

**Unaudited condensed interim consolidated
financial report as of 31 March 2007**



**Global Reach.
Local Touch.**

Overview of the main key figures

	Q1/ 2007 kEUR	Q1/ 2006 kEUR	Change
Net sales	11,349	9,263	23%
Gross margin	5,936	4,393	35%
EBIT	1,446	6,248	
Profit for the period	1,521	6,085	-75%

	31.03.2007 kEUR	31.12.2006 kEUR	
Liquid resources*	19,767	27,924	
Equity	55,041	49,822	
Total assets	69,562	59,913	

	Q1/ 2007 EUR	Q1/ 2006 EUR	Change
Earnings per share (basic)	0.14	0.57	-75%
	31.03.2007	31.03.2006	
Employees	233	160	

* Including short term liquid fixed asset

Dear shareholder,

ad pepper media has continued on from 2006 with a significant increase in growth in the first three months of the 2007 financial year. Sales for the 1st quarter were up 22.5 percent against the same period of the previous year, totalling 11.349 million EUR with an EBIT of 1.446 million EUR.

A large part of this EBIT was due to a first milestone payment in conjunction with the sale of the minority participation in dMarc Broadcasting. Revenue from this transaction totalled 1.376 million EUR and was fully recognised in net earnings.

On an operational level, the first quarter was strongly influenced by the European roll-out of Webgains and mediasquares: In the first three months of the 2007 financial year, affiliate platform Webgains Ltd., which ad pepper media acquired in May 2006, became further established in Germany and France. In addition, during the quarter, Webgains was established in the BeNeLux countries and Scandinavia. In the UK, Webgains has already become an important market player, and we are well on our way towards repeating this success on an international scale. This situation has been repeated with mediasquares, which until recently was only successfully established in the German market. mediasquares, with its business model centred on the exclusive marketing of selected premium websites, rolled-out into France and the Benelux countries in early 2007.

January also saw the acquisition of the Danish ad serving company Emediate ApS. The company offers effective and efficient ad-management and ad-serving solutions to agencies, advertisers and publishers. The comprehensive services

offered by Emediate's technology provide a reliable and scalable software solution for the planning, management and analysis of online delivery of advertising campaigns. Emediate is Scandinavia's market leader in the online ad serving market. The recently announced takeovers of Emediate's competitors in the ad-serving segment by Google (DoubleClick) and AOL (AdTech) are confirmation of the value inherent in our strategy and make us one of the few players in the online advertising market with independent and high-performance proprietary ad-serving.

ad pepper media is also well placed for growth in the coming quarter, not least due to these recent acquisitions which will supplement our already diverse product portfolio with new products and services. Our investments in technology and staff will continue to bear fruit and our business strategy will drive much higher share prices in the short to medium term.

Dear shareholders, we would like to thank you for your trust and confidence, and we will do our utmost to justify this trust once again in fiscal 2007.

The Board of Directors
ad pepper media International N.V.

   
Ulrich Schmidt Jens Körner Niels Nüssler Michael A. Carton

Result

With a significant increase in sales and an impressive EBIT result, ad pepper media International N.V. got off to a good start in the 2007 financial year.

Sales are up 22.5 percent against the previous year, totalling 11.349 million EUR (Q1/2006: 9.263 million EUR). At the same time, gross margin increased to 5.936 million EUR (Q1/2006: 4.392 million EUR). EBIT for the first three months of 2007 totalled 1.446 million EUR. This includes revenue from another milestone payment in connection with the sale of dMarc Broadcasting to Google to the amount of 1.376 million EUR.

This news is all the more pleasing because these figures include further investments in technologies as well as the European roll-out of Webgains and mediasquares. ad pepper media is therefore confident that it will be able to establish itself further in the market as an international full-service provider of products and solutions for most areas of online advertising. This will enable ad pepper media to benefit to a greater extent than its competitors from the rapid growth of the online advertising market.

At the cut-off date of 31 March 2007, the company had liquid funds, including short-term marketable, fixed-asset securities and cash with disposal restrictions amounting to 19.767 million EUR. The change in liquidity compared to 31 December 2006 results primarily from the purchase price payment effected to former shareholders of Emediate ApS to the amount of 2.5 million EUR.

The Company

In the **media, response, e-mail marketing** and **affiliate marketing** product groups, ad pepper media implements customised marketing solutions for media agencies, advertisers and websites.

With 20 branches in twelve European countries, the US and Australia, ad pepper media handles campaigns for thousands of national and international advertising customers in more than 50 countries world-wide. The company has managed to outperform competitors thanks to a full range of marketing solutions, proprietary delivery and reporting systems and strong international placement power that enables the company to implement efficiently international advertising campaigns. Many companies and brands are interested in generating a clear and recognised presence especially with a tightly-focused, targeted audience. ad pepper media's products, solutions and its international network offer a one-stop shop for advertisers, with a little dispersion loss as possible. ad pepper media offers a full range of services, from campaign management to reporting – always on the basis of the best available technology. ad pepper media is consistently expanding its service portfolio within individual product areas, and developing new services and solutions in order to be able to offer both customers and website partners the best results. ad pepper media's portfolio of leading marketing tools can be expanded and adapted to meet with market requirements and customer needs.

In the 1st quarter of the year, ad pepper media continued its strategy of acquiring quality companies which add to the overall group proposition, while adding specific technical and marketing expertise in niche areas. Moreover, the acquisition of Emediate ApS presents both ad pepper media and Emediate ApS with attractive synergy possibilities for cost saving and international expansion. As part of the ad pepper media group, Emediate ApS will now be able to increase significantly the speed with which it grows its products and services in additional markets, and it will be particularly well-positioned to satisfy website demand for flexible, custom-tailored solutions. The integration of an independent quality ad-serving system offers ad pepper media the opportunity to expand its existing inhouse systems further and to offer additional services for its almost 1,000,000 webstats4U and affiliate webmasters. When all markets have successfully switched from third-party to proprietary Emediate ad-server technology, there will be considerable potential for savings within the group.

Online advertising

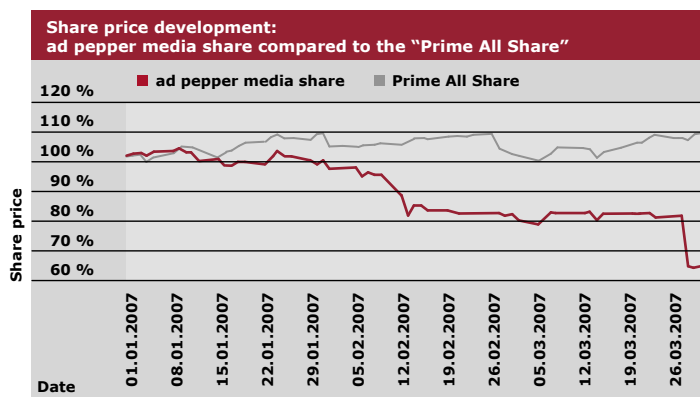
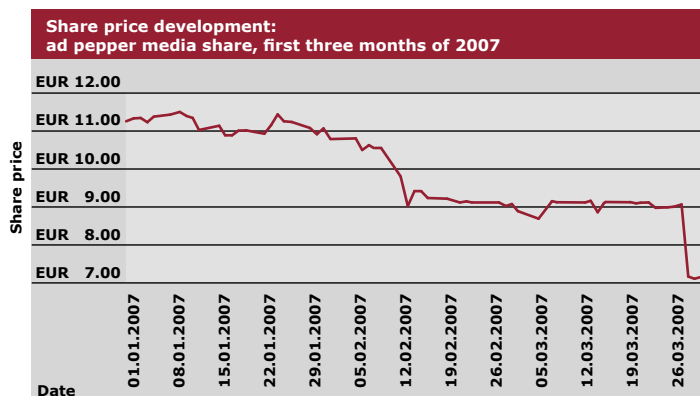
The positive trend in the market for online marketing continues and online marketing has become firmly established in the media mix as a medium, not just from transactional marketing but also for brand communication. The rapid rise in the number of broadband connections and the growth of mobile Internet availability are the main reasons for the increase in Internet penetration and usage as well as a growing acceptance of the Internet as an effective and useful sales channel.

In addition to search engine marketing, the affiliate market is one of the most dynamic growth areas of online advertising. With Webgains, ad pepper media is not just participating in the growth of this market segment, but is also positioning the company as a full-service provider. The acquisition is a milestone in terms of broadening the existing product and service portfolio for customers and website partners. It also means new, attractive cross-platform business opportunities for ad pepper media with innovative affiliate offers in major European markets.

The further development of Internet technology and content in what is referred to as Web 2.0 is dramatically and irreversibly changing the lives and buying behaviour of large sections of the population. A growing number of users, bloggers and podcasters, developers and small businesses are searching for new ways of communicating and interacting. One of the most recent phenomena of the new web are weblogs, also known as blogs. In addition to traditional online advertising, which continues to be important, online marketers will have to include integrated and well thought out approaches for opening up markets and target groups if they are to be supply customers and website partners with the best results. This, however, requires putting in place the building blocks to be able to benefit from the changed market dynamics and enlarged marketplace of the new media world. With this development in mind, ad pepper media has embarked on a strategic course whereby it is one of the few companies to offer a service portfolio that ranges from premium portal to web 2.0 blog.

The share

The ad pepper media share price came under considerable pressure in response to the publication of figures for the 2006 financial year at the end of March 2007. An all-time low of 7.10 EUR was reached on 29 March 2007 following a share price of 11.30 EUR at the beginning of the year. The share has already recovered considerably, although the recent positive reports in conjunction with the publication of the quarterly figures, the milestone payment by Google and the announcement of a share buyback programme took place outside the period under review and are hence not considered in the chart shown.



Outlook

There will be no slow down in the trend towards more international campaigns and ever-more complex advertising formats and marketing methods - a trend which has continued unabated over the past two to three years. The resulting opportunities in the online market can be fully exploited especially by online marketers who have a well-developed, world-wide network that combines state-of-the-art technology with powerful products. This was why ad pepper media went to great lengths last year to improve its position in the world market even further. These efforts included investments in technology and personnel as well as the expansion of the company's products. A good example is the **iSense** semantic targeting solution that enables the analysis of website content in realtime. Each individual word on the target site is checked, not just individually but also in relation to all other words on the webpage in order to identify the exact sense of the page. This content identification allows not only extremely targeted advertising, but also the prevention of advertising appearing on unsuitable sites. Over the course of the current financial year, ad pepper media will establish tailored **iSense** products in major market for advertisers and website operators. These products will improve the results of advertising campaigns or marketing and hence boost sales.

Consolidated statements of operations (IFRS)		
	Q1/ 2007 EUR	Q1/ 2006 EUR
Net Sales	11,348,582	9,263,428
Cost of Sales	-5,412,296	-4,870,922
Gross profit	5,936,286	4,392,506
Selling and marketing expenses	-3,256,622	-2,400,573
General and administrative expenses	-2,551,116	-3,426,213
Other operating income	7,884	104,826
Other operating expense	-66,591	-268,626
Equity in earnings of affiliated companies	1,375,861	7,846,082
Earnings before interest and tax	1,445,702	6,248,002
Financial gains	181,560	128,792
Income before income taxes	1,627,262	6,376,794
Income taxes	-106,564	-291,426
Consolidated net gain	1,520,698	6,085,368
Earnings per share (basic)	0.14	0.57
Earnings per share (diluted)	0.13	0.52
	Q1/ 2007 Shares	Q1/ 2006 Shares
Weighted average shares outstanding (basic)	11,077,237	10,692,757
Weighted average shares outstanding (diluted)	11,921,134	11,718,069

Consolidated balance sheets (IFRS)		
	31 March 2007 EUR	31 December 2006 EUR
Assets		
Noncurrent assets		
Goodwill	19,671,036	16,066,134
Intangible assets	8,688,790	7,174,216
Equipment	1,293,567	885,026
Marketable securities	4,275,000	4,360,000
Other financial assets	739,412	726,804
Deferred tax assets	4,635,958	4,746,613
Noncurrent assets, total	39,303,763	33,958,793
Current assets		
Marketable securities	3,963,750	3,937,800
Trade accounts receivable	10,721,770	11,190,794
Income tax receivables	754,473	661,815
Prepaid expenses and other current assets	3,290,218	2,000,799
Cash and cash equivalents	11,528,299	14,380,214
Current assets, total	30,258,510	32,171,422
Assets, total	69,562,273	66,130,215
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	1,136,485	1,115,500
Additional paid-in capital	64,539,806	61,859,464
Treasury stock	-299,939	-340,352
Accumulated deficit	-9,423,562	-10,944,260
Accumulated other comprehensive loss	-911,451	-837,451
Shareholders' equity, total	55,041,339	50,852,901
Noncurrent liabilities		
Deferred tax liabilities	1,244,339	821,539
Noncurrent liabilities, total	1,244,339	821,539
Current liabilities		
Trade accounts payable	2,666,792	5,003,251
Other current liabilities	3,473,519	3,425,440
Income tax liabilities	436,397	378,458
Accrued expenses	6,699,887	5,648,626
Current liabilities, total	13,276,595	14,455,775
Liabilities, total	14,520,934	15,277,314
Liabilities and shareholders' equity, total	69,562,273	66,130,215

Statement of cash flows (IFRS)		
	Q1/2007 EUR	Q1/2006 EUR
Net gain	1,520,698	6,085,368
Adjustments to reconcile net gain/loss to cash provided by/used in operating activities		
Depreciation and amortization	525,733	373,684
Gain on sale of equipment	-6,658	-909
Stock option expenses	197,374	80,039
Interest income and expenses	-181,560	-128,792
Income tax expense	106,564	291,426
Income from sale of investments	-1,382,077	-7,811,082
Other non-cash income and expenses	-23,055	273,050
Gross-cash-flow	757,019	-837,216
Increase in trade accounts receivable	632,548	80,883
Increase in prepaid expenses and other assets	51,914	194,252
Income taxes paid	0	-4,702
Interest income received	186,134	23,231
Increase in trade accounts payable	-2,379,459	-1,428,407
Interest expenses paid	-6,475	-2,358
Increase in accrued expenses and other liabilities	1,022,279	2,692,460
Net cash provided by/used in operating activities	263,960	718,143
Capital expenditures for intangible assets and equipment	-916,102	-191,269
Proceeds from sale of intangible assets and equipment	26,912	38,085
Proceeds from sale of shares in affiliated companies and of other investments	0	12,459,703
Security payments/proceeds from repayment security deposits	0	-45,846
Acquisition of subsidiary, net of cash acquired	-1,151,200	-557,663
Cash paid for acquisition of shares in consolidated companies	-3,604,902	-1,455,435
Sales of marketable securities	0	3,100,500
Net cash provided by/used in investing activities	-5,645,292	13,348,075
Sale of treasury stock	266,339	68,859
Proceeds from capital increase	2,278,027	0
Purchases treasury stock	0	-402,000
Repayment of loan liabilities	0	-653,311
Repayment of granted loans	0	360,000
Net cash provided by financing activities	2,544,366	-626,452
Effect of exchange rate changes on cash and cash equivalents	-14,949	501
Changes in cash and cash equivalents	-2,851,915	13,440,267
Cash and cash equivalents at beginning of year	14,380,214	7,027,645
Cash and cash equivalents at end of period	11,528,299	20,467,912

Statement of shareholder's equity

	Equity of the shareholders of the parent company					Accumulated other comprehensive income/loss		Minority interest	Total
	Share capital	Additional paid-in capital	Treasury stock	Accumulated deficit		Currency conversion	Market valuation "available for sale" securities		
	EUR	EUR	EUR	EUR		EUR	EUR	EUR	EUR
Balance at 01.01.2006	1,115,500	59,942,263	-421,578	-16,257,118		-6,901	-431,368	0	43,940,798
Issuance of treasury shares			-333,141						-333,141
Net gain for the period				6,085,368					6,085,368
Stock based compensation		80,039							80,039
Differences from currency conversion						501			501
Unrealized gain/loss on securities							48,449		48,449
Comprehensive income/loss, total									6,214,357
Balance at 30.09.2006	1,115,500	60,022,302	-754,719	-10,171,750		-6,400	-382,919	0	49,822,014
Balance at 01.01.2007	1,115,500	61,859,464	-340,352	-10,944,260		-139,654	-697,797	0	50,852,901
Issuance of treasury shares		225,926	40,413						266,339
Capital Increase	20,985	2,257,042							2,278,027
Net gain for the period				1,520,698					1,520,698
Stock based compensation		197,374							197,374
Differences from currency conversion						-14,949			-14,949
Unrealized gain/loss on securities							-59,051		-59,051
Comprehensive income/loss, total									1,644,072
Balance at 30.09.2007	1,136,485	64,539,806	-299,939	-9,423,562		-154,603	-756,848	0	55,041,339

Notes to the consolidated interim financial statements as of 31 March 2007

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

The current 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 deter-

mined and adjusted accordingly. The interim financial reports meet the requirements of IAS34. They do not include all of the information required for full annual financial statements and shall be read in conjunction with the annual report for the year ended 31 December 2006.

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 2006.

3. Business combinations

On 31 January 2007 ad pepper media announced its 100 percent takeover of Emediate ApS. The Scandinavian ad-serving provider offers online marketing technologies for the efficient dissemination, management and analysis of online advertising campaigns, thus providing individually tailored ad-serving and tracking technology for small, medium-sized and large websites. Revenues have been generated through a classical Application Service Providing Model (ASP) as well as licensing of the Emediate software. Both income streams will remain after the acquisition by ad pepper media. By rolling out the Software in those countries where ad pepper media is already present, we are convinced to be able to remarkably speed up Emediate's growth. In addition, we will use the technology within our proprietary network Webstats4U as well as within the affiliate marketing as we are convinced to be able to monetize synergies especially in the field of micro-publishers.

The purchase price for Emediate totals 4.8 million EUR in cash, which were due with closing. At the same time, former shareholders of Emediate have committed to buying new shares of ad pepper media for a total amount of 2.3 million EUR, which were issued by capital increase. On the basis of a share price of 10.96 EUR per share, 209,854 shares were transferred to the sellers.

The final purchase price allocation is still pending.

The preliminary carrying amounts of identifiable assets and liabilities as of acquisition date are reported as follows:

Carrying amounts of assets and liabilities on the acquisition date		
	Recognized on acquisition kEUR	Carrying value kEUR
Intangible assets	1,510	
Property, plant and equipment, net	43	43
Non current assets, total	1,553	43
Trade receivables	183	183
Prepaid expenses and other current assets	16	16
Cash and cash equivalents	80	80
Current assets, total	279	279
Assets, total	1,832	322
Deferred tax liabilities	423	
Trade payables	43	43
Other current liabilities	72	72
Tax liabilities	63	63
Liabilities, total	601	178
Net assets	1,231	144
Goodwill	3,601	
Total purchase price	4,832	

Net cash paid	
	kEUR
Cash acquired with the subsidiary	80
Cash paid for the acquisition	-4,800
Expenses directly connected to the acquisition	-32
Net cash paid	-4,752

The goodwill of 3.601 million EUR comprises the fair value of expected synergies arising from the acquisition.

4. Segment reporting

The various products and services of ad pepper media do not materially differ with regards to risk and income. Internal financial reporting as well as the management structure primarily focus on geographical regions. Accordingly, primary reporting is provided for the following summarized segments:

- Central Europe includes Germany, the Netherlands and Slovakia
- Northern Europe includes Denmark and Sweden
- Western Europe includes Great Britain, France, Spain and Italy
- Other including USA, Australia, Switzerland (in 2006 only USA)

Sales						
Sales Q1/2007 in kEUR	Central Europe	Northern Europe	Western Europe	Other	Consolidation	Group total
External sales	3,993	2,159	4,276	921		11,349
Intersegment sales	398	96	287	1	-782	0
Total sales	4,391	2,255	4,563	922	-782	11,349
Sales Q1/2006 in kEUR						
External sales	3,912	1,421	3,109	821		9,263
Intersegment sales	420	58	68	4	-550	0
Total sales	4,332	1,479	3,177	825	-550	9,263
Net gain/loss in kEUR	Central Europe	Northern Europe	Western Europe	Other	Consolidation	Group total
Q1/2007	1,486	-203	85	11	142	1,521
Q1/2006	6,095	-220	-12	120	102	6,085

5. Own shares

By shareholders resolution of 12 May 2006, ad pepper media was authorized to repurchase treasury stock of up to 1,115,500 own shares. As of 31 March 2007 the company held 187,462 own shares at a nominal value of 0.10 EUR each which equals 1.68 percent of the share capital. According to a shareholders resolution those shares can be used for acquisitions or stock option plans.

Of the treasury shares acquired by the company, in the first three months of 2007 200 shares at an exercise price of 1.33 EUR, as well as 200 shares each at an exercise price of 1.78 EUR, respectively 4.45 EUR have been used for the execution of employee stock options. In addition, 24,658 shares for a price of 10.74 EUR have been used as purchase price payment for the stake in Webgains.

6. Occurrences since the end of the first quarter, 2007

By shareholders resolution of 30 April 2007, ad pepper media was authorized to repurchase from the stock exchange treasury stock of up to 10 percent of the share capital within a period of 18 months, that is until 30 October 2007. On 7 May 2007, The Board of Directors made use of this authorization and resolved to repurchase shares of up to 5 percent of the share capital which equals an amount of up to 568,242 shares from the stock exchange.

Furthermore, in April 2007 ad pepper media acquired a majority interest in ad agents GmbH, Nuremberg. The company designs and realizes services within Search-Engine-Marketing. The core business of ad agents is thereby Search-Engine-Optimization (SEO), as well as Search-Engine-Marketing (SEM). Additionally, the company consults numerous clients in Online-Media, for example with managing campaigns on affiliate platforms, marketing of online advertising space as well as with online cooperations. ad pepper media acquired a 60 percent stake in ad agents GmbH via a capital increase for cash and underlines its strategic orientation to establish products, formats, services and tools faster in emerging markets by external growth.

The preliminary purchase price of the investment amounts to 240,000 EUR in cash. The purchase price allocation is still pending.

7. Stock options and shareholdings

As of 31 March 2007, 1,743,100 stock options exist within the framework of stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices are in a range of 1.33 EUR and 13.50 EUR.

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:

	Shareholdings as of 31.03.2007	Options as of 31.03.2007
Members of the Managing Board		
Ulrich Schmidt	502,762	293,000
Michael A. Carton	73,703	214,000
Niels Nüssler	38,113	263,000
Members of the Supervisory Board		
Michael Oschmann	7,786	0
Dr. Günther Niethammer	1,112	20,000
Jan Andersen	0	0
Merrill Dean	0	0
Associated companies		
EMA B.V.	4,743,201	0
Viva Media Beteiligungsgesellschaft	100	0
Euroserve	13,780	0
Grabacap AS	424,000	0
Employees		953,100

8. Number of employees

At the end of the first quarter 2007, ad pepper media engaged 233 employees (31 March 2006: 160 employees).

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

3-Months-Report 2007: 30 May 2007

6-Months-Report 2007: 23 August 2007

9-Months-Report 2007: 29 November 2007

Analyst's conference: November 2007
(German Equity Forum, Frankfurt/Main)

2006 annual report and 3-Months-Report 2007

We will gladly send you our 2006 annual report as well as the 3-Months-Report 2007 in German or English. These reports are also available for immediate download as PDF-files (Acrobat) at **www.adpepper.com** - Investor Relations - Financial Reports.

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