPENSES AND LIABILITIES

Provision for accrued expenses and liabilities is disclosed as "provisions, accrued expenses and other liabilities" on note 3 to the consolidated financial statements (page N°37).

7 PAYABLES TO SUBSIDIARIES

Net proceeds from sale of assets including Soufun have been transferred from TCM Group B.V. and TCM International B.V. to TCM N.V. for placement and will be distributed in 2007 to TCM N.V.

8 RELATED PARTY TRANSACTIONS

Please refer to note 23 to the consolidated financial statements (page N° 55).

9 EMPLOYEE

The number of employees is nil.

10 REMUNERATION OF BOARD MEMBERS

Please refer to Note 22 of the consolidated financial statements (page N° 54).

03 - 07 - 2007

TRADER CLASSIFIED MEDIA N.V.
Notes to Company-only Financial Statements (continued)
(in millions of euros)

11 STATEMENTS OF SHAREHOLDERS' EQUITY

	Share capital	Treasury shares	Share premium	Retained Earnings	Net income for the period	Non-current assets held for sale directly recognized in equity and legal reserves for cash-flow hedges	Currency Translation Adjustment	Total Attributable to equity holders
As of January 1st, 2005	79.0	-	723.3	(498.4)	259.1	(1.0)	(2.1)	300.8
Issuance of Class A common shares	0.1	-	3.3	-	-	-	-	3.4
Repurchases of shares	-	(0.7)	-	-	-	-	-	(0.7)
Deferred compensation expense	-	-	-	2.0	-	-	-	2.0
Appropriation of result	-	-	-	259.1	(259.1)	-	-	-
Net income for the year ended December 31, 2005	-	-	-	-	12.7	-	-	12.7
Distributions to shareholders	-	-	(59.7)	-	-	-	-	(59.7)
Recycling of Currency translation adjustment further to the sale of entities	-	-	-	-	-	-	(4.4)	(4.4)
Net impact of cash-flow hedges	-	-	-	-	-	2.8	-	2.8
Foreign currency translation adjustment	-	-	-	-	-	-	16.6	16.6
As of December 31, 2005	79.1	(0.7)	666.9	(496.4)	12.7	1.8	10.1	273.5
Issuance of Class A common shares	1.5	-	44.9	-	-	-	-	46.4
Repurchases of shares	-	0.7	-	-	-	-	-	0.7
Deferred compensation expense	-	-	-	0.5	-	-	-	0.5
Appropriation of result	-	-	-	12.7	(12.7)	-	-	-
Net income for the year ended December 31, 2006	-	-	-	-	1,026.5	-	-	1,026.5
Distributions to shareholders	-	-	(711.2)	(493.3)	-	-	-	(1,204.5)
Recycling of Currency translation adjustment further to the sale of entities	-	-	-	-	-	-	(9.5)	(9.5)
Non current assets held for sale directly recognized in equity	-	-	-	-	-	(14.8)	-	(14.8)
Net impact of cash-flow hedges	-	-	-	-	-	(1.8)	-	(1.8)
Foreign currency translation adjustment	-	-	-	-	-	-	(1.0)	(1.0)
As of December 31, 2006	80.6	-	0.6	(976.5)	1,026.5	(14.8)	(0.4)	116.0

(in millions of euros)

12 SHARE PREMIUM (ADDITIONAL PAID IN CAPITAL)

As of December 31, 2006, share premium (APIC) amounts to EUR 0.6. This figure is split between "recognised" and "unrecognised" share premium (in Dutch: "erkend en niet-erkend agio"). Under circumstances, distributions out of the recognized share premium can be made without Dutch dividend withholding tax. The reconciliation for the financial year 2006 is as follows:

	Recognised share premium	Unrecognised share premium	Total
Share premium under IFRS as of January 1st, 2005	**613.7**	**109.6**	**723.3**
Distribution on July 30, 2005 to shareholders qualifying under the participation exemption	-	(43.0)	(43.0)
Distributions on July 30, 2005 to shareholders non-qualifying under the participation exemption	(16.7)	-	(16.7)
Issuance of new shares in 2005	3.3	-	3.3
Share premium as of December 31, 2005	**600.3**	**66.6**	**666.9**
Distribution on September 26, 2006 to shareholders qualifying and non-qualifying under the participation exemption	(600.8)	-	(600.8)
Distribution on September 26, 2006 to shareholders qualifying under the participation exemption	-	(66.6)	(66.6)
Distribution on November 15, 2006 to shareholders qualifying and non-qualifying under the participation exemption	(43.8)	-	(43.8)
Issuance of new shares in 2006	44.9	-	44.9
Share premium as of December 31, 2006	**0.6**	-	**0.6**

13 COMMITMENTS AND CONTINGENCIES

Please refer to Note 20 to the consolidated financial statements (page n° 53).

The company forms a fiscal unity with certain of its Dutch subsidiaries (refer to Note 14 to the consolidated financial statements) for corporate income tax purposes. In accordance with standard conditions, the company, along with the subsidiary that is part of the fiscal entity, are wholly and severally liable for taxation payable by the fiscal unity.

Amsterdam, April 26, 2007

SUPERVISORY BOARD:

ERIC TEYSSONNIERE DE GRAMONT, Chairman

Robert FETHERSTONHAUGH

TRADER CLASSIFIED MEDIA N.V.
OTHER INFORMATION

STATUTORY REGULATION GOVERNING THE DISTRIBUTION OF PROFIT

General provision relating to dividends:

1. The General Meeting of Shareholders of the Company may from time to time declare dividends in accordance with the provisions of the Articles of Association, subject in each case to compliance with applicable provisions of law and, as the case may be, article 23 of the Articles of Association.

2. The Supervisory Board of the Company may from time to time declare interim dividends in accordance with the provisions of the Articles of Association, subject in each case to compliance with applicable provisions of law and, as the case may be, article 23, paragraph 8 of the Articles of Association.

Profit appropriation

In accordance with article 23 of the Articles of Association, the income is proposed to be charged to the retained earnings for the amount in excess of the interim dividend distribution made in 2006 of €493.3 million.

SUBSEQUENT EVENTS

Recommended offer on Trader Media East Limited (TME)

Hurriyet Invest B.V., a wholly-owned subsidiary of Hürryiet Gazetecilik ve Matbaacilik A.S., made a cash offer for Trader Media East Limited at US$10 per GDR (equivalent to US$10 per share). Trader Classified Media tendered its 6,521,739 GDRs to the offering which was subsequently declared unconditional on March 15, 2007. TCM received net proceeds of approximately $65.0 million (equivalent to €48.5 million at a rate of €1=US$1.34) by March 31, 2007. The Group expects no significant impact on the 2007 net income since the investment in TME has been recorded at the offering price, being US$10 (€7.6) per GDR as at December 31, 2006.

Sale of remaining assets

In February 2007, Trader Classified Media sold the assets of the Netclub businesses to Match.com. Part of the proceeds have been placed in an escrow account with terminates in June 2007.

Also in February 2007, Trader Classified Media sold its interest in Shou di Shou.

Capital share reduction

In November 2006, a reduction of capital by par value reduction has been voted and was effective on February 28, 2007. Par value of class A and B shares have been reduced by twelve, from €0.16 and €1.92 respectively to €0.01 and €0.12 respectively. Consequently, capital share has been reduced by €75.6 million, with an increase of share premium by the same amount.

To the General Meeting of Shareholders of Trader Classified Media N.V.

AUDITORS' REPORT

Report on the financial statements

We have audited the accompanying financial statements 2006 of Trader Classified Media N.V., Amsterdam as set out on pages 12 to 63. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the profit and loss account, statement of recognized income and expense and cash flow statement for the year then ended and the notes.
The company financial statements comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

The management board's responsibility

The management board of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Trader Classified Media N.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Trader Classified Media N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of matter

We draw attention to note 1.1 starting on page 17 of the financial statements which indicate that management and supervisory board have the intention, subject to shareholders approval, to liquidate the Company and that as a result the 2006 financial statements are no longer prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, April 27, 2007

PricewaterhouseCoopers Accountants N.V.

A.F. Kranenburg RA

03-07-2007

trader
classified media

Trader Classified Media N.V.

Per koerier
Stichting Autoriteit Financiele Markten
Vijzelgracht 50
1017 HS AMSTERDAM

Amsterdam, 2 juli 2007

Onderwerp: Trader Classified Media NV, dossiernummer 34107221

Geachte heer, mevrouw,

Bijgaand zenden wij u ter deponering de door de op 26 juni gehouden aandeelhoudersvergadering goedgekeurde en vastgestelde jaarrekening per 31 december 2006.

Wij verzoeken u vriendelijk een gewaarmerkte kopie van deze brief ter bewijs van deponering aan ons te retourneren.

03-07-2007

Hoogachtend,
Trader Classified Media N.V.

Ruud Waals
Directeur

Bijlage: Jaarrekening 2006

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