



***Unaudited condensed interim consolidated financial
statements as of June 30, 2012***

Selected group key figures

	4.1.- 6.30. 2012	4.1.- 6.30. 2011	Change	1.1.- 6.30. 2012	1.1.- 6.30. 2011	Change
	EUR 000s	EUR 000s	Percent	EUR 000s	EUR 000s	Percent
<i>Net sales</i>	13,328	13,370	-0.3	26,641	26,229	1.6
<i>Gross profit</i>	5,602	5,934	-5.6	10,729	11,344	-5.4
<i>EBIT</i>	-348	-1,035	66.4	-1,243	-2,260	45.0
<i>Net income for period</i>	-396	-896	55.8	-1,087	-2,048	46.9
<i>Earnings per share in EUR (basic)</i>	-0.02	-0.04	50.0	-0.06	-0.10	40.0
				6.30. 2012	6.30. 2011	Change
				EUR 000s	EUR 000s	Percent
<i>Liquid funds*</i>				16,275	17,278	-5.8
<i>Equity</i>				22,865	22,862	0.0
<i>Total assets</i>				33,371	32,167	3.7
<i>No. of employees</i>				255	289	-11.8

* including securities measured at fair value and deposits with maturities of more than 3 months

- Loss virtually halved year-on-year to EUR -1,243 (EBIT) in first six months of financial year
- ad pepper media USA LLC acquires 15 percent stake in React2Media, a fast-growing online advertiser based in New York, USA, as of April 1, 2012
- Acquisition of well-known customers continues: Emediate acquires Schibsted, one of Scandinavia's largest media groups, as a customer
Webgains wins Nike, one of the largest sporting goods manufacturer worldwide

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The ad pepper media share

Key data about ad pepper media's share

Security Identification Number (WKN)	940883
ISIN	NL0000238145
Type of share	Ordinary bearer shares
Stock market segment (Frankfurt Stock Exchange)	Prime Standard
Initial public offering	10.9.2000
Designated sponsor	Equinet
Share capital in EUR	1,150,000
No. of shares	23,000,000
Sector	Advertising

Key share figures	H1 2012	H1 2011
XETRA closing price at end of period (EUR)	0.90	1.74
Highest price (EUR)	1.54	2.09
Lowest price (EUR)	0.88	1.60
Market capitalization at end of period (EUR)	20.7m	44.0m
Average no. of shares traded (XETRA)	20,137	30,624
Earnings per share (basic) (EUR)	-0.06	-0.04
Net cash per share* (EUR)	0.71	0.75

* (liquid funds – long term debt) / number of shares outstanding

Share price performance over the past twelve months (Xetra)



Shareholder structure as of 6.30.2012

Shareholder	No. of shares	Percentage shareholding
EMA B.V.	9,486,402	41.25
Treasury stock	1,759,292	7.65
U. Schmidt	1,005,524	4.37
Euroserve Media GmbH	436,963	1.90
M.A. Carton	0	0.00
Viva Media Service GmbH	41,554	0.18
Subtotal	12,729,735	55.35
Free float	10,270,265	44.65
Total	23,000,000	100.00

Structure of the ad pepper media Group

The ad pepper media Group is one of the leading independent marketing networks in the field of online advertising.

ad pepper media International N.V., based in Amsterdam, Netherlands, is the central management and holding company for the companies in the ad pepper media Group. With 12 offices in six European countries and the USA, ad pepper media handles campaigns for thousands of national and international advertising customers in a current total of more than 50 countries worldwide.

Our online advertising activities are centered around three business divisions: ad pepper media, Webgains and ad agents.

ad pepper media

The ad pepper media division offers the entire spectrum of successful display, performance and e-mail marketing and ad serving solutions. Its main products are iSense, SiteScreen, iLead, iClick, mailpepper and Emediate.

iSense provides advertisers and publishers with a revolutionary semantic targeting technology enabling them to place their adverts in a targeted manner and in relevant surroundings for each website. At core, iSense consists of the patented Sense Engine™ technology and is the result of ten years of research and development by Prof. Dr. David Crystal, one of the world's leading linguistic experts. Operating under the name SiteScreen, the technology offers advertisers maximum security for their brand, as the placement of adverts in inappropriate surroundings can be blocked.

iLead is an ideal solution for advertisers aiming to extend and expand their customer databases. It enables potential new customers that have already shown interest in the products and services offered by the advertiser and consented to being approached to be contacted by telephone, e-mail or post.

iClick is ad pepper media's performance marketing solution enabling advertisers to efficiently attract quantifiable volumes of eligible internet users to their websites.

mailpepper provides advertisers with an effective means of addressing

mailing shots to very broad or highly specific target groups that have explicitly consented to being contacted via ad pepper media or the advertisers.

Emediate's main activity involves providing ad serving technology solutions and services. Emediate is the market leader in Scandinavia and provides publishers in particular with a stable, innovative delivery system.

Webgains

is one of the leading international affiliate networks, with offices in the UK, France, Germany, the Netherlands, the USA, Spain, Sweden and Denmark.

What makes affiliate marketing so attractive for all participants is the way it facilitates wide coverage via a large number of websites while offering performance-related compensation. Affiliate marketing is a commission-based advertising model where website operators (affiliates) drive internet traffic to the site of advertisers (merchants) and receive a percentage of the sales generated there in return.

It is not only the excellent service Webgains offers that is so convincing – in recent years it has also taken the lead by offering technological novelties on the platform, such as iSense SiteSeeker, Voucher Management Tool, Page Peel and Mobile Tracking.

ad agents

ad agents specializes in search engine marketing (SEM), search engine optimization (SEO) and performance marketing. ad agents advises well-known companies in the mail order, travel and numerous other sectors that already have sophisticated e-commerce strategies in place and that offer goods and/or services via their websites or their internet shops. In this, ad agents helps its customers to be located quickly and precisely on all standard search engines and to transform these search results into successful transactions.

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

General information about this management report

Definitions

All mentions of “ad pepper media International N.V.”, “ad pepper media”, “ad pepper media-Group” or the “Group” in this management report relate to the ad pepper media Group.

Forward-Looking Statements

This management report contains forward-looking statements and information based on the beliefs of, and assumptions made by, our management using information currently available to them. We have based these forward-looking statements on our current expectations, assumptions, and projections about future conditions and events. As a result, our forward-looking statements and information are subject to uncertainties and risks, many of which are beyond our control. If one or more of these uncertainties or risks materializes, or if management’s underlying assumptions prove incorrect, our actual results could differ materially from those described in or inferred from our forward-looking statements and information. We describe these risks and uncertainties in the Risk Factors section of our annual report 2011.

The words “aim”, “anticipate”, “assume”, “believe”, “continue”, “could”, “counting on”, “is confident”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “might”, “outlook”, “plan”, “project”, “predict”, “seek”, “should”, “strategy”, “want”, “will”, “would” and similar expressions as they relate to us are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date specified or the date of this report. We accept no obligation to publicly update or revise any forward-looking statements as a result of new information that we receive about conditions that existed upon issuance of this report, future events, or otherwise unless we are required to do so by law.

Internal control system

Revenue and profits (EBIT) are some of the parameters which ad pepper media analyses monthly and compares with the original business plan to control and monitor the development of individual subsidiaries. In addition, further key performance indicators are calculated each month for control purposes and are used within all the operating companies of the ad pepper media Group. External indicators are also regularly analyzed for company management purposes. In addition, there are weekly scheduled jour fixes as well as regular shareholder meetings with the individual subsidiaries.

Macroeconomic framework

World/Europe/Germany

While the global economy as a whole is expected to show solid growth in the current year, the second quarter saw an intensification in the macroeconomic risks indicating a potential slowdown in the global economy. However, the International Monetary Fund, is still forecasting a growth of more than 2 percent in 2012.

The uncertainties on the financial markets concerning future developments in the global sovereign debt crisis have increased further. According to the IMF, the euro crisis remains the greatest threat to financial stability. The high degree of uncertainty and associated risks have significantly reduced the reliability of macroeconomic forecasts for the world, Europe and Germany. According to a recent forecast issued by the World Bank, economic output in the euro area is set to reduce by 0.3 percent in the current year. Furthermore, growth is also slowing significantly in emerging economies, such as China, Brazil and India. According to this outlook, emerging and developing economies are expected to report aggregate growth of 5.4 percent this year. ad pepper media therefore expects the macroeconomic climate to become more difficult over the coming months.

Advertising market

Even though most euro area economies are showing clear signs of weakness, or are already in or on the verge of recession, one branch of economic activity has so far remained virtually unscathed – online advertising. Based on figures in this year's AdEx Benchmark Study compiled by the Interactive Advertising Bureau (IAB), advertisers in European countries are now investing one fifth of their advertising spend in online activities. Expenditure on online advertising across all countries grew by 14.5 percent, or by more than EUR 20 million, compared with the previous year. The rest of the advertising market, by contrast, only achieved growth of 0.8 percent. The top five markets are Germany, the UK, France, Italy and the Netherlands. Together, these countries account for a 67.9 percent share of the overall European advertising market.

According to the same study, video advertising now has an 8 percent share of total display advertising in Europe. With a share of almost 10 percent, Sweden is top of the league in this field. In Germany, moving image advertising has already passed the EUR 100 million mark, with turnover of EUR 117 million. The UK has also already passed this milestone, with turnover of EUR 126 million. Mobile advertising has shown enormous growth, but to date still only accounts for a share of one to three percent of European advertising markets.

The trend towards technologization is continuing apace in the online marketing field. Real-time bidding (RTB) in particular is set to revolutionize the way in which key aspects of online advertising have been handled to date in the traditional display business. RTB represents a new technical infrastructure in the form of advertising platforms that connect advertisers with their sites and publishers. Supply side platforms (SSPs) have set themselves the target of offering optimal monetization of advertising stock on behalf of publishers. The maximum distribution of stock via various demand channels is aimed at increasing publishers' advertising sales and at the same time greater price transparency and control. Agencies in turn connect up with provider platforms via trading desks and proprietary procurement platforms. This way, it is possible to reach each placement and , as well as each user, via just one interface. Demand side platforms (DSPs) are one example here. DSPs are independent service providers that pool coverage for agencies and customers under one surface, thus optimizing procurement prices for customers and also simplifying the relevant entries and reporting. Efficiency is measured by reference to the procurement price and to key success parameters identified in advance, such as traffic or conversion rates. In this, DSPs do not themselves offer advertising surfaces, but rather enable users to automatically compare prices at various online advertising marketers and marketplaces, to reach a booking decision, and to take part in real-time auctions of stocks.

As is recognizable from developments in the first six months of the year, the trend away from traditional stock pooling and towards real-time bidding clearly left its mark on the sales performance at ad pepper media (regarding ad pepper media core segment) – like at most other online advertisers – and threatens to suppress the traditional display market-

ing business. With our adEXplorer real-time bidding platform, we believe that we are optimally positioned not only to halt, but even to reverse this sales trend in the medium term.

In this respect, we intend to play an active role in shaping the process of transformation currently underway and in benefiting from additional revenue potential.

Major events

ad pepper media USA LLC acquires 15 percent stake in React2Media, a fast-growing online advertiser based in New York, USA

As of April 1, 2012, ad pepper mediaUSA LLC secured a stake totaling 15 percent in React2Media LLC, New York, a rapidly growing online advertiser focusing on semantic targeting and RTB technology. The two companies simultaneously agreed close cooperation in the fields of iSense, SiteScreen and the adEXplorer RTB platform.

Acquisition of well-known customers continues: Emediate acquires Schibsted, one of Scandinavia's largest media groups, as a customer Webgains wins Nike, one of the largest sporting goods manufacturer worldwide

Emediate, a wholly-owned subsidiary of ad pepper media, is the leading provider of ad server solutions in Scandinavian countries. With its acquisition of the Norwegian Schibsted Media Group as a customer, Emediate has further significantly boosted its penetration of the Scandinavian market. Schibsted is one of the leading media groups in Northern Europe.

Webgains was able to prevail against all competitors and wins Nike as a new client, which is a reflection of Webgains successful positioning as a quality provider to the larger international key accounts in the market

Earnings, financial and net asset position

Earnings position

Net of discontinued activities (mainly in the USA and Sweden), ad pepper media International N.V. generated year-on-year growth of 7.3 percent in the first six months of the current financial year. The three segments performed as follows: ad pepper media reported a 23.0 percent downturn in sales. Excluding discontinued activities, sales decreased by 14.2 percent. This negative trend was due to the process of transformation currently underway both within the ad pepper media Group and within the sector as a whole, as a result of which an ever greater share of display booking volumes is no longer being handled via traditional stock pooling, but rather by way of real-time bidding. Ad exchanges have developed from residual space providers into stock magnets in the briefest of periods and are now threatening to suppress the traditional display marketing business. With our proprietary real-time bidding platform ad-EXplorer, we believe that we are well positioned not only to halt, but even to reverse this sales trend in the medium term.

Webgains, our Group's second operating segment, grew year-on-year by 9.7 percent in the first six months. The growth in this segment was driven in particular by the UK, the core market of our affiliate business, where we managed to acquire numerous new customers. Finally, ad agents, our Group's third area of activity, concluded the six-month period with outstanding year-on-year sales growth of 69.0 percent. The above-average growth seen in previous quarters has thus continued unabated in this segment.

From a decline in sales compared to the gross margin of 40.30 percent (H1 2011: 43.3 percent), a gross profit from sales resulted in EUR 10,729k (H1 2011: EUR 11,344k). Even though the performance in sales and the gross margin failed to meet expectations, extensive cost optimization measures nevertheless enabled the Group to post improvements, in some cases significant, in all of its key profitability figures: Operating expenses reduced year-on-year by 11.9 percent, and thus from EUR 13,604k to EUR 11,972k, in the first six months of the current year, as a result of which EBITDA improved to EUR -1,012k (H1 2011: EUR -1,995k) and earnings before interest and taxes (EBIT) to EUR -1,243k (H1 2011: EUR -2,260k). Earnings before taxes (EBT) amounted to EUR -840k in the first

six months of the financial year (H1 2011: EUR -1,782k), while net income for the period amounted to EUR -1,087k (H1 2011: EUR -2,048k).

Financial position

The gross cash flow amounted to EUR -981k (H1 2011: EUR -1,731k), while a figure of EUR -714k was reported for the cash flow from operations, as against EUR -3,501k in the first six months of 2011. The net cash flow from investing activities amounted to EUR 1,777k in the first six months of 2012 (H1 2011: EUR 2,996k). The cash flow from financing activities amounted to EUR -260k in the first six months of 2012, compared with EUR -1,163k in the equivalent period in the previous year.

Net asset position

Total assets increased year-on-year by EUR 1,204k to EUR 33,371k. Liquid funds (including securities measured at fair value and time deposits) also performed well. Despite ongoing investments, the volume of liquid funds, amounting to EUR 16,275k, changed only slightly compared with the end of the previous year's period (30 June 2011: EUR 17,278k). Furthermore, ad pepper media owns a total of 1,759,292 treasury stock shares. The Group still has no liabilities to banks. The equity ratio amounted to 68.5 percent (6.30.2011: 71.1 percent).

Research and development activities

ad pepper media has two investments, Emediate ApS and Crystal Semantics Ltd, which perform a major share of the development work for the admin segment and the ad pepper media segment either directly themselves or by commissioning and accompanying such work.

In the Webgains segment, research and development activities are performed on a decentralized basis within Webgains Ltd itself. In the interests of conservative accounting, the development expenses incurred at the ad pepper media Group are not capitalized as internally generated software, but are rather fully expensed.

Employees

As of June 30, 2012, the ad pepper media Group had 255 employees, as against a total of 289 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper media Group is assigned to the following segments.

	6.30.2012	6.30.2011
	<i>Number</i>	<i>Number</i>
<i>ad pepper media</i>	<i>118</i>	<i>158</i>
<i>Webgains</i>	<i>75</i>	<i>81</i>
<i>ad agents</i>	<i>43</i>	<i>26</i>
<i>Administration</i>	<i>19</i>	<i>24</i>

Risk and opportunity report

There have been no material changes in the opportunity and risk situation of ad pepper media International N.V. compared with the information provided in the Annual Report as of December 31, 2011. Reference is therefore made to the information presented in the management report for the 2011 financial year.

Outlook

The operating business performance of the ad pepper media Group in the first six months of the financial year was characterized by weak growth in the ad pepper media segment, while the other two segments, Webgains and ad agents, continued to show very pleasing developments. With regard to the ad pepper media segment, we now expect to see stable sales figures in the forthcoming three-month period (net of discontinued activities), accompanied by ongoing growth momentum in the Webgains and ad agents segments. Furthermore, cost structures should only be slightly above those seen in the past three months period, as a result of which we are cautiously optimistic with regard to the third quarter. Given the traditionally weak summer quarter ahead, however, we do expect our key profitability figures to remain negative. Positive key profitability figures we expect only in the final quarter.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim 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.

Amsterdam/Nuremberg, July 19, 2012
ad pepper media International N.V.

Ulrich Schmidt, Jens Körner, Michael A. Carton

Consolidated income statement (IFRS)

	Q2 2012	Q2 2011	1.1.-6.30. 2012	1.1.-6.30. 2011
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
Revenues	13,328	13,370	26,641	26,229
Cost of sales	-7,726	-7,436	-15,912	-14,885
Gross profit	5,602	5,934	10,729	11,344
Selling and marketing expenses	-4,001	-4,210	-8,018	-8,280
General and administrative expenses	-2,210	-2,569	-4,309	-5,196
Other operating income	343	123	552	262
Other operating expenses	-82	-313	-197	-390
Earnings/loss before interest and taxes	-348	-1,035	-1,243	-2,260
Financial income	85	194	437	489
Financial expenses	-26	-5	-34	-11
Earnings/loss before taxes	-289	-846	-840	-1,782
Income taxes	-107	-50	-247	-266
Net income/loss	-396	-896	-1,087	-2,048
attributable to shareholders of the parent company	-441	-931	-1,191	-2,129
attributable to minority interest	45	35	104	81
Basic earnings per share on net income for the year attributable to shareholders of the parent company	-0.02	-0.04	-0.06	-0.10
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	-0.02	-0.04	-0.06	-0.10
	Q2 2012	Q2 2011	H1 2012	H1 2011
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	21,240,708	21,228,840	21,240,708	21,168,415
Weighted average number of shares outstanding (diluted)	21,240,708	21,228,840	21,240,708	21,168,415

Consolidated statement of comprehensive income (IFRS)

	Q2 2012	Q2 2011	H1 2012	H1 2011
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
Net income/loss	-396	-896	-1,087	-2,048
Currency translation differences	61	-12	31	-117
Revaluation of available-for-sale securities	-232	-103	1,328	299
Revaluation of available-for-sale financial investments	283	-52	133	-240
Total income and expense recognized directly in equity, net of tax	112	-167	1,492	-58
Total income and expense recognized in equity	-284	-1,063	405	-2,106
attributable to minority interest	45	35	104	81
attributable to shareholders of the parent company	-329	-1,098	301	-2,187

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 2012			Q2 2011			H1 2012			H1 2011		
	EUR 000s			EUR 000s			EUR 000s			EUR 000s		
	before income taxes	income taxes	after income taxes									
Currency translation differences (incl. minority interest)	61	0	61	-12	0	-12	31	0	31	-117	0	-117
Revaluation of available-for-sale securities	-232	0	-232	-103	0	-103	1,328	0	1,328	299	0	299
Revaluation of available-for-sale financial investments	283	0	283	-52	0	-52	133	0	133	-240	0	-240
Total income and expense recognized directly in equity	112	0	112	-167	0	-167	1,492	0	1,492	-58	0	-58

Consolidated balance sheet (IFRS)

Assets	June 30, 2012	December 31, 2011
	EUR 000s	EUR 000s
Non-current assets		
Goodwill	24	24
Intangible assets	144	247
Property, plant and equipment	483	393
Securities at fair value through profit and loss	3,083	2,277
Securities available-for-sale	2,579	4,192
Other financial assets	7,300	6,821
Deferred tax assets	372	368
Total non-current assets	13,985	14,322
Current assets		
Trade receivables	7,461	9,918
Income tax receivables	535	562
Prepaid expenses and other current assets	498	456
Other financial assets	280	407
Cash and cash equivalents	10,612	9,778
Total current assets	19,386	21,121
Total assets	33,371	35,443

Consolidated balance sheet (IFRS)

Equity and liabilities	June 30, 2012	December 31, 2011
	EUR 000s	EUR 000s
Equity attributable to shareholders of the parent company		
Issued capital*	1.150	1.150
Additional paid-in capital	66.201	66.193
Treasury shares	-3.281	-3.281
Accumulated deficit	-41.672	-40.481
Accumulated other comprehensive income/losses	228	-1.264
Total	22.626	22.317
Minority interest	239	395
Total equity	22.865	22.712
Non-current liabilities		
Deferred tax liabilities	0	0
Total non-current liabilities	0	0
Current liabilities		
Trade payables	7.220	8.935
Other current liabilities	757	1.319
Other financial liabilities	2.371	2.371
Income tax liabilities	158	106
Total current liabilities	10.506	12.731
Total liabilities	10.506	12.731
Total equity and liabilities	33.371	35.443

* 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 21,240,708 shares were floating at June 30, 2012 (December 31, 2011: 21,240,708).

Consolidated statement of cash flows (IFRS)

	1.1.12-6.30.2012	1.1.11-6.30.2011
	EUR 000s	EUR 000s
Net income/loss	-1,087	-2,048
Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:		
Depreciation and amortization	231	265
Gain/loss on sale of fixed assets	1	-9
Share-based compensation	8	45
Gain/loss on sale of securities	-6	-21
Other financial income and financial expenses	-397	-457
Income taxes	247	266
Other non-cash expenses and income	22	228
Gross cash flow	-981	-1,731
Change in trade receivables	2,435	439
Change in other assets	109	211
Change in trade payables	-1,715	-689
Change in other liabilities	-563	-1,494
Income taxes received	254	0
Income taxes paid	-421	-402
Interest received	211	165
Interest paid	-43	0
Net cash flow from/used in operating activities	-714	-3,501

Consolidated statement of cash flows (IFRS)

	1.1.12-6.30.2012	1.1.11-6.30.2011
	EUR 000s	EUR 000s
<i>Additions to intangible assets and property, plant and equipment</i>	-219	-164
<i>Proceeds from sale of intangible assets and property, plant and equipment</i>	0	16
<i>Purchase of shares in other investments</i>	-30	-887
<i>Loans granted</i>	-350	-150
<i>Repayment of loans granted</i>	16	0
<i>Proceeds from sale/maturity of securities and maturity of fixed-term deposits</i>	3,476	6,002
<i>Purchase of securities</i>	-1,116	-1,821
Net cash flow from used in investing activities	1,777	2,996
<i>Dividends to shareholders of the parent company</i>	0	-1,061
<i>Dividends to minority interests</i>	-260	-264
<i>Sale of treasury shares</i>	0	209
<i>Purchase of treasury shares</i>	0	-47
Net cash flow from used in financing activities	-260	-1,163
<i>Effect of exchange rates on cash and cash equivalents</i>	31	-117
<i>Cash-effective decrease/increase in cash and cash equivalents</i>	803	-1,668
Cash and cash equivalents at beginning of financial year	9,778	9,803
Cash and cash equivalents at end of period	10,612	8,018

Consolidated statement of changes in equity (IFRS)

	Balance at 1.1.2011	Total income and expense recognized in equity	Share- based payment	Pur- chase of treasury shares	Issuance of shares	Dividends	Balance at 6.30.2011
Issued capital							
Number of shares	23,000,000						23,000,000
Issued capital (EUR 000s)	1,150						1,150
Additional paid-in capital							
for employee stock option plans (EUR 000s)	2,349		45				2,394
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	64,843					-1,061	63,782
Treasury shares							
Number of shares	1,953,792				-194,500		1,759,292
Treasury shares at cost (EUR 000s)	-3,443			-47	209		-3,281
Accumulated deficit (EUR 000s)	-37,839	-2,129					-39,968
Accumulated other comprehensive income							
Currency translation differences (EUR 000s)	-1,372	-117					-1,489
Revaluation available-for-sale securities (EUR 000s)	-1,939	299					-1,640
Revaluation available-for-sale investments (EUR 000s)	1,967	-240					1,727
Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)	25,716	-2,187	45	-47	209	-1,061	22,675
Minority interest (EUR 000s)	370	81				-264	187
Total equity (EUR 000s)	26,086	-2,106	45	-47	209	-1,325	22,862

Consolidated statement of changes in equity (IFRS)

	Balance at 1.1.2012	Total income and expense recognized in equity	Share- based payment	Pur- chase of treasury shares	Issuance of shares	Dividends	Balance at 6.30.2012
Issued capital							
Number of shares	23,000,000						23,000,000
Issued capital (EUR 000s)	1,150						1,150
Additional paid-in capital							
for employee stock option plans (EUR 000s)	2,411		8				2,419
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	63,782						63,782
Treasury shares							
Number of shares	1,759,292						1,759,292
Treasury shares at cost (EUR 000s)	-3,281						-3,281
Accumulated deficit (EUR 000s)	-40,481	-1,191					-41,672
Accumulated other comprehensive income							
Currency translation differences (EUR 000s)	-1,369	31					-1,338
Revaluation available-for-sale securities (EUR 000s)	-3,304	1,328					-1,976
Revaluation available-for-sale investments (EUR 000s)	3,409	133					3,542
Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)	22,317	301	8	0	0	0	22,626
Minority interest (EUR 000s)	395	104				-260	239
Total equity (EUR 000s)	22,712	405	8	0	0	-260	22,865

Consolidated segment reporting (IFRS)

H1 2012	<i>ad pepper media</i> EUR 000s	<i>Webgains</i> EUR 000s	<i>ad agents</i> EUR 000s	<i>Admin</i> EUR 000s	<i>Consolida- tion</i> EUR 000s	<i>Group</i> EUR 000s
Total revenues	10,125	10,517	6,150	254	-405	26,641
<i>thereof external</i>	10,062	10,429	6,150	0	0	26,641
<i>thereof intersegment</i>	63	88	0	254	-405	0
Expenses and other income	-10,598	-10,587	-5,776	-1,177	254	-27,884
<i>thereof amortization and depreciation</i>	-67	-10	-28	-126	0	-231
<i>thereof other non-cash expenses</i>	-4	-64	-36	-4	-108	-77
EBITDA	-406	-60	402	-797	-151	-1,012
EBIT	-473	-70	374	-923	-151	-1,243
Financial income	2	0	2	463	-30	437
Financial expenses	-30	0	-5	-29	30	-34
Income taxes						-247
Net income/loss for the period						-1,087

Consolidated segment reporting (IFRS)

H1 2011	<i>ad pepper media</i> EUR 000s	<i>Webgains</i> EUR 000s	<i>ad agents</i> EUR 000s	<i>Admin</i> EUR 000s	<i>Consolida- tion</i> EUR 000s	<i>Group</i> EUR 000s
Total revenues	13,125	9,627	3,639	535	-697	26,229
<i>thereof external</i>	13,082	9,508	3,639	0	0	26,229
<i>thereof intersegment</i>	43	119	0	535	-697	0
Expenses and other income	-14,097	-10,149	-3,351	-1,427	535	-28,489
<i>thereof amortization and depreciation</i>	-98	-9	-21	-138	1	-265
<i>thereof other non-cash expenses</i>	-331	-140	-8	-43	-13	-534
EBITDA	-874	-513	309	-754	-163	-1,995
EBIT	-972	-522	288	-892	-162	-2,260
Financial income	30	0	3	484	-28	489
Financial expenses	-31	0	-1	-7	28	-11
Income taxes						-266
Net income/loss for the period						-2,048

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 December 31, 2011.

The consolidated interim financial statements as per June 30, 2012 were authorized for issue by the management board on July 19, 2012.

2. Accounting principles

The accounting principles applied to these quarter-end financial statements do not materially differ from the principles as applied to the Annual Report as per December 31, 2011.

The following standards and interpretations have been adopted in the first half year:

Amendments to IFRS 1 "Loans received from governments"

The International Accounting Standards Board (IASB) has issued amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" regarding loans received from governments on March 13, 2012.

The amendments to this standard as published by the IASB have been described in the consolidated financial statements on December, 31 2011.

Amendments to IAS 1 "Presentation of Financial Statements" as well as Amendments to IAS 19 "employee benefits"

The EU Commission has approved the amendments to IAS 1 "Presentation of Financial Statements" and IAS 19 "Employee Benefits", by publication in the EU Official Journal adopted EU law on June 05, 2012.

The amendments to this standard as published by the IASB on June, 16 2012 have been described in the consolidated financial statements on December, 31 2011.

Improvements to IFRS 2009-2011

The IASB has published the annual improvement 2009-2011 by final approval on May, 17 2012.

The changes relate to the following standards:

- IFRS 1 "First-time Adoption of IFRS"
- IAS 1 "Presentation of Financial Statements"
- IAS 16 "Fixed Assets"
- IAS 32 "Financial Instruments: Presentation"
- IAS 34 "Interim Financial Reporting"

All changes are effective for reporting periods beginning on or after January 1, 2013. Earlier application is permitted. There were no material effects on the consolidated financial statements of ad pepper media International N.V.

3. Consolidated group

The entities included in consolidation are as follows:

Entity	6.30. 2012 in percent	12.31. 2011 in percent
<i>ad pepper media GmbH, Nuremberg, Germany</i>	100	100
<i>ad pepper media Benelux B.V., Amsterdam, the Netherlands</i>	100	100
<i>ad pepper media Sweden AB, Stockholm, Sweden</i>	100	100
<i>ad pepper media Denmark A/S, Copenhagen, Denmark</i>	100	100
<i>ad pepper media UK Ltd, London, United Kingdom</i>	100	100
<i>ad pepper media France S.A.R.L., Paris, France</i>	100	100
<i>ad pepper media Spain S.A., Madrid, Spain</i>	100	100
<i>ad pepper media USA LLC, New York, USA</i>	100	100
<i>Web Measurement Services B.V., Amsterdam, the Netherlands</i>	100	100
<i>Crystal Semantics Ltd, London, United Kingdom</i>	100	100
<i>Webgains Ltd, London, United Kingdom</i>	100	100
<i>ad pepper media Australia Ltd, Melbourne, Australia</i>	0*	100
<i>ad pepper media SA, Küssnacht am Rigi, Switzerland</i>	100	100
<i>Globase International ApS, Copenhagen, Denmark</i>	100	100
<i>Emediate ApS, Copenhagen, Denmark</i>	100	100
<i>EMSEAS TEKNIK AB, Stockholm, Sweden</i>	100	100
<i>ad agents GmbH, Herrenberg, Germany</i>	60	60

* liquidated as of May 27, 2012

ad pepper media International N.V. holds a 20 percent stake in SocialTyz LLC: SocialTyz LLC is not included in the interim consolidated financial statements at equity, as an operating agreement has been concluded which does not allow ad pepper media to exert significant influence. Hence, the investment continues to be valued at cost.

Following two capital increases at Videovalis GmbH during the first half of 2012, both of which executed to the exclusion of old shareholders' subscription rights, ad pepper media still holds a total stake of 40.5 percent in Videovalis GmbH (December 31, 2011: 49 percent). Videovalis GmbH is not included in the interim consolidated financial statements at equity, as the company's articles of association do not allow ad pepper media to exert significant influence. Hence, the investment continues to be valued at cost.

As of April 1, 2012, ad pepper media USA LLC secured a stake totaling 15 percent in React2Media LLC. The purchase price was USD 40k. The investment is valued at cost.

4. Notes to the Interim Financial Statements

Reference is basically made to the comments on the results of operations, financial position and net assets in the Management 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 EUR 6k (H1 2011: EUR 21k) as well as unrealized net revaluation gains of EUR 215k (H1 2011: EUR 0k). The tax result consists of current income tax accruals for profitable subsidiaries.

The following one-off items affecting the balance sheet occurred in the period under review:

As presented in the consolidated financial statements as of December 31, 2011, a revaluation gain of EUR 1.1m was recognized in equity in the first quarter of 2012 due to a public buyback offer by the issuer which ad pepper media rejected.

Furthermore, on March 21, 2012 ad pepper media was notified of the premature repayment of a security at par value. This resulted in an revaluation gain of EUR 445k recognized in equity in the first quarter of 2012. The respective payment of EUR 3m was received on April 2, 2012, with a corresponding increase in cash and cash equivalents and a corresponding reduction in holdings of securities as of this date.

5. Segment reporting according to IFRS 8

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), “Web-gains” (affiliate marketing) and “ad agents” (SEM/SEO) and for the non-operating “Admin” (administration) segment.

The accounting policies of the reportable segments corresponds to the group’s accounting policies described in note [2] of the consolidated annual report for the year ended December 31, 2011. The segment result is measured by 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 transaction.

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:

	<i>Revenue from external customers</i>		<i>Non-current assets</i>	
	<i>H1 2012</i>	<i>H1 2011</i>	<i>6.30. 2012</i>	<i>6.30. 2011</i>
	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>EUR 000s</i>
<i>The Netherlands</i>	<i>553</i>	<i>1,255</i>	<i>13</i>	<i>20</i>
<i>Germany</i>	<i>11,157</i>	<i>8,237</i>	<i>406</i>	<i>564</i>
<i>Scandinavia</i>	<i>3,644</i>	<i>3,987</i>	<i>145</i>	<i>127</i>
<i>United Kingdom</i>	<i>7,522</i>	<i>7,225</i>	<i>75</i>	<i>83</i>
<i>Other</i>	<i>3,765</i>	<i>5,525</i>	<i>12</i>	<i>24</i>
<i>Total</i>	<i>26,641</i>	<i>26,229</i>	<i>651</i>	<i>818</i>

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

6. Treasury stock

Acquisition of treasury stock

By a shareholders' resolution of May 15, 2012, 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 June 30, 2012, ad pepper media International N.V. held 1,759,292 treasury stock (June 30, 2011: 1,759,292) at a nominal value of 0.05 EUR each, corresponding to 7.65 percent (June 30, 2011: 7.65 percent) of the share capital.

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

Sale of treasury stock

In the first six months, no treasury stock (H1 2011: 0) were sold at an exercise price of EUR 0.665, none (H1 2011: 0) at a price of EUR 1.365, none (H1 2011: 137,000) at an exercise price of EUR 0.89 and none (H1 2011: 0) at a price of EUR 2.225, no (H1 2011: 37,500) shares sold at an exercise price of EUR 1.500 as well as none (H1 2011: 0) shares at a price of EUR 0.915 under the employee stock option plans.

No treasury stock were sold in the second quarter (H1 2011: 194,500).

Number of shares outstanding

The number of shares issued and outstanding as of June 30, 2012 totals 21,240,708 (June 30, 2011: 21,240,708). Each share has a nominal value of EUR 0.05.

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. Change within the boards

Dr. Ulrike Handel was appointed as a further Supervisory Board member at this year's Annual General Meeting.

9. Stock options and shareholdings

As of June 30, 2012, a total of 802,700 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 6.30.2012	Options as of 6.30.2012
Board of Directors		
Ulrich Schmidt	1,005,524	280,000
Michael A. Carton	0	109,500
Jens Körner	0	0
Supervisory Board		
Michael Oschmann	0	0
Dr. Frank Schlaberg	0	0
Merrill Dean	0	0
Dr. Ulrike Handel	0	0
Associated companies		
EMA B.V.	9,486,402	0
Viva Media Service GmbH	41,554	0
Euroserve Media GmbH	436,963	0
Employees		413,200

10. Report on major transactions with related companies and persons

Transactions of parent company with investments

ad pepper media International N.V. has granted loans of EUR 200k to Videovalis GmbH in the first half-year 2012.

Transactions between subsidiaries and investments

Emediate ApS provides is providing ad serving services to Brand Affinity Technologies Inc. for USD 20k per month.

ad pepper media USA LLC holds an investment in React2Media and granted this company a loan of USD 20. As of June 30, 2012, the loan still amounted to USD 181k.

The Videovalis GmbH delivered website inventory in the value of TEUR 30 to ad pepper media in the first half-year.

Otherwise there have been no material changes in transactions with related parties compared with the 2011 financial year.

11. 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 June 30, 2012.

Amsterdam/Nuremberg, July 19, 2012

Ulrich Schmidt Jens Körner Michael A. Carton

Company calendar

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

Company calendar

<i>Quarterly report II / 2012</i>	<i>August 16, 2012</i>
<i>Quarterly report III / 2012</i>	<i>November 8, 2012</i>

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 Jens Körner, CFO
 Michael A. Carton, Director of the Board

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