the e-advertising network

Unaudited condensed interim consolidated financial report as of 30 June 2010

Selected consolidated group figures

	01.04.-30.06.2010 kEUR	01.04.-30.06.2009 kEUR	Change Percent	01.01.-30.06.2010 kEUR	01.01.-30.06.2009 kEUR	Change Percent
Net sales	12,889	11,468	12.4	24,884	23,087	7.8
Gross margin	6,035	5,288	14.1	11,325	10,510	7.8
EBIT	304	-1,770	>100	322	-2,979	>100
Net income for the period	632	-1,120	>100	1,051	-1,998	>100
Earnings per share in EUR (basic)	0.03	-0.05	>100	0.04	-0.09	>100

	30.06.2010 kEUR	30.06.2009 kEUR	Change Percent
Liquid funds*	21,846	21,933	-0.4
Equity	22,673	52,944	-57.2
Total assets	32,432	62,103	-47.8
Employees	**238**	**257**	**-7.4**

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

- Sales up against the previous year's period by 11.0 percent to EUR 24.884m, while gross margin outpaced revenue growth with 11.2 percent, both on a pro forma basis. Operative costs declined significantly by 18.4 percent against the same period of the previous year.
- Clearly positive EBITDA, EBT and EBIT in the first six months of 2010. Upgrade of profit forecast for the financial year 2010
- The capital represented at the shareholders' meeting on 18 May 2010 unanimously resolved to grant authorization to buy back up to 50 percent of ad pepper media International N.V.`s outstanding shares.
- ad pepper media further expands in the US and opens a second office on the West Coast

INTERIM DIRECTORS' REPORT

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

Important events

Thanks to the dynamic sales and gross margin development in the second quarter, it was once again possible to significantly increase all profitability KPIs.

On a pro forma basis, sales rose by 11.0 percent in the first six months and by 12.2 percent in the second quarter. The margin remains on the same high level as the previous year at 45.5 percent. EBITDA, EBT and EBIT are hence clearly positive for the first six months. Net income for the first half of 2010 totalled kEUR 1,051. Thanks to the positive developments in the first half of the year, the company is raising its EBITDA forecast to kEUR 1,500.

The shareholder capital represented at the shareholder's meeting on 18 May 2010 unanimously accepted all the resolutions proposed on the agenda

On 18 May 2010, the general shareholders' meeting of ad pepper media International N.V. unanimously passed a resolution to authorise the Management Board to buy back up to 50 percent of the company's share capital over a period of 18 months.
This authorisation is valid until November 2011. All in all, 56 percent of the 23,000,000 voting rights were represented at the shareholders' meeting.

ad pepper media opens a second office in the US

ad pepper media opened an office in Los Angeles, thereby expanding its US presence to the West Coast. This new office opening complements the existing New York office opened 4 years ago and is the result of our continued expansion plans in the world's biggest digital marketing market. This expansion is ad pepper media's response to the ongoing demand for international campaigns and the significant growth experienced with the company's iSense semantic targeting products in the US. The Los Angeles office will serve customers in the states of California, Oregon, Washington, Nevada, Utah, Texas, Arizona, New Mexico and Hawaii.

Basic economic conditions

World/Europe/Germany

According to the latest estimate by the Organisation for Economic Co-operation and Development in May 2010, economies in the industrialised countries will recover from the severe recession much faster than expected. The experts forecast that economic output in the 31 OECD nations will rise this year by 2.7 percent (with seasonal and price adjustment) and by 2.8 percent in 2011. The OECD is hence more optimistic than it had been at the end of 2009 when an increase of only 1.9 percent was believed to be possible for this year.
The eurozone will be somewhat slower to recover with growth of 1.2 percent in 2010 and 1.8 percent in 2011. Despite the serious debt crisis in Europe, Germany, on the other hand, will grow strongly in 2010 thanks to a rise in exports. Gross domestic product is forecast to increase by 1.9 percent this year, higher than the estimate made by the OECD back at the end of 2009. A rise of 2.1 percent is even expected for 2011.
Compared to Asia and North America, the upswing in Germany and the eurozone is however relatively moderate. The US is likely to come out on top in terms of growth with gross domestic product growth of 3.2 percent in both 2010 and 2011. Japan's economy was also recovering quickly from the deep crash in 2009: The OECD experts forecast three 3 percent growth for the current year and 2 percent percent for next year. China, which is not a member of the OECD, continues to be the top scorer with growth of 11.1 percent in 2010.

Advertising market

The Internet advertising market continued to grow in the first half of the year and far exceeded that of other media in percentage terms compared to the previous year. This year and for the first time, online advertising expenditure is to reach the same level as print media and might even surpass it. According to a recent Outsell survey in the US, advertisers will invest more in 2010 in digital campaigns than in printed media.
The development of the different digital marketing sub-sectors is particularly interesting.
On the one hand, the positive trend for performance-orientated online marketing remains intact and continues to be headed by search-engine marketing.

On the other hand, there continues to be a decline in the online display advertising sector in some of the larger markets, according to figures published by the Interactive Advertising Bureau Europe. This decline can largely be attributed to advertisers' interest in „Return On Investment" oriented activities and their focus on programs enabling direct consumer feedback an conversion. In light of the slightly recessive market conditions, advertisers will continue to be inclined to carry out investments in these areas. The company is ideally positioned to take advantage of this market trend as it has spent the last few years strengthening it's performance marketing activities.

Structure of the ad pepper media group

The ad pepper media group is one of the leading independent online advertising networks. ad pepper media International N.V. headquartered in Amsterdam, in The Netherlands, is the central management and holding company for the ad pepper media group companies. With 16 branches in eight European countries and the US, ad pepper media conducts campaigns for thousands of national and international advertising customers in more than 50 countries.
The company's online advertising activities are centred around three business divisions: ad pepper media, Webgains and ad agents.

ad pepper media

ad pepper media offers advertisers and publishers a broad range of display advertising, lead generation, email marketing and ad serving solutions. The company's main products are iSense, SiteScreen, iLead, iClick, mailpepper and Emediate.

iSense enables advertisers to deliver highly targeted display advertising campaigns with maximum relevance to the true context of each and every webpage. The page level targeting uses proprietary patented Sense Engine technology which is the result of over 10 years of R&D by world leading linguist Prof. David Crystal. In addition, through the use of SiteScreen, advertisers can also prevent their ads from being delivered next to potentially brand damaging content.

iLead enables marketers to build or enrich their prospect database with users that have expressed an interest in their product or service and have accepted to be further marketed to by phone, email or mail.

iClick enables advertisers to generate qualified traffic to their websites from users having clicked on their advertisements.

mailpepper enables advertisers to address a personalized email message to a very broad or highly targeted audience of users having explicitly agreed to be marketed to by email.

Emediate provides publishers and advertising agencies with turn-key ad serving technology solutions and services. The company is the market leader in Scandinavia and continues to gain ground in other international markets.

Webgains

Webgains has become Europe's fastest-growing affiliate network opening offices in the UK, France, Sweden, Germany, Benelux, Denmark, Spain and USA. Affiliate marketing is a commission-based advertising model whereby third party websites ('affiliates') drive traffic to advertiser sites in exchange for a percentage of the basket value. Growth has been extremely high over the past few years, driven by the lower risk exposure for advertisers, and the rich data made available through the cutting edge Internet technology which underpins the business.
In addition, Webgains is renowned for its world-class customer service, helping advertisers to achieve exemplary returns on their advertising investments. In the last two years Webgains has taken the lead in network innovation with the launch of award winning tools and technical features, such as iSense Site Seeker, Voucher Management Tool, Page Peel and mobile tracking.

ad agents

ad agents is a search engine marketing service provider enabling marketers and merchants to promote their websites to generate qualified traffic or sales by increasing their visibility in search engine result pages (SERPs) through the use of search engine optimization, paid placement, contextual advertising, and paid inclusion. ad pepper media holds a 60 percent stake in ad agents.

The share

Shareholders' meeting

All resolutions proposed on the agenda of ad pepper media International N.V.'s annual shareholders meeting were unanimously adopted.

All in all, 56 percent of the 23,000,000 voting rights were represented at the shareholders' meeting. Important agenda items included the presentation of the Annual Accounts for 2009, the authorisation for the buy-back of company shares and the appointment of the supervisory board. All the current members were re-appointed.

Share price

The ad pepper media share price has developed well since the beginning of the year. On 30 June 2010, the ad pepper media share closed at EUR 1.62 and was hence around 37 percent higher than at the end of December 2009 (share price on 31 December 2009: EUR 1.18). Over the past twelve months, the share price increased by 91 percent.

Share facts	
Security Identification Number	*940883*
ISIN	*NL0000238145*
Market segment (Frankfurt Stock Exchange)	*Prime Standard*
Designated Sponsor	*Equinet*
Number of shares	*23,000,000*
Market capitalization (as per 30.06.2010)	*EUR 37.3m*

Share price development over the past twelve months (Xetra)

Shareholder structure

On 8 March 2010, we were informed of a transaction by Amiral Gestion S.A. which had to be reported pursuant to the Dutch WFT. According to this information, its voting shares in ad pepper media fell below the voting shares threshold of 5 percent and now total 4.90 percent (corresponding to 1,126,517 voting rights).

On 15 April 2010, we were notified that Amiral Gestion S.A. had reduced its voting shares in ad pepper media International N.V. to 0 percent (corresponding to 0 voting rights).

Under the ongoing share buy-back plan during the first six months of fiscal year 2010, the number of own shares declined slightly compared to 31 December 2009 to 2,048,792; this corresponds to a share of 8.91 percent of capital stock (31 December 2009: 2,267,792).

Date of report: 30 June 2010

Shareholder	No. of shares	Percent of capital stock
EMA B.V.	9,486,402	41.25
Own shares	2,048,792	8.91
U. Schmidt	1,005,524	4.37
Grabacap ApS	848,000	3.69
Euroserve Media GmbH	306,132	1.33
M. A. Carton	332,178	1.44
Viva Media Service GmbH	71,300	0.31
Sub-total	**14,098,238**	**61.30**
Freefloat	8,901,672	38.70
Total	**23,000,000**	**100.00**

Results of operation, financial position and net assets

Results of operations

In the first six months of the year, ad pepper media increased its sales to kEUR 24,884 (H1 2009: kEUR 23,087). Compared to the same period of the previous year, this corresponds to an increase of 7.8 percent. On a pro forma basis, i.e. taking the activities of ad pepper media Italy srl. into account which have been discontinued, growth in fact totalled around 11.0 percent. The Webgains segment was once again the growth driver, increasing by 30.8 percent from kEUR 5,626 to kEUR 7,359. The ad agents segment also fared very well with sales up by 20.3 percent. In this case, sales increased from kEUR 2,747 to kEUR 3,305. The ad pepper media segment saw sales decline in the first half of the year by kEUR 487 to kEUR 14,213 (H1 2009: kEUR 14,700). Taking the activities discontinued in Italy into account, the ad pepper media segment grew by 1.3 percent. In the second quarter, ad pepper segment sales increased – 8.4 percent on a pro forma basis – from kEUR 7,059 to kEUR 7,655.
At 45.5 percent, gross margin (in percent) remained at the same high level as the same period of the previous year (H1 2009: 45.5 percent). Viewed in absolute terms, this means an increase of kEUR 815 to kEUR 11,325 (H1 2009: kEUR 10,510), although gross margin on a comparable basis, i.e. taking ad pepper media Italy srl. into account, rose by kEUR 1,141 or 11.2 percent.

Operative costs decreased by 18.4 percent from kEUR 13,489 to kEUR 11,003 in the first six months of the current year compared to the previous year. This reflects, on the one hand, lower personnel costs, especially in conjunction with the discontinuation of activities in Italy, 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 bad debt allowances, including write-off's, which with a net release of kEUR 48, were much lower than in the same period of the previous year (H1 2009: kEUR -357).

The positive profitability development of the first three months continued in the second quarter with all the first half year KPIs remaining clearly positive: Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled kEUR 691 (H1 2009: kEUR -1,697).

Earnings before interest and taxes (EBIT) totalled kEUR 322 (H1 2009: kEUR -2,979) in the first six months of the current financial year. Earnings before taxes (EBT) were also good. Following kEUR -1,990 in the first six months of 2009, it was possible to record a significantly higher amount of kEUR 1,055 this year. Net income for the period totalled kEUR 1,051 and was also clearly positive (H1 2009: kEUR -1,998).

Financial position

Following kEUR -991 in the first half of 2009, operative cash flow totalled kEUR -1,372, while the gross cash-flow was TEUR 686 (H1 2009: kEUR -1,233). In the first six months of 2010, net cash flow from investment activities totalled kEUR 227 (H1 2009: kEUR 4,898). In the first six months of 2010, cash flow from financing activities totalled kEUR 235 following kEUR -521 in the first half of 2009.

Net assets

The balance sheet changed slightly compared to 31 December 2009, decreasing by kEUR 372 to kEUR 32,432 (31 December 2009: kEUR 32,804).

Equity increased by kEUR 1,335 to kEUR 22,673 (31 December 2009: kEUR 21,338) as a result of the net income reported for the period under review.

The equity ratio as per 30 June 2010 totals 70 percent (31 December 2009: 65 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 2010, liquid funds, including securities at fair value and deposits with a maturity of more than three months, totalled kEUR 21,846 (31 December 2009: kEUR 22,602).

There are no long-term liabilities to banks.

Employees

As per 30 June 2010, the ad pepper media group had 238 employees. At the end of the same period of 2009, the company had an employee base of 257. Employees of the ad pepper media group were assigned to the following segments:

	30 June 2010	30 June 2009
	Number	Number
ad pepper media	139	154
Webgains	60	55
ad agents	16	14
Administration	23	34

Report on opportunities and risks

There have been no significant changes in the opportunity and risk situation of ad pepper media International N.V compared to the Consolidated Annual Accounts as per 31 December 2009. We therefore refer to the presentation in the Management Report for fiscal 2009.

Forecast report

As already mentioned, global economic forecasts have undergone upward adjustment in recent months. The OECD expects growth of 2.7 percent for 2010 following its previous forecast of 1.9 percent. The outlook for the online advertising market also continues to be positive.

In the past six months, ad pepper media has completed an impressive turn-around. All of the company's profitability indicators are positive. The second quarter also showed that growth in the individual segments of the ad pepper media group continues to be dynamic. Gross margin was also kept on a very high level. It was also possible to stabilise operative costs at a low level resulting in an EBITDA of kEUR 691 already being achieved in the first six months of the year.

Despite the traditionally weak quarter ahead, we are raising our profit forecast for the year 2010 and expect an EBITDA of at least kEUR 1,500.

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 company's net worth, financial position and income situation; the group interim 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, 19 July 2010

ad pepper media International N.V.

Ulrich Schmidt, Jens Körner, Michael A. Carton

Consolidated Income Statement (IFRS)

	Q2 / 2010	Q2 / 2009	01.01.-30.06.10	01.01.-30.06.09
	kEUR	kEUR	kEUR	kEUR
Revenues	12,889	11,468	24,884	23,087
Cost of sales	-6,854	-6,180	-13,559	-12,577
Gross profit	**6,035**	**5,288**	**11,325**	**10,510**
Selling and marketing expenses	-3,980	-4,277	-7,719	-8,352
General and administrative expenses	-2,307	-2,508	-4,260	-5,090
Other operating income	1,073	33	1,592	608
Other operating expenses	-517	-306	-616	-655
Earnings before interest and taxes	**304**	**-1,770**	**322**	**-2,979**
Financial income	361	758	823	1,077
Financial expenses	-31	-75	-90	-88
Earnings before taxes	**634**	**-1,087**	**1,055**	**-1,990**
Income taxes	-2	-33	-4	-8
Net income	**632**	**-1,120**	**1,051**	**-1,998**
attributable to shareholders of the parent company	554	-1,108	895	-1,993
attributable to minority interest	78	-12	156	-5
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	-0.05	0.04	-0.09
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	-0.05	0.04	-0.09

	Q2 / 2010 Number of shares	Q2 / 2009 Number of shares	01.01.-30.06.10 Number of shares	01.01.-30.06.09 Number of shares
Weighted average number of shares outstanding (basic)	**21,430,651**	**21,757,052**	**21,511,138**	**21,841,673**
Weighted average number of shares outstanding (diluted)	**21,907,766**	**21,844,250**	**21,900,466**	**21,908,664**

Consolidated statements of income and expense recognized in equity (IFRS)

	Q2 / 2010	Q2 / 2009	H1 2010	H1 2009
	kEUR	kEUR	kEUR	kEUR
Net income	**632**	**-1,120**	**1,051**	**-1,998**
Currency translation differences	-180	-48	-233	-163
Revaluation of available-for-sale financial assets	-162	470	257	-114
Income tax recognized directly in equity	0	0	0	0
Total income and expense recognized directly in equity, net of tax	**-342**	**422**	**24**	**-277**
Total income and expense recognized in equity	**290**	**-698**	**1,075**	**-2,275**
attributable to minority interest	78	-12	156	-5
attributable to shareholders of ad pepper media International N.V.	212	-686	919	-2,270

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 / 2010			Q2 / 2009			H1 2010			H1 2009		
	before income taxes	income taxes	after income taxes	before income taxes	income taxes	nafter income taxes	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes
Currency translation differences (incl. minority interest)	-180	0	-180	-48	0	-48	-233	0	-233	-163	0	-163
Revaluation of available-for-sale financial assets	-162	0	-162	470	0	470	257	0	257	-114	0	-114
Total income and expense recognized directly in equity	**-342**	**0**	**-342**	**422**	**0**	**422**	**24**	**0**	**24**	**-277**	**0**	**-277**

Consolidated Balance Sheet (IFRS)

Assets	30 June 2010 kEUR	31 December 2009 kEUR
Non-current assets		
Goodwill	24	24
Intangible assets	628	816
Property, plant and equipment	449	563
Securities at fair value through profit and loss	3,206	3,265
Securities available-for-sale	4,869	4,423
Other financial assets	723	727
Deferred tax assets	109	308
Total non-current assets	**10,008**	**10,126**
Current assets		
Securities and deposits with maturity over three months	1,400	1,400
Trade receivables	7,270	6,390
Income tax receivables	572	607
Prepaid expenses and other current assets	489	463
Other financial assets	322	304
Cash and cash equivalents	12,371	13,514
Total current assets	**22,424**	**22,678**
Total assets	**32,432**	**32,804**

Consolidated Balance Sheet (IFRS)

Equity and liabilities	30 June 2010 kEUR	31 December 2009 kEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,150	1,150
Additional paid-in capital	67,151	67,102
Treasury shares	-3,199	-3,410
Accumulated deficit	-39,181	-40,076
Accumulated other comprehensive losses	-3,509	-3,533
Total	**22,412**	**21,233**
Minority interest	261	105
Total equity	**22,673**	**21,338**
Non-current liabilities		
Deferred tax liabilities	21	21
Total non-current liabilities	**21**	**21**
Current liabilities		
Trade payables	5,265	6,619
Other current liabilities	742	749
Other financial liabilities	3,545	3,693
Income tax liabilities	186	384
Total current liabilities	**9,738**	**11,445**
Total liabilities	**9,759**	**11,466**
Total equity and liabilities	**32,432**	**32,804**

* 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 23,000,000 are issued and 20,951,208 shares were floating at 30 June 2010 (31 December 2009: 20,732,208).

Consolidated statement of cash flows (IFRS)

	H1 2010 kEUR	H1 2009 kEUR
Net income	**1,051**	**-1,998**
Adjustments to reconcile net income for the year to net cash flow used in/ provided by operating activities:		
Depreciation and amortisation	369	1,282
Gain/loss on sale of fixed assets	4	0
Share-based compensation	49	107
Gain/loss on sale of securities	-266	-464
Other financial income and financial expenses	-477	-525
Income taxes	4	8
Other non-cash expenses and income	-48	357
Gross cash flow	**686**	**-1,233**
Change in trade receivables	-832	2,175
Change in other assets	23	-409
Change in trade payables	-1,354	-1,347
Change in other liabilities	-155	-877
Income taxes received	226	250
Income taxes paid	-194	-265
Interest received	228	715
Interest paid	0	0
Net cash flow from operating activities	**-1,372**	**-991**

Consolidated statement of cash flows (IFRS)

	H1 2010 kEUR	H1 2009 kEUR
Additions to intangible assets and property, plant and equipment	-74	-240
Proceeds from sale of intangible assets and property, plant and equipment	3	0
Proceeds from sale of shares in associates and other investments	0	1,200
Loans granted	0	-751
Proceeds from sale/maturity of securities and maturity of fixed-term deposits	2,437	9,964
Purchase of securities	-2,139	-5,275
Net cash flow from investing activities	**227**	**4,898**
Sale of treasury shares	211	0
Purchase of treasury shares	0	-563
Repayment of loans granted	24	42
Net cash flow from financing activities	**235**	**-521**
Effect of exchange rates on cash and cash equivalents	-233	-163
Cash-effective decrease/increase in cash and cash equivalents	-1,143	3,223
Cash and cash equivalents at beginning of financial year	**13,514**	**5,833**
Cash and cash equivalents at end of period	**12,371**	**9,056**

Consolidated changes in equity (IFRS)

	Balance at 1 January 2009	Total income and expense recognized in equity	Share-based payment	Purchase of treasury shares	Issuance of 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
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	**55,555**	**-2,270**	**107**	**-563**	**0**	**52,829**
Minority interest (kEUR)	120	-5				115
Total equity (kEUR)	**55,675**	**-2,275**	**107**	**-563**	**0**	**52,944**

Consolidated changes in equity (IFRS)

	Balance at 1 January 2010	Total income and expense recognized in equity	Share-based payment	Purchase of treasury share	Issuance of shares	Balance at 30 June 2010
Issued capital						
Number of shares	23,000,000					23,000,000
Issued capital (kEUR)	1,150					1,150
Additional paid-in capital						
for employee stock option plans (kEUR)	2,259		49			2,308
from contributions of shareholders of ad pepper media International N.V. (kEUR)	64,843					64,843
Treasury shares						
Number of shares	2,267,792				-219,000	2,048,792
Treasury shares at cost (kEUR)	-3,410				211	-3,199
Accumulated deficit (kEUR)	**-40,076**	**895**				**-39,181**
Accumulated other comprehensive losses						
Currency translation differences (kEUR)	-1,369	-233				-1,602
Revaluation available-for-sale securities (kEUR)	-2,164	257				-1,907
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	**21,233**	**919**	**49**	**0**	**211**	**22,412**
Minority interest (kEUR)	105	156				261
Total equity (kEUR)	**21,338**	**1,075**	**49**	**0**	**211**	**22,673**

Notes

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

The current condensed interim consolidated financial statements of 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 euro. The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The quarter-end financial statements meet the requirements of IAS 34.
The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should therefore be read in conjunction with the consolidated annual report for the year ended 31 December 2009.
The consolidated interim financial statements include all subsidiaries. Changes compared to the consolidated financial statements as per 31 December 2009 are as follows:

Emediate ApS and Pentamind A/S were merged in the second quarter with effect as of 1 January 2010.

The consolidated interim financial statements as per 30 June 2010 were authorized for issue by the management board on 19 July 2010.

2. Accounting principles

The accounting principles applied to these quarter-end financial statements do not materially differ from the principles as applied for the Annual Report as per 31 December 2009.

The following standards and interpretations have been adopted since then within the scope of the comitology procedure:

Improvements to IFRSs 2007-2009
In the Official Journal of the European Union of 24 March 2010 (53rd year, L 77), Commission Regulation (EU) No. 243/2010 for the adoption of the annual "Improvements to IFRSs" published in April 2009 by the IASB was published and entered into force on the third day following that of its publication in the Official Journal of the European Union.

The "Improvements to IFRSs" aim to streamline and clarify the international accounting standards. The majority of amendments are clarifications or corrections of existing IFRSs or amendments consequential to changes previously made to IFRSs. Amendments to IFRS 8, IAS 17, IAS 36 and IAS 39 involve changes to the existing requirements or additional guidance on the implementation of those requirements. Companies are required to apply the "Improvements to IFRSs 2007-2009", at the latest, as from the commencement of their first financial year starting after 31 December 2009.
The improvement to IFRS 8 means that in this and in future statements, ad pepper media will not provide any details concerning segment assets because segments assets are not regularly reported to the company's chief operating decision makers.

Amendments to IFRS 2 "Share-based payment"
In the Official Journal of the European Union of 24 March 2010 (53rd year, L 77), Commission Regulation (EU) No. 244/2010 for the adoption of the amendments to IFRS 2 "Share-based payment" published on 18 June 2009 by the IASB was announced and entered into force on the third day following that of its publication in the Official Journal of the European Union. The amendment clarifies the balance-sheet method for share based payment where a supplier of goods or services is paid in cash and another company of the group is obliged to settle in cash (cash-settled share-based payments by a group company). The amendments to IFRS 2 must be applied, at the latest, as from the commencement of the first financial year starting after 31 December 2009.
This has no effect on the consolidated accounts of ad pepper media.

Amendments to IFRS 1
In the Official Journal of the European Union of 24 June 2010 (53rd year, L 157), Commission Regulation (EU) No. 550/2010 for the adoption of the changes to IFRS 1 "First-time adoption of IFRSs" published on 23 July 2009 by the IASB was announced and entered into force on the third day following that of its publication in the Official Journal of the European Union.

The amendments concern the retrospective application of IFRSs in special situations and shall ensure that companies do not suffer unreasonably high costs when transforming their financial reporting to IFRS. In detail the amendments grant exemption, to businesses in extractive industries which have under national accounting principles recognized exploration and development costs in the development or production phase in a single geographic region summarized in costs centers, from a complete retrospective application of IFRSs onto the oil and gas assets concerned hereof, as well as businesses with existing obligations from lease contracts from a new assessment of these contracts in regard of their classification under IFRIC 4 "Determining whether an arrangement contains a lease", if already on a prior balance sheet date an assessment was conducted under national accounting principles which are comparable to the rules of IFRIC 4.
The amendments to IFRS 1 must be applied, at the latest, as from the commencement of the first financial year starting after 31 December 2009.
This has no effect on the consolidated accounts of ad pepper media.

Amendments to IFRS 1 and IFRS 7
In the Official Journal of the European Union of 1 July 2010 (53rd year, L 166), Commission Regulation (EU) No. 574/2010 for the adoption of the changes to "Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters and Amendment to IFRS 7 Financial Instruments: Disclosures" published on 28 January 2010 by the IASB was announced and entered into force on the third day following that of its publication in the Official Journal of the European Union.
The amendment to IFRS 1 now also enables businesses which are first-time adopters of IFRS to opt for exemption from the comparative disclosures of valuations at fair value and for the liquidity risk. IFRS 7 foresees these exemptions in cases where the comparative period ends before 31 December 2009.
The amendments to IFRS 1 and IFRS 7 must be applied, at the latest, as from the commencement of the first financial year starting after 30 June 2010.
This has no effect on the consolidated accounts of ad pepper media.

The following standards and interpretations have been issued by the IASB but not yet been adopted since then within the scope of the comitology procedure:

Improvements to IFRSs 2008-2010
The International Accounting Standards Board (IASB) has issued on 6 May 2010 the „Improvements to IFRSs 2008-2010" whereby changes of six IFRSs and of one IFRIC was affected.
Besides the changes proposed by the exposure draft of „ Improvements to IFRSs 2008-2010" from August 2009 also included are changes to IFRS 1 "First-time adoption of IFRSs". This change was included in the exposure draft issued in July 2009 on Rate-regulated Activities. By summarizing the changes in one document the effects of adaption shall be reduced. The changes relate to:

- IFRS 1 First-time adoption of IFRSs
- IFRS 3 Business combinations
- IFRS 7 Financial instruments: Disclosures
- IAS 1 Presentation of financial statements
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Reporting
- IFRIC 13 Customer Loyalty Programs

If not stated otherwise all changes are effective for reporting periods beginning on or after 1 January 2011. Earlier adoption is permitted.
ad pepper media has not yet finalized analysis of the effects on its consolidated financial statements.

3. Notes to the Interim Financial Statements

Essentially we refer the explanations regarding results of operations, financial position and net assets in the Interim Directors' Report. The following one-off items affecting the income statement occurred in the period under review:
The financial result includes net exchange gains from the sale of securities totaling kEUR 266 (H1 2009: kEUR 464) as well as net revaluation gains of securities of kEUR 162 (H1 2009: kEUR 0).

4. Segment reporting according to IFRS 8

IFRS 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. IFRS 8 requires an entity to report financial and descriptive information about its so-called “reportable segments“.

Reportable segments are either operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision maker for the purpose of resource allocation and assessing performance.
Generally, financial information is required to be reported on the same basis as is used internally to evaluate the operating segments (management approach). The information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on the category of services delivered. For this reason, the group reports segment information for the operating segments of “ad pepper media“ (lead, mail, banner, ad serving), “Webgains“ (affiliate marketing) and “ad agents“ (SEM/SEO) and for the non-operating “Admin“ (administration) segment. Due to the merger in the second quarter 2010 of Pentamind A/S with Emediate ApS effective as of 1 January 2010 and the thereby changing business purpose of Pentamind A/S its results which were shown in the “Admin” segment are now presented in the “ad pepper media” segment.

The accounting policies of the reportable segments corresponds to the group‘s accounting policies described in note [2]. The segment result represents the EBIT and EBITDA for each segment without differences to IFRS. The segment result thus calculated is reported to the chief operating decision maker for the purpose of resource allocation and assessing segment performance.

The “dealing at arm’s length“ principle forms the basis of accounting for inter-segment transactions.

H1 2010	ad pepper media kEUR	Webgains kEUR	ad agents kEUR	Admin kEUR	Consoli-dation kEUR	Group kEUR
Total revenues	**14,376**	**7,478**	**3,305**	**700**	**-975**	**24,884**
thereof external	14,213	7,359	3,305	7	0	24,884
thereof intersegmental	163	119	0	693	-975	0
Expenses and other income	**-13,526**	**-7,716**	**-2,915**	**-1,143**	**738**	**-24,562**
thereof amortization and depreciation	-170	-11	-10	-179	1	-369
thereof other non-cash expenses	-238	-73	0	-109	-1	-421
EBIT	**850**	**-238**	**390**	**-443**	**-237**	**322**
Financial income	**33**	**1**	**1**	**826**	**-38**	**823**
Financial expenses	**-40**	**-1**	**0**	**-87**	**38**	**-90**
Income taxes						**-4**
Net income for the period						**1,051**

H1 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 intersegmental	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 for the period						**-1,998**

Geographical information

The group operates in four principal geographical areas – the Netherlands (country of domicile), Germany, Scandinavia and the United Kingdom. The group's revenue from the continued operations of the group from business with external customers and information about the segments' assets are detailed below according to geographical location whereby the long-term assets do not include financial instruments or deferred tax assets:

	Revenue from external customers		Non-current assets	
	H1 2010 kEUR	H1 2009 kEUR	30.06.2010 kEUR	30.06.2009 kEUR
The Netherlands	1,743	1,769	20	3,465
Germany	7,652	6,947	731	6,621
Scandinavia	3,239	4,041	241	7,593
United Kingdom	6,376	5,463	80	4,712
Other	5,874	4,867	29	3,458
Total	**24,884**	**23,087**	**1,101**	**25,849**

Disclosure information according to IFRS 8.34 is not relevant as there is no dependency on major customers.

5. Own shares

Acquisition of own shares

By a shareholders' resolution of 18 May 2010, the board of directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months.

As of 30 June 2010, ad pepper media International N.V. held 2,048,792 own shares (30 June 2009: 1,393,139) at a nominal value of 0.05 EUR each, corresponding to 8.91 percent (30 June 2009: 6.11 percent) of the share capital.

According to a shareholders' resolution, those shares can be used for stock option plans or acquisitions.

Sale of own shares

By doubling the number and halving the strike price, the existing stock option plans have been adjusted for the share spilt on 27 May 2009:

In the first half year, no own shares (H1 2009: 0) were sold at an exercise price of EUR 0.665, none (H1 2009: 0) at a price of EUR 1.365, 194,000 (H1 2009: 0) at an exercise price of EUR 0.89 and none (H1 2009: 0) at a price of EUR 2.225, 25,000 (H1 2009: 0) shares sold at an exercise price of EUR 1.500 as well as none (H1 2009: 0) shares at a price of EUR 0.915 under the employee stock option plans.

A total of 219,000 own shares were sold in the first half year (H1 2009: 0).

Number of shares outstanding

The number of shares issued and outstanding as of 30 June 2010 totals 20,951,208 (30 June 2009: 21,396,569). Each share has a nominal value of EUR 0.05.

6. Events since 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 2010.

7. 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 the 4th quarter, revenue and thus operating profit are generally higher in the second half of the year.

8. Stock options and shareholdings

As of 30 June 2010, a total of 2,391,000 stock options exist under stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices are in the range of EUR 0.665 to EUR 6.75.

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

	Shares as of 30.06.2010	Options as of 30.06.2010
Management board		
Ulrich Schmidt	1,005,524	446,000
Michael A. Carton	332,178	284,000
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 Service GmbH	71,300	0
Euroserve Media GmbH	306,132	
Grabacap ApS	848,000	0
Employees		**1,501,000**

9. Number of employees

At the end of the first half year of 2010, the ad pepper media group employed a workforce of 238 (30 June 2009: 257).

10. Report on major transactions with related companies and persons

Transactions with related companies and persons did not change significantly compared to 2009.
The following directors' dealings (within the meaning of § 15a of the German Securities Trading Act) were registered with ad pepper media International N.V. during the period under review:

- Transaction date: 15 March 2010
  Issuer: ad pepper media International N.V.
  Person subject to registration: Michael A. Carton (member of the Management board)
  Transaction subject to registration: Sale of 41,961 shares at a price of EUR 1.46 per share, total volume: EUR 61,242.28, stock exchange: Xetra, Frankfurt

- Transaction date: 16 March 2010
  Issuer: ad pepper media International N.V.
  Person subject to registration: Michael A. Carton (member of the Management board)
  Transaction subject to registration:
  Sale of 38,039 shares at a price of EUR 1.485 per share, total volume: EUR 56,495.22, stock exchange: Xetra, Frankfurt

- Transaction date: 24 March 2010
  Issuer: ad pepper media International N.V.
  Person subject to registration: Michael A. Carton (member of the Management board)
  Transaction subject to registration:
  Purchase of 144,000 shares at a price of EUR 0.89 per share, total volume: EUR 128,160, stock exchange: OTC

- Transaction date: 02 July 2010
  Issuer: ad pepper media International N.V.
  Person subject to registration: Grabacap ApS
  Transaction subject to registration: sale of 40,000 shares at a price of EUR 1,55 per share, total volume: EUR 62,000, stock exchange: OTC

Nuremberg, 19 July 2010

Ulrich Schmid   Jens Körner   Michael A. Carton

Company calendar

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

Quarterly report III/ 2010	11 November 2010
Analysts' Conference (Frankfurt / Main)	November 2010
Annual report 2010	11 April 2011
Quarterly report I/ 2011	11 May 2011
General Meeting of Shareholders' (Amsterdam, The Netherlands)	17 May 2011

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Management Board
Ulrich Schmidt, Chairman
Jens Körner, Finance
Michael A. Carton, Director of the Board

We will gladly send you our 2009 Annual Report as well as the interim financial reports for 2010 in German or English.
These reports are also published as PDF files at www.adpepper.com under:
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