the e-advertising network

Unaudited condensed interim consolidated financial statements as of June 30, 2011

- Overall, sales and earnings growth fall short of expectations in first six months of 2011 financial year
- Annual General Meeting on May 17, 2011 approves payment of tax-free dividend (special distribution) of EUR 0.05 per share
- ad pepper media International N.V. increases stake in SocialTyze LLC by further 10 percent to 20 percent
- ad agents wins SEA pitch for ERGO insurance group

Selected group key figures

	4.1.-6.30.2011	4.1.-6.30.2010	Change	1.1.-6.30.2011	1.1.-6.30.2010	Change
	EUR 000s	EUR 000s	Percent	EUR 000s	EUR 000s	Percent
Net sales	13,370	12,889	3.7	26,229	24,884	5.4
Gross profit	5,934	6,035	-1.7	11,344	11,325	0.2
EBIT	-1,035	304	>-100	-2,260	322	>-100
Net income for period	-896	632	>-100	-2,048	1,051	>-100
Earnings per share in EUR (basic)	-0.04	0.03	>-100	-0.10	0.04	>-100

	6.30.2011	6.30.2010	Change
	EUR 000s	EUR 000s	Percent
Liquid funds*	17,278	21,846	-20.9
Equity	22,862	22,673	0.8
Total assets	32,167	32,432	-0.8
No. of employees	289	238	21.4

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

Major events

Sales and earnings fall short of expectations in 1st half of 2011

ad pepper media International N.V. generated year-on-year sales growth of 5.4 percent in the first six months of the current financial year, with highly divergent developments in its three segments. The Webgains (29 percent) and ad agents (10 percent) segments once again acted as the key growth drivers. The ad pepper media segment, on the other hand, posted a disappointing performance, with a 8 percent drop in sales. Given the current sales performance and the substantial investments made in technology, earnings before interest, taxes, depreciation and amortization (EBITDA) were correspondingly negative at EUR -1,995k in the first half of 2011 (H1 2010: EUR 691k). At EUR -2,260k, earnings before interest and taxes (EBIT) were also clearly unsatisfactory (H1 2010: EUR 322k).

ad pepper media approves payment of special dividend

The Annual General Meeting held on May 17, 2011 approved a capital repayment of EUR 0.05 per share to be charged to the additional paid-in capital without any change in the share's par value. The capital repayment was paid to shareholders by their account-holding banks via Clearstream Banking AG from May 18, 2011 onwards. As the dividend was paid in full from the tax deposit account pursuant to § 27 of the Corporate Income Tax Act (KStG) (not from the contribution made to nominal capital), the repayment was not subject to any capital gains tax or solidarity surcharge.

ad pepper media International N.V. increases stake in SocialTyze LLC by a further 10 percent

ad pepper media International N.V. has increased the stake it holds in SocialTyze LLC, Los Angeles, one of the leading providers of social media solutions in the USA, by a further 10 percent. The purchase price amounts to USD 1.25 million.

ad pepper media thus owns a total of 20 percent of the shares in SocialTyze, with the remainder still owned by the company's founding shareholder.

ad agents GmbH wins SEA pitch for ERGO insurance group

ad agents GmbH has been awarded the entire SEA budget for the ERGO insurance group, amounting to EUR 10 million. Alongside the ERGO umbrella brand, the contract also covers the DKV, D.A.S., ERGO Direkt and ERV brands. During the three-month pitch, ad agents GmbH managed to beat numerous competitors and convince the client with its SEA solution. Not only that, the agency is able to offer intelliAd, the leading tool for bid management and multichannel optimization. By winning this top contract, ad agents has once again confirmed that it is among the leading SEO/SEA agencies in Germany-speaking countries.

Macroeconomic framework

World/Europe/Germany

According to figures released by the International Monetary Fund (IMF), the global economy grew robustly once again at the beginning of 2011. Notwithstanding this return to a solid growth path, however, the IMF still sees the global economy as facing a number of challenges. Alongside the massive rise in the oil price due in no small measure to the political unrest in the Middle East and North Africa and the public sector budget crisis in various euro area member states, experts are concerned above all by the high level of government debt in the USA. Due to ongoing high growth among emerging economies, however, the IMF nevertheless still expects to see global growth of 4.4 percent in 2011 as a whole.
Based on developments so far, the German economy remains well placed in 2011. The IMF now expects to see growth of 2.5 percent in 2011 and of 2.1 percent in 2012. The IMF has therefore raised its forecasts by 0.3 percentage points for this year and by 0.1 percentage points for next year compared with the figures it released back in January.

Advertising market

The relevance of online advertising was further boosted in the first half of 2011 by innovative technologies, growing broadband frequencies and the next generation of large-scale advertising formats. Online advertising's ever broader footing within the media mix was also reflected by the ongoing migration of advertising budgets towards online channels in the first six months of the year. According to the latest study released by the Circle of Online Marketers (OVK), in Germany the internet has for the first time slightly overtaken newspapers, establishing itself as the second most important advertising medium. This statement is backed up by "The Nielsen Company", whose figures for the first half of the year reveal substantial growth in advertising spending on digital marketing.
One key benefit of online advertising is the fact that the internet allows advertisers to enter directly into dialogue with potential consumers without any switch of media channel. Not only that, online advertising campaigns offering performance-based compensation models represent a key factor in determining advertisers' budget allocation decisions.

This shift towards online advertising is currently also benefiting from the levels of effectiveness achievable with digital adverts. The latest technological developments offer new possibilities of enhancing the performance of banners, rich media adverts and video adverts, and thus of increasing their relevance for adverts activated.

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 16 offices in eight 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 Europe's fastest-growing network of affiliates, 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 sites of advertisers (merchants) and receive a percentage of the sales generated there in return.
It is not only the service Webgains offers that is so convincing – in the past two years it has also taken the lead by offering innovative technological features, such as iSense SiteSeeker, Voucher Management Tool, Page Peel and mobile tracking, on its platform.

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.

Share

Share price performance

ad pepper media's share price performed stably in the first six months of the year. It closed at EUR 1.91 on June 30, 2011, 6 percent higher than its closing price at the end of December 2010 (EUR 1.80).

Key share data

Security Identification Number (WKN)	940883
ISIN	NL0000238145
Market segment	Prime Standard
Designated Sponsor	Equinet
Number of shares	23,000,000
Market capitalization (as of 6.30.2011)	EUR 44m

Share price performance over the past twelve months (Xetra)

Shareholder structure

Status: 6.30.2011

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	92,582	0.40
Viva Media Service GmbH	77,670	0.34
Subtotal	**12,858,433**	**55.91**
Free float	10,141,567	44.09
Total	**23,000,000**	**100.00**

Earnings, financial and net asset position

Earnings position

First-half sales at ad pepper media International N.V. grew by EUR 1,345k, or 5.4 percent, to EUR 26,229k (H1 2010: EUR 24,884k), with widely divergent levels of sales growth in the three segments.

While the Webgains and ad agents segments continued to benefit from substantial growth momentum, with sales growth of 29.2 percent, or EUR 2,149k, to EUR 9,508k (H1 2010: EUR 7,359k) and 10.1 percent, or EUR 334k, to EUR 3,639k (H1 2010: EUR 3,305k) respectively, the ad pepper media segment posted a disappointing sales performance in the first half of the year. Sales here showed an overall decline of 8.0 percent, or EUR 1,131k, to EUR 13,082k (H1 2010: EUR 14,213k). Closer analysis shows that sales in this segment fell short of expectations in the Dutch and British country markets in particular. The year-on-year drop in sales in these two countries amounted to EUR 1,040k in total. Assuming these countries had at least managed to match the previous year's level of sales, the downturn in sales in the ad pepper media segment would have been considerably lower at 1.0 percent. In this case, the Group's sales growth would have amounted to 10 percent. A combination of cost optimization measures and a stricter focus of our product mix for these countries should produce substantially better results in the second half of the year.

The gross profit, which underperformed sales, amounted to EUR 11,344k (H1 2010: EUR 11,325k), resulting in a correspondingly lower gross margin of 43.3 percent (H1 2010: 45.5 percent). Here too, the key figures reflect the markedly weaker performance of the ad pepper media segment compared with the Webgains and ad agents segments.

Operating expenses increased significantly year-on-year, rising by 24 percent from EUR 11,003k to EUR 13,604k in the first six months of the current year. The key factors driving this development were the investments made in expanding technology personnel resources, especially in connection with the newly developed real time bidding and data platform due to be officially launched in the third quarter. Alongside these investments, staff cutting measures led to one-off expenses of EUR 200k. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -1,995k in the first half of 2011 (H1 2010: EUR 691k), while earnings before interest and taxes (EBIT) amounted to EUR -2,260k, as against EUR 322k in the previous year's period.

Earnings before taxes (EBT) totaled EUR -1,782k in the first six months of the financial year (H1 2010: EUR 1,055k). At EUR -2,048k, net income for the period was also negative (H1 2010: EUR 1,051k).

Financial position

The gross cash flow amounted to EUR -1,731k (H1 2010: EUR 686k). A figure of EUR -3,501k was reported for the cash flow from operations, as against EUR -1,372k in the first six months of 2010. The net cash flow from investing activities amounted to EUR 2,996k in the first half of 2011 (H1 2010: EUR 227k). The cash flow from financing activities totaled EUR -1,163k in the first six months of 2011, compared with EUR 235k in the previous year's period.

Net asset position

Total assets reduced year-on-year by EUR 265k to EUR 32,167k. Due among other factors to the special dividend paid in May and the increase in the stake held in SocialTyze LLC, liquid funds (including securities measured at fair value and fixed-term deposits) dropped to EUR 17,278k (6.30.2010: EUR 21,846k). 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 71.1 percent (6.30.2010: 69.9 percent).

Employees

As of June 30, 2011, the ad pepper media Group had 289 employees, as against a total of 238 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:

	6.30.2011 Number	6.30.2010 Number
ad pepper media	158	140
Webgains	81	60
ad agents	26	16
Administration	24	22

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, 2010. Reference is therefore made to the information presented in the management report for the 2010 financial year.

Outlook

The operating performance of the ad pepper media Group in the first six months of the financial year was negatively affected by the weak growth in the ad pepper media segment, while the other two segments – Webgains and ad agents – upheld their very pleasing growth trends. In view of this situation, the third quarter will also be noticeably affected by measures aimed at adapting cost structures in the ad pepper media segment to the development in its sales and margins. We therefore expect to see further losses in the third quarter, in any case traditionally a weaker period due to the summer months. On the other hand, we also expect to see growth momentum in this segment following the deployment of the newly developed real time bidding and data platform due to be officially launched in the coming quarter. Given the optimization measures already introduced and those still planned, the fourth quarter in particular should then show a pleasing performance, not least due to the ongoing dynamic growth expected in the Webgains and ad agents segments.

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 15, 2011

ad pepper media International N.V.

Ulrich Schmidt, Jens Körner, Michael A. Carton

Consolidated income statement (IFRS)

	Q2 / 2011	Q2 / 2010	1.1.-6.30.11	1.1.-6.30.10
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
Revenues	**13,370**	**12,889**	**26,229**	**24,884**
Cost of sales	-7,436	-6,854	-14,885	-13,559
Gross profit	**5,934**	**6,035**	**11,344**	**11,325**
Selling and marketing expenses	-4,210	-3,980	-8,280	-7,719
General and administrative expenses	-2,569	-2,307	-5,196	-4,260
Other operating income	123	1,073	262	1,592
Other operating expenses	-313	-517	-390	-616
Earnings before interest and taxes	**-1,035**	**304**	**-2,260**	**322**
Financial income	194	361	489	823
Financial expenses	-5	-31	-11	-90
Earnings before taxes	**-846**	**634**	**-1,782**	**1,055**
Income taxes	-50	-2	-266	-4
Net income	**-896**	**632**	**-2,048**	**1,051**
attributable to shareholders of the parent company	-931	554	-2,129	895
attributable to minority interest	35	78	81	156
Basic earnings per share on net income for the year attributable to shareholders of the parent company	-0.04	0.03	-0.10	0.04
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	-0.04	0.03	-0.10	0.04

	Q2 / 2011	Q2 / 2010	H1 2011	H1 2010
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	**21,228,840**	**21,430,651**	**21,168,415**	**21,511,138**
Weighted average number of shares outstanding (diluted)	**21,228,840**	**21,907,766**	**21,168,415**	**21,900,466**

Consolidated statement of comprehensive income (IFRS)

	Q2 / 2011 EUR 000s	Q2 / 2010 EUR 000s	H1 2011 EUR 000s	H1 2010 EUR 000s
Net income	**-896**	**632**	**-2,048**	**1,051**
Currency translation differences	-12	-180	-117	-233
Revaluation of available-for-sale securities	-103	-162	299	257
Revaluation of available-for-sale financial investments	-52	0	-240	0
Income tax recognized directly in equity	0	0	0	0
Total income and expense recognized directly in equity, net of tax	**-167**	**-342**	**-58**	**24**
Total income and expense recognized in equity	**-1,063**	**290**	**-2,106**	**1,075**
attributable to minority interest	35	78	81	156
attributable to shareholders of ad pepper media International N.V.	-1,098	212	-2,187	919

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 / 2011			Q2 / 2010			H1 2011			H1 2010		
	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
Currency translation differences (incl. minority interest)	-12	0	-12	-180	0	-180	-117	0	-117	-233	0	-233
Revaluation of available-for-sale securities	-103	0	-103	-162	0	-162	299	0	299	257	0	257
Revaluation of available-for-sale financial investments	-52	0	-52	0	0	0	-240	0	-240	0	0	0
Total income and expense recognized directly in equity	**-167**	**0**	**-167**	**-342**	**0**	**-342**	**-58**	**0**	**-58**	**24**	**0**	**24**

Consolidated balance sheet (IFRS)

Assets	6.30.2011	12.31.2010
	EUR 000s	EUR 000s
Non-current assets		
Goodwill	24	24
Intangible assets	334	457
Property, plant and equipment	460	445
Securities at fair value through profit and loss	2,404	3,197
Securities available-for-sale	5,856	8,524
Other financial assets	4,852	4,106
Deferred tax assets	110	113
Total non-current assets	**14,040**	**16,866**
Current assets		
Securities and deposits with maturity over three months	1,000	1,400
Trade receivables	7,363	8,030
Income tax receivables	896	675
Prepaid expenses and other current assets	491	446
Other financial assets	359	290
Cash and cash equivalents	8,018	9,803
Total current assets	**18,127**	**20,644**
Total assets	**32,167**	**37,510**

Consolidated balance sheet (IFRS)

Equity and liabilities	6.30.2011	12.31.2010
	EUR 000s	EUR 000s
Equity attributable to shareholders of the parent company		
Issued capital*	1,150	1,150
Additional paid-in capital	66,176	67,192
Treasury shares	-3,281	-3,443
Accumulated deficit	-39,968	-37,839
Accumulated other comprehensive losses	-1,402	-1,344
Total	**22,675**	**25,716**
Minority interest	187	370
Total equity	**22,862**	**26,086**
Non-current liabilities		
Deferred tax liabilities	0	0
Total non-current liabilities	**0**	**0**
Current liabilities		
Trade payables	5,748	6,437
Other current liabilities	696	1,081
Other financial liabilities	2,193	3,274
Income tax liabilities	668	632
Total current liabilities	**9,305**	**11,424**
Total liabilities	**9,305**	**11,424**
Total equity and liabilities	**32,167**	**37,510**

* 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, 2011 (December 31, 2010: 21,046,208).

Consolidated cash flow statement (IFRS)

	1.1.-6.30.2011	1.1.-6.30.2010
	EUR 000s	EUR 000s
Net income	**-2,048**	**1,051**
Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:		
Depreciation and amortization	265	369
Gain/loss on sale of fixed assets	-9	4
Share-based compensation	45	49
Gain/loss on sale of securities	-21	-266
Other financial income and financial expenses	-457	-477
Income taxes	266	4
Other non-cash expenses and income	228	-48
Gross cash flow	**-1,731**	**686**
Change in trade receivables	439	-832
Change in other assets	211	23
Change in trade payables	-689	-1,354
Change in other liabilities	-1,494	-155
Income taxes received	0	226
Income taxes paid	-402	-194
Interest received	165	228
Net cash flow from operating activities	**-3,501**	**-1,372**

Consolidated cash flow statement (IFRS)

	1.1.-6.30.2011	1.1.-6.30.2010
	EUR 000s	EUR 000s
Additions to intangible assets and property, plant and equipment	-164	-74
Proceeds from sale of intangible assets and property, plant and equipment	16	3
Purchase of other investments	-887	0
Loans granted	-150	0
Proceeds from sale/maturity of securities and maturity of fixed-term deposits	6,002	2,437
Purchase of securities	-1,821	-2,139
Net cash flow from investing activities	**2,996**	**227**
Dividends to shareholders of the parent company	-1,061	0
Dividends to minority interests	-264	0
Sale of treasury shares	209	211
Purchase of treasury shares	-47	0
Repayment of loans granted	0	24
Net cash flow from financing activities	**-1,163**	**235**
Effect of exchange rates on cash and cash equivalents	-117	-233
Cash-effective decrease/increase in cash and cash equivalents	-1,668	-910
Cash and cash equivalents at beginning of financial year	**9,803**	**13,514**
Cash and cash equivalents at end of period	**8,018**	**12,371**

Statement of changes in group equity (IFRS)

	Balance at 1.1.2010	Total income and expense recognized in equity	Share-based payment	Purchase of treasury shares	Issuance of shares	Balance at 6.30.2010
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)	2,259		49			2,308
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	64,843					64,843
Treasury shares						
Number of shares	2,267,792				-219,000	2,048,792
Treasury shares at cost (EUR 000s)	-3,410				211	-3,199
Accumulated deficit (EUR 000s)	**-40,076**	**895**				**-39,181**
Accumulated other comprehensive losses						
Currency translation differences (EUR 000s)	-1,369	-233				-1,602
Revaluation available-for-sales securities (EUR 000s)	-2,164	257				-1,907
Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)	**21,233**	**919**	**49**	**0**	**211**	**22,412**
Minority interest (EUR 000s)	105	156				261
Total equity (EUR 000s)	**21,338**	**1,075**	**49**	**0**	**211**	**22,673**

Statement of changes in group equity (IFRS)

	Balance at 1.1.2011	Total income and expense recognized in equity	Share-based payment	Purchase 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							0
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							**0**
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 losses							
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**

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, 2010.
The consolidated interim financial statements include all subsidiaries. SocialTyze LLC is not consolidated "at equity" because an operating agreement was closed which does not allow ad pepper media to exert significant influence. Hence, the investment is continuing to be valued at cost.

The consolidated interim financial statements as per June 30, 2011 were authorized for issue by the management board on July 15, 2011.

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 December 31, 2010.

No standards and interpretations have been adopted since then within the scope of the comitology procedure.

IFRS 10-12 on Consolidation, Joint Arrangements and Disclosures

The International Accounting Standards Board (IASB) completed on May 12, 2011 its improvements to the accounting requirements for off balance sheet activities and joint arrangements by issuing IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities".

IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.
IFRS 12 "Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IFRS 10 "Consolidated Financial Statements" replaces SIC-12 "Consolidation - Special Purpose Entities" and parts of IAS 27 "Consolidated and Separate Financial Statements".
IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-monetary Contributions by Venturers".
IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" are effective from January 1, 2013. Earlier application is permitted.

The potential voting rights agreed upon in the Purchase Agreement on Videovalis GmbH (call option on the remaining shares) could result in a consolidation of Videovalis GmbH in the third quarter 2013.

IFRS 13 "Fair Value Measurement"

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) issued on May 12, 2011 new guidance on fair value measurement and disclosure requirements for International Financial Reporting Standards (IFRSs). For IFRSs, IFRS 13 "Fair Value Measurement" will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IFRS 13 is effective from January 1, 2013. Earlier application is permitted. Material effects on the consolidated accounts of ad pepper media International N.V. are not expected.

Amendments to IAS 19 "Employee Benefits"

The International Accounting Standards Board (IASB) announced on June 16, 2011 the completion of its project to improve the accounting for pensions and other post-employment benefits by issuing an amended version of IAS 19 "Employee Benefits".

The amendments make important improvements by:

1. eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation.
2. streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income (OCI), thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.
3. enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The amendments will provide investors and other users of financial statements with a much clearer picture of an entity's obligations resulting from the provision of defined benefit plans and how those obligations will affect its financial position, financial performance and cash flow.

IFRS 19 is effective from January 1, 2013. IFRS 19 will have no impact on the consolidated accounts of ad pepper media International N.V.

Amendments to IAS 1 "Presentation of Financial Statements"

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), the US national standard-setter, issued on June 16, 2011 amendments that will improve the presentation of items of other comprehensive income (OCI) in financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

The amendments to IAS 1 "Presentation of Financial Statements" require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements.

The changes issued today do not address which items should be presented in OCI or which and when items should be recycled through profit or loss. However, requiring OCI to be presented as part of, or in close proximity to, the profit or loss (income) statement will make it easier for users of financial statements to assess the impact of OCI items on the overall performance of an entity.

The IASB's amendments to IAS 1 are set out in Presentation of Items of Other Comprehensive Income and are effective for financial years beginning on or after July 1, 2012.

Up to now ad pepper media International N.V. presents income statement and statements of income and expense recognized in equity in separate statements.

Insofar, the presentation will be changed with effectiveness of the amendments to IAS 1.

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 EUR 21k (H1 2010: EUR 266k), unrealized net valuation gains of EUR 0k (H1 2010: EUR 162k) as well as the allocable income of EUR 202k from the 10 percent-investment in SocialTyze LLC.
The tax result consists of current income tax accruals for profitable subsidiaries and for the allocable income from the 10 percent-investment in SocialTyze LLC which is taxable in the USA.

4. 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), "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, 2010. 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 transactions.

H1 2011	ad pepper media EUR 000s	Webgains EUR 000s	ad agents EUR 000s	Admin EUR 000s	Consoli-dation EUR 000s	Group EUR 000s
Total revenues	**13,125**	**9,627**	**3,639**	**535**	**-697**	**26,229**
thereof external	13,082	9,508	3,639	0	0	26,229
thereof intersegmental	43	119	0	535	-697	0
Expenses and other income	**-14,097**	**-10,149**	**-3,351**	**-1,427**	**535**	**-28,489**
thereof amortization and depreciation	-98	-9	-21	-138	1	-265
thereof other non-cash expenses	-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 for the period						**-2,048**

H1 2010	ad pepper media EUR 000s	Webgains EUR 000s	ad agents EUR 000s	Admin EUR 000s	Consoli-dation EUR 000s	Group EUR 000s
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
EBITDA	**1,020**	**-227**	**400**	**-264**	**-238**	**691**
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**

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 2011 EUR 000s	H1 2010 EUR 000s	6.30. 2011 EUR 000s	6.30. 2010 EUR 000s
Netherlands	1,255	1,743	20	20
Germany	8,237	7,652	564	731
Scandinavia	3,987	3,239	127	241
United Kingdom	7,225	6,376	83	80
Other	5,525	5,874	24	29
Total	**26,229**	**24,884**	**818**	**1,101**

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 May 17, 2011, 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, 2011, ad pepper media International N.V. held 1,759,292 own shares (June 30, 2010: 2,048,792) at a nominal value of 0.05 EUR each, corresponding to 7.65 percent (June 30, 2010: 8.91 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

In the first six months, no own shares (H1 2010: 0) were sold at an exercise price of EUR 0.665, none (H1 2010: 0) at a price of EUR 1.365, 137,000 (H1 2010: 194,000) at an exercise price of EUR 0.89 and none (H1 2010: 0) at a price of EUR 2.225, 57,500 (H1 2010: 25,000) shares sold at an exercise price of EUR 1.500 as well as none (H1 2010: 0) shares at a price of EUR 0.915 under the employee stock option plans.

A total of 194,500 own shares were sold in the first half-year (H1 2010: 219,000).

Number of shares outstanding

The number of shares issued and outstanding as of June 30, 2011 totals 21,240,708 (June 30, 2010: 20,951,208). Each share has a nominal value of EUR 0.05.

6. Dividends

The General Meeting of Shareholders agreed for the first time to a special distribution of funds from capital reserves of EUR 0.05 per share for the financial year 2010. A dividend of EUR 1,061,035.40 was paid out on May 18, 2011 on all shares not held in treasury.
In April 2011 ad agents GmbH distributed an amount of EUR 660k from its retained earnings. Thereof 40 percent were paid to the minority shareholders in ad agents GmbH.

7. 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 June 30, 2011.

8. 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.

9. Stock options and shareholdings

As of June 30, 2011, a total of 885,100 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. Mr. Jan Andersen departed from the supervisory board after the day of the General Meeting of Shareholders, May 18, 2011, upon his own request.

	Shares as of 6.30.2011	Options as of 6.30.2011
Board of Directors		
Ulrich Schmidt	1,005,524	280,000
Michael A. Carton	92,582	109,500
Jens Körner	0	0
Supervisory board		
Michael Oschmann	0	0
Dr. Frank Schlaberg	0	0
Merrill Dean	0	0
Associated companies		
EMA B.V.	9,486,402	0
Viva Media Service GmbH	77,670	0
Euroserve Media GmbH	436,963	0
Employees		**495,600**

10. Number of employees

At the end of the first half-year of 2011, the ad pepper media Group employed a workforce of 289 (June 30, 2010: 238).

11. Report on major transactions with related companies and persons

Transactions with related companies and persons did not change significantly compared to 2010.
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:

- Date of Transaction: January 31, 2011
  Issuer: ad pepper media International N.V.
  Person subject to registration: Merrill Clark Dean
  (Member of the Supervisory Board)
  Transaction subject to registration: purchase of 8,000 shares
  with a price of 2.3899 USD/share,
  total volume: 19,119.20 USD, stock exchange: OTC

- Date of Transaction: February 24, 2011
  Issuer: ad pepper media International N.V.
  Person subject to registration: Michael A. Carton
  (Member of managing body)
  Transaction subject to registration: purchase of 73,500 shares
  with a price of 1.20122 EUR/share,
  total volume: 88,290 EUR, stock exchange: OTC

- Date of Transaction: March 1, 2011
  Issuer: ad pepper media International N.V.
  Person subject to registration: Grabacap ApS
  Transaction subject to registration: sale of 40,000 shares
  with a price of 1.7960 EUR/share,
  total volume: 71,840 EUR, stock exchange: Xetra

Amsterdam/Nuremberg, July 15, 2011

Ulrich Schmidt Jens Körner Michael A. Carton

Company calendar

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

Quarterly report II / 2011	*August 9, 2011*
Quarterly report III / 2011	*November 9, 2011*
Analysts' Conference (Frankfurt / Main)	*November 2011*

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

We will gladly send you our 2010 Annual Report as well as the interim financial reports for 2011 in German or English. These reports are also published as PDF files at www.adpepper.com under:
Investor relations/News & publications/Reports & presentations.

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