AD PEPPER MEDIA INTERNATIONAL N.V., AMSTERDAM,
THE NETHERLANDS

Annual Report 2013

CONTENTS

1 REPORT OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD

The Report of the Board of Directors and the Supervisory Board for the financial year 2013 has been included in the annual report 2013 of ad pepper media International N.V. as published on the company's website (www.adpepper.com). The Report of the Board of Directors and the Supervisory Board therein comprises the sections "Corporate Governance", "The share", "Business activities", "Economic development", "Risk report" and "Responsibility statement". Upon request, copies are also available at the Company's office in Nuremberg, Germany.

2 COMPANY FINANCIAL STATEMENTS OF AD PEPPER MEDIA INTERNATIONAL N.V., AMSTERDAM

2.1 COMPANY BALANCE SHEET

December 31, 2013
(Before proposed appropriation of the current year result)
(in thousands of EUR)

		2013		2012
A s s e t s				
Non-current assets				
Intangible assets [2.3.2.1]	181		62	
Tangible assets [2.3.2.2]	75		84	
Financial assets [2.3.2.3]	6.918		9.629	
Other financial assets [2.3.2.4]	1.113		525	
Marketable financial assets [2.3.2.5]	8.816		3.162	
Total non-current assets		17.103		14.417
Current assets				
Trade accounts receivable	6		11	
Group companies [2.3.2.6]	1.894		2.348	
Prepaid expenses and other current assets [2.3.2.7]	341		579	
Cash and cash equivalents [2.3.2.8]	7.919		4.778	
Total current assets		10.160		7.718
Total assets		27.263		21.179

	2013		2012	
S h a r e h o l d e r ' s e q u i t y a n d l i a b i l i t i e s				
Shareholder's equity				
Issued capital [2.3.2.9]	1.150		1.150	
Additional paid-in capital [2.3.2.9]	66.254		66.203	
Accumulated deficit [2.3.2.9]	(49.035)		(43.762)	
Legal reserve [2.3.2.9]	1.002		(138)	
Net result for the year	4.968		(5.273)	
		24.339		18.180
Provisions				
Subsidiaries and Loans [2.3.2.3]	1.278		682	
		1.278		682
Current liabilities				
Other current liabilities [2.3.2.10]	1.122		1.836	
Accrued expenses	524		481	
Total current liabilities		1.646		2.317
Total shareholder's equity and liabilities		27.263		21.179

2.2 COMPANY INCOME STATEMENT

Year ended December 31, 2013
(in thousands of EUR)

	2013	2012
Loss from participations in group companies after taxes	(922)	(1.974)
Other gain / (loss) after taxes	5.890	(3.299)
Net result for the year	4.968	(5.273)

2.3 NOTES TO THE COMPANY FINANCIAL STATEMENTS

2.3.1 General

Corporate information [1]

ad pepper media International N.V. (“ad pepper media”) is a limited liability company incorporated in the Netherlands, domiciled at Prins Bernhardplein 200, 1097JB Amsterdam, the Netherlands. The Head Office is domiciled at Frankenstraße 150C, 90461 Nuremberg, Germany. The company’s shares are publicly traded under WKN 940883 (ISIN NL0000238145) on the Prime Standard of the Frankfurt Stock Exchange. The business activities of ad pepper media International N.V. involve holding investments in other entities whose objective is to market advertising space on the internet, and providing services for the subsidiaries. Since its formation, ad pepper media has been geared towards acting flexibly to meet the requirements of a whole range of different markets as an international group.

ad pepper media is an international provider of interactive products and services for websites and advertisers. The Company currently markets campaigns and websites in more than 50 countries and operates from 10 branches in six European countries and the USA. ad pepper media uses state-of-the-art technology to link thousands of small, medium and large websites to a top-quality advertising network with global reach and an exact focus on its target group.

In addition to a regional, national and international marketing presence, website partners receive a large number of other important products and services such as ad serving, traffic analysis and performance optimization, provided by ad pepper media and its affiliated entities in a localized form.

The company financial statements for the year ended December 31, 2013 are authorized for issue through a resolution of the Management Board dated March 14, 2014.

Group structure

Entity	Share 2013	Share 2012
ad pepper media GmbH, Nuremberg, Germany	100 %	100 %
ad pepper media Benelux B.V., Amsterdam, the Netherlands	100 %	100 %
ad pepper media Sweden AB, Stockholm, Sweden	0 %	100 %
ad pepper media Denmark A/S, Copenhagen, Denmark	100 %	100 %
ad pepper media UK Ltd., London, United Kingdom	100 %	100 %
ad pepper media France S.A.R.L., Paris, France	100 %	100 %
ad pepper media Spain S.A., Madrid, Spain	100 %	100 %
ad pepper media USA LLC, New York, USA	100 %	100 %
Web Measurement Services B.V., Amsterdam, the Netherlands	0 %	100 %
Crystal Semantics Ltd., London, United Kingdom	0 %	100 %
Webgains Ltd., London, United Kingdom	100 %	100 %
ad pepper media SA, Küssnacht am Rigi, Switzerland	0 %	100 %
Globase International ApS, Copenhagen, Denmark	100 %	100 %
Emediate ApS, Copenhagen, Denmark	0 %	100 %
EMSEAS TEKNIK AB, Stockholm, Sweden	0 %	100 %
ad agents GmbH, Herrenberg, Germany	60 %	60 %

ad pepper media SA and Web Measurement Services B.V. have been liquidated in 2013.

Emediate ApS opened Emediate Norway NUF, a branch office in Oslo, Norway, on February 14, 2013. ad pepper media Sweden AB was merged with EMSEAS TEKNIK AB as of September 9, 2013.

ad pepper media international N.V. has sold its 100 percent stake in Emediate ApS, Copenhagen, effective November 1, 2013 to Cxense AS, Oslo. The sale also included its branch offices in Norway and Sweden, Emediate Norway NUF and EMSEAS TEKNIK AB.

In addition, ad pepper media International N.V. disposed its 100 percent stake in Crystal Semantics Ltd. effective December 1, 2013 to WPP Group Ltd.

ad pepper media International N.V. sold its 20 percent stake in Socialtyze and its 49.5 percent stake in Videovalis GmbH in 2013.

Basis of preparation and Accounting Policies

Based on the requirements of the Dutch Civil Code, a full set of annual report comprise of the Reports of Directors and the Supervisory Board, consolidated financial statements, company only financial statements and other information. This report includes the company only financial statements and other information, Reports of Directors and the Supervisory Board and the consolidated financial statements are included in a separate report issued on March 14, 2014. For a better understanding of the financial position and the results of the company, this report should be read in conjunction with the consolidated financial statements.

The Company Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book2 of the Netherlands Civil Code. The Company Financial Statements should be read in conjunction with the consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union with the exceptions of the following accounting policy on the valuations of the investments in subsidiaries which is aloud by Part 9, Book 2 of the Netherlands Civil Code:

Investments in subsidiaries are measured at net asset value. The Company calculates the net asset value using the values included in the consolidated financial statements. The net asset value of the subsidiaries comprises the cost, excluding goodwill for subsidiaries directly owned by the Company, plus the share in the income and losses, less the dividends received. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. The Company's investment in shares of the income and losses of the subsidiaries after acquisition are recognized in the income statement and its shares of the income and losses included in the retained earnings are recognized in the retained earnings/accumulated losses. The cumulative post acquisition movements are adjusted against the carrying values of the investments in subsidiaries. The carrying values of the investment in subsidiaries for investments with a negative net assets value are first adjusted to nil, remainder negative values are deducted from any loans receivables from the related subsidiary (if any), provisions are formed by the Company only if the Company has the firm intention to settle the liabilities of the subsidiary and that the criteria to form a provision are met (e.g. constructive and legal obligation). The company's share of profit or loss is recognized in the income statement, and its share of its other comprehensive income is recognized in equity.

The Company Financial Statements are presented in Euro, which is the Company ´s functional currency. The amounts are in thousands of Euros (rounded to the nearest thousand), unless otherwise stated. There have been no changes to the accounting policies of the company

As the financial data of ad pepper media International N.V. are included in the consolidated financial statements, the income statement of the ad pepper media International N.V. is presented in condensed form as allowed by section 402 of Book 2 of the Netherlands Civil Code.

Significant accounting judgments, estimates and assumptions

Judgments
In the process of applying the group's accounting policies, management has to make judgments, which have a significant effect on the amounts recognized in the financial statements:

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Development Costs
Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. Further information is presented in the note on "Intangible assets".

Impairment of Goodwill
The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Estimating an amount for the recoverable amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further information is presented in the note on "Goodwill".

Deferred Tax Assets
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. Further information is presented in the note on "Income taxes".

Impairment of available-for-sale financial assets
The group classifies certain assets as available-for-sale and recognizes changes in their fair value in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognized in profit or loss. ad pepper media assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. ad pepper media has thoroughly assessed the need for impairment. In making this judgment, ad pepper media evaluates among other factors, the normal volatility in stock-market prices as well as the impact of a lack of liquidity in trading in prevailing market conditions. However, a debt instrument classified as available-for-sale is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that

have occurred after the initial recognition of the debt instrument and that the loss event has impact on the estimated future cash flows of the debt instruments. Evidence of impairment may include indications that the issuer of the debt instrument is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that the issuer is facing bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears. Impairment deemed appropriate when there is convincing doubt about the creditability of the issuer or there is strong indications that the redemption of the debt instruments or the interest payments are at risk. Further information is presented in the note on "Current and non-current marketable securities".

Summary of significant accounting policies

Foreign currency translation
The financial statements are presented in Euros, which is the company's functional and presentation currency. Each entity in the group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

As at the reporting date, the assets and liabilities of those subsidiaries that have a functional currency other than the euro are translated into the presentation currency of ad pepper media International N.V. (the euro) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

Property, plant and equipment
Plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the useful life of the assets. The estimated useful lives of the assets are between three and ten years.

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Goodwill
Goodwill (acquired) is initially measured at cost being the excess of the cost of the acquisition over the group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated, from the acquisition date, to each of the group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

> represents the lowest level within the group at which the goodwill is monitored for internal management purposes; and
>is not larger than a segment based on either the group's primary or secondary reporting format determined in accordance with IFRS 8 Operating Segments.

Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortized goodwill is recognized in the income statement.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated

amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during the development.

During the period of development, the asset is tested for impairment annually. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future sales. During the period in which the asset is not yet in use, it is tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value of the asset or cash-generating unit less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. The valuation model is based on a discounted cash flow method.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This increased amount shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized on the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized for goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill
Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses recognized for goodwill shall not be reversed in future periods. The group performs its annual impairment test of goodwill as at 31 December or earlier in the case of triggering events.

Investments and other financial assets
Financial assets within the scope of IAS 39 are classified as loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognized on the settlement date, being the date on which the group clears the purchase or sale of a financial asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Investments in subsidiaries are measured at net asset value. The Company calculates the net asset value using the values included in the consolidated financial statements. The net asset value of the subsidiaries comprises the cost, excluding goodwill for subsidiaries directly owned by the Company, plus the share in the income and losses, less the dividends received. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. The Company's investment in shares of the income and losses of the subsidiaries after acquisition are recognised in the income statement and its shares of the income and losses included in the retained earnings are recognised in the retained earnings/accumulated losses. The cumulative post acquisition movements are adjusted against the carrying values of the investments in subsidiaries. The carrying values of the investment in subsidiaries for investments with a negative net assets value are first adjusted to nil, remainder negative values are deducted from any loans receivables from the related subsidiary (if any), provisions are formed by the Company only if the Company has the firm intention to settle the liabilities of the subsidiary and that the criteria to form a provision are met (e.g. constructive and legal obligation).
The company's share of profit or loss is recognised in the income statement, and its share of its other comprehensive income is recognised in equity.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in profit or loss. The group assesses whether embedded derivatives are required to be separated from host contracts when the group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Upon initial recognition the receivables are recorded at the fair value and subsequently valued at their amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables."

Available-for-sale financial investments
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in the preceding category.

Available-for-sale financial assets, classified as current or non-current marketable securities depending on their maturity, are non-derivative financial assets that are designated as available-for-sale. They are recognized on initial measurement at fair value. After initial measurement, available-for-sale financial assets are measured at fair value, recognizing unrealized gains or losses directly in equity in the net unrealized gains reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the income statement.

Fair value
The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Amortized cost
Loans and receivables are measured at amortized cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets
The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the recognition of impairment, the impairment loss previously recognized is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Available-for-sale financial investments
If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the group's own equity instruments.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Shares in money market funds are also included in cash equivalents.

Interest bearing loans and borrowings
All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Provisions
Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Share-based payment transactions
Employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions").

In situations in which some or all of the goods or services received by the entity as consideration for equity instruments cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date.

Equity-settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external value using an appropriate pricing model, further details of which are given in subsequent notes.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

A voluntary waiver of the counterparties of granted stock options after the grant date is treated as a cancellation of the plan resulting in an accelerated vesting of the granted stock options.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Only operating lease agreements exist. Payments are recognized as an expense in the income statement on a straight line basis over the lease term.

Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other turnover taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

Rendering of services
The company generates its revenues mainly by marketing internet advertising space. Advertising customers book units (Ad Impressions, Ad Clicks, Registrations, Mail send-outs, Transactions) via the company – these are supplied over a period defined by the customer.
In cases in which the campaign starts before the balance sheet date and lasts beyond this date, revenue is deferred proportionately to the extend of the stage of completion of the transaction at the end of the reporting period and the costs incurred for and cost to complete the transaction can be measured reliable.

Interest income
Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Income taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable and deductible temporary differences, except:
> where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
>in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:
>where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
>in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax
Revenues, expenses and assets are recognized net of the amount of value added tax except:

> where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
>receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.3.2 ***Notes to the company balance sheet***

2.3.2.1 Intangible assets

The changes in the intangible assets are:

(in thousands of EUR)	Goodwill	Trademark	Software	Total
Book value at January 1, 2012	24	6	221	251
Additions	-	-	19	19
Amortization	-	(5)	(203)	(208)
Book value at December 31, 2012	24	1	37	62
Purchase value	24	637	1.199	1.841
Accumulated Amortization	-	(636)	(1.162)	(1.798)
Book value at December 31, 2012	24	1	37	62
Additions	-	-	121	121
Amortization	-	(1)	(1)	(2)
Book value at December 31, 2013	24	0	157	181
Purchase value	24	637	1.321	1.982
Accumulated Amortization	-	(637)	(1.164)	(1.801)
Book value at December 31, 2013	24	0	157	181

The amortization percentages used for intangible assets vary from 10% to 33,3%.

2.3.2.2 Tangible assets

The changes in equipment (tangible fixed assets) are:

(in thousands of EUR)	**2013**	2012
Balance at January 1	84	91
Additions	40	39
Depreciation	(49)	(46)
Balance at December 31	75	84
Purchase value	564	543
Accumulated depreciation	(489)	(459)
Balance at December 31	75	84

The amortization percentages used for tangible assets vary from 12,5% to 33,3%.

2.3.2.3 Financial assets

(in thousands of EUR)	31.12.2013	31.12.2012
Subsidiaries at net asset value	1.632	3.712
Provisions for subsidiaries and loans	(1.278)	(682)
	354	3.030

The movements during the year are as follows:

	Subsidiary companies		Participating interests		
(in thousands of EUR)	Investments	Loans	Investments	Deferred tax assets	Total
Balance at December 31, 2011	2.192	2.256	6.146	-	10.594
Additions	-		3	-	3
Revaluation	-	-	(105)	-	(105)
Impairment-	-	-	(1.082)		(1.082)
Disposals	(1.930)	(656)	-	-	(2.586)
Share of net profit	(1.974)	-	-	-	(1.974)
Investments in subsidiaries	4.757	(645)	-	-	4.112
Translations adjustments	(15)	-	-	-	(15)
Balance at December 31, 2012	3.030	955	4.962	-	8.947
Additions	-	-	-	-	-
Revaluation	-	-	(199)	-	(199)
Impairment-	-	-	-	-	-
Disposals	(2.478)	(218)	(214)	-	(2910)
Share of net profit	(922)	-	-	-	(922)
Investments in subsidiaries	746	-	-	-	746
Translations adjustments	(22)	-	-	-	(22)
Balance at December 31, 2013	354	737	4.549	-	5.640

An amount of EUR 4.503k (2012: EUR 4.947k) relates to the non-controlling participating interests in Brand Affinity Technologies Inc. with EUR 4.503k (2012: EUR 4.702k), SocialTyze LLC with zero (2012: EUR 0), Videovalis GmbH with zero (2012: EUR 214k) and React2Media zero (2012: 31). The non-controlling interests in Socialtyze LLC, Videovalis GmbH and React2Media have been disposed in the financial year 2013.

In 2011, the value of the non-controlling interest in Brand Affinity Technologies Inc. was increased by EUR 1.442k in connection with a fourth-round financing at Brand Affinity Technologies Inc. As the investment is classified as an equity instrument available-for-sale, the reversal was recognized in other comprehensive income. Additionally, ad pepper media International N.V. participated in this financing round with an investment of USD 250k/EUR 193k.

2.3.2.4 Other Financial Assets

The other financial assets comprise of an escrow account totaling to EUR 929k, which have been set in conjunction with the sale of ad pepper media International N.V.'s interest in Emediate ApS, Copenhagen and a bridge loan granted to Brand Affinity Technologies Inc. amounting to EUR 184k at an interest rate of 8 percent.

2.3.2.5 Marketable financial assets

The marketable financial assets as of December 31, 2013 consist of available-for-sale securities and of securities at fair value through profit and loss (2012: available-for-sale securities).

Non-current securities have a remaining term of more than one year or if shorter then their disposal within one year is not planned.

As at December 31 all securities are non-current. No fixed-term deposits with a maturity of more than three months after purchase date have been recognized as current in the balance sheet.

Available-for-sale securities
In the reporting year, available-for-sale securities were acquired for EUR 3.872k (2012: EUR 813k) and sold for a total of EUR 2.789k (2012: EUR 3.250k).

In the reporting period, unrealized gains of EUR 969k (2012: losses of EUR 1.246k) were recognized in other comprehensive income and loss, and realized gains of EUR 112k included in profit and loss.

The maturities of the available-for-sale securities as of the end of the period are as follows:

Fair value	**31.12.2013**	**31.12.2012**
	kEUR	kEUR
Due within one year	5.326*	3.162*
Due between one and five years	0	0
Due in more than five years	0	0
Total	5.326	3.162

*the amount refers to two perpetual bonds which are callable on a (semi-)annual basis.

Fair value through profit and loss securities
In the reporting year, securities at fair value through profit and loss were acquired for EUR 15.769k (2012: EUR 3.155k) and sold/cash for a total of EUR 12.653k (2012: EUR 6.049k).

The unrealized revaluation gains incurred in the financial year amount to EUR 114k (2012: unrealized revaluation loss of EUR 240k) with realized gains of EUR 260k.

The maturities of the securities at fair value through profit and loss as of the end of the period are as follows:

Fair value	**31.12.2013**	**31.12.2012**
	kEUR	kEUR
Due within one year	3.490	0
Due between one and five years	0	0
Due in more than five years	0	0
Total	3.490	0

2.3.2.6 Group companies

The receivables from group companies mature within one year.

2.3.2.7 Prepaid expenses and other current assets

(in thousands of EUR)	**2013**	2012
Other current assets	196	470
Prepaid expenses	145	109
	341	579

Other current assets are generally recognized at their nominal value.

2.3.2.8 Cash and cash equivalents

No restrictions to cash exist at balance sheet date.

2.3.2.9 Shareholder's equity

Issued capital

No new shares in ad pepper media International N.V. were admitted for trading on the Frankfurt Stock Exchange in 2013 (2012: no new shares).

The issued capital of ad pepper media International N.V. comprises 23.000.000 (2012: 23.000.000) bearer shares each with a nominal value of EUR 0,05.

Additional paid-in capital
Proceeds from the issuance of shares increased the additional paid-in capital by the amount by which they exceeded the par value of the shares.

Treasury shares
Purchase of treasury shares
By shareholders' resolutions of May 15, 2012 and May 14, 2013 ad pepper media was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months. The company did not carry out any share repurchase program in 2013. Consequently, no shares were acquired (2012: 0 shares).

As of December 31, 2013 the company held 1.759.292 treasury shares (2012: 1.759.292 treasury shares) at a nominal value of 0,05 EUR each which equals 7,65 percent (2012: 7,65 percent) of the share capital. According to a shareholders resolution those shares can be used for acquisitions or stock option plans.

The overall amount deducted from the accumulated deficit reflecting the value of treasury shares is EUR 3.270k (2012: EUR 3.270k).

Number of shares outstanding
The number of shares issued and outstanding as of December 31, 2013 totaled 21.240.708 (2012: 21.240.708). Each share has a nominal value of EUR 0,05.

Authorized unissued capital
The authorized unissued capital totals EUR 21.485,40 (2012: EUR 21.485,40) and comprises 429.708 shares (2012: 429.708 shares).

Legal reserve
This legal reserve for accumulated other comprehensive losses includes losses on available-for-sale securities of EUR –1.168k (2012: EUR -2.028k), gains on available-for-sale equity instruments of EUR 3.079k (2012: EUR 3.304k) and accumulated exchange losses of EUR 909k (2012: EUR –1.384k) from the translation of the financial statements of foreign subsidiaries.

For movements in the shareholder’s equity refer to the following table**:**

	Issued capital	Additional paid-in capital	Accumulated deficit	Legal reserve for accumulated other comprehensive losses		Net income/ (loss)	Total
				Currency translation differences	Market valuation of available-for-sale financial instruments		
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Balance at 1 January 2012	**1.150**	**66.193**	**-41.120**	**-1.369**	**105**	**-2.642**	**22.317**
Currency translation differences	0	0	0	-15	0	0	-15
Revaluation equity instruments	0	0	0	0	-105	0	-105
Unrealised gains/losses on securities	0	0	0	0	1.246	0	1.246
Total income and expense for the year recognised directly in equity	0	0	0	-15	1.141	0	1.126
Net income for the year	0	0	0	0	0	-5.273	-5.273
Total recognised income and expense for the year	0	0	0	-15	1.141	-5.273	-4.147
Allocation to Accumulated deficit	0	0	-2.642	0	0	2.642	0
Stock-based compensation	0	10	0	0	0	0	10
Purchase of treasury shares	0	0	0	0	0	0	0
Sale of treasury shares	0	0	0	0	0	0	0
Balance at 31 December 2012	**1.150**	**66.203**	**-43.762**	**-1.384**	**1.246**	**-5.273**	**18.180**
Balance at 1 January 2013	**1.150**	**66.203**	**-43.762**	**-1.384**	**1.246**	**-5.273**	**18.180**
Currency translation differences	0	0	0	475		0	475
Revaluation equity instruments	0	0	0		-195	0	-195
Unrealised gains/losses on securities	0	0	0		860	0	860
Total income and expense for the year recognised directly in equity	0	0	0	475	665	0	1.140
Net income for the year	0	0	0	0	0	4.968	4.968
Total recognised income and expense for the year	0	0	0	475	665	4.968	6.108
Allocation to Accumulated deficit	0	0	-5.273	0	0	5.273	0
Stock-based compensation	0	51	0	0	0	0	51
Purchase of treasury shares	0	0	0	0	0	0	0
Sale of treasury shares	0	0	0	0	0	0	0
Balance at 31 December 2013	**1.150**	**66.254**	**-49.035**	**-909**	**1.911**	**4.968**	**24.339**

2.3.2.10 Other current liabilities

The other current liabilities comprise mainly of bonus accruals.

2.3.2.11 Stock option program

By doubling the number of options and halving the exercise price all stock options programs mentioned below have been adjusted for the share split on May 27, 2009. Options granted under the "Ongoing Stock Option Plan" are subject to the following provisions:

The options are granted to employees of the ad pepper media Group. Altogether 1.000.000 shares have been reserved for the "Ongoing Stock Option Plan". The subscription ratio is one share per option right. The subscription price is based on the average share price on the Xetra exchange during the first ten trading days of May 2001 for the 2001 plan, or the first ten trading days in January for subsequent plans. Options can first be exercised when the share price has risen at least 10 percent above the subscription price, but no sooner than one year after the option has been granted. Options may be exercised in whole or in part in the three-week period after publication of the company's quarterly reports. As a rule, the stock options granted do not expire. However, the options expire if an employee terminates his or her employment contract or if the company terminates the employment for good cause.

In January 2003, the "Ongoing Stock Option Plan" for executives was replaced by the "Executive Stock Option Plan", the aim of which is to encourage executives to remain with the company. Under this plan, a nonrecurring issue of options was granted to executives; the exercise price for these options is also based on the average share price during the first ten trading days in January. 10 percent of the options may be exercised in each of the following ten years. Pursuant to the resolution of the general meeting dated May 2, 2005, exercise of the executive stock options can in particular cases also be settled in cash at the request of ad pepper media. In the years 2005 and 2006 option plans ("Executive SOP 2005" and "Executive SOP 2006") to tie employees in key positions to the company were issued. These options may be exercised over a period of four years at 25 percent each year. Similar to the other plans, the exercise prices for these options are based on the average share price during the first ten trading days before grant date. The option plans do not include an exercise hurdle, but can be exercised at the earliest one year after being granted.

An employee equity-participation program involving 1.220.000 options was launched for executive employees on May 15, 2008 ("Executive SOP 2008"). The valuation was carried out by simulation (Monte-Carlo method). The volatility was calculated from the development of the ad pepper media International N.V. share price between January 1, 2003 and April 30, 2008. Earlier values would have distorted the estimate of volatility. One quarter of the option rights can be exercised one year after they were granted at the earliest, another quarter another year after they were granted, and so on. The fair values of the individual tranches at the time of granting are between EUR 0,282 and EUR 0,5145 per issued option. The maximum cost of the program over the entire period is EUR 0,5m.

An employee equity-participation program involving 510.000 options was launched for the members of Board of Directors on August 20, 2013. The valuation was carried out by simulation (Monte-Carlo method). The volatility was calculated from the development of the ad pepper media International N.V. share price between September 3, 2007 and August 20, 2013. One third of the option rights can be exercised one year after they were granted at the earliest, another third another year after they were granted, and so on. The fair values of the individual tranches at the time of granting are between EUR 0,237 and EUR 0,325 per issued option. The maximum cost of the program over the entire period is EUR 145k.

Furthermore an employee equity-participation program involving 490.000 options was launched for executive employees on August 20, 2013. The valuation was carried out by simulation (Monte-Carlo method). The volatility was calculated from the development of the ad pepper media International N.V. share price between September 3, 2007 and August 20, 2013. One quarter of the option rights can be exercised one year after they were granted at the earliest, another quarter another year after they were granted, and so on.
The fair values of the individual tranches at the time of granting are between EUR 0,237 and EUR 0,350 per issued option. The maximum cost of the program over the entire period is EUR 147k.

The following table shows the changes in the options during the financial year 2013:

	2013	2012	
	Number of Shares	Number of Shares	Exercise price EUR
Options at the beginning of the fiscal year (Ongoing SOP 2001)	20.400	20.400	1,365
Options at the beginning of the fiscal year (Ongoing SOP 2002)	1.600	1.600	0,665
Options at the beginning of the fiscal year (Executive SOP 2003)	404.000	404.000	0,890
Options at the beginning of the fiscal year (Ongoing SOP 2003)	2.800	2.800	0,890
Options at the beginning of the fiscal year (Ongoing SOP 2004)	6.400	10.800	2,225
Options at the beginning of the fiscal year (Executive SOP 2005)	20.000	20.000	2,660
Options at the beginning of the fiscal year (Executive SOP 2006)	50.000	60.000	3,795
Options at the beginning of the fiscal year (Executive SOP 2008)	297.500	327.500	1,500

Options at the beginning of the fiscal year (Executive SOP 2009)	0	60.000	0,915
Options granted (Executive SOP 2013 BoD)	510.000	0	0,800
Options granted (Executive SOP 2013 MD)	490.000	0	0,800
Options cancelled (Ongoing SOP 2004)	0	-4.400	2,225
Options cancelled (Executive SOP 2005)	-20.000		2,666
Options cancelled (Executive SOP 2006)	0	-10.000	3,795
Options cancelled (Executive SOP 2008)	-60.000	-30.000	1,500
Options cancelled (Executive SOP 2009)	0	-60.000	0,915
Options forfeited (Ongoing SOP 2001)	-400	0	1,365
Options forfeited (Ongoing SOP 2002)	-1.200	0	0,665
Options forfeited (Ongoing SOP 2003)	-2.000	0	0,890
Options forfeited (Ongoing SOP 2004)	-3.200	0	2,225
Options forfeited (Executive SOP 2003)	-72.000	0	0,890
Options forfeited (Executive SOP 2006)	-40.000	0	3,795
Options forfeited (Executive SOP 2008)	-100.000	0	1,500
Options at the end of the fiscal year	1.503.900	802.700	0,665-3,795
Weighted exercise price in EUR	0,914	1,363	
Exercisable options as of 31 December	333,200	1,600	
Weighted exercise price in EUR	0,890	0,665	

No weighted exercise price of stock options exercised during 2013 is available as no options were exercised (2012: EUR 0). The average share price during 2013 was EUR 0,91 (2012: EUR 1,06). Most of the stock option programs do not have an expiration date. Hence, it is not possible to calculate a weighted average remaining contractual life.

The personnel expenses recorded in the past financial year in connection with stock option programs granted on the basis of equity instruments amount to EUR 51k (2012: EUR 10k).

The fair value of the stock options was calculated applying the Black-Scholes-Model, based on the following assumptions:

	Ongoing SOP 2001	Ongoing SOP 2002	Ongoing SOP 2003	Ongoing SOP 2004
Share price when granted, in EUR	1,30	0,65	0,89	2,22
Date of grant	18.05.01	15.01.02	15.01.03	16.01.04
Exercise price, in EUR	1,365	0,665	0,89	2,225
Risk-free interest rate, in percent	4,00	3,80	3,50	2,75
Estimated term, in years	4	1	1	1
Future dividend, in EUR	0	0	0	0
Estimated volatility, in percent	93	68	73	40

	Executive SOP 2003	Executive SOP 2005	Executive SOP 2006	Executive SOP 2008	Executive SOP 2013 (BoD)	Executive SOP 2013 (MD)
Share price when granted, in EUR	0,89	2,50	3,80	1,40	0,80	0,80
Date of grant	15.01.03	15.04.05	16.01.06	15.05.08	20.08.13	20.08.13
Exercise price, in EUR	0,89	2,66	3,795	1,50	0,80	0,80
Risk-free interest rate, in percent	4,50	3,65	3,48	4,15	1,10	1,10
Estimated term, in years	10	4	4	10	7	7
Future dividend, in EUR	0	0	0	0,04 to 0,06	0,04 to 0,06	0.04 to 0.06
Estimated volatility, in percent	53	58	56	50	64,41	64,41

2.3.2.12 Events after the balance sheet date

Up until the day of authorization for issuance the following event took place which would have exerted substantial influence on the net assets, financial position or result of operations as per December 31, 2013:

Subject to approval by the General Meeting of Shareholders of ad pepper media Spain SA, Madrid, and registration with the Commercial Register, ad pepper media International N.V. sold, effective January 31, 2014 a non-controlling interest of 35 % of the fully consolidated entity ad pepper media Spain SA to its Managing Director.

2.3.2.13 Contingent liabilities

Contingent liabilities mainly result from rented offices and from leases for cars and office equipment. The expenses from lease agreements amounted to EUR 48k in financial year 2013 (2012: EUR 48k). Rental expense amounted to EUR 83k (2012: EUR 83k). The future minimum payment obligations resulting from the contracts in place as of 31 December 2013 are as follows:

Financial Year	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
(in thousands of EUR)							
Office Rent	83	0	0	0	0	0	**83**
Car Lease	21	17	8	1	0	0	**47**
Other	250	0	0	0	0	0	**250**
Total	**354**	**17**	**8**	**1**	**0**	**0**	**380**

2.3.3 Notes to the income statement

2.3.3.1 Employee information

At the end of the financial year the company employed 19 people (2012: 18).

Personnel expenses

(in thousands of EUR)	**2013**	2012
Wages and salaries	2.072	3.473
Stock option expenses	51	10
Social security costs	198	215
Voluntary employment expenses	12	6
	2.333	3.704

These costs are included in the cost of sales, selling expenses and general and administrative expenses. Pension costs included in social security costs amount to EUR 78k (2012: EUR 77k). The average number of personnel employed during the year was:

	2013	2012
Business Development/IT	3	4
Marketing	1	2
Administration	15	12
	19	18

2.3.3.2 Remuneration of the Managing and Supervisory Directors

Remuneration (including pension costs) of current and former Managing and Supervisory Directors amounted to:

(in thousands of EUR)	**2013**	2012
Managing Directors	816	2.907
Supervisory Directors	0	0
	816	2.907

No other than the following board remuneration were charged to the company in the year under review, especially no long-term bonuses and pension payments. The bonus payments are subject to the attainment of earnings before tax-goal which was reached in the year under review. Remuneration of managing and supervisory directors also includes remuneration on behalf of the subsidiaries.

Remuneration of the management board 2013 (in EUR)		**Periodically paid**	**Annual bonus**	**Termination benefits**	**Stock based**	**Total**
U. Handel	CEO (from march 20th, 2013)	187.742	187.171	0	16.361	391.274
J. Körner	CFO	204.300	233.040	0	11.453	448.793
Total		392.042	420.211	0	27.814	840.067

Loans, guarantees, advances of the management board 2013 (in EUR)		**Principal amount**	**Repayment**	**Outstanding amount**	**Interest rate p.a.**
U. Handel	CEO (from march 20th, 2013)	n/a	n/a	n/a	n/a
J. Körner	CFO	n/a	n/a	n/a	n/a
Total					

Remuneration of the management board 2012 (in EUR)		**Periodically paid**	**Annual bonus**	**Termination benefits**	**Stock based**	**Total**
U. Schmidt	CEO	196.281	0	1.860.000	2.258	2.058.539
J. Körner	CFO	199.643	75.000	0	322	274.965
M.A. Carton	Director	196.940	0	375.450	1.656	574.046
Total		592.863	75.000	2.235.450	4.236	2.907.549

Loans, guarantees, advances of the management board 2012 (in EUR)		**Principal amount**	**Repayment**	**Outstanding amount**	**Interest rate p.a.**
U. Schmidt	CEO	n/a	n/a	n/a	n/a
J. Körner	CFO	n/a	n/a	n/a	n/a
M.A. Carton	Director	n/a	n/a	n/a	n/a
Total					

Article 383d of the Dutch Civil Code: Share-based remuneration
Number of stock options held

Management board 2013	**Exec SOP 2013 (BoD)**
U. Handel (since March 20, 2013)	300.000
J. Körner	210.000
Total	510.000

Management board 2012	**Ongoing SOP 2001**	**Exec SOP 2003**	**Exec SOP 2008**
U. Schmidt - until October 16, 2012	20.000	260.000	0
J. Körner	0	0	0
M.A. Carton - until October 16, 2012	0	72.000	37.500
Total	20.000	332.000	37.500

Supervisory Board compensation (in EUR)	**2013**	**2012**
Michael Oschmann	6.000	0
Thomas Bauer (since March 20, 2013)	4.691	0
Eun-Kyung Park (since March 20, 2013)	4.691	0
Stephan Roppel (since March 20, 2013)	4.691	0
Dr. Ulrike Handel (until March 19, 2013)	0	0

The members of the supervisory board do not hold any stock options or shares.

The principal conditions and other important data can be found in the tables under section 2.3.2.11 .

Movement in directors' holdings

Management board	**2013**		**2012**	
	Shares	**Options**	**Shares**	**Options**
Dr. U. Handel (since March 20, 2013)	0	310.000	0	0
J. Körner	0	200.000	0	0
M.A. Carton (until October 16, 2012)	-	-	Not known	109.500
U. Schmidt (until October 16, 2012)	-	-	Not known	280.000
Total	0	510.000	0	389.500

Supervisory board	**2013**		**2012**	
	Shares	**Options**	**Shares**	**Options**
M. Oschmann	0	0	0	0
T.Bauer (since March 20, 2013)	0	0	0	0
Eun-Kyung Park (since March 20, 2013)	0	0	0	0
Dr. Stephan Roppel (since March 20, 2013)	0	0	0	0
Dr. U. Handel (until March 19, 2013)	0	0	0	0
M. Dean (until October 11, 2012)	0	0	0	0
Dr. F. Schlaberg (until August 20, 2012)	0	0	0	0
Total	0	0	0	0

Associated companies	**2013**		**2012**	
	Shares	**Options**	**Shares**	**Options**
EMA B.V.	9.486.402	0	9.486.402	0
Euroserve Media GmbH	436.963	0	436.963	0
Axxion S.A.	1.163.501	0	Not known	0
Total	11.086.866	0	9.923.365	0

2.3.3.3 Audit fees

kEUR	PwC Accountants N.V. 2013	PwC Member firms 2013	PwC Total 2013	Deloitte Accountants B.V. 2012	Deloitte Member firms 2012	Deloitte Total 2012
Statutory audit of annual accounts	40	0	40	21	0	21
Other assurance services	0	119	119	13	149	162
Tax advisory services	0	0	0	0	0	0
Other assurance services	0	0	0	0	0	0
Total	**40**	**119**	**149**	**34**	**149**	**183**

Signing of the financial statements

Nuremberg, March 14, 2014

The Managing Board members are:

Dr. Ulrike Handel, Chief Executive Officer (CEO)
Jens Körner, Chief Financial Officer (CFO)

The Supervisory Board members are:

Michael Oschmann, Nuremberg, Germany, Managing director (Chairman)
Thomas Bauer (since March 20, 2013)
Eun-Kyung Park (since March 20, 2013)
Dr. Stephan Roppel (since March 20, 2013)
Dr. Ulrike Handel, Hamburg, Germany (until March 19, 2013)

3 OTHER INFORMATION

Appropriation of net result

According to Article 15 of the Company's articles of association, the annual meeting of shareholders determines the appropriation of the Company's net result for the year and the previous year.

Appropriation of result for the financial year 2012

The annual report 2012 was adopted in the general meeting of shareholders held on May 14, 2013. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2013

The board of directors proposes, with the approval of the supervisory board, that the result for the financial year 2013 amounting to EUR 4.968k should transferred to reserves with-out payment of dividend.

Awaiting the adoption of this proposal the net result is presented separately on the balance sheet.

Subsequent events

Subject to approval by the General Meeting of Shareholders of ad pepper media Spain SA, Madrid, and registration with the Commercial Register, ad pepper media International N.V. sold, effective January 31, 2014 a non-controlling interest of 35 % of the fully consolidated entity ad pepper media Spain SA to its Managing Director.

Independent auditor's report

To: the general meeting of shareholders of ad pepper media International N.V.

Report on the company financial statements
We have audited the accompanying company financial statements 2013 which are part of the annual report of ad pepper media International N.V., Amsterdam, and comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these company financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these company financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company financial statements, whether due to fraud or error.
In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the company 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 company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of ad pepper media International N.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Managing Director's Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the company financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Utrecht, 14 March 2014

PricewaterhouseCoopers Accountants N.V.

J.W. Middelweerd RA