ad pepper

the e-advertising network

Unaudited condensed interim consolidated financial report as of 30 June 2009

- Sales down 12.9 percent against the previous year's quarter to EUR 23.1m accompanied by a higher percentage gross margin of 45.5 percent (1. HY 2008: 43.0 percent). Operative costs down 23 percent against the previous year.
- The shareholders' meeting on 19 May 2009 unanimously agreed to a share split and to grant authorisation to buy back 50 percent of ad pepper media's issued share capital.
- ad pepper media is co-operating with Plan.Net and the pilot agency group to protect brands on the web.
- ad pepper media receives top award for iSense at the Festival of Media Awards.

Selected consolidated group figures

	Q2 / 2009 kEUR	Q2 / 2008 kEUR	Change Percent	1. HY 2009 kEUR	1. HY 2008 kEUR	Change Percent
Net sales	11,468	13,465	-14.8	23,087	26,497	-12.9
Gross margin	5,288	5,708	-7.4	10,510	11,406	-7.9
EBIT	-1,770	3,988	>100	-2,979	3,597	>100
Net income for the period	-1,120	4,865	>100	-1,998	4,659	>100
Earnings per share (basic)	-0.05	0.21	>100	-0.09	0.21	>100

	30.06. 2009 kEUR	30.06. 2008 kEUR
Liquid funds*	21,933	25,154
Equity	52,944	60,658
Total assets	62,103	73,046
Employees	**257**	**251**

* including security holdings at fair value and deposits with a maturity of more than three months

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ADDITIONAL INFORMATION

Important events

The shareholders' meeting on 19 May 2009 agrees to a share split and to grant authorisation to buy back up to 50 percent of ad pepper media's issued share capital

The regular shareholders' meeting of ad pepper media International N.V. on 19 May 2009 passed a resolution to reclassify the share capital of EUR 1,139,485.40 broken down into 11,394,854 no-par value bearer shares with a nominal value of EUR 0.10 per share (hereinafter referred to as „ordinary shares") by way of share split of 1 to 2 by reducing the nominal value to EUR 0.05 per ordinary share. Now that the related modification of the Articles of Association has come into effect, each ordinary share with a nominal value of EUR 0.10 has been replaced by two ordinary shares with a nominal value of EUR 0.05 each. The unchanged share capital totalling EUR 1,139,485.40 is now divided into 22,789,708 ordinary shares with full dividend rights for the 2009 financial year. The two-for-one stock split also involved a change in stock exchange listing. Effective as of 27 May 2009, the listing for ordinary shares of ad pepper media International N.V. on the regulated market of Frankfurt's Stock Exchange was converted at a ratio of 1 to 2.

Furthermore, the shareholders' meeting authorised the Board to buy back for a period of 18 months company shares amounting to up to 50 percent of the company's share capital. This authorisation is valid until November 2010. On 2 June, the Board of ad pepper media International N.V. resolved to partially make use of the authorisation granted by the regular shareholders' meeting and to initially buy back up to 10 percent of the company's share capital, corresponding to 2,278,970 shares. The price per share in this case must amount to at least 80 percent or at the most 120 percent of the opening price (Xetra) quoted on the Frankfurt Stock Exchange on the day of acquisition.
The shares acquired can be issued to employees within the scope of stock option plans or, if applicable, withdrawn, which would reduce the company's share capital accordingly.
The share buyback is being carried out in compliance with the provisions of Commission Regulation (EC) No. 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.

ad pepper media is co-operating with Plan.Net and the pilot agency group to protect brands on the web

Two of Germany's leading media agencies, Plan.Net and the pilot agency group, have agreed with ad pepper media to launch an initiative to protect brands on the web.
The agencies' customers will benefit from ad pepper media's patented SiteScreen filter technology which analyses the content of every online advertising location before a banner appears on the websites of the ad networks booked by the marketer. This prize-winning technology reads the context of each placement with „human understanding" and blocks advertising related to brand-critical topics. The media agencies look after a host of top brands with a brand value that has been built up over many years and which is estimated to be in the multi-digit billion range. This co-operation offers brand item sellers unique filter possibilities, never before seen on the media landscape, for placements in controversial reports. SiteScreen filters placements, especially in reporting environments that feature bad news, acts of violence, war, drugs and sexuality, as well as bad language.

Semantic advertising campaign via the iSense Network international award winner in the „Communication Futures" category

At the end of April, ad pepper media won first place at the Festival of Media Awards, an international awards programme which goes to companies in the media industry all over the world. The prize in the „Communication Futures" category went to ad pepper media for its campaign for Smeg kitchen appliances which was chosen by the jury from 650 competition applications from 52 countries. The jury members included many big names from the international media and advertising industry. They praised the Smeg retro campaign as one of the first to benefit from the advantages of semantic targeting which ad pepper media's iSense Network offers. Semantic targeting blends perfectly with the gaols pursued by advertising to reach, in a cost-efficient manner, target groups with a keen interest in lifestyle categories. That's why the iSense Network was used by ad pepper media in order to specifically address Internet users who visit a broad range of high-quality, journalism-based websites with entertainment, house & garden, and food & dining content.

The first test campaigns harvested so many click-throughs and conversions for the customer that online advertising with iSense Display has become a vital element of Smeg's marketing plans.

The Festival of Media Awards is the youngest competition to honour the fact that advertisers, publishers and web visitors who see and want to use online-relevant advertising can benefit from semantic targeting. The iSense Network simulates the manner in which people analyse content in order to warrant that ads can be placed as precisely as possible. In view of the explosive increase in online content and the lack of other targeting methods, semantic targeting has become an important standard on the market.

Basic economic conditions

World/Europe/Germany

Although many economists see first signs of economic recovery, just recently in June 2009 the World Bank made a radical downward correction of its economic expectations. Up till then, the World Bank had expected the global economy to contract by 1.75 percent this year, but it now sees this figure at 3 percent. If this forecast proves to be correct, this would be the worst economic downswing since World War II; up to now, there has been at least slight growth every year. Although the World Bank stated in its forecast that the finance markets had stabilised in many industrial countries, unemployment was rising at the same time, however, and there was a continuous increase in unused production capacities. Germany, above all, is suffering from the weak global economy. As an export nation, the Federal Republic is extremely dependent on global demand. According to a forecast by Deutsche Bank, the number of people out of jobs is expected to reach 5 million in autumn 2009. In response to this, the Kiel Institute for the World Economy (IfW) once again drastically reduced its economic forecast for Germany too. The Institute now expects a minus of 6 percent for 2009 compared to the previous forecast of 3.7 percent. The economy had only slightly stabilised by the middle of the year. IfW hence expects for the coming year a moderate increase of 0.4 percent rather than a decline of 0.1 percent.

With a view to countries with the European single currency, the International Monetary Fund (IMF) forecasts that economic output will decline by 4.2 percent this year and by 0.4 percent in the year to come. There are hence signs that the decline could slow down during 2009 and thus pave the way for a moderate recovery in the first half of 2010, however, the IMF pointed out that the economic recovery in the 16 countries of the euro zone is likely to be slow.

Advertising market

The finance crisis continues to impact the online advertising market in the second quarter of 2009. Growth was weaker than in previous years. The decline which began in the third quarter of 2008 and which accelerated in the fourth quarter, however, became somewhat stable in the first quarter of 2009. All the same, even though the Internet has developed much better than other media, online marketers still have to fight hard to win over advertisers. The highest investments in advertising are being made in online services, company advertising and e-commerce.
The US online advertising market has started into the new fiscal year with an unexpectedly disappointing intermediate result. The figures issued for the first quarter of 2009 by the Interactive Advertising Bureau (IAB) in co-operation with Pricewaterhouse Coopers (PWC) show that advertising sales at the end of March reached a total volume of USD 5.48 billion. Compared to the previous year's figure of USD 5.75 billion, this corresponds to a decline of 5 percent. This means that for the first time ever since 2002, sales with display and performance advertising on the Internet failed to reach a level comparable with the same quarter of the previous year. The main reasons for this first significant collapse in more than six years is the ongoing poor economic situation, according to the IAB.

Things are looking better in Europe where interactive advertising has taken up its rightful place as a permanent feature in marketing strategies by different sectors. On the important German market, 350 million gross advertising euros were channelled into the Internet in the first quarter of 2009 according to Nielsen Media Research; this means an increase of 15.1 percent against the previous year. The results of the pan-European „Internet Ad Barometer 2009" survey also indicate that the market is stabilising. According to this, 70 percent of the marketing decision-makers polled wanted to increase their online expenditure further; these are the findings by the European Interactive Advertising Association (EIAA) which commissioned the survey. Growth on the Internet is likely to take place at the cost of traditional media. There is also a trend towards cross-border campaigns. 16 percent of the marketing decision-makers polled spend their online campaign budgets in at least two European countries. Western Europe continues to be the most attractive market for international online campaigns thanks to the comparability of culture and marketing.

Structure of the ad pepper media group

The ad pepper media group is one of the leading independent marketing networks in online advertising. ad pepper media International N.V. with its headquarters in Amsterdam, the Netherlands, is the central management and holding company for the companies of the ad pepper media group.
With 16 branches in ten European countries and the US, ad pepper media conducts campaigns for thousands of national and international advertising customers in more than 50 countries world-wide.
We are active on the online advertising market with three business divisions: ad pepper media, Webgains and ad agents.

ad pepper media

ad pepper media offers a full range of products for successful display-, performance- and email marketing, as well as ad serving.
The main products here are iLead, Click Generation, mailpepper, iSense and Emediate.

iLead is the ideal partner for advertisers wanting to implement successful measures in dialogue and direct marketing. The focus here is on obtaining addresses to win new customers through a success-based cost-per-lead price model.

Click generation is ad pepper media's success-based traffic-generating marketing solution that supplies advertisers in an efficient and measurable manner with qualified Internet users according to the cost-per-click price model.

mailpepper enables advertisers to achieve large ranges quickly and effectively through email or even to send advertising messages to specific target groups without significant dispersion losses.

iSense equips advertisers and publishers with a revolutionary semantic advertising technology which they can use to place advertising on a relevance basis and targeted for each website. iSense is centred around the patented Sense Engine™ technology and is the result of 10 years of research and development.
This technology was developed by Dr. David Crystal, one of the world's leading linguistics experts.

Emediate primarily provides ad serving technology solutions and services. Emediate is the market leader in Scandinavia and is one of the few players in the market that can still boast independent und powerful ad serving.

Webgains

Our Webgains affiliate network is one of the platforms in this market segment recording the most dynamic development and is represented by offices in the UK, France, Germany, the Netherlands, the US, Spain, Sweden and Denmark. Maximum range combined with success-based payment makes affiliate marketing very attractive for all participants. Using Webgains as the technology platform, advertisers (merchants) make advertising formats (banners, text links, etc.) available on the websites of website operators (affiliates). These formats can be used to advertise the merchants' products and services and, when successful, result in a purchase, subscription or similar transaction. This means that in a strict sense Webgains is an e-commerce platform and, in our opinion, one of the most efficient on the market because the technical platform is persistently upgraded, in line with customer demands. Furthermore, it is also supplemented by a service offering which is regarded to be exemplary by the entire industry.

ad agents

ad agents specialises in search-engine marketing (SEM), search-engine optimisation (SEO) and performance marketing. ad agents advises well-known companies from mail order business, the travel industry and many other sectors. All ad agents customers have one thing in common, they already have a mature e-commerce strategy in which they offer their goods and/or services via their websites or web shops. ad agents helps its customers to make their web presence even more efficient as a selling instrument.

This is carried out by improving range in combination with the best possible increase in advertising effectiveness. The ad agents strategies, which are based on quality and security, offer customers sustainability in terms of clicks and sales, along with detailed reporting.

ad pepper media holds a 60 percent share in ad agents.

The share

Shareholders' meeting

At the shareholders' meeting of ad pepper media International N.V. on 19 May 2009 in Amsterdam, all the resolutions proposed on the agenda were unanimously adopted.

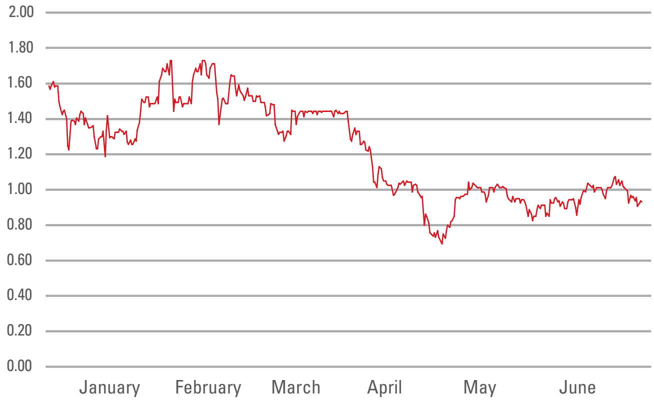
All in all, 52.33 percent of the 11,394,854 voting rights were represented at the shareholders' meeting. Important items of the agenda included the presentation of the Annual Accounts for 2008, as well as the authorisation to buy back company shares, a two-for-one share split, the appointment of a new auditor as well as the appointment of the supervisory board. All the current members were re-appointed.

Share price

In the first six months of the year, the share price of the ad pepper media share oscillated between EUR 2.00 and EUR 1.00 after the share split on 27 May 2009. Adjusted by the share split, the highest price for the year of EUR 1.03 was reached on June 04, the lowest of EUR 0.72 on March 13. As per June 30, the ad pepper media share closed at EUR 0.85, and thus more or less on the level as per the end of December 2008 (EUR 0.88). Until the copy deadline for this report on July 17 share price advanced by 33 percent to EUR 1.13.

Share facts	
Security Identification Number	940883
ISIN	NL0000238145
Market segment	Prime Standard
Designated Sponsor	Equinet
Number of shares	22,798,708
Market capitalization (as per 30.06.2009)	EUR 19.4m

Share price developments in the frist half year 2009 (Xetra)



Shareholder structure

Date of reports: 30 June 2009

Shareholder	No. of shares	in Percent
EMA B.V.	9,486,402	41.63
Amiral Gestion S.A.	3,512,016	15.41
Own shares	1,393,139	6.11
U. Schmidt	1,005,524	4.41
Grabacap ApS	848,000	3.72
Euroserve Media GmbH	306,132	1.34
M. A. Carton	268,178	1.18
Viva Media Service GmbH	71,300	0.31
Sub-total	**16,890,691**	**74.11**
Freefloat	5,899,017	25.89
Total	**22,789,708**	**100.00**

Income situation, net worth and financial position

Income situation

In the first six months of the year, ad pepper media saw sales fall to kEUR 23,087 (1. HY 2008: kEUR 26,497). Compared to the same period of the previous year, this corresponds to a decline of 12.9 percent which is primarily due to developments with the „ad pepper media" segment which remained below expectations. The kEUR 19,582 decline in sales in this segment in the first half of 2008 to the current kEUR 15,010, corresponding to a fall of 23.3 percent, is particularly due to declining Cost per Mille (CPM)-based price models. This trend can be seen throughout the industry and was anticipated by ad pepper media with a clear orientation towards success-based advertising models which have already been successfully implemented in 2009. This can be clearly seen, for instance, in the kEUR 833 increase in sales for the „Webgains" segment to kEUR 5,862 (1. HY 2008: kEUR 5,029) as well as in the positive development of the „ad agents" segment which rose by kEUR 83 to kEUR 2,760 (1. HY 2008: kEUR 2,677). Both affiliate marketing (Webgains), as well as search engine marketing (SEM) and search engine optimisation (SEO) (ad agents), are less susceptible to economic cycles because their business model is based purely on success-based web formats.

Gross margin totalled kEUR 10,510 compared to kEUR 11,406 in the first half of 2008. This decline in gross margin was disproportionate to sales developments (-7.9 percent) so that on the whole it was possible to record a relatively higher gross margin. Whilst gross margin still totalled 43.0 percent in the first half of 2008, it rose to 45.5 percent in the frist half of 2009. This shows that former products with a weak margin (especially CPM-based products) have been successfully replaced by products with a high margin.

Operative costs fell significantly on a comparable basis in the first six months of the current year compared to the previous year from kEUR 17,430 to kEUR 13,489. This reflects, on the one hand, lower personnel expenditure, for instance, in conjunction with the discontinuation of mediasquares activities (CPM), as well as lower depreciation compared to the previous year on intangible assets acquired within the scope of company takeovers. Furthermore, we were able to significantly reduce additional bad debt allowance and write-off of receivables to kEUR 357, which compares with kEUR 1,253 in the same period for the previous year.

Earnings before interest, taxes and deprecation and amortisation (EBITDA) totalled kEUR -1,697 (1. HY 2008: kEUR 6,824). It must be noted here that the figure for the same period of the previous year included kEUR 9,621 in conjunction with extraordinary gain resulting from the sale of investments. On a comparable basis, EBITDA for the first half of 2008 hence totalled kEUR -2,797, so that in the quarter under review much better development was achieved compared to the previous year despite a 13-percent decline in sales.

On a comparable basis, earnings before interest and taxes (EBIT) were up by kEUR 3,045 against the same period of the previous year (1. HY 2008: kEUR -6,024), however, they continued to be negative at kEUR -2,979.

Earnings before taxes (EBT) were good. Following kEUR -5,386 on a comparable basis within the first six months of 2008, it was possible to record a significantly higher amount of kEUR -1,990 this year.

Profit for the period of kEUR -1,998 was much more negative than in the previous year (1. HY 2008: 4,659). On a comparable basis, i.e. omitting the once-off payment in the first half of 2008 in conjunction with extraordinary gain resulting from the sale of investments amounting to kEUR 9,621, the result for the previous year totals kEUR -4,962.

Net worth

Operative cash flow declined to kEUR -991 after kEUR -157 in the first half of 2008. In the first half of 2009, net cash flow from investment activities totalled kEUR 4,898 (1. HY 2008: kEUR -3,057) In the first six months of 2009, cash flow from financing activities totalled kEUR -521 following kEUR 64 in the first half of 2008.

Financial position

The balance sheet sum fell by kEUR 4,987 to kEUR 62,103 (31 December 2008: kEUR 67,090). This development is largely due to lower trade receivables which were down kEUR 2,532 (31 December 2008: kEUR 10,317) as a result of optimisation measures related to receivables management. The equity item declined as a result of the loss recorded for the period under review, the share buyback and the accumulated other overall result. As per 30 June 2009, the equity ratio totalled 85.3 percent (31 December 2008: 83.0 percent).

As per the balance-sheet date, the ad pepper media group is financed from its own resources. As per the end of the first half of 2009, liquid funds, including securities at fair value and deposits with a maturity of more than three months, totalled kEUR 21,933 (31 December 2008: kEUR 23,047). There are no long-term liabilities to banks.

Employees

As per 30 June 2009, the ad pepper media group employed a staff of 257. The company employed a total workforce of 251 at the end of the same half of the previous year.

The employees of the ad pepper media group were assigned to the following segments:

	30 June 2009 Number	30 June 2008 Number
ad pepper media	154	166
Webgains	55	40
ad agents	14	8
Administration	34	37

Report on opportunities and risks

Compared to the Consolidated Annual Accounts as per 31 December 2008, there have been no significant changes in the opportunity and risk situation of ad pepper media International N.V. We therefore refer to the presentation in the Management Report for fiscal 2008. However, the economic situation has continued to deteriorate. As a result of this, the risks for ad pepper media's business development have increased. There is now a greater likelihood of advertising budgets being postponed or cancelled. Furthermore, in light of the deteriorating economic climate and the difficulty in obtaining capital, the risk of bad debts among customers with a previously good credit standing has increased.

Forecast report

As already mentioned, global economic forecasts have undergone downward correction in recent months. The World Bank expects that the global economy will contract in 2009 by up to 3 percent - the most severe recession since the economic crisis of the 1930s. A minus of 4.2 percent has been forecast for the euro zone. In Germany, the IMF even expects this decline to be as high as 5.6 percent due to Germany's heavy dependency on the global economy.

Government support programmes up to now have been targeted towards helping certain industries or towards preventing the bankruptcy of certain companies. In addition to the foregoing, Germany's Government has launched stimulus packages I and II in order to put a stop to the significant decline in economic output and to sustainably secure lending for the real economy. One module of this economic stimulus package, the environmental bonus, has been topped up and extended due to the enormous demand.

Private consumption in Germany had a stabilising effect in the first quarter of 2009. Whilst real GDP in Germany fell by 3.8 percent against the previous quarter, consumption increased by 0.5 percent. However, it must be feared that private consumption will decline over the course of the year, not least due to the high number of people out of jobs in almost all countries of the EU and due to a presumably higher tax burden from 2010 onwards which appears to be inevitable in view of the need to finance current and future economic stimulus packages. Should it really come to this expected slowdown in private consumption, it must be assumed that more (online) advertising budgets will be postponed or reduced than has been the case up to now.

Due to the difficult economic and industry-specific situation, it is currently difficult to forecast further developments for ad pepper media over the coming months of the 2009 fiscal year. In light of these conditions, we expect that the decline in sales and margin will continue on into the second half of the year. This is why, from a company perspective, the focus is on targeted cost management.

All in all, the ad pepper media group with a product portfolio that is almost exclusively orientated towards success-based advertising is in a strategically good position and has adjusted to the changed conditions. Leading forecasting institutes expect that markets will stabilise at the beginning of to mid-2010. In addition to the possible short-term impacts described, we see good prospects in the medium to long term for successful company development – also considering ad pepper media's very solid financial basis.

Responsibility statement

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

Nuremberg, 20 July 2009

The Management Board
ad pepper media International N.V.

Ulrich Schmidt Jens Körner Michael A. Carton

Consolidated income statement (IFRS)

	01.04.-30.06.2009 kEUR	01.04.-30.06.2008 kEUR	01.01.-30.06.2009 kEUR	01.01.-30.06.2008 kEUR
Revenues	**11,468**	**13,465**	**23,087**	**26,497**
Cost of sales	-6,180	-7,757	-12,577	-15,091
Gross profit	**5,288**	**5,708**	**10,510**	**11,406**
Selling and marketing expenses*	-4,277	-4,501	-8,352	-8,546
General and administrative expenses	-2,508	-3,471	-5,090	-6,001
Other operating income	33	495	608	680
Other operating expenses*	-306	-2,807	-655	-3,564
Gain on sale of shares in associates and other investments	0	8,564	0	9,621
Earnings before interest and taxes	**-1,770**	**3,988**	**-2,979**	**3,597**
Financial income	758	459	1,077	648
Financial expenses	-75	-4	-88	-10
Earnings before taxes	**-1,087**	**4,442**	**-1,990**	**4,235**
Income taxes	-33	423	-8	424
Net income	**-1,120**	**4,865**	**-1,998**	**4,659**
attributable to shareholders of the parent company	-1,108	4,810	-1,993	4,604
attributable to minority interest	-12	55	-5	55
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.05	0.21	-0.09	0.21
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.05	0.21	-0.09	0.20
	Q2 / 2009 No. of shares	**Q2 / 2008** No. of shares	**1. HY 2009** No. of shares	**1. HY 2008** No. of shares
Weighted average number of shares outstanding (basic)**	**21,757,052**	**22,401,582**	**21,841,673**	**22,402,749**
Weighted average number of shares outstanding (diluted)**	**21,844,250**	**23,143,342**	**21,908,664**	**23,027,235**

* previous year adjusted for kEUR 1,506 impairment of intangible assets

** adjusted for share-split of 1 to 2 on 27 May 2009

Consolidated statements of income and expense recognized in equity

	Q2 / 2009 kEUR	Q2 / 2008 kEUR	1. HY 2009 kEUR	1. HY 2008 kEUR
Net income	**-1,120**	**4,865**	**-1,998**	**4,659**
Currency translation differences	-48	-305	-163	-289
Revaluation of available-for-sale financial assets	470	-288	-114	-498
Income tax recognized directly in equity	0	91	0	157
Total income and expense recognized directly in equity, net of tax	**422**	**-502**	**-277**	**-630**
Total income and expense recognized in equity	**-698**	**4,363**	**-2,275**	**4,029**
attributable to minority interest	-12	55	-5	55
attributable to shareholders of ad pepper media International N.V.	-686	4,308	-2,270	3,974

Disclosures on total income and expense recognized directly in equity

The total income and expense recognized directly in equity and the corresponding income taxes are as follows:

	Q2 / 2009			Q2 / 2008		
	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes
Currency translation differences (incl. minority interest)	-48	0	-48	-305	0	-305
Revaluation of available-for-sale financial assets	470	0	470	-288	91	-197
Total income and expense recognized directly in equity	**422**	**0**	**422**	**-593**	**91**	**-502**

	1. HY 2009			1. HY 2008		
	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes
Currency translation differences (incl. minority interest)	-163	0	-163	-289	0	-289
Revaluation of available-for-sale financial assets	-114	0	-114	-498	157	-341
Total income and expense recognized directly in equity	**-277**	**0**	**-277**	**-787**	**157**	**-630**

Consolidated balance sheet (IFRS)

Assets	30 June 2009 kEUR	31 December 2008 kEUR	31 December 2007 kEUR
Non-current assets			
Goodwill	20,814	20,814	20,665
Intangible assets	4,317	5,258	9,155
Property, plant and equipment	718	819	1,100
Securities at fair value through profit and loss	1,777	1,590	0
Securities available for sale	6,949	4,155	2,131
Other financial assets	2,563	2,671	772
Deferred tax assets	740	740	2,979
Total non-current assets	**37,878**	**36,047**	**36,802**
Current assets			
Securities and deposits with maturity over three months	4,150	11,469	3,390
Trade receivables	7,785	10,317	12,847
Income tax receivables	1,135	1,159	1,151
Prepaid expenses and other current assets	966	401	738
Other financial assets	1,133	1,864	1,890
Cash and cash equivalents	9,056	5,833	12,029
Total current assets	**24,225**	**31,043**	**32,045**
Total assets	**62,103**	**67,090**	**68,847**

Consolidated balance sheet (IFRS)

Equity and liabilities	30 June 2009 kEUR	31 December 2008 kEUR	31 December 2007 kEUR
Equity attributable to shareholders of the parent company			
Issued capital*	1,139	1,139	1,139
Additional paid-in capital	66,854	66,747	66,319
Treasury shares	-2,295	-1,732	-1,269
Accumulated deficit	-7,762	-5,769	-8,389
Accumulated other comprehensive losses	-5,107	-4,830	-1,511
Total	**52,829**	**55,555**	**56,289**
Minority interest	115	120	177
Total equity	**52,944**	**55,675**	**56,466**
Non-current liabilities			
Deferred tax liabilities	308	377	907
Total non-current liabilities	**308**	**377**	**907**
Current liabilities			
Trade payables	6,009	7,356	7,619
Other current liabilities	582	960	792
Other financial liabilities	2,116	2,616	2,695
Income tax liabilities	144	106	368
Total current liabilities	**8,851**	**11,038**	**11,474**
Total liabilities	**9,159**	**11,415**	**12,381**
Total equity and liabilities	**62,103**	**67,090**	**68,847**

* The Issued Capital consists of shares with a nominal value of EUR 0.05 each. The authorized capital amounts 23,429,708 shares, of which 22,789,708 are issued and 21,396,569 shares were floating at 30 June 2009 (31 December 2008: 22,024,682).

Consolidated statement of cash flows (IFRS)

	01.01.-30.06.2009 kEUR	01.01.-30.06.2008 kEUR
Net income	**-1,998**	**4,659**
Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:		
Depreciation and amortisation	1,282	3,227
Gain on sale of fixed assets	0	0
Gain/loss on sale of securities	-464	-203
Share-based compensation	107	117
Other financial income and financial expenses	-525	-444
Income taxes	8	-424
Gain on sale of shares in associates and other investments	0	-9,621
Other non-cash expenses and income	357	1,216
Gross cash flow	**-1,233**	**-1,473**
Change in trade receivables	2,175	564
Change in other assets	-409	74
Change in trade payables	-1,347	-202
Change in other liabilities	-877	584
Income taxes received	250	0
Income taxes paid	-265	-274
Interest received	715	580
Interest paid	0	-10
Net cash flow from operating activities	**-991**	**-157**

Consolidated statement of cash flows (IFRS)

	1. HY 2009 kEUR	1. HY 2008 kEUR
Additions to intangible assets and property, plant and equipment	-240	-686
Proceeds from sale of intangible assets and property, plant and equipment	0	0
Proceeds from sale of shares in associates and other investments	1,200	10,845
Security deposits/proceeds from repayment of security deposits	0	0
Repayment of restricted cash	0	0
Loans granted	-751	0
Acquisition of investments	0	-1,621
Acquisition of subsidiaries, net of cash acquired	0	0
Proceeds from sale of securities and maturity of fixed-term deposits	9,964	203
Purchase of securities	-5,275	-5,684
Net cash flow from investing activities	**4,898**	**3,057**
Increase in capital	0	0
Sale of treasury shares	0	0
Purchase of treasury shares	-563	-35
Repayment of loan liabilities	0	0
Repayment of loans granted	42	99
Net cash flow from financing activities	**-521**	**64**
Effect of exchange rates on cash and cash equivalents	-163	-288
Cash-effective decrease/increase in cash and cash equivalents	3,223	2,676
Cash and cash equivalents at beginning of year	**5,833**	**12,029**
Cash and cash equivalents at end of period	**9,056**	**14,705**

Consolidated changes in equity (IFRS)

	Balance at 1 Januar 2009	Total income and expense recog-nized in equity	Share-based payment	Purchase of treasury shares	Balance at 30 June 2009
Issued capital					
Number of shares	22,789,708				22,789,708
Issued capital (kEUR)	1,139				1,139
Additional paid-in capital					
for employee stock option plans (kEUR)	2,080		107		2,187
from contributions of shareholders of ad pepper media International N.V. (kEUR)	64,667				64,667
Treasury shares					
Number of shares	765,026			628,113	1,393,139
Treasury shares at cost (kEUR)	-1,732			-563	-2,295
Accumulated deficit (kEUR)	**-5,769**	**-1,993**			**-7,762**
Accumulated other comprehensive losses					
Currency translation differences (kEUR)	-1,477	-163			-1,640
Revaluation available-for-sale securities (kEUR)	-3,353	-114			-3,467
Other (kEUR)	0				0
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	**55,555**	**-2,270**	**107**	**-563**	**52,829**
Minority interest (kEUR)	120	-5			115
Total equity (kEUR)	**55,675**	**-2,275**	**107**	**-563**	**52,944**

Consolidated changes in equity (IFRS)

	Balance at 1 January 2008	Total income and expense recognized in equity	Share-based payment	Purchase of treasury shares	Sold minority interest	Other	Balance at 30 June 2008
Issued capital							
Number of shares	22,789,708						22,789,708
Issued capital (kEUR)	1,139						1,139
Additional paid-in capital							
for employee stock option plans (kEUR)	1,652		117				1,769
from contributions of shareholders of ad pepper media International N.V. (kEUR)	64,667						64,667
Treasury shares							
Number of shares	385,792			22,610			408,402
Treasury shares at cost (kEUR)	-1,269			-35			-1,304
Accumulated deficit (kEUR)	**-8,389**	**4,604**					**-3,785**
Accumulated other comprehensive losses							
Currency translation differences (kEUR)	-111	-289					-400
Revaluation available-for-sale securities (kEUR)	-1,400	-341					-1,741
Other (kEUR)	0				-106	31	-75
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	**56,289**	**3,974**	**117**	**-35**	**-106**	**31**	**60,270**
Minority interest (kEUR)	177	55			156		388
Total equity (kEUR)	**56,466**	**4,029**	**117**	**-35**	**50**	**31**	**60,658**

Notes

1. Basis for the preparation of the quarter-end financial reports

The current condensed interim financial reports for ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards (IFRS) as applicable on the closing date and are presented in Euros. The comparative figures of previous periods were determined and adjusted accordingly. The condensed interim financial reports meet the requirements of IAS 34.

They do not include all of the information required for full annual financial statements and should therefore be read in conjunction with the annual report for the year ended 31 December 2008.

The consolidated interim report includes all subsidiaries. During the course of the first three months of no changes in the consolidated group occurred in comparison with the consolidated financial statements as at 31 December 2008.

The condensed interim financial report was authorised for issue by the management board on 20 July 2009.

2. Accounting principles

The accounting principles applied to these interim financial statements do not materially differ from the principles as applied for the Annual Report as of 31 December 2008.

Annual improvements 2007-2009

On 16 April 2009 the IASB has issued Improvements to IFRSs – a collection of amendments to ten International Financial Reporting Standards and two IFRICs – as part of its program of annual improvements to its standards. The IASB uses the annual improvements project to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project. The latest amendments were included in exposure drafts of proposed amendments to IFRSs published in October 2007, August 2008, and January 2009. During its deliberations of comments received on the exposure draft of Proposed Improvements to IFRSs published in August 2008, the IASB decided to postpone reconsideration of two IAS 39 issues (relating to the fair value option and bifurcation of an embedded foreign currency derivative) until more analysis could be completed. Consequently, with the document published today, all the other issues included in the three exposure drafts have been finalised or removed from the IASB's agenda.

Most of the amendments are effective for annual periods beginning on or after 1 January 2010, although entities are permitted to adopt them earlier.

IASB clarifies the accounting for group cash-settled share-based payment transactions

The International Accounting Standards Board (IASB) on 18 June 2009 issued amendments to IFRS 2 Share-based Payment that clarify the accounting for group cash-settled share-based payment transactions.

The amendments respond to requests the IASB received to clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. In these arrangements, the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers.

The amendments issued clarify:

- An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.

- The Board clarified that in IFRS 2 a 'group' has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries.

The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2—Group and Treasury Share Transactions. As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11. These amendments are effective for reporting periodes beginning on or after 1 January 2010. They have to be applied retrospectively. Earlier application is permitted.

3. Notes to the Interim Financial Statements

Essentially we refer to the explanations regarding results of operations, financial position and net assets in the Interim Director's report.

Impiarment of intangible assets (kEUR 1.506) were presented as "Selling expenses" in prior year. For better comparability the prior year was adjusted for a reclassification to "Other operating expenses" in the Group consolidated statements as per 31 December 2008.

The increase in net financial income to kEUR 989 from kEUR 638 in the prior year period is primarily due to net realized gains from the trade of securities amounting to kEUR 464 (1. HY 2008: kEUR 203). Therefore the net financial income in second half of 2009 is expected to be substantially lower.

4. Segment reporting according to IFRS 8

IIFRS 8 supersedes IAS 14 "Segment reporting" and converges the standards of the IASB with the requirements of the Statement of Financial Accounting Standards (SFAS) 131. The IFRS requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity, on which separate financial information is available, that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

The group is disclosing segment information for the operating segments "ad pepper media", "Webgains" (Affiliate-Marketing) and "ad agents" (SEM/SEO) as well as the non-operating segment "Admin" (Administration).

1. HY 2009	ad pepper media kEUR	Webgains kEUR	ad agents kEUR	Admin kEUR	Consoli-dation kEUR	Group kEUR
Total revenues	**15,010**	**5,862**	**2,760**	**965**	**-1,510**	**23,087**
thereof external	14,700	5,626	2,747	14	0	23,087
thereof intersegment	310	236	13	951	-1,510	0
Expenses and other income	**-15,882**	**-5,994**	**-2,775**	**-2,380**	**965**	**-26,066**
thereof amortization and depreciation	-537	-155	-12	-579	1	-1,282
thereof other non-cash expenses	-332	-92	4	-357	0	-777
EBITDA	**-335**	**23**	**-3**	**-836**	**-546**	**-1,697**
EBIT	**-872**	**-132**	**-15**	**-1,415**	**-545**	**-2,979**
Financial income	**52**	**0**	**2**	**1,125**	**-102**	**1,077**
Financial expenses	**-98**	**-5**	**0**	**-87**	**102**	**-88**
Income taxes						**-8**
Net income						**-1,998**

1. HY 2008	ad pepper media kEUR	Webgains kEUR	ad agents kEUR	Admin kEUR	Consoli-dation kEUR	Group kEUR
Total revenues	**19,582**	**5,029**	**2,677**	**1,353**	**-2,144**	**26,497**
thereof external	18,851	4,966	2,675	5	0	26,497
thereof intersegment	731	63	2	1,348	-2,144	0
Expenses and other income	**-23,605**	**-4,468**	**-2,648**	**6,471***	**1,350**	**-22,900**
thereof amortization and depreciation	-2,195	-175	-7	-851	1	-3,227
thereof other non-cash expenses	-1,095	-57	-11	-560	0	-1,723
EBITDA	**-1,828**	**736**	**36**	**8,675**	**-795**	**6,824**
EBIT	**-4,023**	**561**	**29**	**7,824**	**-794**	**3,597**
Financial income	**55**	**8**	**5**	**795**	**-215**	**648**
Financial expenses	**-220**	**-4**	**0**	**-1**	**215**	**-10**
Income taxes						**424**
Net income						**4,659**

* thereof kEUR 9,621 gains from the sale of minority investments

Disclosure information according to IFRS 8.34 is not relevant as there is no dependency on major customers within the ad pepper media group.

5. Own shares

By shareholders resolution of 19 May 2009, ad pepper media was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months. The board of directors made a resolution on 2 June 2009 to make use of this authorisation and to acquire 10 percent of the issued capital amounting to up to 2,279,708 own shares. As of 30 June 2009 the company held 1,393,139 own shares at a nominal value of EUR 0.05 each which equals 6.11 percent of the share capital. According to a shareholders resolution those shares can be used for acquisitions or stock option plans.

6. Seasonal influences on business operations

ad pepper media is engaged in the field of online advertising in the broadest sense. Due to the seasonal character of the advertising industry, with its traditional focus on expenditure in 4th quarter, revenue and thus operating profit generally higher in the second half of the year. Irrespective of the more adverse economic climate at present, this is also expected for the second half of 2009.

7. Events after the balance sheet date

Up until the day of authorization for issuance no events took place which would have exerted substantial influence on the net assets, financial position or result of operations as per 30 June 2009.

8. Stock options and shareholdings

By doubling the number and halving the strike price the existing stock options programmes have been adjusted for the share split on 27 May 2009.
As of 30 June 2009, 3,085,000 stock options exist within the framework of stock option plans. The exchange ratio for each of the stock options is one share per option.

An employee equity-participation program involving now 280,000 options was launched for executive employees on 6 March 2009. The valuation was carried out by simulation (Monte-Carlo method). The fair value of the stock options was calculated based on the following assumptions:

	Executive SOP 2009
Share price when granted (EUR)	0.85
Date of grant	6 March 2009
Strike price (EUR)	0.915
Risk-free interest rate (Percent)	2.71
Estimated term (years)	7
Future dividend (EUR)	0.08 to 0.12
Estimated volatility (Percent)	53.62

The volatility was calculated from the development of the ad pepper media International N.V. share price between 1 January 2003 and 28 February 2009. Earlier values would have distorted the estimate of volatility. One quarter of the option rights can be exercised one year after they were granted at the earliest, another quarter another year after they were granted, and so on. The fair values of the individual tranches at the time of granting are between EUR 0.1925 and EUR 0.3085 per issued option. The maximum cost of the program over the entire period is EUR 0.1m.

The exercise prices are in a range of EUR 0.665 and EUR 6.75.

The following table lists the individual holdings of shares and option rights of the members of the Supervisory and Managing Board (directly or indirectly) as well as employees:

	Shares as at 30 June 2009	Options as at 30 June 2009
Management board		
Ulrich Schmidt	1,005,524	446,000
Michael A. Carton	268,178	428,000
Jens Körner	0	160,000
Supervisory board		
Michael Oschmann	0	0
Dr. Frank Schlaberg	0	0
Jan Andersen	0	0
Merrill Dean	0	0
Associated companies		
EMA B.V.	9,486,402	0
Viva Media Beteiligungsgesellschaft	71,300	0
Euroserve	306,132	0
Grabacap ApS	848,000	0
Employees		**2,051,000**

9. Number of employees

At the end of the second quarter 2009, ad pepper media group engaged 257 employees (30 June 2008: 251 employees).

10. Related parties

Transactions with related parties did not change significantly in comparison to the financial year 2008.

Nuremberg, 20 July 2009

Ulrich Schmid | Jens Körner | Michael A. Carton

Company calendar

All financial and press data relevant for the capital market at a glance:

Quarterly report II/ 2009	*14 August 2009*
Quarterly report III/ 2009	*8 November 2009*
Analysts´ conference: German Equity Forum (Frankfurt / Main)	*9-11 November 2009*
Annual report 2009	*14 April 2010*

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Jens Körner, Finance
Michael Carton, Director of the Board

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