ad pepper

The e-Advertising Network

Annual Report 2004

Global Reach – Local Touch

progress

Theme for the Annual Report of ad pepper media International N. V.

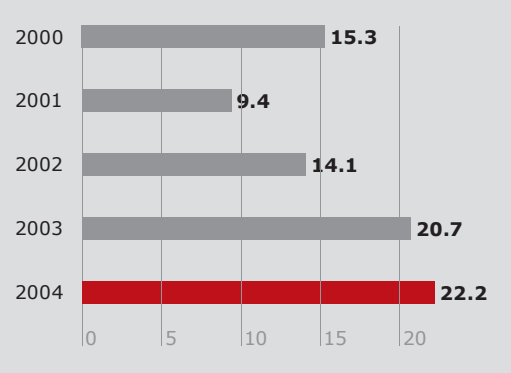
Despite a continued difficult economic environment ad pepper media succeeded in increasing the revenue once again in the past fiscal year and in turn in generating stable operating profits. As a consistently international marketing organisation for e-marketing solutions the company has not just further consolidated its presence on the European markets, but with an own branch in the USA has also created the pre-requisites to be in a better position to cover the growing demands of major American companies for international online campaigns.

Online advertising has on the whole reached a new stage of development. Effectiveness and necessity are no longer a point of discussion, but merely optimisation and harmonisation of advertising target, format and distribution channels. Large networked units with high technological and organisational know-how and strong international and local presence are needed in order to be prepared for this market development. ad pepper media feels it is in an excellent position to face these challenges.

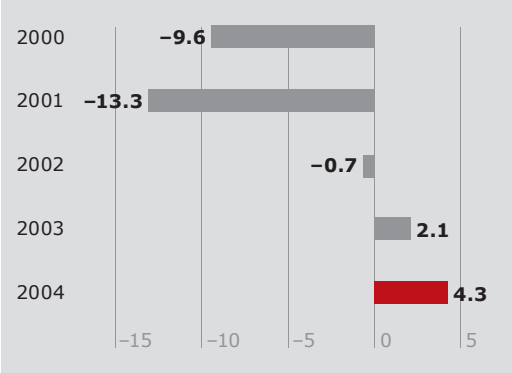
Overview of the main key figures

	2004	2003	2002
Net sales, in EUR million	22.2	20.7	14.1
Gross profit, in EUR million	9.9	10.3	6.7
Gross margin	45 %	50 %	47 %
EBIT (earnings before interest and taxes), in EUR million	0.5	1.0	–1.6
EBT (earnings before taxes), in EUR million	1.8	2.1	–0.6
Net gain/loss, in EUR million	4.3	2.1	–0.7
Earnings per share, in EUR	0.42	0.21	–0.07
Noncurrent assets, in EUR million	13.2	14.8	7.6
Current assets, in EUR million	33.1	28.1	31.7
Equity ratio	86 %	83 %	86 %
Employees	117	112	85

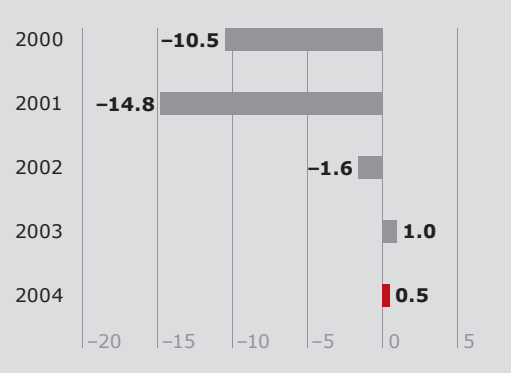
Net sales (in EUR million)



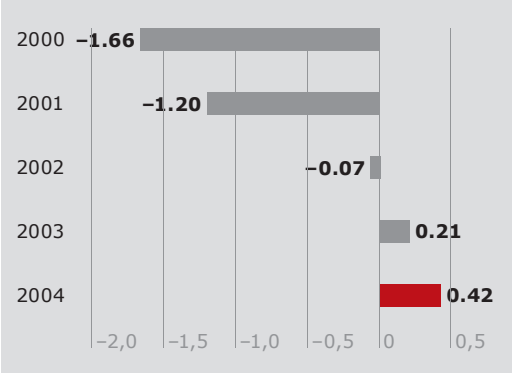
Net gain/loss (in EUR million)



EBIT (in EUR million)



Earnings per share (in EUR)



Strategic acquisitions

In December 2004 ad pepper media International N.V. invested in dMarc Broadcasting Inc., Newport Beach, California. dMarc Broadcasting Inc. currently counts more than 4,600 radio stations in the USA and Canada among its customers in the field of radio automation and thus reaches a range of 40 percent in the Top 50 US radio stations.

ad pepper media International N.V. is involved in the whole transaction, which is financed through a ten million dollar investment in dMarc Broadcasting and at the top of which there are other first-class financial investors, among these the American investment companies Oryx Capital Inc. and King Street Capital L.P.

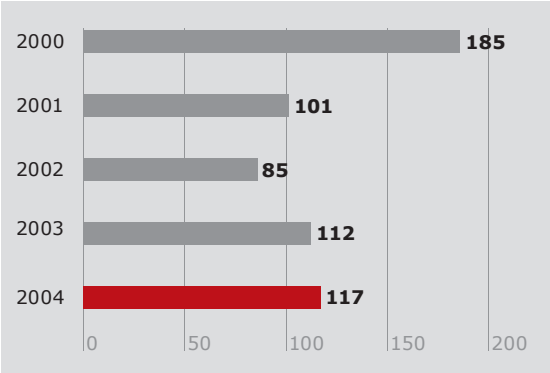
An essential reason for the investment in dMarc Broadcasting Inc. is the agreement to found a new European Joint Venture between dMarc Broadcasting and ad pepper media with the aim of also marketing dMarc's market leading radio automation and digital media technologies in Europe. The systems find solutions to numerous of the basic challenges faced by radio station groups today, including the ability to assess the advertising, simplification of the complicated booking and reporting flows and the reduction of unsold advertising times. Through interactive campaign processing, as known for a long time already from the field of online, ad pepper media also expects a sustainable boost in radio revenues, in the development of which the Company will participate through the Joint Venture. The Joint Venture will begin its activity over the course of 2005.

The ad pepper media share

In the fiscal year 2004 the Management Board of ad pepper media once again faced the questions of the interested financial community. During an extended roadshow in New York and Chicago intensive individual talks were conducted with American fund managers and asset managers, which in many cases led to an engagement of the addressed investors. Satisfying reactions were also recorded at a roadshow in Frankfurt am Main, which was organised by the designated sponsor of ad pepper media, Equinet AG.

In addition, the Management Board presented the business model and the potentials of the Company to numerous investors, analysts and multipliers at the highly-recognised German Equity Capital Forum in Frankfurt am Main on 24 November 2004.

Employees



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Letter from the Managing Board

Niels Nüssler (CSO), Ulrich Schmidt (CEO) and Hermann Claus (CFO)

Dear Shareholders,

With sales of EUR 22.2 million and group results of more than EUR 4.3 million ad pepper media can look back at a successful fiscal year 2004. It is once more thanks to the internationality of our comparably medium-sized Company that we were able to offer numerous "global players" among our customers customized and cross-country campaigns last year. Customers such as Dell and Toyota chose the services of ad pepper media, in order to individually address the corresponding online community in 16 countries parallel.

However, ad pepper media also retained its diversification strategy with all well-known customers in the period under review. The dependency on individual budgets was always less than five percent. The number of customers amounted in 2004 to a total of 1,024, for which approx. 3,700 projects were realised.

Nevertheless, we would like to mention that at the beginning of the past year we had hoped for more – if one could not expect to be able to keep up with the growth rates of the year before last. Thus, we had to cope with unexpected obstacles such as e.g. pop up blockers, which substantially limited the range of the popular advertising format and it took quite some time until we had overcome this sales bottleneck. We were helped considerably here through the successful, but time-consuming set-up of an e-mail database, which today has more than three million qualified own addresses and has made ad pepper media to one of the leading European providers in the field of Optin e-mail marketing.

Independent of this ad pepper media has continued the successful course of internationalisation. With the opening of an own office in the United States our Company reacted to the sharp rise in demand of American technology and consumer companies for a partner with European infrastructure. We proceeded with the necessary calm and initially merely started with just a few employees on site. We shall successively continue to expand our location in Stamford, Connecticut in this fiscal year.

The macro-economy only recovered gradually in the past year. Nevertheless, an improvement can be seen in our business field. The advertising industry recorded a revenue plus of between five and six percent in Germany and worldwide for the first time in three years. The still low share of online advertising compared with the advertising market as a whole will also enable more than average chances for growth in the next few years, especially as numerous studies prove that the use of the medium Internet is continuing to rise without stopping.

Important for the future development of ad pepper media is the knowledge that the trend away from simple advertising formats to more complex and efficient marketing solutions with international diversification will continue. ad pepper media reacts to this with the permanent further development of its tools. The Company invests around eight percent of the revenue in research and development in order to optimise the software tools and guarantee a far-reaching adaptability of the technology.

With a good level of cash on hand we had signalled at the beginning of the past year already that we are open to useful acquisitions. ad pepper media entered into a minority share in the American dMarc Broadcasting Inc. in the fiscal year 2004. The company supplies 4,600 radio stations in North America with digital solutions and media services. This year still we shall also launch dMarcs' market-leading technologies in Europe in a Joint Venture.

After the end of the fiscal year we reported a further acquisition in February 2005 with the take-over of the Dutch online marketing company ResultOnline B.V. by our subsidiary ad pepper media BeNeLux B.V. This strengthens our position in the field of text-based online marketing and makes our subsidiary one of the leading Dutch providers of online marketing solutions.

In addition, to the most recent acquisition in The Netherlands further useful acquisitions are conceivable. However, also independent of this we assume a healthy and positive growth this fiscal year.

We have done our homework: With the set-up and further set-up of the e-mail database, our acknowledged high technological standard, our increasing internationalisation and the encouraging forecasts for the world economy and the advertising market we are looking forward to a successful fiscal year in 2005.

The Management Board
ad pepper media International N. V.

Ulrich Schmidt | Hermann Claus | Niels Nüssler

Dear Shareholders,

According to a survey of the European Interactive Advertising Association (EIAA) conducted in November 2004, the Internet is considerably expanding its position in the media landscape of Europe. In Germany the number of Internet users has risen by a further five percent to a total of 52 percent of the population since 2003. Germany thus ranks first in Europe, before Great Britain (50 percent) and France (45 percent). Altogether 42 percent of those questioned in the European survey stated that they went online every day. This makes it very clear that the medium Internet has developed to become an important part of the lives of many people.

The survey further shows that 20 percent of the total media use in Europe, in 2003 it was still around ten percent according to the previous survey, now relate to the worldwide data network. Thus, the Internet acts as a frequently-used medium even before magazines (seven percent) and newspapers (ten percent). However, TV still holds the biggest share with 33 percent.

In the next four years the budget for advertising in the Internet is expected to triple according to the survey conducted by the EIAA. The European industry association for online marketing companies assumes that seven percent of the whole advertising budget will be accounted for by the online area by the end of 2008. Good prospects for ad pepper media to be able to continue to be optimistic when looking to the future.

The past fiscal year 2004 once again signified a challenge for ad pepper media International N.V. The consolidation and adjustment process among the online marketing companies which has been seen for several years also continued in 2004.

There are only a few companies that offer the whole range of online marketing with own technology and international presence and positioning power. ad pepper media is well prepared in this respect and acknowledged in the market and thus was able to continue the path of success of the past few years with rising revenue and operating results which had improved once again. This also includes recognising markets which offer potential for growth. By opening a sales office in the USA, ad pepper media reacted to the sharp rise in demand of American companies for a partner with European infrastructure. In addition, ad pepper media took over a minority holding in the American dMarc Broadcasting Inc., which supplies 4,600 radio stations in North America with digital solutions and media services in December 2004.

The Supervisory Board regularly acted as consultants and monitored the work of the Management Board in the period under review in accordance with its legal obligations. At the meetings of the Supervisory Board in the past year and at individual meetings the Supervisory Board was regularly informed

in full by the Management Board about the operative business development and the financial, investment and personnel planning of ad pepper media International N.V. and its group companies. During the four ordinary meetings, which took place on January 30, May 7, July 16, and October 26, 2004 the Supervisory Board discussed in detail the verbal and written reports of the Management Board. Important single business transactions were discussed together with the Management Board and which treat business submitted for approval based on legal provisions or provisions as per statute.

On 7 May 2004 the General Meeting once again appointed the auditing company Ernst & Young, Deutsche Allgemeine Treuhand AG, in Nuremberg as auditors for the fiscal year 2004. The Company was commissioned with the audit and has audited the group accounts and the management report prepared by ad pepper media International N.V. and granted it an unlimited audit certificate. These group accounts were prepared according to US GAAP.

After the final results of its audit the Supervisory Board agrees with the annual accounts prepared by the Management Board as of 31 December 2004 and approved these on 8 March 2005. The annual accounts for the fiscal year 2004 has thus been adopted.

The whole Supervisory Board would like to give a special thank you and express its acknowledgement for the excellent work to all members of the Management Board and all employees of ad pepper media International N.V. and the companies in the individual European countries and in the USA. It is thanks to their hard work and commitment that ad pepper media overcame the challenges of the past fiscal year and can go into the new fiscal year in a stronger position.

Nuremberg, 8 March 2005

For the Supervisory Board

Michael Oschmann, Chairman

Solid customer base extended further

Besides companies with fine-sounding names such as Nokia, Deutsche Telekom or Dell, ad pepper media has also counted smaller and medium-sized companies among its customers for many years. The total business activity of the past year was based on approx. 3,700 projects. Medium-sized companies are today increasingly placing their bets on online marketing tools as efficient tools for binding customers.

Online of course

The community is growing up. „Which medium do you use in the first place if you would like to find out more about a subject", is the question which has been asked by the Allensbach Institute for Demoscopy to a representative cross-section of the German population from 14 years at regular intervals for years. In 1999, a mere nine percent of all adult Germans thought of the world wide web when answering this question. Last year (ACTA 2004) it was 37 percent already, even if television with 73 percent ranked clearly in first place.

The picture is completely different in the group of 20 to 29 year olds: Just under two thirds of this group, which is very important for the advertising industry, already prefer to use the Internet for consolidating information, 74 percent generally go online compared with 24 percent in 1999. Only in the age group of persons over 50 years of age was the web clearly only used by a minority.

Progress in online shopping. Even more important than the acceptance as a source of information for the commercial success of the medium is in the end the use as a transaction tool. Various surveys have shown that already four out of five surfers now use a search engine in the Internet to compare price and quality before deciding on a purchase. However, the most surprising results were produced again by the ACTA 2004: Only a quarter of these users subsequently purchased the searched product in the stationary trade, the rest purchased online. On the whole, the number of German online buyers has doubled since 2001 to an absolute 22.7 million.

Substantial development. The European Interactive Advertising Association (EIAA) examined distribution and intensity of use of the Internet for the whole European region and found that there are more and more similarities in the attitude of Europeans towards the medium. With regard to penetration Germany (52 percent) ranks first place, followed with a slight difference by Great Britain (50 percent) and France (45 percent). A good third of the users go online daily and three out of four of those questioned use the Internet to obtain information on products. According to the survey the worldwide data network now accounts for 20 percent of the whole media use in Europe – in 2003 this figure was still ten percent according to the previous survey. The Internet is thus an intensively used medium even ahead of magazines (seven percent) and newspapers (ten percent share).

Growth of the limits. With the fast assertion of the Internet with the consumers – in particular in the target group of 20 to 29 year olds, especially relevant for advertising, – it is expected that acceptance and time budget will reach limits in the foreseeable future, however the potential of the medium as a marketing tool has still not been exhausted by far yet. As the expenses for online advertising have reached just two to three percent of the budget, which companies make available worldwide for the penetration of their brands and for better sales of their products and services. And if everything goes according to the plans of market researchers such as Jupiter, Forrester & Co. this market share will reach five to six percent in the next two years corresponding with EUR eleven to 13 billion – peanuts in relation to the intensity of use of the medium and its manifold possibilities of efficient communication with consumers.

Core of each marketing campaign. The phase of principle discussions is now passé. The question whether one should accompany a classical campaign online is no longer discussed intensively in marketing circles, but how one can usefully couple offline and online worlds. Online advertising has established itself as a firm part of the marketing strategy with many companies, especially as the EIAA estimates that it is accepted twice as much as TV advertising. Today, it is especially necessary to integrate the manifold tools of online marketing as a central element into the long-term strategy. They are not seen as an additive to the campaign, but as a core of a new form of interactive communication with the consumers – and of course always with the aim of increasing the revenue. Many promising formats such as interactive TV really develop to the full when linked with the online world.

Mobile and interactive. After all, the Internet is developing more and more into a constant companion of workers and children while growing up. Whether notebook, mobile phone or PDA: It is possible to access e-mails, the latest news and even moving pictures almost everywhere fast and comfortably thanks to the increasing distribution of DSL, Wireless LAN and UMTS. The Internet travels with the people who are becoming increasingly mobile, whom nothing annoys more than useless waiting times one when travelling by air and rail or somewhere in between. In such voluntary waiting periods the need for communication increases more than average – and thus also the willingness to discover new consumer worlds.

Professional. Right from the start ad pepper media has focussed on marketing advertising areas in the Internet as a core business. Since it was founded the Company, which operates on an international level, has been flexibly satisfying the needs of the most varied markets. The actual structure with ad pepper media International N.V. as holding company at the top has existed since August 1999. Today, ad pepper media has 15 branches in eleven European countries and the USA.

Exhaust potentials for growth. The service portfolio is broken down into three business areas: **MEDIA, DIRECT MARKETING** and **TECHNOLOGY.** Thus, ad pepper media as an all round service provider (one-stop-shop) of cheap range products to various effective branding solutions to the acquisition of new customers and measures for binding customers covers all areas of efficient online advertising. The ad pepper media network with around 1.2 billion exclusive advertising contacts per month covers leading websites such as Das Telefonbuch and GelbeSeiten (Yellow Pages) in Germany, Aftonbladet in Sweden, Marktplaats and Monster in The Netherlands, Interhotel in Spain, and more than 650 specialist national and international websites as well as those which cover specific issues. Among its customers are Blue Chips as well as new innovative brands and advertising customers, who have discovered the Internet as an efficient advertising medium. The sales network covers websites with regional, national and international online advertising presence and thus always offers the customers the desired range. Based on a

global network the range of offers covers the full service from campaign management to reporting by using the respective best available technology. Thus, ad pepper media feels well equipped to exhaust the potential for growth which can be seen in the coming years.

The **MEDIA** division of ad pepper media focuses first and foremost on marketing consumer products for which it is imperative that the advertising message reaches an audience as large as possible. Generating a high level of attention among large numbers of people is a key aim of such campaigns, as is establishing presence for a brand within a broad market. The dominant advertising media for such campaigns were and continue to be the mass media, such as TV, cinema, magazines, radio and billboards. However, even the most cutting-edge planning is powerless to eliminate the Achilles heel of such media, namely their enormous "coverage waste".

The Internet now reaches a mass audience and attains any degree of coverage required, across all borders, but with much less loss from non-selectivity. Depending on the campaign's target group and aim, be it awareness, branding or boosting traffic on the customer's website, ad pepper media offers a variety of products and online advertising solutions, such as, iReach, iAttract, iBrand, iSponsor, iStream and iClick. In this way, the Company enables its customers to deploy their media budgets in a targeted and efficient manner.

Broad reach. iReach is a solution to deploy when the aim of a marketing campaign is to reach out to a wide public audience at minimal cost. With this instrument, different advertising formats can be placed on virtually any website within the national or international network. Another benefit of the **iReach** marketing solution is that country-specific elements can be implemented as well. In a pan-European campaign, for example, local motifs can generate higher acceptance levels, leading to less coverage waste among users.

The key aim of the **iAttract** marketing tool is to generate maximum attention by deploying striking and innovative formats such as "eyecatchers" or "interruptive advertising". **iBrand** centres on building a brand, increasing awareness of it and consolidating recall values associated with the brand. This tool is mainly aimed at websites that communicate the related brand qualities, whereby awareness levels can be defined in terms of content or of sociodemographic characteristics of the respective users.

ad pepper media deploys **iSponsor** to engineer image transfer from a positively viewed carrier to the client company. The possibilities extend from simple logo placements under special headings, to customer-centred website packages. In order to foster perception of the brand, ad pepper media places the advertising message exclusively on selected content pages and/or in conjunction with matching events or activities.

Affordable TV-spots. With broadband technologies like DSL becoming more and more widespread, the Internet is becoming more and more visual as a medium. Waiting for large files to download is a thing of the past. It is here that **iStream**, a new marketing tool from ad pepper media, comes into its own. Advertisers can integrate current TV spots or video clips into banner, pop ups, skyscraper or e-mails. Video images enhance not only the attention given to the message, but lead demonstrably to better response and conversion rates as well. Another advantage of the streaming technology used by ad pepper media is that no additional programs (plug-ins) are needed. The bandwidth with which a user surfs the Internet is automatically detected by the system, thus ensuring that the video clip is streamed for the best possible quality. Video spots, now used occasionally to supplement TV campaigns, will offer a host of new possibilities in future, such as affordable spot advertising for small and medium-sized enterprises, or short, creative spots that users like to pass on by e-mail.

A barrel of performance. If a company placing advertisements is less concerned about volume and reach than about traffic and time spent on its web pages, ad pepper media provides **iClick** as an inexpensive instrument to this end. Instead of paying for every advertising placement, the client pays only for the actual number of clicks on the advert. Billing for the campaign is based solely on results.

Seek, find and retain – customer acquisition online

Spending the advertising budget as efficiently as possible. This is a key challenge in most companies. When the economy is weakening in pace and consumers show only moderate willingness to spend, advertising can safeguard the existence and growth of a company – or fail in that endeavour. Money for advertising is scarce, and the battle for attention and consumer interest is tougher than at any time before.

Today, the key concern is to deliver the right advertising or marketing message straight to the right addressees, with a minimum of detours – at relatively low cost, of course, and with an above-average rate of positive responses. The various forms of direct marketing, conventionally known as direct mail, cash rebate or coupon campaigns, provide proven ways of achieving this goal. Yet modern online marketing can do much more than that, and above all efficiently.

The second division, **DIRECT MARKETING,** is mainly engaged in supplying the kind of direct marketing solutions with which the right users are personally addressed, thus avoiding losses through non-selective coverage. Depending on the client's specific goals, ad pepper media supplies the tools with which the entire interaction with the user is conditional on the user giving his or her explicit consent (permission marketing).

The key instrument here is **iLead,** which is used to generate addresses of potential customers in a specific target-group in a fast, efficient way. By placing diverse forms of advertising, advertisers receive contact data from users who have signaled a specific interest in the product or service on offer. The data thus generated are the basis for a highly detailed customer database to which additional tactical marketing instruments, such as surveys, sample or coupon dispatches, can be linked, and which help to establish a permanent dialogue with customers and to bind customers via eCRM. Solutions for disseminating online advertising in newsletters, through "stand-alone e-mails" and mobile terminals round off the product range.

Advanced customer profiles. To find and gain interested customers, data is needed that lead to the customer. **iLead** is qualified direct marketing with specific services or products aimed directly at the interested user, and hence potential customer. By precision placement of advertising formats, the advertiser obtains individual profiles (name, address, e-mail, fields of interest), filled out by the consumer, as a basis for subsequent direct contact. In the second step, requiring the consent of the potential customer, he or she is directly approached with detailed product information, promotion offers or free samples.

Compared to classical direct marketing, advertisers incur much lower costs for new customer acquisition with a billing model based on performance. Customer profiles can be updated at any time by e-mail in order to explore user needs better, or to discover why a user has exercised restraint. An excellent instrument for this purpose is **iSurvey,** with which online surveys can be conducted fast and inexpensively. Such surveys often extend to useful questions concerning the acceptance and positioning of the company in general, of a new product, the brand itself, or of a newly launched consumer brand.

Valuable data. Beyond the extraction of customer data for customer orders ad pepper media has initiated their own e-mail database called **mailpepper,** containing qualified customer profiles and through their self developed technology. At the end of the business year this data base included more than three million profiles of potential customers, enabling a wide segmentation on location, age, profession or fields of interest. This allows ad pepper media to provide advertisers the opportunity to address target customers personally by e-mail or to resurrect them for its products or services.

Proceeding interest. If the user has identified him- or herself as a potential or actual customer, and expresses interest in further information or offers, ad pepper media offers the advertiser an additional set of efficient tools for marketing its services and products more effectively, and ultimately for boosting its sales. **iSample** turns the

Internet into a channel for offering and dispatching product samples – the aim being to entice the receivers of such samples into the advertiser's online or offline shop and to motivate them to buy.

With **iCoupon,** well-known and proven direct marketing instruments, such as rebate stamps or coupons, can be implemented quickly and very efficiently online. Major producers of branded goods, such as Procter & Gamble for example, have already integrated this ad pepper media approach into their marketing mix with some success. **iGame** doesn't just appeal to people's play instinct, by offering attractive and entertaining competitions or online games – the main purpose of this particular tool is to enhance the attention-grabbing function of such advertising and translate this into consumer purchases in a sustained way. According to experience the loyalty of users to engage with products and services, is increasing when the activity is associated with being amusing and enjoyable. If the potential customer is interested in more detailed information on products or specific markets, **iNews** can be used as advertising in electronic newsletters. This, too, is conditional on the user – approached through an advertising message – signaling definite interest and subsequently subscribing quite deliberately to the newsletter in question.

Direct communication. The **iOptin** tool enables direct e-mail communication with users. Sending offers and advertising messages electronically is preceded by rigorous selection of specific user groups. With **iOptin,** users can be filtered according to sociodemographic criteria, for example, such as gender, age, marital status, interests or lifestyle features.

Beyond the Internet, ad pepper media can disseminate the core messages of a campaign to mobile phones or PDAs using **iMessage**. By addressing target groups directly and with a high degree of personalisation, losses through non-selectivity can be largely avoided despite broad coverage.

In the third division, **TECHNOLOGY,** the Company concentrates on customer data systems for binding customers and conducting dialogues. These systems are based on proprietary software products engineered by ad pepper media. Unlike the adserving technologies that outsource activities to external, performant and innovative partners like Falk eSolutions AG, these customer data and the value-added services based on them are deployed as a discrete ad pepper media tool for generating customer loyalty. Ongoing research and development work is essential if market trends are to be spotted at an early stage, and new customer-centred marketing solutions are to be designed and implemented in a timely manner. This gives the advertiser an end-to-end, continuously updated system for managing and exploiting the customer database, a system that enables the advertiser to spend its marketing budget to even greater effect.

The dialogue marketing software **iDialogue,** for example, maintains customer relationships for any period desired. The advertiser can use this service package for both existing and new customers. It has been particularly successful for small and medium sized companies have been approached by ad pepper media. Those companies have quickly discovered how important the personal dialogue with a pleased client base can be. The system can be used to generate new leads, to follow up on fields of interests and to purposefully address e-mail campaigns for a certain target group. It comprises a content management system with which templates for e-mail newsletters can be designed, as well as a "profile database" and a statistical analysis module. The aim of the system is to ensure that the customer is contacted on a long-term basis with personalised offers specifically customised to his or her needs.

This is achieved with a "learning" system for establishing and intensifying dialogue with customers via e-mail. Therefore the profile data was generated even before it was approved. In contrast to complex and costly eCRM solutions abundantly available on the market, **iDialogue** is an easy-to-use system that is inexpensive to implement. The advertiser receives a dialogue marketing tool specially designed to meet its specific objectives. For smooth implementation, continuous operation and integration of additional ad pepper media solutions, advertisers are supported and advised by a team with extensive online experience.

State of the art. Although ad pepper media relies on the expertise and technologies of external partners for dissemination and placement of the advertising or marketing messages, the Company itself provides a convenient and inexpensive tool in collaboration with Falk eSolutions AG. This instrument, called **iServe,** allows website operators, agencies and direct customers alike to deploy the latest technologies in their campaigns at low prices. Another benefit is that it can be installed and operated on any system, anywhere in the world.

Make solid progress on successful paths

The course of business so far gives reason to be optimistic in expecting that ad pepper media will exceed the growth in the industry in 2005, too. Moreover, the US market, in which the Company laid the foundation for a dynamic development, should gain in importance. A strategic acquisition is also conceivable in order to strengthen the presence on the largest market for online marketing.

With a growth of 7.4 percent to EUR 22.2 million ad pepper media once again succeeded in increasing revenue. In particular, additional costs for placing and marketing the advertising campaigns, the set-up of its own e-mail database and the operative set-up of the US activities influenced margin and operative costs. Therefore, the operative results fell from EUR 0.93 million in the last fiscal year to a current EUR 0.41 million. Including the, on the other hand, excellent financial results (plus EUR 1.22 million) and owing to the first time capitalization of latent tax credits in the amount of EUR 2.59 million, however, the annual surplus increased substantially to EUR 4.34 million after EUR 2.13 million in the previous year.

Basic economic conditions

The recession has been overcome, this is one point on which entrepreneurs and economists agree, only the consumer still has difficulties believing this. Thus, the economic climate in Germany is looking bleak again in the fourth quarter after a considerable upturn in the first six months. Therefore, the office of statistics, Destatis, had to correct the BIP increase for the whole year 2004 downward to 1.6 from previously 1.7 percent. At two percent, economic growth was slightly stronger in the Eurozone on the whole, whereby above all France and Spain recorded more than average growth rates. The strongest global impulse for growth came from Asia and North America over the whole year.

Market and market environment

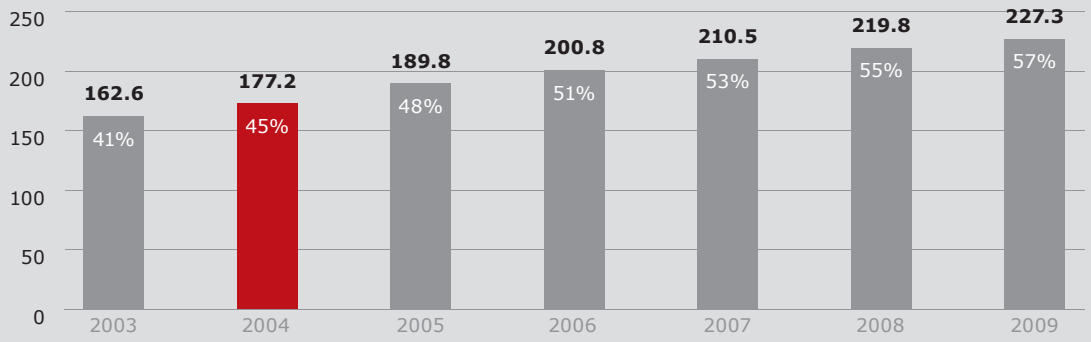
The advertising industry also passed through a long depression in 2004. The English Aegis Group, a leading network of international advertising agencies and media planners, estimates a growth in revenue worldwide of around six per cent in the past year. In Germany, according to Nielsen Media Research, the industry recorded a revenue plus of 5.8 percent for the first time in three years. Accordingly, EUR 18.2 billion gross income flowed to the classical media in the past year in Germany from adverts and spot advertising, of which television by far generated the largest market share (42 percent) with EUR 7.7 billion, followed by daily newspapers (25 percent) and public magazines (21 percent).

Despite strong growth the online advertising market, on the other hand, achieved just about a market share of just under three percent worldwide. According to a study of the European Interactive Advertising Association (EIAA) in Europe, the share of online marketing compared with the whole advertising cake, amounts on the other hand to a mere 1.5 percent. This corresponds absolute with just under EUR two billion according to estimates of Jupiter Research, the decisive market research institute for the industry. As the medium at the same time is used more and more intensively, there is here by far the largest leeway for expansion within the whole advertising market.

Thus, the afore-mentioned EIAA study (status end of 2003) showed that now already ten percent of the time, which Europeans spend on average for using the media, is for the Internet. Thus, the World Wide Web has overtaken some classical media with regard to the preference of the population and is only exceeded by TV (41 percent), radio (28 percent) and daily newspapers (13 percent). The continuing march of victory of the Internet as advertising medium is supported by increasing distribution and increasing trust in online shopping. Thus, according to ACTA 2004, the comprehensive annual survey of the Institute for Opinion Polls Allensbach, already 58.8 percent of all Germans use the Web as a source of information and purchasing. In the target group which is most important for advertising, the 19 to 29 year olds, penetration has even reached 74 percent. Parallel to this, the intensity of the use is growing: According to ACTA a quarter of Germans already go online every day – with satisfactory consequences for the commercial success of the medium. The market research institute, Forrester, estimates sales revenue in the Internet last year at EUR 13 billion worldwide, which means an increase of 44 percent compared with 2003.

Rise in the number of Internet users in Europe

Number of Online-Individuals (in mio.)/Percentage of Total Online Individuals



Jupiter Research, May 2004

The growing acceptance, combined with low diversification losses in online campaigns, were also decisive growth drivers in the past year. Moreover, the structure of online advertising has been further improved in terms of quality and designed more in line with the needs. Besides direct marketing via e-mail the search engine market has in particular gained in importance. As eight out of ten Internet buyers first visit a search engine in order to find products or services. Moreover, performance-based campaigns are asserting themselves more and more, in which the customer only pays for the conclusions, which materialize through the action of the Internet users.

Competitive environment

The consolidation and adjustment process which has been seen for several years among the providers of online advertising continued in the past fiscal year and is expected to gain even more in momentum in the future. As to date many small companies often share – besides several large Internet portals such as Google, AOL or Yahoo – this market with national or local focuses. Moreover, only a few companies offer the whole range of online marketing with own technology and international positioning power, which represents an important sole position feature of ad pepper media.

In the field of pure banner advertising, for example, ad pepper media above all faces competitors such as the stated portals as well as MSN and AdLink, in the business field data or direct marketing the US companies Acxiom or Claritas and in the field of technology above all the American companies eCircle and DoubleClick. Owing to the enormous potential for growth large publishing companies are now increasingly also showing an interest in online advertising, as seen by the recent take over of the popular advice page About.com by the New York Times Group for USD 410 million.

Business activities & business development

ad pepper media has successfully positioned itself as an international sales and marketing organisation for e-marketing solutions, which realises interactive advertising concepts for well-known customers and agencies, and with 15 branches in eleven countries in Europe and the USA is in the position to place customized campaigns parallel in more than 40 countries. In Europe alone the Company can exclusively supply more than 650 websites with 1.2 billion advertising contacts per month. Through further partnerships, also in America, there are another three billion advertising contacts, and in Asia one billion. As one-stop-shop for advertisers and websites the Company

offers the all-round service based on the respective best available technology, with innovative advertising forms and a broad range of efficient marketing solutions up to models for customer acquisition and customer binding.

Above all, the ability to adapt international marketing campaigns fast and flexibly to the local needs in individual countries and position these accordingly, has once again turned out to be an important sole position feature for ad pepper media. The excellent European network of the Company was, for example, a decisive criterion for the American computer manufacturer Dell to choose ad pepper media as a service provider. Such international online campaigns are more and more in demand by the Blue-Chip customers and last accounted for more than a fifth of the proceeds of ad pepper media.

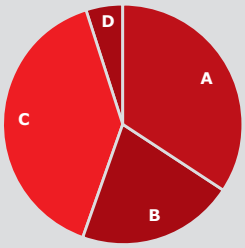
The traditional diversified structure of the customers has also become increasingly international. Today, the customers include American companies Dell, Procter & Gamble, HP or Intel as well as the Japanese companies Toyota or Minolta and European Global Players such as Philips, Nokia, Volvo or Deutsche Telekom. There is no significant dependency on individual customers. The revenue share of an individual customer is no more than five percent in any case.

Revenue development

With sales of EUR 22.2 million, ad pepper media generated an increase in revenue of 7.4 percent (previous year: EUR 20.7 million) in the period under review. Whereas the revenue development in the first nine months of the current fiscal year developed consistently at quarterly revenues between EUR 4.7 and 5.4 million, it was possible to generate a sharp increase in revenue in the traditionally strong 4th quarter to just under EUR 7.1 million.

With regard to the segment reporting owing to its international orientation the Company prefers a geographic allocation of the revenue and makes a distinction between "Central Europe" (Germany, The Netherlands, Slovakia), "Northern Europe" (Denmark, Sweden) and "Western Europe" (UK, France, Spain, Italy) and "Others", behind which in the first place is the US business. With a revenue of EUR 8.81 million (previous year: EUR 7.58 million) Western Europe records the highest revenue share with 39.2 percent followed by Central Europe with 34.9 percent or EUR 7.84 million (previous year: EUR 8.42 million) and Northern Europe with 21.0 percent or EUR 4.71 million (previous year: EUR 4.70 million). The rest of the world, thus predominantly USA, increased its revenue share more or less from nil to 4.8 percent, corresponding with EUR 1.09 million. This comparably broad-based revenue distribution for a company of this size does not just mean work, but brings an additional safety factor in the expected busi-

Sales by region



As of: 31.12.2004

A	**Central Europe** (Germany, The Netherlands, Slovakia)	**EUR 7.6 million**
B	**Nothern Europe** (Denmark, Sweden)	**EUR 4.7 million**
C	**Western Europe** (UK, France, Spain, Italy)	**EUR 8.8 million**
D	**Others**	**EUR 1.1 million**

The speed of innovation is to be retained

The technology of ad pepper media is an essential module for the success of the Company. The in-house product development consistently works on its further development. The focus of the activities of this unit, on which the Company spent eight percent of the annual turnover in 2004, is on higher efficiency and a far-reaching adaptability of the existing tools and the development of new digital marketing tools.

ness development. If one allocates the total revenue to the two business fields Media and Data, both generated around the same revenue shares in the fiscal year 2004.

Development of results

In the fiscal year 2004 ad pepper media shows group results of EUR 4.33 million (previous year: EUR 2.1 million), which corresponds with profits per share of EUR 0.42 (previous year: EUR 0.21) – based on an average of 10,410,160 shares in circulation. Minus production, sales and distribution and administrative costs the Company generated operating results of EUR 0.41 million after EUR 0.93 million in the fiscal year 2003. Including the financial results of EUR 1.22 million, which had improved once again, the results before tax amounted to EUR 1.76 million (previous year: EUR 2.14 million). The capitalization of latent tax credits in the amount of EUR 2.59 million (previous year: EUR 0 million) resulted in the aforementioned annual surplus of EUR 4.34 million.

The causes for the worse than expected operative results are above all a result of rising cost of sales. As no later than since the introduction of Service Pack 2 for Windows XP in spring last year it has turned out to be a problem for the whole industry that so-called pop up blockers are being installed on more and more computers, through which the range of the popular advertising format is considerably restricted. And, at the same time, owing to an increased share of the media revenue, which generally has weaker margins, the gross margin in the whole fiscal year 2004 fell to 44.4 percent following 49.6 percent in 2003.

Moreover, substantial investments were made in expanding the market position. Thus, the Company invested considerable work over the course of the year in setting up an e-mail database to be able to increase the ranges in the long-term through qualified own addresses. Within the fiscal year the Company managed to generate more than three million qualified addresses. In addition, there were after all losses in revenue and income on the Spanish market, which are essentially a result of a change in management. The subsidiary in Madrid is now operating successfully and efficiently again.

Balance sheet structure and liquidity

Liquid assets[1] fell in the past fiscal year by just under EUR 2.5 million from EUR 27.7 million (end of the fiscal year 2003) to EUR 25.2 million per 31 December 2004.

The asset item participating interests increased by the investment in dMarc Broadcasting Inc. The increase in intangible assets is a result of the capitalization of own developed software.

The balance sheet total increased to EUR 46.4 million as of 31 December 2004 (key date previous year: around EUR 42.9 million), whereby the equity ratio increased once again by a good three percentage points to a highly comfortable 86 percent.

There were no significant shifts on the liabilities side of the balance sheet with the exception of the reserves (minus 19.7 percent).

Sales and marketing

As a customer-oriented service provider sales and marketing are among the central tasks of ad pepper media and in the end are part of the normal daily business. The majority of new customers are acquired through intensive contacts in the 15 branches of the Company, Blue-Chip companies almost exclusively through test projects, which end in larger campaigns in case of a satisfactory progress. Moreover, the Company was able to establish and consolidate customer contacts in numerous discussions with website partners and those persons responsible for marketing of larger and medium-sized companies at the Dusseldorf specialist fair omd in September of

[1]Including securities of the fixed assets which can be made liquid in the short-term and means of payment with disposal restriction.

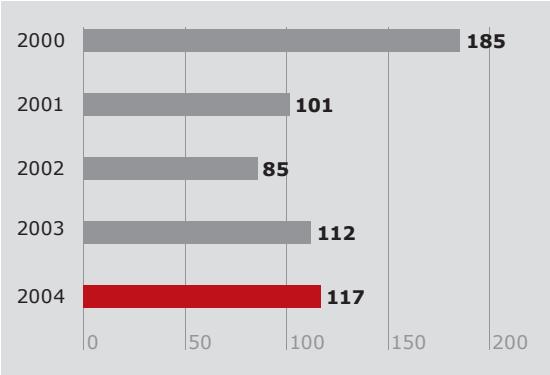
last year. The branch in France successfully took part in the direct marketing fair MD Expo in Paris in May 2004.

Management and employees

The orientation of the Company to sales and distribution is reflected in the personnel structure. Just under two thirds of the workforce can be allocated to sales and distribution. The pure sales team consisted of 43 employees throughout Europe as of 31 December 2004. And the employees in the business units Business-Development and eServices also dedicate a substantial share of their working hours to acquiring and supervising customers and thus in terms of contents work in sales and distribution.

In addition, the Company places great importance on a permanent further development of its acknowledged high technology standards in order to always be one step ahead. At present, twelve employees in the field of Product-Development are engaged in creating new creative delivery tools for innovative advertising messages and new ways of direct marketing. The expenses for this business unit amounted to around eight percent of the revenue in the fiscal year 2004.

Number of employees



Employees by operative location

Germany	15
Benelux	7
Denmark	14
Denmark (Pentamind)	8
Sweden	6
UK	10
France	9
Spain	8
Italy	17
USA	2
Holding	21

As of 31 December 2004 the Company had 117 employees compared with 112 as of the reference key date of the previous year. Administrative activities are performed by 25 employees distributed over all locations. In the distribution according to locations Germany has with 36 employees the largest workforce, followed by Italy with 17 employees and Denmark with 14 employees.

Within the three-man management team the CEO, Ulrich Schmidt, is responsible for the departments Business-Development, Product-Development, Marketing and Technology, Hermann Claus is responsible for Finances, Human Resources and Investor Relations, Niels Nüssler is responsible for Sales and Media Purchasing.

Events of significant importance

In December 2004, the Company acquired a minority share in dMarc Broadcasting Inc. with registered seat in Newport Beach, California, a company, that supplies 4,600 radio stations in the USA and Canada with digital solutions and media services. With the acquisition of this share ad pepper media at the same time ensured the right to play a major role in a European Joint Venture still to be founded, for marketing dMarcs market-leading radio automation and digital media technologies in Europe.

dMarc Broadcasting's systems solve many of the basic challenges, faced by radio station groups today, including the ability to measure the advertising, simplification of the complicated booking and reporting flows and the reduction of unsold advertising times. Through interactive campaign processing, as known for a long time already from the online area, ad pepper media also expects a sustainable boost to radio revenue, in the development of which the Company shall participate through the Joint Venture.

In addition, ad pepper media opened a branch in the USA on 1 October 2004, in order to be in a better position to process the incoming orders, which are progressing very well, and to be able to exhaust the potential quicker in this – also on an international comparison – fast growing market for online advertising. The branch at the location in Stamford, Connecticut which is near New York, should be successively expanded in the current fiscal year.

Events after the closing date of the balance sheet

It is the declared strategy of the Company, to not just win market shares through organic growth above the trend of the industry, but to also support this aim through specific strategic acquisitions.

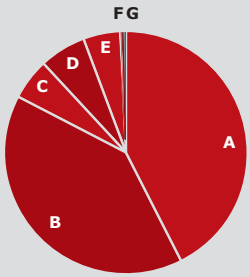
Effective as of 25 February 2005 the subsidiary ad pepper media BeNeLux B.V. has taken over 100 percent of the Dutch online marketing company ResultOnline B.V. ResultOnline was founded in 1999 and holds a leading position in the text-based online marketing in The Netherlands.

ResultOnline has a solid base of customers and website partners, mainly offers success-based marketing using own technology and has been acting profitably since 2001. Through the combination of ad pepper media's leading solutions for lead generation and the growing Optin e-mail database with ResultOnline's experience in the field of text-based marketing and a broad-based customer and website base both companies will jointly become the leading Dutch provider of online marketing solutions.

The provisional purchase price is EUR 1.6 million, of which a part is paid in shares of ad pepper media International N.V. An additional purchase price has been agreed depending on targets being reached. The provisional purchase price exceeds the book value of the net assets by approx. EUR 1.3 million.

Shareholder structure

Total number of shares: 11,155,000



A	EMA B.V.	42.5 %
B	Freefloat	40.1 %
C	U. Schmidt	5.5%
D	Corporate shares	6.2 %
E	Grabacap	4.9 %
F	H. Claus	0.5 %
G	N. Nüssler	0.3 %

As of: 31.12.2004

With a closing price of EUR 4.15 on the last trading day of the past fiscal year the share of ad pepper media International N.V., has remained practically unchanged in the stock exchange year 2004. After a maximum price of EUR 5.90 in spring the price gave in once again in line with comparable share indices such as Prime All Share over the course of the rest of the year and more or less the "consolidated" the substantial gains in price of the previous year – in order to use the language of the experts.

Share code	940883
ISIN	NL0000238145
Type of shares	Ordinary bearer shares
Symbol	APM
Market segment	Prime Standard
Index membership	Prime All Share

In the first months of the current fiscal year the share price of ad pepper media presented itself in better form again and has increased in the meantime to considerably more than five EUR. Thus, the stock exchange evaluation has come nearer to the true value of the share than in the previous years. The business model and the strategy of the Company continue to allow substantial leeway with regard to a further positive progress of the share price.

IR activities

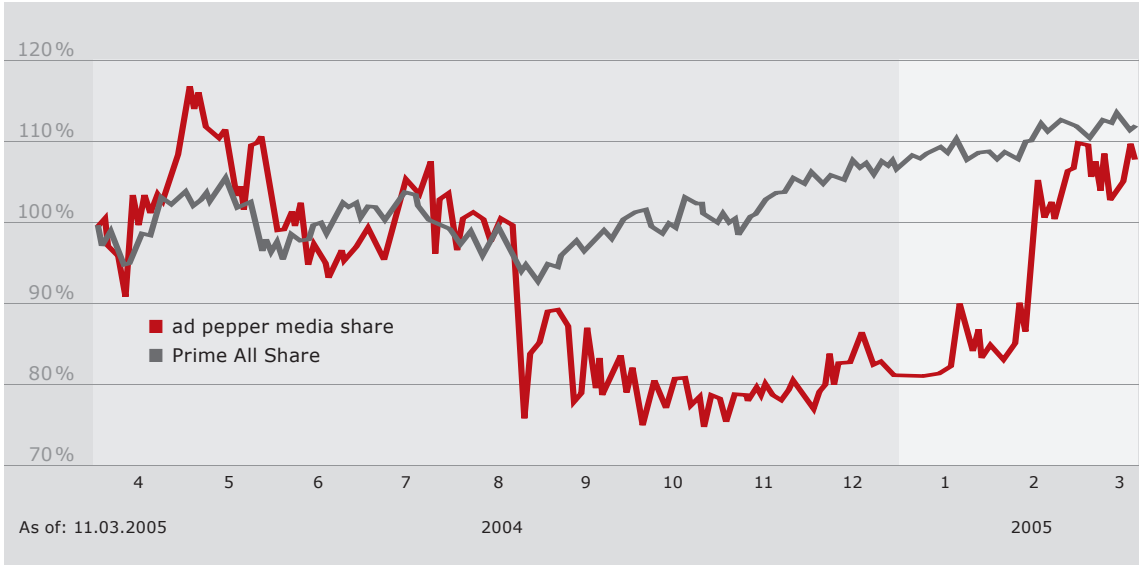
In summer 2003 already ad pepper media intensified the communication with the financial community in the long term and continued this strategy in the past fiscal year. Thus, the Management Board participated in the very important German equity capital forum in Frankfurt am Main and presented the business model and the potentials of the Company before numerous institutional investors, analysts and multipliers on 24 November 2004. During an extensive roadshow in New York and Chicago intensive talks were conducted American funds managers and assets managers, which in many cases led to an engagement of the investors addressed.

Similar results were produced by a roadshow in Frankfurt am Main, which was organised by the designated sponsor of the Company, Equinet AG. The team of this investment bank published a further research study at the beginning of August 2004, which once again resulted in a purchase recommendation. The analysts of the Sparkasse Cologne published a research report about ad pepper media in September and assessed the share at prices around EUR 3.85 as "market performer". In December 2004 finally the internationally well-known investment house Cazenove followed on the occasion of the publication of the nine month results with an update of its coverage and classified the share as "in-line".

Directors' holdings – shares and options held by members of ad pepper media executive bodies

	December 31, 2004		December 31, 2003	
	Shares	Options	Shares	Options
Members of the Managing Board				
Ulrich Schmidt	612,762	368,000	623,197	368,000
Hermann Claus	51,808	243,000	51,808	243,000
Niels Nüssler	38,113	296,500	38,113	296,500
Members of the Supervisory Board				
Michael Oschmann	7,786	–	5,112	–
Dr. Günther Niethammer	1,112	20,000	1,112	15,000
Bernd Sexauer	292	–	292	–
Jan Andersen	549,600	–	597,600	–
Merrill Dean	–	–	–	–
Associated companies				
EMA B. V.	4,743,201	–	4,743,201	–
Euroserve	13,780	–	18,780	–
Viva Media Beteiligungsgesellschaft	5,100	–	15,000	–

ad pepper media versus „Prime All Share"



International position further consolidated

To adapt and position international-oriented campaigns fast and flexibly to the local needs: This was an important criterion for the PC manufacturer Dell to choose ad pepper media as service provider. International online campaigns are increasingly demanded by Blue Chip customers and last accounted for more than a fifth of the revenue.

Outlook

Basic economic conditions

According to the estimate of leading economists the economy in the Eurozone is expected to have reached a temporary low at the end of the past year and gain in momentum again in 2005. In view of the strong Euro, expensive oils and rising interest rates however the recovery will continue to just progress very slowly, according to the estimate of many economy prophets. For the Eurozone the experts expect growth of the gross national product (GNP) between 1.5 and two percent – for Germany the estimates fluctuate between 1.2 percent (Deutsche Bank) and 1.5 percent (joint forecast of the German economic institutes). "At the beginning of 2005 the Company information indicates that the path of growth is now wider", is stated in the recently published spring survey of the DIHT conducted among around 25,000 companies.

In any case the driving forces should, both in the world economy on the whole as well as in Germany and Europe, retain control over moments of uncertainty such as the weak dollar and the lack in domestic consumer confidence in the second year in succession. Eckard Wurzel, OECD Germany expert, for example estimates that domestic demand will not contribute to growth until in the 2nd six months of 2006 with a plus of 1.8 percent.

Advertising market

Although the past fiscal year no doubt marked the end of a three-year recession, the large international networks and domestic agencies still reserved with regard to the business prospects for the current year. At least the Central Association of the German Advertising Industry (ZAW) venture a statement at the beginning of 2005 that investments in advertising are clearly growing again, however remained extremely modest with its expectations with two percent growth. Industry experts are more daring when assessing the growth potential for the global advertising market. The Aegis Group mentioned at the beginning already assumes that the growth rates in 2005 will remain at a similar level as in the previous year, thus at around five percent.

The growth rates in online-advertising are also expected to move at about the same speed as in 2004, however on a substantially higher level. Worldwide, according to the estimates of the Aegis Group, the spending on marketing and advertising via the Web will on the other hand increase by 20 percent. A statement, which is to a large extent covered by the forecasts of Jupiter Research. The market researchers with a very good reputation in the industry even expect an average 24 percent growth in the years 2005 and 2006, whereby however the USA will act as pacemaker until further notice, followed by Great Britain, France and Germany. They also assume that the share of online advertising in the whole advertising expenses in Europe of 2.6 percent in 2004 will rise to 3.9 percent in 2006. The Central Association of the German Advertising Industry also reaches a similar conclusion (ZAW).

Company outlook

The Management Board of ad pepper media International N.V. has set the target of exceeding the industry growth on the European market, the progress of business so far in 2005 gives reason for optimism.

An increasing share of this success should be contributed by the American market in which the Company, by setting up an own branch, has laid the foundation for a continued dynamic development. The incoming orders so far offer a solid foundation for this strategy. In addition, a strategic acquisition is conceivable in order to strengthen the presence on the still fastest growing market for online marketing.

Moreover, the Company assumes that the trend will continue to move away from simple advertising formats to more complex and efficient marketing solutions with international diversification. Therefore, we will continue to make big efforts to further perfect the already excellent range of innovative marketing tools. Innovative and efficient tools for the supporting business unit direct marketing and new own media such as for example "mailpepper" are in the forefront in the software development. At the same time, the Company is continuing to expand the portfolio of own qualified customer contacts.

Altogether the online advertising has reached a new stage of development. Effectiveness and necessity is no longer a point of discussion, but still only optimisation and harmonisation of advertising target, format and distribution channels. The spam and pop up discussion has also contributed to the growing professional approach, transparency and approval of the users form the basis for long-term success.

In order to be prepared for this market development, we need large networked units with high technological and organisational know-how and strong international and local presence. ad pepper media feels well prepared for these challenges.

Concentration of risks and uncertainties

Acceptance of online advertising, dependence on the Internet
ad pepper media's business activities are based on the use of electronic advertising media, i.e. in particular the Internet, as well as e-mail communication and other online media. Any slowdown in growth, or even a decline in Internet use, would make websites less attractive as vehicles for online advertising, which in turn would materially adversely affect the financial position and results of operations of ad pepper media.

Flawed legal environment
The Company is confronted by a raft of changing and/or increasing legal regulations concerning the Internet and other electronic media. This partially inconsistent and/or heterogeneous legal environment may pose not inconsiderable risks for the ad pepper media Group that could adversely affect the Company's financial position and results of operations.

Rapid technological change
The market for the products and services offered by ad pepper media is characterized by short innovation cycles and rapid change due to the lack of uniform standards. In addition, the environment is marked by frequent announcements of new services and products and by changes in client requirements. ad pepper media thus faces the challenge of having to continually adapt its products and services to the changing technical requirements and customer demand. The obligation to ensure permanent further development of the products and services so that they comply with the new technologies will result in considerable capital requirements and not insubstantial human resources costs for the ad pepper media Group. Any errors of judgment by ad pepper media as regards the further development of its product and services expertise, and as regards new technologies and technical standards, could materially adversely affect the Company's financial position and jeopardize its business success.

Data protection
Data processing is one of ad pepper media's business activities, and the provisions of data protection regulations must be strictly observed. According to German and European legal interpretation, data collected in the area of the new tele and media services is subject to strict statutory determination of purpose. In addition to the legal uncertainty that exists in national law, the Company is also faced with the difficult task of having to comply with the data protection regulations of differing legal systems when it comes to online advertising campaigns to be launched internationally. A further factor is that it is currently very difficult to predict whether data protection regulations might be further tightened in future. Compliance with a variety of data protection regulations may require not inconsiderable resources, including financial resources, and may also impair future earnings opportunities. New legal regulations or non-compliance – even unintentionally – with current data protection law may limit the Company's ability to perform its business activities, which could adversely affect its business, financial position and results of operations.

Bad debt risk
ad pepper media generates its revenues from the fees paid by advertisers and advertising agencies to the Company. ad pepper media then remits a portion of these fees to the website owners. ad pepper media therefore carries the bad debt risk from receivables from the advertisers and agencies. It cannot be assumed with any certainty that considerable bad debts may not occur in the

future. Such bad debt losses may materially adversely affect the financial position and results of operations of the ad pepper media Group.

Dependence on employees in key position
Due to its decentralized structure and international orientation with many branches and subsidiaries, ad pepper media depends on a high number of qualified employees who must act on their own initiative to a significant extent, especially in the case of sales activities. At present, the Group employs a good thirty people in key positions. Retaining its existing employees and recruiting highly qualified new staff is a critical success factor for the Company. The inability of the Company to retain or recruit qualified staff may adversely affect its planned growth.

Risks from acquisitions
To be able to successfully implement a strategy of establishing and expanding a global network, ad pepper media intends relying not only on encouraging organic growth, but also plans keeping open the external growth option so that it can gain access to new markets as quickly as possible. No assurance can be given that ad pepper media will always be able to implement planned acquisitions successfully and to achieve the optimum integration of the companies acquired into its corporate structure. Any inability to do this could adversely affect the development of the Company.

Protection of intellectual property
ad pepper media currently holds proprietary rights only for the registered word/picture trademark comprising the words "ad pepper media" and the pepper symbol. Both the word "pepper" and the picture (the pepper symbol) are frequently used by other companies. In some cases, similar marks or symbols have been registered prior to ad pepper media and thus enjoy priority in the event of conflict. Even though the Company is currently unaware of any other company pursuing the same or similar business activities and using marks or company names capable of being confused, no assurance can be given that there will not be cases of trademark conflict in the future or that third parties may not assert claims for alleged breach of proprietary rights against ad pepper media. Such a development could impair the market awareness and thus the impact of ad pepper media and adversely affect the Company's business, financial position and results of operations.

Currency risks
Due to their international business activities, the companies of the ad pepper media Group normally bill their services in the local currency. The Company is exposed to exchange rate risks on transactions outside the geographical scope of European Monetary Union (Eurozone). Exchange rate changes for non-EMU currencies may result in exchange rate losses that could adversely affect the financial position and results of operations of the Company. ad pepper media is also exposed to currency risks in view of the structure of the ad pepper media Group, with its many dependent foreign subsidiaries and the associated requirement to report the operating results and assets of the individual subsidiaries in the corresponding foreign currencies.

React flexibly to changes on the market

ad pepper media reacted early to the increasing problems with pop up blockers and set-up an own e-mail database with qualified customer profiles using self-developed technology. At the end of 2004, "mailpepper" already contained more than three million profiles of potential customers, who allow a far-reaching segmentation according to location, age, profession or fields of interest.

Consolidated Statement of Operations (US GAAP)

	Notes	2004 EUR	2003 EUR
Net Sales		22,242,907	20,704,433
Cost of Sales	[4]	–12,367,905	–10,426,091
Gross profit		**9,875,002**	**10,278,342**
Selling and marketing expenses	[5]	–5,654,423	–4,965,564
General and administrative expenses		–4,119,831	–4,427,109
Other operating income and expenses, net	[6]	304,487	43,919
Operating income		**405,235**	**929,588**
Equity in earnings of affiliated companies		139,903	84,576
Foreign currency exchange gains and losses, net	[7]	–8,532	2,658
Interest income and expenses, net	[8]	1,219,750	1,125,123
Income before income taxes (and minority interest)		**1,756,356**	**2,141,945**
Income taxes	[9]	2,585,532	–10,210
Income before minority interest		**4,341,888**	**2,131,735**
Minority interest		0	–5,500
Net gain		**4,341,888**	**2,126,235**
Net gain per share (basic)	[35]	0.42	0.21
Net gain per share (deluted)	[35]	0.38	0.19

		Q1–Q4/2004 shares	Q1–Q4/2003 shares
Weighted average shares outstanding (basic)		10,410,160	10,356,350
Weighted average shares outstanding (deluted)		11,312,810	11,038,661

See accompanying notes to consolidated financial statements

Consolidated Balance Sheet (US GAAP)

	Notes	December 31, 2004 EUR	December 31, 2003 EUR
Assets			
Current assets			
Cash and cash equivalents	[10]	15,921,047	17,281,976
Marketable securities	[18]	6,113,003	1,002,400
Trade accounts receivable, net	[11]	9,165,577	8,447,743
Prepaid expenses and other current assets	[12]	1,264,569	1,387,513
Current deferred tax assets	[9]	701,577	0
Total current assets		**33,165,773**	**28,119,632**
Noncurrent assets			
Restricted cash	[13]	650,000	650,000
Equipment, net	[14]	418,231	428,679
Intangible assets, net	[15]	1,547,946	1,107,663
Goodwill	[16]	2,819,971	2,922,971
Investments in affiliated companies	[17]	2,645,424	774,352
Marketable securities	[18]	2,513,250	8,733,256
Other assets	[19]	603,908	208,835
Noncurrent deferred tax assets	[9]	2,033,580	0
Total noncurrent assets		**13,232,310**	**14,825,756**
Total assets		**46,398,083**	**42,945,388**

See accompanying notes to consolidated financial statements

Consolidated Balance Sheet (US GAAP)

	Notes	December 31, 2004 EUR	December 31, 2003 EUR
Liabilities and Shareholders' Equity			
Current liabilities			
Trade accounts payable	[20]	3,052,630	2,846,872
Accrued expenses	[21]	2,625,857	3,509,336
Other current liabilities		632,882	895,710
Total current liabilities		**6,311,369**	**7,251,918**
Minority interest		**35,695**	**35,695**
Shareholders' equity			
Share capital		1,115,500	1,115,500
Treasury stock	[22]	–68,937	–79,973
Additional paid-in capital	[25]	56,795,173	56,584,792
Accumulated deficit		–17,712,542	–22,054,430
Accumulated other comprehensive income/loss	[27]	–78,175	91,886
Total shareholders' equity		**40,051,019**	**35,657,775**
Total liabilities and shareholders' equity		**46,398,083**	**42,945,388**

See accompanying notes to consolidated financial statements

Statement of Cash Flows (US GAAP)	2004 EUR	2003 EUR
Net gain	4,341,888	2,126,235
Adjustments to reconcile net gain to cash used in/provided by operations		
Loss attributable to minority interests	0	5,500
Depreciation and amortization	590,324	453,773
Gain/loss on sale of equipment	–12,131	5,081
Gain from sale of securities	–213,992	0
Other non-cash income and expenses	–2,754,673	–154,485
Gross-Cash-Flow	**1,951,416**	**2,436,104**
Changes in operating assets and liabilities		
Increase in trade accounts receivable	–717,834	–3,044,218
Increase in prepaid expenses and other assets	–237,056	–47,443
Increase in trade accounts payable	205,758	864,823
Increase/decrease in accrued expenses and other liabilities	–1,108,807	1,053,509
Net cash used in/provided by operating activities	**93,477**	**1,262,775**
Capital expenditures for intangible assets and equipment	–1,025,256	–1,649,172
Proceeds from sale of intangible assets and equipment	17,643	71,903
Capital expenditures in affiliated companies	–1,731,584	0
Security payments/proceeds from repayment security deposits	–35,073	5,081
Allocation to restricted cash	0	–650,000
Cash paid for acquisition of shares in consolidated companies	0	–134,590
Sales of marketable securities	8,478,400	5,009,915
Purchase of marketable securities	–7,314,280	–6,915,750
Net cash used in/provided by investing activities	**–1,610,150**	**–4,262,613**

See accompanying notes to consolidated financial statements

Statement of Cash Flows (US GAAP)	2004 EUR	2003 EUR
Sale of treasury stock	183,917	106,673
Purchases treasury stock	0	–615,847
Net cash used in/provided by financing activities	**183,917**	**–509,174**
Effect of exchange rate changes on cash and cash equivalents	–28,173	–42,679
Changes in cash and cash equivalents	–1,360,929	–3,551,691
Cash and cash equivalents at beginning of year	17,281,976	20,833,667
Cash and cash equivalents at end of year	15,921,047	17,281,976

See accompanying notes to consolidated financial statements

Statement of shareholders' equity

	Share capital EUR	Treasury stock EUR	Additional paid-in capital EUR
Balance at January 01, 2003	1,115,500	–62,716	57,026,709
Acquisition of treasury shares		–27,200	–588,647
Issuance from treasury shares		9,943	146,730
Net gain for the period			
Other comprehensive income			
Total comprehensive income/loss			
Balance at December 31, 2003	**1,115,500**	**–79,973**	**56,584,792**
Balance at January 01, 2004	1,115,500	–7,973	56,584,792
Issuance from treasury shares		11,036	210,381
Net gain for the period			
Other comprehensive income			
Total comprehensive income/loss			
Balance at December 31, 2004	**1,115,500**	**–68,937**	**56,795,173**

See accompanying notes to consolidated financial statements

Accumulated deficit EUR	Cumulative other comprehensive income/loss Market evaluation of securities EUR	Differences from currency convertion EUR	Total EUR
–24,180,665	0	15,724	33,914,552
			–615,847
			156,673
2,126,235			2,126,235
	118,841	–42,679	76,162
			2,202,397
–22,054,430	**118,841**	**–26,955**	**35,657,775**
–22,054,430	118,841	–26,955	35,657,775
			221,417
4,341,888			4,341,888
	–141,888	–28,173	–170,061
			4,171,827
–17,712,542	**–23,047**	**–55,128**	**40,051,019**

Statement of changes in noncurrent assets

	Historical costs brought forward			
	Balance at January 01, 2004 EUR	Additions EUR	Disposals EUR	Balance at December 31, 2004 EUR
Equipment	1,303,604	174,178	40,286	1,437,496
Intangible assets				
Software	973,568	851,493	0	1,825,061
Proprietary rights and customer base	739,794	0	0	739,794
Total	**1,713,362**	**851,493**	**0**	**2,564,855**
Investments in affiliated companies	818,806	1,871,072	0	2,689,878
Goodwill	4,557,304	0	103,000	4,454,304
Total	**8,393,076**	**2,896,743**	**143,286**	**11,146,533**

See accompanying notes to consolidated financial statements

Accumulated depreciation/Amortization/Impairment					Book value	
Balance at January 01, 2004 EUR	Depreciation/ Amortization of fiscal year EUR	Disposals EUR	Differences from currency convertion EUR	Balance at December 31, 2004 EUR	December 31, 2004 EUR	December 31, 2003 EUR
874,925	179,478	33,914	1,224	1,019,265	418,231	428,679
329,482	317,179	0	–364	647,025	1,178,036	644,086
276,217	93,667	0	0	369,884	369,910	463,577
605,699	**410,846**	**0**	**–364**	**1,016,909**	**1,547,946**	**1,107,663**
44,454	0	0	0	44,454	2,645,424	774,352
1,634,334	0	0	0	1,634,334	2,819,971	2,922,971
3,159,412	**590,324**	**33,914**	**860**	**3,714,962**	**7,431,572**	**5,233,665**

Notes to the consolidated financial statements of ad pepper media International N.V. as at December 31, 2004

The Company [1]

The business activities of ad pepper media International N.V. include holding interests in other companies whose object is to market Internet advertising space, and to provide services for its subsidiaries. Since it was established, ad pepper media has aimed at meeting the needs of a wide diversity of diverse markets, flexibly and as a company with international operations.

The beginning of ad pepper media's business activities dates back to 1998, when the Company now known as ad pepper media GmbH was founded as "InterAd interactive media services GmbH", in Munich. In February 1999, "InterAd" was renamed "ad pepper media"' and positioned as an international corporate group. After its launch in Germany and Denmark, the Company quickly established additional branches in other countries. The current structure of the Company, with ad pepper media International N.V. functioning as a parent holding, has been in place since August 1999.

ad pepper media now operates 15 branch offices in eleven European countries and the USA. The services provided by ad pepper media are grouped into three categories, namely **MEDIA**, **DIRECT MARKETING** and **TECHNOLOGY**. This means that ad pepper media covers all aspects of efficient online advertising, from low-cost high-coverage products and various efficient branding solutions, to the acquisition of new customers and measures for binding customers to the respective advertiser. The ad pepper media network, with approx. 1.2 billion advertising contacts per month, includes leading websites such as Das Telefonbuch and GelbeSeiten (Yellow Pages) in Germany, Aftonbladet in Sweden, Marktplaats and Monster in The Netherlands, Interhotel in Spain, and more than 650 specialised and theme-based websites with national and internatonal coverage. Customers include Blue Chip companies as well as new, innovative brands and advertisers who have discovered the Internet as an efficient advertising medium. The sales network includes websites with online advertising presence at regional, national and international level, thus providing customers with the desired coverage at all times.

Advertisers are given a one-stop solution that delivers all the services required to place advertising messages on the premium European and international websites in ad pepper media's portfolio. Campaigns are implemented, promotion tools are modified, campaign performance is analysed, reports are made and billed – with ad pepper media assuming responsibility for flawless campaign performance. In the view of advertising clients, one particularly valuable service entails the design of individual booking plans with which specific target groups can be reached with minimal loss due to non-selectivity. In addition to the actual websites to be booked, these plans also include recommendations regarding the choice of advertising format (e.g. banner, buttons, interstitials, text links, pop ups).

One key aspect of service provision is contract-based booking or bundling of different websites addressing similar target groups (supplier products) to form customised "booking products" for the particular client. Websites that have ad pepper media as their agent can benefit from the combination of international and local sales expertise and intensive technical support. Customised services such as these help websites to generate advertising income without having to invest in costly personnel and expensive high-end technology.

Websites and advertisers alike can gain from the service quality of the ad pepper media Group, which provides both sides with attractively priced offers. All services are handled by a single client manager, which simplifies campaign planning and execution. ad pepper media International N.V. is based in Amsterdam (Hoofddorp), The Netherlands, and has a branch office in Nuremberg, Germany.

Entities consolidated [2]

All subsidiaries under the legal or de facto control of ad pepper media International N.V. are included in the consolidated financial statements. The companies consolidated are as follows.

Company	Interest
ad pepper media GmbH, Nuremberg, Germany	100 %
ad pepper media in Austria GesmbH, Salzburg, Austria	100 %
ad pepper media BeNeLux B.V., Hoofddorp, The Netherlands	100 %
ad pepper media Sweden AB, Stockholm, Sweden	100 %
ad pepper media Denmark A/S, Copenhagen, Denmark	94 %
Mediasense ApS, Copenhagen, Denmark	94 %
Pentamind A/S, Copenhagen, Denmark	94 %
ad pepper media Oy, Helsinki, Finland	100 %
ad pepper media UK Ltd., London, United Kingdom	100 %
ad pepper media France S.A.R.L., Paris, France	100 %
ad pepper media Spain S.A., Barcelona, Spain	100 %
ad pepper media USA LLC, Delaware, USA	100 %
ad pepper media Italy srl., Milan, Italy	100 %
ad pepper media Interactive Marketing Services srl., Milan, Italy	100 %
Borsa Del Banner srl., Cagliari, Italy	51 %
Regio ad Beteiligungs- und Verwaltungsgesellschaft mbH, Nuremberg, Germany	100 %
Atlas Internet Associates s.r.o, Bratislava, Slovakia	100 %

Accounting principles [3]

Basis of presentation

The consolidated financial statements were prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

New accounting standards

There are no new US GAAP standards or provisions which could have been applied prematurely in fiscal year 2004 and which would have had a significant impact on the Group's financial position and results of operations.

Being a publicly traded company, ad pepper media International N.V. is required by Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002 on the application of international accounting standards to convert to International Financial Reporting Standards (IFRSs)/International Accounting Standards (IASs) by 2005. From fiscal year 2005 onward, the consolidated financial statements of ad pepper media will therefore be prepared in accordance with IFRSs/IASs.

Consolidation principles and cut-off date
The consolidated financial statements include ad pepper media International N.V. and all majority-owned subsidiaries. Capital consolidation is based on the purchase accounting method, offsetting acquisition costs against the equity accruing to the parent company at the time of acquisition. The acquired assets and assumed liabilities are recorded at their fair value in the consolidated balance sheet. Any amount by which the acquisition cost exceeds the fair value of the net assets attributable to the Group is capitalized as goodwill. All significant intercompany transactions and accounts are eliminated in consolidation. Shares in associated companies are stated at cost plus equity in undistributed earnings.

The balance sheet date for all consolidated companies is December 31, 2004.

Currency translation
The accounts are presented in euros (EUR) unless stated otherwise.

The balance sheets of foreign subsidiaries whose functional currency is not the euro have been translated in accordance with the functional currency concept using the closing rate, the statements of operations have been translated using the annual average exchange rate. Differences from currency translation are reported in other comprehensive income/loss.

Use of estimates
The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent amounts at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Recognition of revenues
The Company generates its revenues by marketing internet advertising space. Advertising customers book units (ad impressions, ad clicks, registrations) via the Company – these are supplied over a period defined by the customer. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price of the transaction is fixed and determinable, and collectibility is reasonably assured. In cases in which a campaign starts before the balance sheet date and lasts beyond this date, sales are deferred proportionately according to the units supplied or to the period, depending on the contract. Sales are reported net of discounts and rebates.

Research and development expenses, advertising expenses

Research and development costs are expensed when incurred. Costs incurred for the development of software for internal use are capitalized.

Advertising costs are expensed when incurred.

Income taxes

According to SFAS 109, "Accounting for Income Taxes", deferred tax assets and liabilities are to be recognized for future effects that result from the difference between the carrying amounts of assets and liabilities in the US GAAP balance sheet and their respective tax bases, and for deferred tax assets from tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which these temporary differences are expected to be reversed or loss carryforward are expected to be utilized. Deferred tax assets are written down if it is likely that they will not be realized during a foreseeable planning period. Deferred tax assets and liabilities with matching maturities are offset provided they relate to the same taxation authority and taxable entity.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short-term monetary investments with a remaining term of three months or less at the time of acquisition.

Trade accounts receivable

Trade accounts receivable are recorded at the invoice amounts and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade accounts receivable. A receivable is considered to be impaired when it appears unlikely that the entire amount will be collected. This assessment is based on all information available. When a trade receivable is considered to be impaired, the amount of the impairment is measured based on the present value of expected future cash flows. Any impairment losses are included in the allowance for doubtful accounts through a charge to bad debt expense. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Recoveries of trade receivables previously written off are recorded in the period they are received.

Property and equipment

Property and equipment is carried at historical cost less depreciation. It is depreciated using the straight-line method over periods ranging from three to ten years.

Maintenance costs that neither enhance the value of assets nor prolong their useful life are expensed as incurred. Gains or losses from the disposal of noncurrent assets are reported in other operating income or expenses.

Intangible assets

Intangible assets are carried at their historical cost and amortized using the straight-line method over a useful life of three to ten years.

In accordance with SOP 98-1, internally developed software is capitalized and amortized using the straight-line method. The useful life is generally three years.

Impairment of long-lived assets

Long-lived assets other than goodwill are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset or group of assets exceeds its estimated discounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount exceeds the expected future cash flow.

Goodwill

Up to and including 2001, goodwill was amortized over a period of five years. According to SFAS 142, goodwill may no longer be amortized as from fiscal year 2002. Goodwill is reviewed for impairment at least once a year by comparing the fair value with the carrying amount of the entity, including any goodwill. If the fair value is less than the carrying amount, the fair value of the goodwill is then compared with its carrying amount. The fair value of goodwill is defined as the difference between the fair value of the entity and the fair value of all of the entity's assets and liabilities (including unrecognized intangible assets). If the fair value of the goodwill is lower than its carrying amount, an impairment loss is recognized in the amount of the difference.

Marketable securities

Under US GAAP, securities must be classified as "held to maturity", "trading" or "available for sale" in accordance with SFAS 115. SFAS 115 applies to all equity securities that have readily determinable fair values and to all debt securities. "Held to maturity securities" are all debt securities that are held until maturity. They are reported at cost, impairments being recorded when a decline in fair value below cost is deemed to be other than temporary. "Trading securities" are acquired for short-term investment to achieve the best possible return on liquid funds through trading. They are carried at fair value on each balance sheet date. Changes in fair value are recorded in earnings. "Available for sale securities" are all securities with readily determinable fair values that are not classified as either "trading" or "held to maturity". They are carried at their fair value on the balance sheet date. Dividend and interest income are reported in earnings, unrealized gains and losses due to changes in fair value are recorded in other comprehensive income. Impairments, however, are charged as an expense in the statement of operations. Subsequent reversals must be reported in other comprehensive income, as must temporary declines in fair value.

Accrued liabilities

Accruals are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Stock-based compensation

The Company accounts for stock options in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees" (ABP 25). When applying ABP 25, compensation expense for stock option plans is measured based on the intrinsic value, which is the excess of the market price of the stock over the exercise price when granted.

The expense is determined at the date on which both the number of shares the employee is entitled to receive and the exercise price are known. Compensation expense, if any, is allocated over the period until the stock options become vested, or if they are vested immediately, it is recognized in the period when granted.

Earnings per share

Earnings per share are calculated in accordance with SFAS No. 128, "Earnings per Share". Basic earnings per share is the consolidated net income divided by the weighted average number of shares of common stock outstanding. Diluted earnings per share is the consolidated net income/loss divided by the total of the weighted average number of shares of common stock outstanding and the weighted average number of stock options outstanding.

Credit risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and marketable securities.

Marketable securities are high-quality debt securities. Custody accounts are maintained at high-quality financial institutions. The Company regularly monitors investments and credit ratings.

Cash flow statement

In accordance with SFAS 95 "Statement of Cash Flows", the cash flow statement separates cash flows into operating, investing and financing activities.

Notes to the statement of operations

Cost of sales [4]

Cost of sales mainly comprise expenses for internet advertising space and for server technology used, including the associated personnel costs.

Selling expenses [5]

Selling expenses comprise all costs associated with acquiring customers and orders. Advertising costs of EUR 81,142 (2003: EUR 102,084) were expensed in fiscal year 2004.

Other operating income and expenses, net [6]

In the prior year, no significant items of income or expense were reported under this caption. In 2004, it includes income from recovered receivables written down in prior years.

Foreign exchange gains and losses, net [7]

Foreign exchange gains and losses include EUR 8,532 of realized losses on receivables and liabilities denominated in foreign currencies (2003: gains of EUR 2,658).

Interest income/expenses, net [8]

Interest income and expenses, net break down as follows.

	2004 EUR	2003 EUR
Interest income	1,224,290	1,131,772
Interest expenses	–4,540	–6,649
Interest income/expenses, net	**1,219,750**	**1,125,123**

Income taxes [9]

Income taxes break down as follows.

	2004 EUR	2003 EUR
Current income taxes	–41,338	–10,210
Deferred taxes	2,626,870	0
Income taxes	**2,585,532**	**–10,210**

Reported income taxes represent payments made in various tax jurisdictions.

Local tax rates were used to calculate deferred taxes.

Deferred tax assets of EUR 7,727k (2003: EUR 8,259k) have been calculated on the basis of available tax loss carryforwards of EUR 19,934k (2003: EUR 21,931k).

An allowance of EUR 4,683k (2003: EUR 8,259k) was made on deferred tax assets from tax loss carryforwards which are not considered likely to be utilized within a foreseeable planning period.

EUR 280k of the tax loss carryforwards will expire in 2005, the remainder can be carried forward indefinitely.

EUR 103,000 of realized tax credits from acquired loss carryforwards was recorded as a reduction of goodwill in 2004.

In addition to the tax loss carryforwards, the following significant deferred tax liabilities result from temporary accounting differences. In the prior year there were no significant accounting differences resulting in deferred tax assets or liabilities.

	Deferred tax liabilities EUR
Software	64,597
Securities	230,685
Goodwill	12,375
Total	**307,657**

Deferred tax assets and liabilities with matching maturities are offset provided they relate to the same taxation authority and taxable entity.

ad pepper media International N.V. has its tax domicile in Germany. Reported income taxes reconcile to anticipated tax expenses based on the German statutory (combined corporate income tax and trade tax) tax rate of 43 percent as follows.

	2004 kEUR	2003 kEUR
Anticipated tax expense	–755	–921
Foreign tax rate differential	168	268
Use of tax loss carryforwards	454	636
Reversal of allowance on deferred tax assets	2,730	0
Tax effect of equity in earnings of affiliated companies	60	37
Non-tax-deductible expenses and miscellaneous	–71	–30
Reported tax income/expenses	**2,586**	**–10**

Notes to the consolidated balance sheet

Current assets

Cash and cash equivalents [10]
Cash and cash equivalents include bank balances, cash in hand and highly liquid investments in money market funds whose cost equal their fair market values.

Trade accounts receivable [11]
Trade accounts receivable are carried at nominal value less allowances. As of December 31, 2004, allowances totaled EUR 1,170,778 (2003: EUR 1,479,230). The allowances for doubtful accounts are the Company's best estimate of the amount of probable credit losses in the Company's accounts receivable as of December 31, 2004, considering current information.

Prepaid expenses and other current assets [12]
Other current assets are carried at their nominal value and are comprised as follows.

	December 31, 2004 EUR	December 31, 2003 EUR
Receivables from shareholders	180,835	231,318
Advance tax payments	335,466	274,404
Other receivables	413,933	721,895
Prepaid expenses	334,335	159,896
Prepaid expenses and other current assets	**1,264,569**	**1,387,513**

Receivables from shareholders consist of loans to executive employees who are also shareholders. The loans bear interest at 5.5 percent p.a. and mature in one year or less.

Impaired loan receivables of EUR 136,931 were fully reserved (2003: EUR 136,931).

Noncurrent assets

Restricted cash [13]
Restricted cash comprises funds deposited on a trustee account as security for contingent liabilities.

Property and equipment [14]
Details of property and equipment, including acquisition costs and accumulated depreciation are presented in the consolidated statement of changes in noncurrent assets.

Intangible assets [15]
Intangible assets consist of the following.

	December 31, 2004 EUR	December 31, 2003 EUR
Software	1,825,061	973,568
Less accumulated amortization	647,025	329,482
Software, net	**1,178,036**	**644,086**
Trademark rights and customer base	739,794	739,794
Less accumulated amortization	369,884	276,217
Trademark rights and customer base, net	**369,910**	**463,577**
Intangible assets	**1,547,946**	**1,107,663**

In 2004, amortization expense for intangible assets totaled EUR 410,846 (2003: EUR 245,895). "Software" mainly comprises IT solutions developed in-house for the Company's own use, and is capitalized at production cost. The estimated useful life is three years.

On August 30, 1999, ad pepper media acquired the rights to the "ad pepper" trademark for EUR 613,550. These trademark rights are being amortized over a ten-year period using the straight-line method. The residual carrying amount as of December 31, 2004 totaled EUR 286,316 (2003: EUR 347,671). In April 2003, the "Regio Ad" trademark was acquired for an amount of EUR 48,181 including incidental acquisition costs. The amortization period for these rights is also ten years. The residual carrying amount as of December 31, 2004 totaled EUR 39,840 (2003: EUR 44,706). Various additional trademark rights were acquired in October 2003 for EUR 3,063 as part of the acquisition of the online business operations of Clickit and are being amortized over a period of 15 months using the straight-line method. The residual carrying amount as of December 31, 2004 is zero (2003: EUR 2,450).

Also included is the customer base acquired in the acquisition of Clickit's online operations at a cost of EUR 75,000 which is being amortized over a three-year period.

Amortization expense for the next five years is estimated as follows.

	2005 EUR	2006 EUR	2007 EUR	2008 EUR	2009 EUR
Software	500,000	400,000	350,000	250,000	200,000
Trademarks	66,221	66,221	66,221	66,221	45,762
Total	**566,221**	**466,221**	**416,221**	**316,221**	**245,762**

The average remaining amortization period for software is approximately two years.

Goodwill [16]
In accordance with SFAS 142, goodwill was reviewed for impairment on the basis of future cash flows in the fourth quarter of 2004. No impairment loss was required. In 2004, goodwill was reduced by EUR 103,000 to allow for tax credits realized when acquired tax loss carryforwards were utilized. At year-end, goodwill totaled EUR 2,819,971 (2003: EUR 2,922,971).

Details of intangible assets, including goodwill, are presented in the consolidated statement of changes in noncurrent assets.

Equity investments [17]
The Company holds a 25.1 percent interest in Falk eSolutions AG, Moers. This interest is carried at equity.

In December 2004 ad pepper media International N.V. acquired a 7.48 percent interest in dMarc Broadcasting Inc., Newport Beach, USA. This investment is carried at cost. Acquisition costs, including incidental costs of purchase, totaled EUR 1,731,584 and were paid in cash. One of the main reasons for the investment in dMarc Broadcasting Inc. was the agreement between dMarc Broadcasting and ad pepper media to establish a new European joint venture for marketing dMarc's leading radio automation and digital media systems in Europe.

Marketable securities [18]
As of December 31, 2004, all marketable securities were in the "available for sale" category.

All securities reported in current assets have a residual term of up to one year.

Marketable securities reported in noncurrent assets have a residual term of more than one year.

In 2003, optimization of the investment portfolio led to the sale of bonds classified as "held to maturity" for EUR 4,009,915. The carrying amount of these securities was EUR 3,934,753, and a gain of EUR 75,162 was realized.

The other securities formerly classified as "held to maturity" were reclassified as "available for sale" at fair value. The difference between market prices and carrying amounts of EUR 118,841 was recognized in other comprehensive income.

In 2004 "available for sale" securities were acquired for EUR 7,314,280, securities sold totaled EUR 8,478,400. The gains realized in the fiscal year amount to EUR 213,587, including income of EUR 94,227 from the release of the revaluation reserve to profit or loss.

The following table provides an overview of the available for sale securities.

	Amortized cost kEUR	Unrealized gains kEUR	Unrealized losses kEUR	Fair value kEUR
2003 Short term				
Bonds issued by financial institutions	1,002	–	–	1,002
2003 Long term				
Bonds issued by financial institutions	8,614	119	–	8,733
	9,616	**119**	**–**	**9,735**
2004 Short term				
Bonds issued by financial institutions	6,116	–	3	6,113
2004 Long term				
Bonds issued by financial institutions	1,499	-	24	1,475
Corporate bonds	1,051	-	13	1,038
	8,666	**-**	**40**	**8,626**

The maturities of the available for sale securities as of December 31, 2004 are as follows.

	Cost kEUR	Fair value kEUR
Maturing in less than one year	3,000	2,997
Maturing within one to five years	5,666	5,629
	8,666	**8,626**

Other assets [19]
Other assets include rent and similar deposits, carried at their nominal amount. Other assets also contain noncurrent loan receivables of EUR 360,000 recognized as current assets in the prior year as it was deemed probable that the borrowers would make use of their right to early unscheduled repayment of principal.

Current liabilities

Trade accounts payable [20]
Trade accounts payable are carried at their nominal amounts.

Accrued liabilities [21]
Accrued liabilities are recognized for all identifiable commitments to third parties. Also included are amounts not yet invoiced on the balance sheet date that are due to the owners of internet advertising space (websites). Liabilities are accrued to match the recognition of revenue.

Treasury stock [22]
By shareholders' resolution of May 7, 2004, the Managing Board was authorized to repurchase treasury stock of up to ten percent of the share capital. No treasury stock was purchased in fiscal year 2004.

By shareholders' resolution of May 5, 2003, the Managing Board was authorized to repurchase treasury stock of up to ten percent of the share capital. In fiscal year 2003, the Company purchased 271,998 shares of a par value of EUR 0.10 for EUR 615,847 as treasury stock.

Sale of treasury stock [23]
In the fiscal year, 13,000 treasury shares were sold at an exercise price of EUR 1.33, a further 10,700 were sold at a price of EUR 2.73, and 77,200 shares were sold for EUR 1.78 under the employee stock option plans.

In addition, 9,456 treasury shares were used to settle purchase price liabilities resulting from the acquisition of Macati S.A.R.L.

Number of shares outstanding [24]
As of December 31, 2004, the number of shares issued and outstanding totaled 10,465,628 (2003: 10,355,272). The shares have a par value of EUR 0.10.

Additional paid-in capital [25]
The 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.

Authorized capital [26]
The authorized capital totals EUR 4,000,000 and comprises 40,000,000 shares.

Accumulated other comprehensive income [27]
Accumulated other comprehensive income comprises accumulated currency translation differences of EUR -55,128 (2003: EUR -26,955) and a revaluation reserve for unrealized losses on available for sale securities of EUR 23,048 (net of deferred taxes of EUR 17,386) (2003: unrealized gains EUR 118,841).

Business combinations [28]

With effect from January 1, 2003, ad pepper media France S.A.R.L. acquired a 100 percent interest in the French online marketing agency Macati S.A.R.L. Macati merged with ad pepper media France as of June 20, 2003.

In October 2003, ad pepper media Italy srl. acquired a 100 percent interest in ad pepper media Interactive Marketing Services srl., which had acquired the online operations of Clickit S.R.L. by purchasing some of its assets. The acquired operations include a 51 percent interest in Borsa del Banner srl.

The provisional purchase price is EUR 408,088. This price will increase if certain performance targets are reached in 2004. Part of the additional purchase price amount will be payable in the form of ad pepper media International N.V. shares. The number of shares is calculated on the basis of the average share price on the last ten trading days before the contract was signed (EUR 3.46). The purchase price includes goodwill of EUR 396,472 for ad pepper media Interactive Marketing Services and EUR 14,700 for Borsa del Banner. The purchase price allocation for the two companies has not yet been determined because the final price had not been fixed by the time of preparing these financial statements.

Including the figures of Macati S.A.R.L., ad pepper media Interactive Marketing Services srl. and Borsa del Banner srl., the pro forma figures for the prior year are as follows.

	2003 EUR
Pro forma sales	22,192,075
Pro forma net income	1,936,193
Pro forma earnings per share	0.19

Other notes

Research and development expenses [29]

In fiscal year 2004, EUR 170,000 (2003: EUR 181,000) were expensed when incurred.

Transactions with related parties [30]

In the fiscal year 2004, ad pepper media International N.V. purchased ad server technology from Falk eSolutions AG for a total of EUR 692,924 (2003: EUR 700,727). As of December 31, 2004, the related liabilities came to EUR 83,138 (2003: EUR 111,882).

Under a development and subsidy agreement, Falk eSolutions AG uses ad pepper media's London offices including fittings and furniture in the offices. A total of EUR 44,543 was charged for this in 2004 (2003: EUR 13,000).

The Company carries on business with other companies controlled by ad pepper media shareholders. These transactions are summarized below.

ad pepper media GmbH markets internet sites for companies including Sharelook, Waslos.de, GelbeSeiten Marketing and Funkhaus Nürnberg at standard market terms. Payments to these website operators totaled EUR 27,113 in 2004 (2003: EUR 256,583). Related liabilities amounted to EUR 5,778 (2003: EUR 10,131). ad pepper media GmbH also rented office premises in Dusseldorf from Schwann KG for which rental expenses of EUR 6,562 were incurred in 2004 (2003: EUR 15,239).

As part of an office-sharing agreement with portamundi, rental payments and operating costs of shared office fittings were offset against each other.

In addition, ad pepper media International N.V. purchased consulting services from Interfilm Ltd.

Litigation and claims [31]

In fiscal year 2004, ad pepper media GmbH successfully concluded litigation over an unpaid receivable of approx. EUR 1m.

ad pepper media Spain S.A. has sued a competitor for damages due to various infringements. The amount in dispute is approx. EUR 1.5m. The court has ordered a provisional freeze on the defendant's assets in the amount of EUR 0.5m. Advance payments of legal costs and lawyers' fees in the amount of EUR 108,000 have been accounted for as prepaid items.

With this exception, neither the parent company nor any of its subsidiaries are involved in any material litigation with third parties.

Other financial commitments [32]

Other financial commitments mainly result from rented office premises and from leases for cars and office equipment. Lease expenses amounted to EUR 128,025 in fiscal year 2004 (2003: EUR 129,636).

The future minimum payment commitments resulting from the contracts in place on December 31, 2004 are as follows.

Fiscal year	2005 kEUR	2006 kEUR	2007 kEUR	2008 kEUR	2009 kEUR	Post-09 kEUR	Total kEUR
Office rent	369	326	161	130	80	0	1,066
Car leases	85	72	45	23	0	0	255
Other	90	19	9	9	9	0	136
Total	**544**	**417**	**215**	**162**	**89**	**0**	**1,427**

Additional cash flow information [33]
The following information is provided to supplement the cash flow statement:

Interest paid in the fiscal year totaled EUR 4,540 (2003: EUR 6,649). Income taxes paid in the fiscal year totaled EUR 41,338 (2003: EUR 10,210).

"Other non-monetary expenses and income" comprise deferred tax income of EUR 2,614,770 (2003: EUR 0) and income from equity method investments of EUR 139,903 (2003: EUR 84,576).

Segment reporting [34]
ad pepper media's entire business activities are regarded as a single segment. Internal reporting to management currently focuses on regional sales growth. The following tables show the sales, cost of sales, gross profits, and property and equipment of the various regions.

	2004 EUR	2003 EUR
Sales		
Central Europe (Germany, The Netherlands, Slovakia)	7,638,705	8,422,329
Northern Europe (Denmark, Sweden)	4,712,728	4,701,583
Western Europe (UK, France, Spain, Italy)	8,806,026	7,580,521
Other	1,085,448	0
Total sales	**22,242,907**	**20,704,433**

	2004 EUR	2003 EUR
Cost of sales		
Central Europe (Germany, The Netherlands, Slovakia)	4,201,259	4,449,261
Northern Europe (Denmark, Sweden)	2,864,263	2,371,264
Western Europe (UK, France, Spain, Italy)	4,965,380	3,605,566
Other	337,003	0
Total cost of sales	**12,367,905**	**10,426,091**

	2004 EUR	2003 EUR
Gross profit on sales		
Central Europe (Germany, The Netherlands, Slovakia)	3,437,446	3,973,068
Northern Europe (Denmark, Sweden)	1,848,465	2,330,319
Western Europe (UK, France, Spain, Italy)	3,840,646	3,974,955
Other	748,445	0
Gross profit on sales	**9,875,002**	**10,278,342**

	2004 EUR	2003 EUR
Noncurrent assets, excluding financial instruments, deferred taxes and goodwill		
Central Europe (Germany, The Netherlands, Slovakia)	2,005,843	1,172,329
Northern Europe (Denmark, Sweden)	178,912	177,748
Western Europe (UK, France, Spain, Italy)	380,655	395,100
Other	4,675	0
Noncurrent assets, excluding financial instruments, deferred taxes and goodwill	**2,570,085**	**1,745,177**

Earnings per share [35]
The following table shows the calculation of earnings per share.

	2004	2003
Profit per common share		
Net income for the year in EUR	4,341,888	2,126,235
Shares outstanding at beginning of year	10,355,272	10,527,838
Shares outstanding at year-end	10,465,628	10,355,272
Weighted number of shares outstanding (basic)	10,410,160	10,356,350
Basic earnings per share in EUR	**0.42**	**0.21**
Weighted number of shares outstanding (diluted)	11,312,810	11,038,661
Diluted earnings per share in EUR	**0.38**	**0.19**

The weighted number of shares outstanding in 2004 was calculated on a daily basis. In 2004, outstanding stock options resulted in dilution by 902,650 shares (2003: 682,311).

Stock option program [36]
Prior to the Company's IPO in 2000, the extraordinary shareholders' meeting of ad pepper media International N.V. resolved a pre-IPO stock option plan for all of the employees of the Company or its subsidiaries at the time of the IPO. The options issued in 2000 under this plan may be exercised ten years after the IPO with no conditions imposed, or before this date in four equal tranches if the respective performance targets have been met (25 percent after the first year if the market price during this period exceeds EUR 19.55 on one occasion, 25 percent after two years if the market price during this period exceeds EUR 22.10 on one occasion, 25 percent after three years if the market price during this period exceeds EUR 23.80 on one occasion, 25 percent after four years if the market price during this period exceeds EUR 25.50 on one occasion). The options expire if an employee terminates his or her employment contract or if the employer terminates for good cause.

At each of the annual shareholders' meetings on April 26, 2001, April 25, 2002, May 5, 2003, and May 7, 2004, the Managing Board was authorized to repurchase up to ten percent of the share capital as treasury stock within an 18-month period. The treasury shares thus repurchased are available for acquisitions and employee stock options.

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. 500,000 shares have been reserved for the "Ongoing Stock Option Plan". The subscription ratio is one share per option. 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. They do, however, expire if the employee terminates his or her employment contract with the Company, or if the Company terminates the employee for good cause.

In January 2003, the "Ongoing Stock Option Plan" for managers 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 once-only issue of options was granted to executive employees; the exercise price for these options is also based on the average share price during the first ten trading days in January. Ten percent of the options may be exercised in each of the following ten years.

No stock-based compensation expenses for options granted were recorded in line with the intrinsic value method (APB-25).

The following table shows the options as of December 31, 2004.

	Number	Subscription price EUR
Options at beginning of fiscal year (pre-IPO)	119,350	13.50
Options at beginning of fiscal year (Ongoing SOP 2001)	85,100	2.73
Options at beginning of fiscal year (Ongoing SOP 2002)	83,100	1.33
Options at beginning of fiscal year (Ongoing SOP 2003)	87,200	1.78
Options at beginning of fiscal year (Executive SOP)	1,260,000	1.78
Options granted (Ongoing SOP 2004)	136,100	4.45
Options expired (pre-IPO)	-	13.50
Options expired (Ongoing SOP 2001)	-	2.73
Options expired (Ongoing SOP 2002)	200	1.33
Options expired (Ongoing SOP 2003)	9,700	1.78
Options expired (Ongoing SOP 2004)	14,100	4.45
Options exercised (Ongoing SOP 2001)	10,700	2.73
Options exercised (Ongoing SOP 2002)	13,000	1.33
Options exercised (Ongoing SOP 2003)	29,200	1.78
Options exercised (Executive SOP)	48,000	1.78
Options at year-end	1,645,950	
Weighted subscription price		2.85
Exercisable options as of December 31, 2004	270,600	1.92

The fair value of the stock options was calculated using the Black-Scholes pricing model, based on the following assumptions.

	Pre-IPO	Ongoing SOP 2001	Ongoing SOP 2002	Ongoing SOP 2003	Executive SOP	Ongoing SOP 2004
Share price at issue	EUR 13.50	EUR 2.60	EUR 1.30	EUR 1.78	EUR 1.78	EUR 4.44
Date of issue	31.05.00	18.05.01	15.01.02	15.01.03	15.01.03	16.01.04
Exercise price	EUR 19.55	EUR 2.73	EUR 1.40	EUR 1.78	EUR 1.78	EUR 4.45
Risk-free return	4.8 %	4.0 %	3.8 %	3.5 %	4.5 %	2.75 %
Anticipated term	7 years	4 years	1 year	1 year	10 years	1 year
Future dividends	0 %	0 %	0 %	0 %	0 %	0 %
Anticipated volatility	20 %	93 %	68 %	73 %	53 %	40 %

The fair value of the options granted in 2004 was EUR 0.75 per option.

The following table illustrates the effect on net income/loss and earnings per share if the Company had applied the fair value recognition provisions of SFAS 123.

	2004 EUR	2003 EUR
Net income for the year		
As reported	4,341,888	2,126,235
Pro forma expense	269,148	235,588
Pro forma	4,072,740	1,890,647
Earnings per share		
As reported (basic)	0.42	0.21
As reported (diluted)	0.38	0.19
Pro forma (basic)	0.39	0.18
Pro forma (diluted)	0.36	0.17

Events after the balance sheet date [37]

With effect from February 25, 2005, ad pepper media BeNeLux B.V. acquired a 100 percent interest in the Dutch online marketing agency ResultOnline B.V. ResultOnline was founded in 1999 and is one of the leading text-based online marketing companies in the Netherlands. ResultOnline has a firm base of customers and website partners, offering primarily performance-linked marketing using its own technology, and has been operating profitably since 2001.

ad pepper media's leading lead generation solutions and its growing Optin e-mail database combined with ResultOnline's text-based marketing experience and its broad customer and website base will make the two companies the Netherlands' leading supplier of online data marketing solutions. Synergies will also contribute to long-term profitability.

The provisional purchase price is EUR 1.6m, part of which is being paid in the form of shares in ad pepper media International N.V. An additional purchase price is contingent upon the achievement of performance targets. The provisional purchase price is approx. EUR 1.3m higher than the carrying amount of net assets. The purchase price allocation has yet to be determined.

Below are the condensed provisional balance sheet figures of ResultOnline B.V. for the year ended December 31, 2004.

Total current assets	550,000 EUR
Total noncurrent assets	12,000 EUR
Total assets	**562,000 EUR**
Total current liabilities	247,000 EUR
Total equity	315,000 EUR
Total liabilities and equity	**562,000 EUR**

Independant auditor‘s report

To ad pepper media International N.V., Hoofddorp, The Netherlands:

We have audited the accompanying consolidated financial statements, comprising the consolidated balance sheet, income statement, statement of changes in shareholders’ equity, cash flow statement and notes of ad pepper media International N.V., Hoofddorp, The Netherlands as of December 31, 2004 and for the year then ended. The preparation and content of the consolidated financial statements is the responsibility of the Company’s Managing Board. Our responsibility is to express an opinion, based on the results of our audit, as to whether these consolidated financial statements comply with the United States Generally Accepted Accounting Principles (US GAAP).

We conducted our audit with German auditing regulations and in compliance with the principles of proper German auditing adopted by the Institut der Wirtschaftsprüfer (IDW) and in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the consolidated financial statements are detected with reasonable assurance. The process of defining the audit procedures takes account of knowledge about the business activities and the economic and legal environment of the Company, as well as expectations of possible errors. An audit includes examining, largely on a test basis, the effectiveness of the accounting-based internal control system and evidence supporting the amounts and disclosures in the annual consolidated financial statements. The audit includes assessing the accounting principles used and significant estimates made by the Company’s legal representatives as well as evaluating the overall presentation of the consolidated financial statements. We believe that or audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as of December 31, 2004 and for the year then ended give a true and fair view of the financial position of the Group and results of its operations and its cash flows in accordance with United States Generally Accepted Accounting Principles.

Nuremberg, March 4, 2005

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft

Hegenbarth	See
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Executive bodies of the Company

The Management Board of ad pepper media International N.V. comprised the following members in the financial year 2004:

Ulrich Schmidt, CEO (Chairman), Nuremberg, Germany

Hermann Claus, CFO, Celle, Germany

Niels Nüssler, CSO, Nuremberg, Germany

The Supervisory Board of ad pepper media International N.V. in fiscal year 2004 consisted of:

Michael Oschmann, Chairman, Nuremberg, Germany,
Managing director

Dr. Günther Niethammer, Nuremberg, Germany,
Partner

Bernd Sexauer, Frankfurt am Main, Germany,
Company director

Jan Andersen, Copenhagen, Denmark,
Managing director

Merrill Dean, Scottsdale, USA,
Managing director

Ad impression
Standard unit adopted by DMMV, GWA, VDZ, BDZV and VPRT industry associations at the end of 1998 as the binding unit to be used in future for measuring the performance of advertising media. In contrast to page impressions, this standard measures the number of times an advertising banner itself, rather than the page on which it is positioned is actually viewed.

Ad server
A central server that delivers banners to the website's advertising space independently of the web server for the site. Ad servers enable efficient banner management and uniform campaign management across different websites.

Banners
Ads displayed on a website. The commonest data formats until now are image files in GIF or JPEG format. Innovative banner types (see "Rich media") are gaining in importance, however. Banners contain hyperlinks to the advertiser's website.

Banner burnout
Describes the decline in a banner's advertising effectiveness, especially when expressed in falling click-through rates.

Click-through
A click on an advert hyperlink (e.g. a banner) that leads to the advertiser's website.

Click-through Rate
Ratio of click-throughs to ad impressions or ad views. Important benchmark for the efficiency of online advertising. However, click-through rate does not take into account other key criteria for advertising effectiveness, such as awareness, image, communicative performance and likeability.

Cost per click (CPC)
Billing unit for online advertising. What is billed is the number of click-throughs, i.e. how often users click on a banner and are taken to the advertiser's website.

Cost per thousand impressions (CPM)
Billing unit for online advertising, analogous to the Thousand-Contacts-Price (TCP). What is billed is the number of viewing contacts with a banner (see "Ad impression").

Cost per objective (CPO)
Billing unit for online advertising that depends on whether the advertiser has achieved certain targets (generating address material = cost per lead, sales = cost per sale).

eCRM
A customer relationship is managed by addressing customers directly via electronic advertising and products.

Frequency
Refers to how often a user is supposed to see a particular banner. One of the potential targeting criteria for countering banner burnout.

Interstitials
Ads loaded in between two websites.

Page impressions
Number of viewing contacts with a particular HTML page that could potentially carry ads within an online offering. Unlike "hits", the respective page is counted as a separate unit, regardless of how many different elements it contains (graphics, etc.). See also "Page view".

Page view
Outdated parameter for determining the coverage of an online offering. Provides information of little relevance compared to page impressions, because each frame in a particular online page generates a page view. Sites loaded from cache are not counted.

Rate card
The media data for a website, detailing booking options, access figures and prices.

Rich media
Refers to a variety of technologies, such as Emblaze, Enliven, InterVu and Java, for creating innovative banner types. The efficiency of a banner is considerably enhanced by rich media due to the greater scope for creativity and the integration of interactive components.

Run of network (RON)
By booking several websites, the coverage of a campaign is increased. State-of-the-art ad serving technologies enable specific target groups to be targeted.

Run of site (ROS)
Campaign booking for a website, without specific sections of it being selected.

Site promotion
Advertising for websites on other websites, or in classical media.

Sponsoring
Alternative advertising option in addition to banner placement. Websites are linked exclusively to an advertiser's messages and display the latter's logo.

Traffic
Number of users visiting a website. There are various ways of measuring this parameter.

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Company calendar

All financial and press data, which are relevant for the capital market, on a view.

2005	
Results 2004	March 29, 2005
Analyst's conference	March 29, 2005
General Meeting of Shareholders'	May 2, 2005 (Hoofddorp, NL)
Quarterly report I/2005	May 25, 2005
Quarterly report II/2005	August 24, 2005
Quarterly report III/2005	November 23, 2005
Analyst's conference (German Equity Forum)	November 2005

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