AD PEPPER MEDIA INTERNATIONAL N.V., AMSTERDAM, THE NETHERLANDS

Annual Report 2008

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Total number of pages in this report: 40

1 MANAGING DIRECTORS' REPORT

The Managing Director's Report for the financial year 2008 has been included in the consolidated financial statements of ad pepper media International N.V. as published on the company's website (www.adpepper.com). Upon request, copies are also available at the Company's office in Nürnberg, Germany.

2 COMPANY FINANCIAL STATEMENTS OF AD PEPPER MEDIA INTERNATIONAL N.V., AMSTERDAM

2.1 DUTCH GAAP COMPANY ONLY BALANCE SHEET

December 31, 2008
(Before proposed appropriation of profit)
(in thousands of EUR)

	2008		2007	
A s s e t s				
Non-current assets				
Intangible assets [2.3.2.1]	23.597		24.025	
Equipment [2.3.2.2]	236		337	
Financial assets [2.3.2.3]	10.864		11.486	
Other financial assets [2.3.2.4]	364		280	
Marketable securities [2.3.2.5]	5.745		2.131	
Total non-current assets		40.806		38.259
Current assets				
Trade accounts receivable	45		11	
Group companies [2.3.2.6]	968		7.396	
Prepaid expenses and other current assets [2.3.2.7]	2.584		2.353	
Marketable securities [2.3.2.5]	0		3.390	
Cash and cash equivalents [2.3.2.8]	12.323		6.069	
Total current assets	15,920			19.219
Total assets		56.726		57.478

	2008		2007	
Shareholder's equity and liabilities				
Shareholder's equity				
Share capital [2.3.2.9]	1.139		1.139	
Additional paid-in capital [2.3.2.9]	66.747		66.319	
Legal reserve for capitalized R&D costs [2.3.2.9]	2.237		3.296	
Accumulated deficit [2.3.2.9]	(12.358)		(15.508)	
Accumulated other comprehensive loss [2.3.2.9]	(4.830)		(1.511)	
Net income	2.620		2.555	
		55.555		56.290
Non-current liabilities				
Provisions for deferred taxes		0		143
Total non-current liabilities		0		143
Current liabilities				
Other current liabilities [2.3.2.10]	911		749	
Accrued expenses	260		296	
Total non-current liabilities	1.171			1.045
Total shareholder's equity and liabilities		56.726		57.478

2.2 DUTCH GAAP COMPANY INCOME STATEMENT

Year ended December 31, 2008
(in thousands of EUR)

	2008	2007
Income from participations in group companies after taxes	-1.000	-3.559
Other income after taxes	3.620	6.114
Net income	2.620	2.555

2.3 NOTES TO THE DUTCH GAAP COMPANY FINANCIAL STATEMENTS

2.3.1 General

Corporate information [1]

ad pepper media International N.V. is a limited liability company incorporated in the Netherlands, domiciled at Hogehilweg 15, 1101 CB Amsterdam, the Netherlands. The Head Office is domiciled at Frankenstraße 150C, 90461 Nuremberg, Germany. The company's shares are publicly traded under WKN 940883 (ISIN NL0000238145) on the Prime Standard of the Frankfurt Stock Exchange. The business activities of ad pepper media International N.V. involve holding investments in other entities whose objective is to market advertising space on the internet, and providing services for the subsidiaries. Since its formation, ad pepper media has been geared towards acting flexibly to meet the requirements of a whole range of different markets as an international group.

ad pepper media is an international provider of interactive products and services for websites and advertisers. The company currently markets campaigns and websites in more than 50 countries and operates from 14 branches in nine European countries and the USA. ad pepper media uses state-of-the-art technology to link thousands of small, medium and large websites to a top-quality advertising network with global reach and an exact focus on its target group.

In addition to a regional, national and international marketing presence, website partners receive a large number of other important products and services such as ad serving, traffic analysis and performance optimization, provided by ad pepper media and its affiliated entities in a localised form.

The company financial statements for the year ended December 31, 2008 are authorized for issue through a resolution of the Management Board dated 26 March 2009.

In accordance with this resolution, the Annual General Meeting of Shareholders is requested to approve the company financial statements.

List of subsidiaries

Entity	Share 2008	Share 2007
ad pepper media GmbH, Nuremberg, Germany	100 %	100 %
ad pepper media Austria GesmbH, Salzburg, Austria	100 %	100 %
ad pepper media Benelux B.V., Amsterdam, the Netherlands	100 %	100 %
ad pepper media Sweden AB, Stockholm, Sweden	100 %	100 %
ad pepper media Denmark A/S, Copenhagen, Denmark	100 %	100 %
Pentamind A/S, Copenhagen, Denmark	100 %	100 %
ad pepper media Oy, Helsinki, Finland	liquidated	100 %
ad pepper media UK Ltd., London, United Kingdom	100 %	100 %
ad pepper media France S.A.R.L., Paris, France	100 %	100 %
ad pepper media Spain S.A., Madrid, Spain	100 %	100 %
ad pepper media USA LLC, New York, USA	100 %	100 %
ad pepper media Italy srl., Milan, Italy	100 %	100 %
Atlas Internet Associates s.r.o., Bratislava, Slovak Republic	liquidated	100 %
Web Measurement Services B.V., Amsterdam, the Netherlands	100 %	100 %
Crystal Reference Systems Ltd., Holyhead, United Kingdom	100 %	100 %
Webgains Ltd., London, United Kingdom	100 %	100 %
ad pepper media Australia Ltd., Melbourne, Australia	100 %	100 %
ad pepper media SA, Küssnacht am Rigi, Switzerland	100 %	100 %
Globase International ApS, Copenhagen, Denmark	100 %	100 %
Emediate ApS, Copenhagen, Denmark	100 %	100 %
EMSEAS TEKNIK AB, Stockholm, Sweden	100 %	100 %
ad agents GmbH, Herrenberg, Germany	60 %	60 %

Basis of preparation[2]

Unless stated otherwise, all amounts are in thousands of Euro.

These financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands as embodied in Part 9 of Book 2 of the Netherlands Civil Code (Dutch GAAP).

In conformity with article 402, Book 2 of the Netherlands Civil Code, a condensed statement of income is included in the ad pepper media International N.V. company accounts. These financial statements should therefore be read in conjunction with the consolidated financial statements of ad pepper media International N.V. (available on www.adpepper.com or at the Company's office in Nürnberg, Germany).

The accounting policies used are almost the same as those used in the consolidated financial statements of ad pepper media International N.V. in accordance with article 362-8 of Book 2 of

the Netherlands Civil Code. Investments in subsidiaries are accounted for at net assets value in accordance determined on the basis of IFRS as applied consolidated financial statements of ad pepper media International N.V. For details on the (relevant) IFRS accounting policies applied in the consolidated financial statements refer to the next paragraph "Accounting policies".

Accounting policies

The accounting principles stated below comprise a summary of the accounting principles as disclosed in the consolidated 2008 financial statements of ad pepper media International N.V.

Significant accounting judgments, estimates and assumptions

Judgments
In the process of applying the group's accounting policies, management has to make judgments, which have a significant effect on the amounts recognised in the financial statements:

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Development Costs
Initial capitalisation of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. Further information is presented in the note on "Intangible assets".

Impairment of Goodwill
The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Estimating an amount for the recoverable amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further information is presented in the note on "Goodwill".

Deferred Tax Assets
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. Further information is presented in the note on "Income taxes".

Impairment of available-for-sale financial assets

The group classifies certain assets as available-for-sale and recognises changes in their fair value in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognised in profit or loss. ad pepper assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. As the debts instruments have considerably decreased in its fair value, ad pepper has thoroughly assessed the need for impairment. In making this judgement, ad pepper evaluates among other factors, the normal volatility in stock-market prices as well as the impact of a lack of liquidity in trading in prevailing market conditions. However, a debt instrument classified as available-for-sale is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the debt instrument and that the loss event has impact on the estimated future cash flows of the debt instruments. Evidence of impairment may include indications that the issuer of the debt instrument is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that the issuer is facing bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears. Impairment deemed appropriate when there is convincing doubt about the creditability of the issuer or there is strong indications that the redemption of the debt instruments or the interest payments are at risk. Considering the facts that the debt instruments are covered by support agreement, guaranteeing the full redemption of the instruments, that so far all interest payments have been received in time and that there is no material deterioration of the financial fundamentals of issuers, Directors of the Board after due consideration are of the opinion that there is no evidence that the available-for-sale financial asset are impaired. No impairment losses have been recognised for available-for-sale assets at 31 December 2008 (2007: nil). Further information is presented in the note on “Current and non-current marketable securities”.

Summary of significant accounting policies

Foreign currency translation

The consolidated financial statements are presented in euros, which is the company’s functional and presentation currency. Each entity in the group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings

are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

As at the reporting date, the assets and liabilities of those subsidiaries that have a functional currency other than the euro are translated into the presentation currency of ad pepper media International N.V. (the euro) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Property, plant and equipment
Plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the useful life of the assets. The estimated useful lives of the assets are between three and ten years.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Goodwill
Goodwill (acquired) is initially measured at cost being the excess of the cost of the acquisition over the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated, from the acquisition date, to each of the group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

> represents the lowest level within the group at which the goodwill is monitored for internal management purposes; and

>is not larger than a segment based on either the group's primary or secondary reporting format determined in accordance with IFRS 8 Operating Segments.

Where goodwill forms part of a cash-generating unit or group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortized goodwill is recognised in the income statement.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during the development.

During the period of development, the asset is tested for impairment annually. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to

be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future sales. During the period in which the asset is not yet in use, it is tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value of the asset or cash-generating unit less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. The valuation model is based on a discounted cash flow method.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This increased amount shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised on the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised for goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill
Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses recognised for goodwill shall not be reversed in future periods. The group performs its annual impairment test of goodwill as at 31 December.

Investments and other financial assets
Financial assets within the scope of IAS 39 are classified as loans and receivables or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the settlement date, being the date on which the group clears the purchase or sale of a financial asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss. The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.
IAS 39.AG33A states that when an entity becomes a party to a hybrid (combined) instrument that contains one or more embedded derivatives, paragraph 11 requires the entity to identify any such embedded derivative, assess whether it is required to be separated from the host contract and, for those that are required to be separated, measure the derivatives at fair value at initial recognition and subsequently. These requirements can be more complex, or result in less reliable measures, than measuring the entire instrument at fair value through profit or loss. For that reason this Standard permits the entire instrument to be designated as at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in the preceding category.

Available-for-sale financial assets, classified as current or non-current marketable securities depending on their maturity, are non-derivative financial assets that are designated as available-for-sale. They are recognised on initial measurement at fair value. After initial measurement, available-for-sale financial assets are measured at fair value, recognising unrealised gains or losses directly in equity in the net unrealised gains reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognised in the income statement.

Fair value
The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Amortised cost
Loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets
The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the recognition of impairment, the impairment loss previously recognised is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial investments
If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the group's own equity instruments.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Shares in money market funds are also included in cash equivalents.

Interest bearing loans and borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Provisions
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Share-based payment transactions
Employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions").

In situations in which some or all of the goods or services received by the entity as consideration for equity instruments cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date.

Equity-settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external value using an appropriate pricing model, further details of which are given in subsequent notes.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

A voluntary waiver of the counterparties of granted stock options after the grant date is treated as a cancellation of the plan resulting in an accelerated vesting of the granted stock options.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (further details are provided in Note [15]).

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Only operating lease agreements exist. Payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other turnover taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services
The company generates its revenues mainly by marketing internet advertising space. Advertising customers book units (Ad Impressions, Ad Clicks, Registrations, Mail send-outs, Transactions) via the company – these are supplied over a period defined by the customer. Revenue is recognised when persuasive evidence of an arrangement exists, delivery has occurred, the price of the transaction is fixed and determinable, and recoverability is reasonably assured.
In cases in which the campaign starts before the balance sheet date and lasts beyond this date, revenue is deferred proportionately according to the units supplied or to the period, depending on the contract.
Revenue recognized leads to the recognition of unbilled receivables as long as an invoice is not send out to the client.

Interest income
Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Income taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the

balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable and deductible temporary differences, except:

> where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

>in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

>where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

>in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

> where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

>receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.3.2 *Notes to the company balance sheet*

2.3.2.1 Intangible assets

The changes in the intangible assets are:

(in thousands of EUR)	Goodwill	Trademark	Software	Total
Book value at January 1, 2007	15.766	164	1.676	17.606
Additions	4.598	-	2.800	7.398
Disposals	-	-	(14)	(14)
Amortization	-	(61)	(904)	(965)
Book value at December 31, 2007	20.364	103	3.558	24.025
Purchase value	20.364	614	5.090	26.068
Accumulated Amortization	-	(511)	(1.532)	(2.043)
Book value at December 31, 2007	20.364	103	3.558	24.025
Additions	150	23	521	694
Disposals	-	-	-	-
Amortization	-	(63)	(1.059)	(1.122)
Book value at December 31, 2008	20.514	63	3.020	23.597
Purchase value	20.514	637	5.611	26.762
Accumulated Amortization	-	(574)	(2.591)	(3.165)
Book value at December 31, 2008	20.514	63	3.020	23.597

2.3.2.2 Equipment

The changes in equipment (tangible fixed assets) are:

(in thousands of EUR)	**2008**	2007
Balance at January 1	337	283
Additions	49	221
Disposals	-	(28)
Depreciation	(150)	(139)
Balance at December 31	236	337
Purchase value	574	525
Accumulated depreciation	(338)	(188)
Balance at December 31	236	337

2.3.2.3 Financial assets

The movements during the year are as follows:

	Subsidiary companies		Participating interests		
(in thousands of EUR)	Investments	Loans	Investments	Deferred tax assets	Total
Balance at December 31, 2006	(5.570)	16.744	-	2.434	13.608
Additions	-	1.690	-	-	1.690
Disposals	-	-	-	(810)	(810)
Share of net profit	(3.559)	-	-	-	(3.559)
Investments in subsidiaries	4.399	(3.814)	-	-	585
Translations adjustments	(28)	-	-	-	(28)
Balance at December 31, 2007	(4.758)	14.620	-	1.624	11.486
Additions	-	4.184	1.843	-	6.027
Disposals	-	(2.548)	-	(1.624)	(4.172)
Share of net profit	(1.000)	-	-	-	(1.000)
Investments in subsidiaries	10.508	(10.508)	-	-	-
Translations adjustments	(1.477)	-	-	-	(1.477)
Balance at December 31, 2008	3.273	5.748	1.843	-	10.864

On 2 May 2008 ad pepper media acquired a 4.5 percent share of the capital stock in Brand Affinity Technology Inc. This company (founder of dMarc Broadcasting Inc.), which was established by brothers Chad and Ryan Steelberg, refers to itself as a "Partnership marketing and branded advertising network". Using its patented software platform, the aim of Brand affinity is to bring together celebrities (e.g. from the worlds of sports, movies and entertainment) and advertisers in order to strike up sponsor and marketing agreements. The company is currently still at an early stage of its business. The participation is carried at cost. The purchase price totaled USD 2.5m (EUR 1.6m).

On 12 November 2008 ad pepper media also acquired a 10 percent share in Critical Niche for the amount of USD 0.25m (EUR 0.2m). This participation (non-controlling) is also carried at cost.

2.3.2.4 Other Financial Assets

The Other financial assets comprise of long term loan receivables from the current board member Mr. Carton who is also a shareholder. These loans bear interest of 3.9 percent and a maturity of up to four years.

2.3.2.5 Marketable securities

The securities as of 31 December 2008 consist of available-for-sale securities and of securities at fair value through profit and loss (2007: entirely of available-for-sale securities).

Non-current securities have a remaining term of more than one year or if shorter then their disposal within one year is not planned.

Available for sale securities
In the reporting year, available-for-sale securities were acquired for kEUR 0 (2007: kEUR 1,500) and sold for a total of kEUR 0 (2007: kEUR 3,460). The losses incurred in the financial year amount to kEUR 0 (2007: kEUR 30), including losses of kEUR 0 (2007: kEUR 30) from the release from the restricted part of equity.

In the reporting period, unrealized losses of kEUR 1,366 (2007: kEUR 805) were recognized directly in equity.

The maturities of the available-for-sale securities as of the end of the period are as follows:

Fair value	31,12,2008 kEUR	31,12,2007 KEUR
Due within one year	720	1,290
Due between one and five years	1,050	2,100
Due in more than five years	2,385	2,131
Total	4,155	5,521

Fair value through profit and loss securities

In the reporting year, securities at fair value through profit and loss were acquired for kEUR 1,590 (2007: nil) and sold for a total of kEUR 0 (2007: nil). The losses incurred in the financial year amount to kEUR 0 (2007: nil). ad pepper media has chosen this „fair value option“ for the newly acquired securities as the contract includes embedded derivates.

The maturities of the securities at fair value through profit and loss as of the end of the period are as follows:

Fair value	31,12,2008 kEUR	31,12,2007 KEUR
Due within one year	0	0
Due between one and five years	0	0
Due in more than five years	1,590	0
Total	1,590	0

2.3.2.6 Group companies

The receivables from group companies mature within one year.

2.3.2.7 Prepaid expenses and other current assets

(in thousands of EUR)	**2008**	2007
Other current assets	1.686	1.783
Prepaid expenses	898	570
	2.584	2.353

Also included are receivables from a pending purchase price payment of kEUR 0 (2007: kEUR 466) and from a earnout-component of kEUR 1,200 (2007: kEUR 758) in connection with the sale of the investment in dMarc Broadcasting Inc.. The amount was received on bank in early March 2009. Loan receivables of kEUR 137 have been written off in full (2007: allowance of kEUR 137).

2.3.2.8 Cash and cash equivalents

No restrictions to cash exist at balance sheet date.

2.3.2.9 Shareholder's equity

Issued capital
The issued capital of ad pepper media International N.V. comprises 11,394,854 (2007: 11,394,854) bearer shares each with a nominal value of EUR 0.10.

Additional paid-in capital
Proceeds from the issuance of shares increased the additional paid-in capital by the amount by which they exceeded the par value of the shares.

Treasury shares
By resolution of the annual general meeting on 27 May 2008, the management board was authorized to purchase treasury shares of up to 5 percent of the share capital. Altogether 189,617 treasury shares were purchased in 2008 (2007: 169,200 shares). ad pepper media International N.V. held 382,513 treasury shares as of 31 December 2008 (2007: 192,896 treasury shares).

The corresponding value of these shares, being kEUR 464 (2007: kEUR 1,269) has been deducted from the Accumulated deficit.

Sale of treasury shares
In 2008 no treasury shares were sold.

In 2007 5,600 shares were sold at an exercise price of EUR 1.33, 5,400 at a price of EUR 2.73, 3,500 at a price of EUR 1.78 and 4.750 at a price pf EUR 4.45 under the stock option plans.
In 2007, 167,674 additional treasury shares were sold to settle purchase liabilities resulting from the acquisition of Webgains Ltd.

Number of shares outstanding
The number of shares issued and outstanding as of 31 December 2008 totaled 11,012,341 (2007: 11,201,958). Each share has a nominal value of EUR 0.10.

Authorized unissued capital
The authorized unissued capital totals EUR 32,000 (EUR: 32,000) and comprises 320,000 shares (2007: 320,000 shares).

Accumulated other comprehensive losses
Accumulated other comprehensive losses include losses on available-for-sale securities of kEUR 3,353 (2007: kEUR 1,400), taking into account deferred taxes of kEUR 0 (2007: kEUR 647), and accumulated exchange differences of kEUR –1,477 (2007: kEUR -111 k) from the translation of the financial statements of foreign subsidiaries.

Legal reserve for R&D costs
The legal reserve for capitalized R&D costs is a restricted part of equity that is released against unrestricted equity upon amortization of the assets.

For movements in the shareholder's equity refer to the following table:

	Issued capital	Additional paid-in capital	Legal reserve for capitalised R&D costs	Accumulated deficit	Accumulated other comprehensive losses		Total
					Currency translation differences	Market valuation of available-for-sale securities	
	EUR k	EUR k		EUR k	EUR k	EUR k	EUR k
Balance at 1 January 2007	**1.116**	**61.859**	**1.710**	**-12.995**	**-139**	**-698**	**50.853**
Currency translation differences	0	0	0	0	28	0	28
Changes legal reserve capitalized R&D costs	0	0	1.586	-1.586	0	0	0
Unrealised gains/losses on securities	0	0	0	0	0	-702	-702
Total income and expense for the year recognised directly in equity	0	0	1.586	-1.586	28	-702	-674
Net income for the year	0	0		2.555	0	0	2.555
Total recognised income and expense for the year	0	0	1.586	969	28	-702	1.881
Stock-based compensation	0	439	0	0	0	0	439
Increase in capital	23	2.273	0	0	0	0	2.296
Purchase of treasury shares	0	0	0	-1.230	0	0	-1.230
Issuance of treasury shares	0	1.748	0	303	0	0	2.051
Acquired minority interest	0	0	0	0	0	0	0
Balance at 31 December 2007	**1.139**	**66.319**	**3.296**	**-12.953**	**-111**	**-1.400**	**56.290**
Balance at 1 January 2008	**1.139**	**66.319**	**3.296**	**-12.953**	**-111**	**-1.400**	**56.290**
Currency translation differences	0	0	0	0	-1.366	0	-1.366
Changes legal reserve capitalized R&D costs	0	0	-1.059	1.059	0	0	0
Unrealised gains/losses on securities	0	0	0	0	0	-1.953	-1.953
Total income and expense for the year recognised directly in equity	0	0	-1.059	1.059	-1.366	-1.953	-3.319
Net income for the year	0	0		2.620	0	0	2.620
Total recognised income and expense for the year	0	0	-1.059	3.679	-1.366	-1.953	-699
Stock-based compensation	0	428	0	0	0	0	428
Purchase of treasury shares	0	0	0	-464	0	0	-464
Dividends paid to minorities	0	0	0	0	0	0	0
Balance at 31 December 2008	**1.139**	**66.747**	**2.237**	**-9.738**	**-1.477**	**-3.353**	**55.555**

2.3.2.10 Other current liabilities

The other current liabilities comprise mainly of bonus accruals.

2.3.2.11 Stock option program

Prior to the company's IPO in 2000, the extraordinary general meeting of ad pepper media International N.V. adopted a pre-IPO stock option plan for all of the employees of the company or its subsidiaries at the time of the IPO. The options issued in 2000 under this plan may be exercised ten years after the IPO with no conditions imposed, or before this date in four equal tranches if the respective performance targets have been met (25 percent after the first year if the market price during this period exceeds EUR 19.55 on one occasion, 25 percent after two years if the market price during this period exceeds EUR 22.10 on one occasion, 25 percent after three years if the market price during this period exceeds EUR 23.80 on one occasion, 25 percent after four years if the market price during this period exceeds EUR 25.50 on one occasion). The options expire if an employee terminates his or her employment contract or if the employer terminates the employment for good cause.

At each of the annual general meetings on 26 April 2001, 25 April 2002, 5 May 2003, 7 May 2004, 2 May 2005, 12 May 2006 and 30 April 2007, the Management Board was authorized to repurchase up to 10 percent of the share capital as treasury shares within an 18-month period. At the annual general meetings on 27 May 2008 the Management Board was authorized to repurchase up to five percent of the share capital as treasury shares within an 18-month period. The treasury shares thus repurchased are available for acquisitions and employee stock options.

Options granted under the "Ongoing Stock Option Plan" are subject to the following provisions:

The options are granted to employees of the ad pepper media group. Altogether 500,000 shares have been reserved for the "Ongoing Stock Option Plan". The subscription ratio is one share per option right. The subscription price is based on the average share price on the Xetra exchange during the first ten trading days of May 2001 for the 2001 plan, or the first ten trading days in January for subsequent plans.

Options can first be exercised when the share price has risen at least ten percent above the subscription price, but no sooner than one year after the option has been granted. Options may be exercised in whole or in part in the three-week period after publication of the company's quarterly reports. As a rule, the stock options granted do not expire. However, the options expire if an employee terminates his or her employment contract or if the company terminates the employment for good cause.

In January 2003, the “Ongoing Stock Option Plan” for executives was replaced by the “Executive Stock Option Plan”, the aim of which is to encourage executives to remain with the company. Under this plan, a nonrecurring issue of options was granted to executives; the exercise price for these options is also based on the average share price during the first ten trading days in January. Ten percent of the options may be exercised in each of the following ten years.

Pursuant to the resolution of the general meeting dated 2 May 2005, exercise of the executive stock options can in particular cases also be settled in cash at the request of ad pepper media.

In the years 2005 and 2006 option plans to tie employees in key positions to the company were issued. These options may be exercised over a period of four years at 25 percent each year. Similar to the other plans, the exercise prices for these options are based on the average share price during the first ten trading days before grant date. The option plans do not include an exercise hurdle, but can be exercised at the earliest one year after being granted.

No stock options were granted in 2007.

An employee equity-participation program involving 610,000 options was launched for executive employees on 15 May 2008. The valuation was carried out by simulation (Monte-Carlo method). The volatility was calculated from the development of the ad pepper media International N.V. share price between 1 January 2003 and 30 April 2008. Earlier values would have distorted the estimate of volatility. One quarter of the option rights can be exercised one year after they were granted at the earliest, another quarter another year after they were granted, and so on. The fair values of the individual tranches at the time of granting are between EUR 0.564 and EUR 1.029 per issued option. The maximum cost of the program over the entire period is EUR 0.5m.

The following table shows the changes in the options during the financial year 2008:

	2008 Number	2007 Number	Subscription price EUR
Options at the beginning of the fiscal year (Pre-IPO)	112,750	112,750	13.50
Options at the beginning of the fiscal year (Ongoing SOP 2001)	38,000	43,400	2.73
Options at the beginning of the fiscal year (Ongoing SOP 2002)	10,200	15,800	1.33
Options at the beginning of the fiscal year (Ongoing SOP 2003)	0	4,100	1.78
Options at the beginning of the fiscal year (Executive SOP 2003)	790,000	820,000	1.78
Options at the beginning of the fiscal year (Ongoing SOP 2004)	42,550	48,900	4.45
Options at the beginning of the fiscal year (Executive SOP 2005)	80,000	80,000	5.32
Options at the beginning of the fiscal year (Executive SOP 2006)	100,250	618,750	7.59
Options granted (Executive SOP 2008)	610,000	-	3.00
Options forfeited (Pre-IPO)	-	-	13.50
Options forfeited (Ongoing SOP 2001)	-	-	2.73
Options forfeited (Ongoing SOP 2002)	-	-	1.33
Options forfeited (Ongoing SOP 2003)	-	-600	1.78
Options forfeited (Ongoing SOP 2004)	-	-1,600	4.45
Options forfeited (Executive SOP 2003)	-	-	1.78
Options forfeited (Executive SOP 2005)	-	-	5.32
Options forfeited (Executive SOP 2006)	-21,250	-130,000	7.59
Options forfeited (Executive SOP 2008)	-110,000	-	3.00
Options cancelled (Executive SOP 2006)	-	-388,500	7.59
Options exercised (Ongoing SOP 2001)	-	-5,400	2.73
Options exercised (Ongoing SOP 2002)	-	-5,600	1.33
Options exercised (Ongoing SOP 2003)	-	-3,500	1.78
Options exercised (Ongoing SOP 2004)	-	-4,750	4.45
Options exercised (Executive SOP 2003)	-	-30,000	1.78
Options exercised (Executive SOP 2005)	-	-	5.32
Options exercised (Executive SOP 2006)	-	-	7.59
Options at the end of the fiscal year	1,402,500	1,173,750	
Weighted subscription price in EUR	3.79	3.77	
Exercisable options as of 31 December 2007	300,750	379,500	
Weighted subscription price in EUR	4.36	3.08	

The average share price during 2008 was EUR 2.57 (2007: EUR 4.88).

The personnel expenses recorded in the past financial year in connection with stock option programs granted on the basis of equity instruments amount to kEUR 428 (2007: kEUR 438).

The fair value of the stock options was calculated applying the Black-Scholes-Model, based on the following assumptions:

	Pre-IPO	Ongoing SOP 2001	Ongoing SOP 2002	Ongoing SOP 2003	Ongoing SOP 2004
Share price when granted	13.50 EUR	2.60 EUR	1.30 EUR	1.78 EUR	4.44 EUR
Date of grant	31-05-00	18-05-01	15-01-02	15-01-03	16-01-04
Strike price	19.55 EUR	2.73 EUR	1.33 EUR	1.78 EUR	4.45 EUR
Risk-free interest rate	4.80%	4.00%	3.80%	3.50%	2.75%
Estimated term	7 years	4 years	1 year	1 year	1 year
Future dividend	0	0	0	0	0
Estimated volatility	20%	93%	68%	73%	40%

	Executive SOP 2003	Executive SOP 2005	Executive SOP 2006	Executive SOP 2008
Share price when granted	1.78 EUR	5.00 EUR	7.60 EUR	2.80 EUR
Date of grant	15-01-03	15-04-05	16-01-06	15-05-08
Strike price	1.78 EUR	5.32 EUR	7.59 EUR	3.00 EUR
Risk-free interest rate	4.50%	3.65%	3.48%	4.15%
Estimated term	10 years	4 years	4 years	10 years
Future dividend	0	0	0	0.08 to 0.12 EUR
Estimated volatility	53%	58%	56%	50%

The development in the price of the ad pepper media share in the period from 1 January 2003 to 28 April 2006 respectively 30 April 2008 was used as a basis to determine volatility for the

option plans issued in 2006 respectively 2008. Prior figures would have distorted the volatility figure.

2.3.2.12 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 31 December 2008.

2.3.2.13 Other financial obligations

Other financial obligations mainly result from rented offices and from leases for cars and office equipment. The expenses from lease agreements amounted to kEUR 41 in financial year 2008 (2007: kEUR 32). Rental expense amounted to kEUR 114 (2007: kEUR 99). The future minimum payment obligations resulting from the contracts in place as of 31 December 2008 are as follows:

Financial year (in thousands of EUR)	**2009**	**2010**	**2011**	**2012**	**2013**	**Thereafter**	**Total**
Office Rent	99	99	99	99	99	100	595
Car lease	37	18	2	0	0	0	57
Others	198	154	0	0	0	0	353
Total	**334**	**271**	**101**	**99**	**99**	**100**	**1.005**

2.3.3 Notes to the income statement

2.3.3.1 Employee information

The company employed at the end of the financial year 21 people (2007: 22).

Personnel expenses

(in thousands of EUR)	**2008**	2007
Wages and salaries	1.746	1.191
Stock option expenses	427	438
Social security costs	238	198
Voluntary employment expenses	6	3
	2.417	1.830

These costs are included in the cost of sales, selling expenses and general and administrative expenses. The average number of personnel employed during the year was:

	2008	2007
Production	7	6
Sales	3	2
Administration	14	12
	24	20

2.3.3.2 Remuneration of the Managing and Supervisory Directors

Remuneration (including pension costs) of current and former Managing and Supervisory Directors amounted to:

(in thousands of EUR)	**2008**	2007
Managing Directors	1.247	1.418
Supervisory Directors	1	5
	1.248	1.423

No other than the following board remuneration were charged to the company in the year under review, especially no long-term bonuses, pension payments or severance payments.

The bonus payments are subject to the attainment of an earnings before tax-goal which was reached in the year under review.

Remuneration of the management board 2008 (in EUR)		Periodically paid	Annual bonus	Stock based	Total
U. Schmidt	CEO	232.989	192.985	17.771	443.745
J. Körner	CFO (since 1 January 2007)	171.800	65.000	18.897	255.697
N. Nüssler	CSO	162.433	0	14.809	177.242
M.A. Carton	Director of the board	184.200	157.985	28.378	370.563
Total		751.422	415.970	79.855	1.247.247

Remuneration of the supervisory board 2008 (in EUR)					
Dr. G. Niethammer	Member of the Supervisory board	1.250	0	0	1.250

Loans of the management board 2008 (in EUR)		Principal amount	Repayment	Outstanding amount	Interest rate p.a.
U. Schmidt	CEO	n/a	n/a	n/a	n/a
J. Körner	CFO (since 1 January 2007)	n/a	n/a	n/a	n/a
N. Nüssler	CSO	n/a	n/a	n/a	n/a
M.A. Carton	Director of the board	300.000	-173.000	127.000	3,9%
Total		300.000	-173.000	127.000	

Remuneration of the management board 2007 (in EUR)		Periodically paid	Annual bonus	Stock based	Total
U. Schmidt	CEO	232.989	144.273	31.708	408.970
J. Körner	CFO (since 1 January 2007)	153.800	45.000	55.778	254.578
N. Nüssler	CSO	176.600	109.273	26.424	312.297
M.A. Carton	Director of the board	174.200	109.273	158.469	441.942
Total		737.589	407.819	272.379	1.417.787

Remuneration of the supervisory board 2007 (in EUR)					
Dr. G. Niethammer	Member of the Supervisory board	5.000	0	0	5.000

Loans of the management board 2007 (in EUR)		Principal amount	Repayment	Outstanding amount	Interest rate p.a.
U. Schmidt	CEO	n/a	n/a	n/a	n/a
J. Körner	CFO (since 1 January 2007)	n/a	n/a	n/a	n/a
N. Nüssler	CSO	n/a	n/a	n/a	n/a
M.A. Carton	Director of the board	300.000	-20.000	280.000	3,9%
Total		300.000	-20.000	280.000	

Article 383d of the Dutch Civil Code: Share-based remuneration
Number of stock options held

Management board 2008	**Pre-IPO**	**Ongoing SOP 2001**	**Exec SOP 2003**	**Exec SOP 2008**
U. Schmidt	33.000	10.000	180.000	0
J. Körner	0	0	0	80.000
N. Nüssler (until 26 November 2008)	0	0	0	0
M.A. Carton	13.000	0	126.000	75.000
Total	46.000	10.000	306.000	155.000

Supervisory board 2008	**Ongoing SOP 2004**
Dr. G. Niethammer (until 27 May 2008)	1.250
Total	1.250

Management board 2007	**Pre-IPO**	**Ongoing SOP 2001**	**Exec SOP 2003**
U. Schmidt	33.000	10.000	180.000
J. Körner (since 1 January 2007)	0	0	0
N. Nüssler	13.000	0	250.000
M.A. Carton	13.000	0	126.000
Total	59.000	10.000	556.000

Supervisory board 2007	**Ongoing SOP 2004**
Dr. G. Niethammer	1.250
Total	1.250

The principal conditions and other important data can be found in the following tables.

	Pre-IPO	Ongoing SOP 2001	Ongoing SOP 2002	Ongoing SOP 2003	Ongoing SOP 2004
Share price when granted	13.50 EUR	2.60 EUR	1.30 EUR	1.78 EUR	4.44 EUR
Date of grant	31-05-00	18-05-01	15-01-02	15-01-03	16-01-04
Strike price	19.55 EUR	2.73 EUR	1.33 EUR	1.78 EUR	4.45 EUR
Risk-free interest rate	4.80%	4.00%	3.80%	3.50%	2.75%
Estimated term	7 years	4 years	1 year	1 year	1 year
Future dividend	0	0	0	0	0
Estimated volatility	20%	93%	68%	73%	40%

	Executive SOP 2003	Executive SOP 2005	Executive SOP 2006	Executive SOP 2008
Share price when granted	1.78 EUR	5.00 EUR	7.60 EUR	2.80 EUR
Date of grant	15-01-03	15-04-05	16-01-06	15-05-08
Strike price	1.78 EUR	5.32 EUR	7.59 EUR	3.00 EUR
Risk-free interest rate	4.50%	3.65%	3.48%	4.15%
Estimated term	10 years	4 years	4 years	10 years
Future dividend	0	0	0	0.08 to 0.12 EUR
Estimated volatility	53%	58%	56%	50%

The development in the price of the ad pepper media share in the period from 1 January 2003 to 28 April 2006 respectively 30 April 2008 was used as a basis to determine volatility for the option plans issued in 2006 respectively 2008. Prior figures would have distorted the volatility figure.

The options do not expire with exception of the Exec SOP 2008 which expires on 15 May 2018.

Within the Executive SOP 2008 75,000 resp. 80,000 options were granted to two members of the board of directors, Michael A. Carton and Jens Körner, under the terms described in paragraph 2.3.2.11.

Movement in directors' holdings

Management board	2008		2007	
	Shares	Options	Shares	Options
U. Schmidt	502.762	223.000	502.762	223.000
J. Körner	0	80.000	0	0
N. Nüssler (until 26 November 2008)	38.113	0	38.113	263.000
M.A. Carton	134.089	214.000	73.703	139.000
Total	674.964	517.000	614.578	625.000

Supervisory board	2008		2007	
	Shares	Options	Shares	Options
M. Oschmann	0	0	0	0
J. Andersen	0	0	0	0
M. Dean	0	0	0	0
Dr. F. Schlaberg (since 27 May 2008)	0	0	0	0
Dr. G. Niethammer (until 27 May 2008)	19.862	1.250	19.862	1.250
Total	19.862	1.250	19.862	1.250

Associated companies	2008		2007	
	Shares	Options	Shares	Options
EMA B.V.	4.743.201	0	4.743.201	0
Euroserve Media GmbH	163.066	0	79.566	0
Viva Media Service GmbH	35.650	0	35.650	0
Grabacap ApS	424.000	0	424.000	0
Total	5.365.917	0	5.282.417	0

Mr. Schmidt is related party to Viva Media Service GmbH.
Mr. Oschmann is related party to EMA B.V. and Euroserve Media GmbH.
Mr. Andersen is related party to Grabacap ApS.

2.3.3.3 Audit fees

The external auditor, Ernst & Young Accountants LLP, charged EUR 61.853 on audit fees (2007: EUR 43.600) and EUR 0 (2007: EUR 0) on audit related fees.

Nuremberg, March 26, 2009

The Managing Board members are:

Ulrich Schmidt, Chief Executive Officer (CEO).

Jens Körner, Chief Financial Officer (CFO) since January 1, 2007

Michael A. Carton, Director of the Board

The Supervisory Board members are:

Michael Oschmann, Nuremberg, Germany, Managing director (Chairman)

Merrill Dean, Scottsdale, US, Managing director

Jan Andersen, Copenhagen, Denmark, Managing director

Dr. Frank Schlaberg, Munich, Germany, Managing Director Corporate Finance Advisory

3 OTHER INFORMATION

Appropriation of net result

According to Article 15 of the Company's articles of association, the annual meeting of shareholders determines the appropriation of the Company's net result for the year and the previous year.

The Managing Directors propose that the balance is added to retained earnings

To: The Management Board of ad pepper media International N.V.

AUDITOR'S REPORT

Report on the company financial statements

We have audited the accompanying company financial statements for the year ended 31 December, 2008 (as set out on page 6 to 42) which are part of the financial statements of ad pepper media International N.V., Amsterdam, which comprise the company only balance sheet as at 31 December 2008, the company income statement for the year then ended and the notes.

Management's responsibility
Management is responsible for the preparation and fair presentation of the company financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the company financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the company financial statements give a true and fair view of the financial position of ad pepper media International N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the company financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

The Hague, 26 March 2009

Ernst & Young Accountants LLP

/s/ M. de Kimpe