



***Unaudited condensed interim consolidated financial  
statements as of June 30, 2014***

**Selected group key figures**

	4.1.- 6.30. 2014	4.1.- 6.30. 2013	Change	1.1.- 6.30. 2014	1.1.- 6.30. 2013	Change
	EUR 000s	EUR 000s	Percent	EUR 000s	EUR 000s	Percent
<b>Net sales</b>	10,672	12,148	-12.2	22,251	25,144	-11.5
<b>Gross profit</b>	3,722	5,356	-30.5	7,860	11,097	-29.2
<b>EBIT</b>	-1,250	-782	59.8	-2,241	-715	>100.0
<b>Net income for period</b>	-1,130	-673	67.9	-1,820	-630	>100.0
<b>Earnings per share in EUR (basic)</b>	-0.05	-0.03	66.7	-0.08	-0.03	>100.0
				6.30. 2014	6.30. 2013	Change
				EUR 000s	EUR 000s	Percent
<b>Liquid funds*</b>				19,220	21,702	-11.4
<b>Equity</b>				22,948	24,575	-6.6
<b>Total assets</b>				32,540	36,262	-10.3
<b>No. of employees</b>				238	228	4.4

\* including securities measured at fair value

- Globase launches new Online-Marketing-Platform
- ad pepper media Germany pools its marketing business in a new unit operating under the mediasquares brand
- Heike Lorenz appointed as Chief Marketing Officer of ad pepper media International N.V.
- All agenda items proposed for approval adopted at Annual General Meeting of ad pepper media International N.V. on May 13, 2014

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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	10.09.2000
Designated Sponsor	Equinet
Share Capital in EUR	1,150,000
No. of shares	23,000,000
Sector	Advertising

Key share figures	H1 2014	H1 2013
XETRA closing price at end of period (EUR)	0.96	0.85
Highest price (EUR)	1.42	1.05
Lowest price (EUR)	0.90	0.80
Market capitalization at end of period (EUR)	22.1m	19.6m
Average no. of shares traded (XETRA) per day	28,102	20,455
Earnings per share, basic (EUR)	-0.08	-0.03
Net cash per share* (EUR)	0.84	0.63

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

### Share price performance over the past twelve months (Xetra)



### Shareholder structure per 6.30.2014

Shareholder	No. of shares	Percentage shareholding
EMA B.V.	9,486,402	41.25
Treasury stock	1,759,292	7.65
Axxion S.A.	1,163,501	5.06
Dieter Koppitz	699,338	3.04
Euro Serve Media GmbH	436,963	1.90
<b>Subtotal</b>	<b>13,545,496</b>	<b>58.90</b>
Freefloat	9,454,504	41.10
<b>Total</b>	<b>23,000,000</b>	<b>100.00</b>

## ***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 10 companies in six European countries and the USA, ad pepper media is currently managing campaigns for thousands of national and international advertising clients in more than 50 countries. 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. Its main products are iSense, SiteScreen, iLead, iClick and mailpepper.

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.

### ***Webgains***

is one of the leading international affiliate networks, with offices in the UK, France, Germany, Spain and the USA. 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 Voucher Management Tool, Multiple Datafeeds, Page Peel and Mobile Tracking.

### ***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 help 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 materialize 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 2013.

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, EBITDA, gross margin) 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

The World Bank expects the global economy to grow by 2.8 percent this year. In January, it had still forecast growth of 3.2 percent. Economic developments at the beginning of the year were adversely affected by the Ukraine crisis and by the unusually severe winter in the USA.

One source of concern for the World Bank is the ongoing weakness of developments in developing and emerging economies. According to the report, overall growth in these countries this year will fall short of five percent for the third year in succession.

On the other hand, the Washington-based organization has reported that the euro area economy is set to perform significantly better than assumed to date. Growth here is, as previously, expected to amount to 1.1 percent this year, but this rate is set to rise to 1.8 percent in 2015 and to 1.9 percent in 2016. Previous forecasts amounted to 1.4 percent and 1.5 percent.

For 2015 and 2016, the World Bank has made no amendments to its global economic growth forecast of 3.4 percent and 3.5 percent respectively. The global economy is expected to gain new momentum this year already. The more affluent countries, which should witness further economic recovery, are set to play a key role here.

### Advertising market

In terms of the advertising sector as a whole, the German Advertising Association (ZAW) has forecast 2 percent advertising spending growth in 2014. Overall, investments in advertising have stagnated for some years now. The growth seen has been driven by the digital business. The structure of advertising media continues to change, with a shift to greater market share for digital advertising, thus also reflecting changes in the media landscape. What is important, however, is that the upturn is being accompanied by suitable macroeconomic developments across Europe, i.e. the current political discussions surrounding restrictions on the advertising industry (above all for food and alcoholic beverage advertising) will not inhibit market functionality to any noticeable extent.\*

Turning to the online advertising market, and here to the online display advertising segment in Germany in particular, net advertising sales as reported by advertisers give grounds to expect growth of 8.4 percent to a total net volume of EUR 1.43 billion in 2014. The online display market is set to post new record sales. Mobile and moving image advertising are key drivers of this growth. The mobile segment grew by 67 percent to EUR 65 million (net) in 2013 already. Further growth of 65 percent has been forecast for 2014. This makes mobile the fastest-growing area in the marketing segment.\*\*

The affiliate marketing business has in recent years developed into a fixed component of the online marketing mix, with ongoing rising demand for performance-based payment models.\*\*\*

Taking the US market as an indicator of global developments, search advertising is still the largest branch of online advertising, accounting for 43 percent and thus the greatest share of total sales. Mobile is the key growth driver in this market as well. Based on the latest figures released by the sector association IAB Internet Advertising Bureau and PwC, mobile has shown disproportionate growth, boosting its market share from 9 percent in 2012 to 17 percent in 2013.\*\*\*\*

\* Source: <http://www.zaw.de/index.php?menuid=98&reporeid=893>

\*\* Source: OVK Report 2014/01

\*\*\* Source: <http://performancein.com/news/2014/04/07/affiliate-marketing-stagnating-germany/>

\*\*\*\* Source: [http://www.iab.net/about\\_the\\_iab/recent\\_press\\_releases/press\\_release\\_archive/press\\_release/pr-041014](http://www.iab.net/about_the_iab/recent_press_releases/press_release_archive/press_release/pr-041014)

## **Highlights**

### ***Globase launches new Online-Marketing-Platform***

On April 1st Globase launched the new version of its online marketing platform. The platform has been re-engineered to be a component framework, where access to the different core technologies is now more flexible through a new and improved API. This gives customers much more flexibility. In addition the new system has been re-designed offering improved usability.

### ***ad pepper media Germany pools its marketing business in a new unit operating under the mediasquares brand***

ad pepper media is splitting its German business into two separate business units and thus sharpening their profiles. All website marketing activities will be organized under the mediasquares brand. ad pepper media is and will remain a performance specialist.

By launching the mediasquares brand, the company will reinforce its position as an independent specialist marketer in the field of product and service provider searches.

### ***Heike Lorenz appointed as Chief Marketing Officer of ad pepper media International N.V.***

Since April 1, Heike Lorenz has been responsible for marketing and for the internal and external corporate communications of the ad pepper media Group.

### ***All agenda items proposed for approval adopted at Annual General Meeting of ad pepper media International N.V.***

The Annual General Meeting held on May 13, 2014 approved all of the agenda items with 100 percent of the share capital present. Alongside the approval of the 2013 annual financial statements, the agenda also included approving the stock option plan and authorizing the company to buy back own shares.



## ***Earnings, financial and net asset position***

### ***Earnings position***

ad pepper media International N.V. can report sales of EUR 22,251k for the first half of 2014. This corresponds to a significant reduction of 11.5 percent compared with the equivalent period in the previous year (H1 2013: EUR 25,144k). While sales at the Webgains and ad agents segments grew by EUR 1,991k, or 16.4 percent, to EUR 14,164k, and by EUR 244k, or 7.5 percent, to EUR 3,490k the ad pepper media segment had to absorb again a reduction in sales by EUR 5,127k (-52.7 percent). The downturn in sales in the ad pepper media segment was attributable in particular to an as yet unsatisfactory operating business performance in Germany, contrasting with the pleasing performance seen in Spain and the UK. It should be noted here as well that the sales reported for the corresponding period of previous year still include prorated sales attributable to operations since sold and/or discontinued (Emediate ApS and Crystal Semantics Ltd, ad pepper media BeNeLux). Excluding this factor, the growth in sales would have amounted to 1.6 percent at the Group, and the reduction to 29.1 percent in the ad pepper media segment.

The gross profit, the actual performance indicator, decreased also significantly by EUR 3,237k to EUR 7,860k respectively by 29.2 percent. As a percentage of sales, our gross margin accordingly declined from 44.1 percent to 35.3 percent. This sharp reduction was also mainly due to the disposed or discontinued operations at the ad pepper media Group already referred to above. Net of this factor, the reduction in gross profit amounted to 8.8 percent. The pro forma decline in the gross margin was in turn – analogous to the development in sales – once again chiefly due to the business performance of the ad pepper media segment in Germany falling short of expectations.

Operating expenses fell sharply by 14.5 percent, or EUR 1,712k, to EUR 10,100k. This reduction in costs was chiefly due to the aforementioned deconsolidation items.

The disproportionate decline in the gross profit compared with the reduction in costs meant that all key profitability figures fell short of the figures of the corresponding period of the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -2,133k in the first half year of 2014 (H1 2013: EUR -578k). Earnings before interest and taxes (EBIT) amounted to EUR -2,241k, as against EUR -715k

in the previous year's period. Earnings before taxes (EBT) amounted to EUR -1,813k in the first six months of the financial year (H1 2013: EUR -541k). Net income for the period amounted to EUR -1,820k (H1 2013: EUR -630k).

### ***Financial position***

The gross cash flow amounted to EUR -2,103k (H1 2013: EUR -528k), while a figure of EUR -2,778k was reported for the cash flow from operations, as against EUR -1,348k in the first six months of 2013. The net cash flow from investing activities amounted to EUR 2,960k in the first six months of 2014 (H1 2013: EUR -369k). The cash flow from financing activities amounted to EUR 0k in the first six months of 2014, compared with EUR -95k in the equivalent period in the previous year.

### ***Net asset position***

Total assets reduced by EUR 3,722k to EUR 32,540k compared with December 31, 2013. At that trade receivables decreased to EUR 5,588k (12.31.2013: EUR 7,071k). Trade payables decreased to EUR 6,924k (12.31.2013: EUR 7,962k).

Liquid funds (including securities measured at fair value) dropped by EUR 2,482k to EUR 19,220k compared with December 31, 2013 (12.31.2013: EUR 21,702k). 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 increased to 70.5 percent (12.31.2013: 67.8 percent).

### ***Research and development activities***

The Group's research and development activities are mainly located at ad pepper media International N.V. itself (at the Hamburg location). Here, a major share of the developments for the administration and ad pepper media segments are either produced internally or commissioned externally and accompanied as appropriate. In the Webgains segment, research and development activities are performed on a decentralized basis within Webgains Ltd.

### ***Employees***

As of June 30, 2014, the ad pepper media Group had 238 employees, as against a total of 268 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:

	<i>6.30.2014</i>	<i>6.30.2013</i>
	<i>Number</i>	<i>Number</i>
<i>ad pepper media</i>	<i>67</i>	<i>116</i>
<i>Webgains</i>	<i>95</i>	<i>85</i>
<i>ad agents</i>	<i>56</i>	<i>50</i>
<i>Administration</i>	<i>20</i>	<i>17</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, 2013. Reference is therefore made to the information presented in the management report for the 2013 financial year.

### ***Outlook***

The operating business performance of the ad pepper media Group fell short of our own expectations in the first six months of the financial year. In the two quarters ahead, it will now be a question of consistently pursuing those new product development approaches that are already reflected in costs, but not yet in sales. Not only that, we must place the operating business at the ad pepper media segment on a new footing, especially in Germany. Based on the information currently available, we cannot yet provide any reliable figures as to the extent to which these new approaches, which are located among others in the field of data-driven business models, will impact sales and gross profit figures in the second half of 2014. However, past experience shows that the ad pepper media Group traditionally generates a large share of its sales in the fourth 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 24, 2014  
ad pepper media International N.V.

Dr. Ulrike Handel, Dr. Jens Körner

**Consolidated income statement (IFRS)**

	Q2 2014	Q2 2013	1.1.2014- 6.30.2014	1.1.2013- 6.30.2013
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Revenues</b>	<b>10,672</b>	<b>12,148</b>	<b>22,251</b>	<b>25,144</b>
Cost of sales	-6,950	-6,792	-14,391	-14,047
<b>Gross profit</b>	<b>3,722</b>	<b>5,356</b>	<b>7,860</b>	<b>11,097</b>
Selling and marketing expenses	-3,060	-3,907	-6,351	-7,738
General and administrative expenses	-1,924	-2,233	-3,822	-4,473
Other operating income	259	154	524	664
Other operating expenses	-247	-152	-452	-265
<b>Earnings/loss before interest and taxes</b>	<b>-1,250</b>	<b>-782</b>	<b>-2,241</b>	<b>-715</b>
Financial income	154	153	480	220
Financial expenses	-31	-17	-52	-46
<b>Earnings/loss before taxes</b>	<b>-1,127</b>	<b>-646</b>	<b>-1,813</b>	<b>-541</b>
Income taxes	-3	-27	-7	-89
<b>Net income/loss</b>	<b>-1,130</b>	<b>-673</b>	<b>-1,820</b>	<b>-630</b>
attributable to shareholders of the parent company	-1,163	-696	-1,856	-695
attributable to non-controlling interests	33	23	36	65
Basic earnings per share on net income for the year attributable to shareholders of the parent company	-0.05	-0.03	-0.08	-0.03
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	-0.05	-0.03	-0.08	-0.03
	Q2 2014	Q2 2013	H1 2014	H1 2013
	No. of shares	No. of shares	No. of shares	No. of shares
<b>Weighted average number of shares outstanding (basic)</b>	<b>21,240,708</b>	<b>21,240,708</b>	<b>21,240,708</b>	<b>21,240,708</b>
<b>Weighted average number of shares outstanding (diluted)</b>	<b>21,480,913</b>	<b>21,240,708</b>	<b>21,583,617</b>	<b>21,240,708</b>

**Consolidated statement of comprehensive income (IFRS)**

	Q2 2014	Q2 2013	H1 2014	H1 2013
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Net income/loss</b>	<b>-1,130</b>	<b>-673</b>	<b>-1,820</b>	<b>-630</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences	22	-1	28	-40
Revaluation of available-for-sale securities	11	0	253	60
Realized gains from available-for-sale securities	-46	0	-244	0
Revaluation of investments in equity instruments available-for-sale	43	21	51	53
Income tax recognized directly in equity	0	0	0	0
<b>Total income and expense recognized directly in equity, net of tax</b>	<b>30</b>	<b>20</b>	<b>88</b>	<b>73</b>
<b>Total income and expense recognized in equity</b>	<b>-1,100</b>	<b>-653</b>	<b>-1,732</b>	<b>-557</b>
attributable to non-controlling interests	33	23	36	65
attributable to shareholders of the parent company	-1,133	-676	-1,768	-622

**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 2014			Q2 2013			H1 2014			H1 2013		
	EUR 000s			EUR 000s			EUR 000s			EUR 000s		
	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes
<i>Currency translation differences (incl. non-controlling interests)</i>	22	0	22	-1	0	-1	28	0	28	-40	0	-40
<i>Revaluation of available-for-sale securities</i>	11	0	11	0	0	0	253	0	253	60	0	60
<i>Realized gains from available-for-sale securities</i>	-46	0	-46	0	0	0	-244	0	-244	0	0	0
<i>Revaluation of investments in equity instruments available-for-sale</i>	43	0	43	21	0	21	51	0	51	53	0	53
<b>Total income and expense recognized directly in equity</b>	<b>30</b>	<b>0</b>	<b>30</b>	<b>20</b>	<b>0</b>	<b>20</b>	<b>88</b>	<b>0</b>	<b>88</b>	<b>73</b>	<b>0</b>	<b>73</b>

**Consolidated balance sheet (IFRS)**

<b>Assets</b>	<i>June 30, 2014</i>	<i>December 31, 2013</i>
	<i>EUR 000s</i>	<i>EUR 000s</i>
<b>Non-current assets</b>		
<i>Goodwill</i>	24	24
<i>Intangible assets</i>	297	261
<i>Property, plant and equipment</i>	243	221
<i>Securities at fair value through profit and loss</i>	3,361	3,490
<i>Securities available-for-sale</i>	2,763	5,326
<i>Investments in equity instruments available-for-sale</i>	4,554	4,503
<i>Other financial assets</i>	1,752	1,630
<i>Deferred tax assets</i>	37	35
<b>Total non-current assets</b>	<b>13,031</b>	<b>15,490</b>
<b>Current assets</b>		
<i>Trade receivables</i>	5,588	7,071
<i>Income tax receivables</i>	227	187
<i>Prepaid expenses and other current assets</i>	455	428
<i>Other financial assets</i>	143	200
<i>Cash and cash equivalents</i>	13,096	12,886
<b>Total current assets</b>	<b>19,509</b>	<b>20,772</b>
<b>Total assets</b>	<b>32,540</b>	<b>36,262</b>



**Consolidated balance sheet (IFRS)**

<b>Equity and liabilities</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
	<i>EUR 000s</i>	<i>EUR 000s</i>
<b>Equity attributable to shareholders of the parent company</b>		
Issued capital*	1,150	1,150
Reserves	66,309	66,254
Treasury shares	-3,281	-3,281
Accumulated deficit	-42,642	-40,786
Accumulated other comprehensive gains/losses	1,090	1,002
<b>Total</b>	<b>22,626</b>	<b>24,339</b>
Non-controlling interests	322	236
<b>Total equity</b>	<b>22,948</b>	<b>24,575</b>
<b>Current liabilities</b>		
Trade payables	6,924	7,962
Other current liabilities	429	721
Other financial liabilities	2,163	2,869
Income tax liabilities	76	135
<b>Total current liabilities</b>	<b>9,592</b>	<b>11,687</b>
<b>Total liabilities</b>	<b>9,592</b>	<b>11,687</b>
<b>Total equity and liabilities</b>	<b>32,540</b>	<b>36,262</b>

\* 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, 2014 (December 31, 2013: 21,240,708).

**Consolidated Statement of cash flows (IFRS)**

	1.1.2014-6.30.2014	1.1.2013-6.30.2013
	<i>EUR 000s</i>	<i>EUR 000s</i>
<b>Net income/loss</b>	<b>-1,820</b>	<b>-630</b>
<b>Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:</b>		
<i>Depreciation and amortization</i>	108	131
<i>Gain/loss on sale of fixed assets</i>	-3	-1
<i>Share-based compensation</i>	55	0
<i>Gain/loss on sale of securities</i>	-352	-83
<i>Other financial income and financial expenses</i>	-76	-91
<i>Income taxes</i>	7	89
<i>Other non-cash expenses and income</i>	-22	57
<b>Gross cash flow</b>	<b>-2,103</b>	<b>-528</b>
<i>Change in trade receivables</i>	1,343	2,509
<i>Change in other assets</i>	-156	-275
<i>Change in trade payables</i>	-876	-1,704
<i>Change in other liabilities</i>	-1,000	-1,627
<i>Income taxes received</i>	0	290
<i>Income taxes paid</i>	-105	-93
<i>Interest received</i>	235	198
<i>Interest paid</i>	-116	-118
<b>Net cash flow from/used in operating activities</b>	<b>-2,778</b>	<b>-1,348</b>

**Consolidated Statement of cash flows (IFRS)**

	1.1.2014-6.30.2014	1.1.2013-6.30.2013
	EUR 000s	EUR 000s
<i>Additions to intangible assets and property, plant and equipment</i>	-181	-56
<i>Proceeds from sale of intangible assets and property, plant and equipment</i>	18	0
<i>Loans granted</i>	0	-50
<i>Proceeds from sale of other investments</i>	0	34
<i>Proceeds from transactions with non-controlling interests</i>	50	0
<i>Repayment of loans granted</i>	28	30
<i>Proceeds from sale/maturity of securities</i>	10,021	7,734
<i>Purchase of securities</i>	-6,976	-8,061
<b><i>Net cash flow from/used in investing activities</i></b>	<b>2,960</b>	<b>-369</b>
<i>Dividends to non-controlling interests</i>	0	-95
<b><i>Net cash flow from/used in financing activities</i></b>	<b>0</b>	<b>-95</b>
<i>Effect of exchange rates on cash and cash equivalents</i>	28	-40
<i>Cash-effective decrease/increase in cash and cash equivalents</i>	182	-1,812
<b><i>Cash and cash equivalents at beginning of period</i></b>	<b>12,886</b>	<b>12,587</b>
<b><i>Cash and cash equivalents at end of period</i></b>	<b>13,096</b>	<b>10,735</b>

**Consolidated statement of changes in equity (IFRS)**

	Balance at 1.1.2013	Total income and expense recognized in equity	Share- based payment	Purchase of treasury shares	Issuance of shares	Divi- dends	Transactions with non- controlling interests	Balance at 6.30.2013
<b>Issued capital</b>								
Number of shares	23,000,000							23,000,000
Issued capital (EUR 000s)	1,150							1,150
<b>Reserves</b>								
for employee stock option plans (EUR 000s)	2,421							2,421
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	63,782							63,782
<b>Treasury shares</b>								
Number of shares	1,759,292							1,759,292
Treasury shares at cost (EUR 000s)	-3,281							-3,281
<b>Accumulated deficit (EUR 000s)</b>	<b>-45,754</b>	<b>-695</b>						<b>-46,449</b>
<b>Accumulated other comprehensive income/losses</b>								
Currency translation differences (EUR 000s)	-1,384	-40						-1,424
Unrealized gains/(losses) from available-for-sale securities (EUR 000s)	-2,028	60						-1,968
Unrealized gains/(losses) from investments in equity instruments available-for-sale (EUR 000s)	3,274	53						3,327
<b>Equity attributable to shareholders of the parent company (EUR 000s)</b>	<b>18,180</b>	<b>-622</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,558</b>
Non-controlling interests (EUR 000s)	265	65				-95		235
<b>Total equity (EUR 000s)</b>	<b>18,445</b>	<b>-557</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-95</b>	<b>0</b>	<b>17,793</b>

**Consolidated statement of changes in equity (IFRS)**

	Balance at 1.1.2014	Total income and expense recognized in equity	Share- based payment	Purchase of treasury shares	Issuance of shares	Divi- dends	Transactions with non- controlling interests	Balance at 6.30.2014
<b>Issued capital</b>								
Number of shares	23,000,000							23,000,000
Issued capital (EUR 000s)	1,150							1,150
<b>Reserves</b>								
for employee stock option plans (EUR 000s)	2,472		55					2,527
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	63,782							63,782
<b>Treasury shares</b>								
Number of shares	1,759,292							1,759,292
Treasury shares at cost (EUR 000s)	-3,281							-3,281
<b>Accumulated deficit (EUR 000s)</b>	<b>-40,786</b>	<b>-1,856</b>						<b>-42,642</b>
<b>Accumulated other comprehensive income/losses</b>								
Currency translation differences (EUR 000s)	-909	28						-881
Unrealized gains/(losses) from available-for-sale securities (EUR 000s)	-1,168	9						-1,159
Unrealized gains/(losses) from investments in equity instruments available-for-sale (EUR 000s)	3,079	51						3,130
<b>Equity attributable to shareholders of the parent company (EUR 000s)</b>	<b>24,339</b>	<b>-1,768</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,626</b>
Non-controlling interests (EUR 000s)	236	36					50	322
<b>Total equity (EUR 000s)</b>	<b>24,575</b>	<b>-1,732</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>22,948</b>

## Notes

### Consolidated segment information (IFRS)

<b>H1 2014</b>	<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
<b>Total Revenues</b>	<b>4,618</b>	<b>14,168</b>	<b>3,489</b>	<b>153</b>	<b>-177</b>	<b>22,251</b>
<i>thereof external</i>	4,598	14,164	3,489	0	0	22,251
<i>thereof intersegment</i>	20	4	0	153	-177	0
<b>Expenses</b>	<b>-5,378</b>	<b>-14,525</b>	<b>-3,471</b>	<b>-1,271</b>	<b>153</b>	<b>-24,492</b>
<i>thereof amortization and depreciation</i>	-13	-35	-36	-24	0	-108
<i>thereof other non-cash income</i>	0	162	0	0	0	162
<i>thereof other non-cash expenses</i>	-11	-179	-4	-55	0	-249
<b>EBITDA</b>	<b>-746</b>	<b>-323</b>	<b>55</b>	<b>-1,095</b>	<b>-24</b>	<b>-2,133</b>
<b>EBIT</b>	<b>-760</b>	<b>-357</b>	<b>18,2</b>	<b>-1,118</b>	<b>-24</b>	<b>-2,241</b>
<b>Financial income</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>484</b>	<b>-6</b>	<b>480</b>
<b>Financial expenses</b>	<b>-4</b>	<b>-2</b>	<b>-2</b>	<b>-50</b>	<b>6</b>	<b>-52</b>
<b>Income taxes</b>						<b>-7</b>
<b>Net income for the period</b>						<b>-1,820</b>

<b>H1 2013</b>	<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
<b>Total Revenues</b>	<b>9,751</b>	<b>12,182</b>	<b>3,247</b>	<b>308</b>	<b>-344</b>	<b>25,144</b>
<i>thereof external</i>	9,725	12,173	3,246	0	0	25,144
<i>thereof intersegment</i>	26	9	1	308	-344	0
<b>Expenses</b>	<b>-10,115</b>	<b>-12,447</b>	<b>-3,016</b>	<b>-589</b>	<b>308</b>	<b>-25,859</b>
<i>thereof amortization and depreciation</i>	-59	-20	-31	-27	0	-137
<i>thereof other non-cash income</i>	0	0	2	0	0	2
<i>thereof other non-cash expenses</i>	-60	-47	0	-7	-14	-128
<b>EBITDA</b>	<b>-305</b>	<b>-245</b>	<b>261</b>	<b>-253</b>	<b>-36</b>	<b>-578</b>
<b>EBIT</b>	<b>-364</b>	<b>-265</b>	<b>230</b>	<b>-280</b>	<b>-36</b>	<b>-715</b>
<b>Financial income</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>223</b>	<b>-11</b>	<b>220</b>
<b>Financial expenses</b>	<b>-8</b>	<b>-3</b>	<b>0</b>	<b>-46</b>	<b>11</b>	<b>-46</b>
<b>Income taxes</b>						<b>-89</b>
<b>Net income for the period</b>						<b>-630</b>

### 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 euros. 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, 2013.

The consolidated interim financial statements as of June 30, 2014 were authorized for issue by the Board of Directors on July 24, 2014.

### 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, 2013.

Since that time IFRIC 21 "Levies" has been adopted. This interpretation is not expected to have an impact on the consolidated financial statements.

### 3. Consolidated group

The entities included in consolidation are as follows:

<i>Entity</i>	<i>6.30. 2014 Percent</i>	<i>12.31. 2013 Percent</i>
<i>ad pepper media GmbH, Nuremberg, Germany</i>	<i>100</i>	<i>100</i>
<i>ad pepper media Benelux B.V., Amsterdam, the Netherlands</i>	<i>100*</i>	<i>100</i>
<i>ad pepper media Denmark A/S, Copenhagen, Denmark</i>	<i>100</i>	<i>100</i>
<i>ad pepper media UK Ltd, London, United Kingdom</i>	<i>100</i>	<i>100</i>
<i>ad pepper media France S.A.R.L., Paris, France</i>	<i>100</i>	<i>100</i>
<i>ad pepper media Spain S.A., Madrid, Spain</i>	<i>65**</i>	<i>100</i>
<i>ad pepper media USA LLC, New York, USA</i>	<i>100</i>	<i>100</i>
<i>Webgains Ltd, London, United Kingdom</i>	<i>100</i>	<i>100</i>
<i>Globase International ApS, Copenhagen, Denmark</i>	<i>100</i>	<i>100</i>
<i>ad agents GmbH, Herrenberg, Germany</i>	<i>60</i>	<i>60</i>

\* in liquidation  
 \*\* ad pepper media International N.V. sold, effective January 31, 2014 a non-controlling interest of 35 percent of the fully consolidated entity ad pepper media Spain S.A. to its Managing Director.



#### 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 Interim Management Report.

The following one-off items affecting the income statement occurred in the period under review:

Financial result includes net realized gains from the sale of securities of EUR 352k (H1 2013: EUR 80k) and unrealized net valuation gains/losses of EUR -24k (H1 2013 EUR 0k).

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

Other financial liabilities decreased by EUR 706k. This was mainly due to payments of variable remuneration elements.

Trade receivables decreased by EUR 1,483k, while trade payables fell by EUR 1,038k. This was due to the lower volume of sales in Q2/2014 compared with Q4/2013.

Of available-for-sale investments in equity instruments, an amount of EUR 4,554k relates to the 4.46 percent minority stake held in Brand Affinity Technologies Inc. (12.31.2013: EUR 4,503k). Upon preparation of the half-year financial statements, the Group examined in detail whether there was any impairment of the investment held. This company is currently undergoing reorganization, as a result of which all forecasts involve great uncertainty. Its business performance and all changes of a legal and economic nature remain subject to the strictest monitoring.

#### 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, display), "Webgains" (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, 2013.

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 intersegment transaction.

#### Geographical information

The Group operates in four principal geographical areas: Germany, Scandinavia, Spain and the United Kingdom. The operating business in the Netherlands was discontinued as of June 30, 2013. Figures for "Scandinavia" of the corresponding period of the previous year include activities of Emediate ApS which have been sold as per November 01, 2013. 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. Long-term assets do not include financial instruments or deferred tax assets:

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>H1 2014</b>	<b>H1 2013</b>	<b>6.30. 2014</b>	<b>6.30. 2013</b>
	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>EUR 000s</i>
<i>The Netherlands</i>	0	195	0	11
<i>Germany</i>	6,520	8,467	374	242
<i>Scandinavia</i>	1,253	4,357	2	136
<i>United Kingdom</i>	11,040	8,737	174	51
<i>Spain</i>	1,477	1,495	1	3
<i>Other</i>	1,961	1,893	13	4
<b>Total</b>	<b>22,251</b>	<b>25,144</b>	<b>564</b>	<b>447</b>

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 shareholders' resolution dated May 13, 2014, the Board of Directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months.

As of June 30, 2014, ad pepper media International N.V. held 1,759,292 treasury stock (June 30, 2013: 1,759,292) at a nominal value of EUR 0.05 each, corresponding to 7.65 percent (June 30, 2013: 7.65 percent) of the share capital.

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

### Sale of treasury stock

No treasury shares were sold during the first six months 2014 (H1 2013: 0). No shares were sold under the employee stock option plans and no cash settlements amounting for fully vested stock options occurred (H1 2013: 0).

### Number of shares outstanding

The number of shares issued and outstanding as of June 30, 2014 totals 21,240,708 (June 30, 2013: 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. Stock options and shareholdings

As of June 30, 2014, a total of 1,313,900 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 3.795.

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

	Shares as of 6.30.2014	Options as of 6.30.2014
<b>Board of Directors</b>		
<i>Dr. Ulrike Handel</i>	0	300,000
<i>Dr. Jens Körner</i>	0	210,000
<b>Former Board of Directors</b>		<b>389,500</b>
<b>Supervisory Board</b>		
<i>Michael Oschmann</i>	0	0
<i>Thomas Bauer</i>	0	0
<i>Eun-Kyung Park</i>	0	0
<i>Dr. Stephan Roppel</i>	0	0
<b>Associated companies</b>		
<i>EMA B.V.</i>	9,486,402	0
<i>Euro Serve Media GmbH</i>	436,963	0
<b>Employees</b>		<b>414,400</b>

### 9. Report on major transactions with related companies and persons

There have been no material changes in transactions with related parties compared with the 2013 financial year.

### 10. 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, 2014.

Amsterdam/Nuremberg, July 24, 2014

Dr. Ulrike Handel, Dr. Jens Körner

## Company calendar

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

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### Company calendar

<i>Quarterly report II/2014</i>	<i>August 13, 2014</i>
<i>Quarterly report III/2014</i>	<i>November 12, 2014</i>

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Dr. Ulrike Handel, CEO  
Dr. Jens Körner, CFO

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