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

Annual Report 2010

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1 MANAGING DIRECTORS' REPORT

The Managing Director's Report for the financial year 2010 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). The Managing Director's Report therein comprises pages 14 to 51 with the sections "Corporate Governance", "The share", "Business activities", "Economic development", "Risk report" and "Responsibility statement". Upon request, copies are also available at the Company's office in Nuremberg, Germany.

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

2.1 COMPANY BALANCE SHEET

December 31, 2010
(Before proposed appropriation of profit / allocation of loss)
(in thousands of EUR)

	2010		2009	
A s s e t s				
Non-current assets				
Intangible assets [2.3.2.1]	450		706	
Equipment [2.3.2.2]	79		123	
Financial assets [2.3.2.3]	9.836		6.817	
Other financial assets [2.3.2.4]	8		108	
Marketable financial assets [2.3.2.5]	10.321		6.288	
Total non-current assets		20.694		14.042
Current assets				
Trade accounts receivable	4		1	
Group companies [2.3.2.6]	2.642		2.354	
Prepaid expenses and other current assets [2.3.2.7]	810		849	
Marketable securities [2.3.2.5]	1.400		1.400	
Cash and cash equivalents [2.3.2.8]	1.851		4.050	
Total current assets		6.707		8.654
Total assets		27.401		22.696

	2010		2009	
Shareholder's equity and liabilities				
Shareholder's equity				
Issued capital [2.3.2.9]	1.150		1.150	
Additional paid-in capital [2.3.2.9]	67.192		67.102	
Accumulated deficit [2.3.2.9]	(43.519)		(9.179)	
Legal reserve [2.3.2.9]	(1.344)		(3.533)	
Net income/(loss)	2.237		(34.307)	
		25.716		21.233
Non-current liabilities				
Provisions for deferred taxes		0		0
Total non-current liabilities		0		0
Current liabilities				
Other current liabilities [2.3.2.10]	1.565		783	
Accrued expenses	120		680	
Total current liabilities		1.685		1.463
Total shareholder's equity and liabilities		27.401		22.696

2.2 COMPANY INCOME STATEMENT

Year ended December 31, 2010
(in thousands of EUR)

	2010	2009
Income/(loss) from participations in group companies after taxes	1.237	(4.457)
Other income/(loss) after taxes	1.000	(29.850)
Net income/(loss)	2.237	(34.307)

2.3 NOTES TO THE COMPANY FINANCIAL STATEMENTS

2.3.1 General

Corporate information [1]

ad pepper media International N.V. (“ad pepper media”) 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 16 branches in eight 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 localized form.

The company financial statements for the year ended December 31, 2010 are authorized for issue through a resolution of the Management Board dated 17 March 2011.

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

List of subsidiaries

Entity

Entity	Share 2010	Share 2009
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 %
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 %
Web Measurement Services B.V., Amsterdam, the Netherlands	100 %	100 %
Crystal Semantics Ltd., London, 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 %

ad pepper media Austria GesmbH, ad pepper media Italy srl. and ad pepper media Australia Ltd. were in the process of liquidation on the balance sheet date.

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

Basis of preparation[2]

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

The annual accounts as per Dutch law consist of the consolidated financial statements which have been issued separately and the company only financial statements which are now presented in this annual report.

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code and in accordance with 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 Nuremberg, 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 2010 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 recognized 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 capitalization 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 capitalized, 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 recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, 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 recognizes 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 recognized in profit or loss. ad pepper media 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 media has thoroughly assessed the need for impairment. In making this judgment, ad pepper media 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 reorganization 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. Further information is presented in the note on “Current and non-current marketable securities”.

Summary of significant accounting policies

Foreign currency translation
The 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 recognized 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 recognized in equity relating to that particular foreign operation is recognized 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 derecognized 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 derecognized.

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 acquirer'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 recognized 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 amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized 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 recognized 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 amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized 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 recognized in the income statement when the asset is derecognized.

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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount. A previously recognized 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 recognized. 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 recognized on the asset in prior years. Such reversal is recognized 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 recognized 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 recognized. Impairment losses recognized for goodwill shall not be reversed in future periods. The group performs its annual impairment test of goodwill as at 31 December or earlier in the case of triggering events.

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 recognized 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 recognized 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 recognized 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.

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 amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization 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 recognized on initial measurement at fair value. After initial measurement, available-for-sale financial assets are measured at fair value, recognizing unrealized gains or losses directly in equity in the net unrealized gains reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the income statement.

Fair value
The fair value of investments that are actively traded in organized 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.

Amortized cost
Loans and receivables are measured at amortized 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 amortized cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortized 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 recognized 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 recognized is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized 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 derecognized 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 amortization) and its current fair value, less any impairment loss previously recognized 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 recognized 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 recognized 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 recognized 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 amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Provisions
Provisions are recognized 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 recognized 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 recognized 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 recognized, 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 recognized 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 recognized as at the beginning and end of that period.

No expense is recognized 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 recognized is the expense if the terms had not been modified. An additional expense is recognized 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.

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 fulfillment 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 recognized as an expense in the income statement on a straight line basis over the lease term.

Revenue recognition
Revenue is recognized 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 recognized:

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 recognized 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 recognized 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 recognized directly in equity is recognized 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 recognized 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 recognized 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 utilized 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 recognized 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 utilized.

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 utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized 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 realized 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 recognized directly in equity is recognized 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 recognized 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 recognized 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, 2009	20.514	63	3.020	23.597
Additions	5	-	18	23
Impairments	(20.495)	-	(1.578)	(22.073)
Amortization	-	(47)	(794)	(841)
Book value at December 31, 2009	24	16	666	706
Purchase value	24	637	1.158	1.819
Accumulated Amortization	-	(621)	(492)	(1.113)
Book value at December 31, 2009	24	16	666	706
Additions	-	-	6	6
Amortization	-	(5)	(257)	(262)
Book value at December 31, 2010	24	11	415	450
Purchase value	24	637	1.164	1.825
Accumulated Amortization	-	(626)	(749)	(1.375)
Book value at December 31, 2010	24	11	415	450

2.3.2.2 Equipment

The changes in equipment (tangible fixed assets) are:

(in thousands of EUR)	**2010**	2009
Balance at January 1	123	236
Additions	26	3
Depreciation	(70)	(116)
Balance at December 31	79	123
Purchase value	434	409
Accumulated depreciation	(355)	(286)
Balance at December 31	79	123

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, 2008	3.273	5.748	1.843	-	10.864
Additions	-	3.819	-	-	3.819
Disposals	(1.385)	(677)	-	-	(2.062)
Impairments	-	-	(1.621)	-	(1.621)
Share of net profit	(4.291)	-	-	-	(4.291)
Investments in subsidiaries	3.508	(3.508)	-	-	-
Translations adjustments	108	-	-	-	108
Balance at December 31, 2009	1.213	5.382	222	-	6.817
Additions	-	-	400	-	400
Reversal of impairment	-	-	1.621	-	1.621
Conversion of loan	-	-	905	-	905
Revaluation	-	-	447	-	447
Disposals	(887)	(701)	-	-	(1.588)
Share of net profit	1.237	-	-	-	1.237
Investments in subsidiaries	2.767	(2.767)	-	-	-
Translations adjustments	(3)	-	-	-	(3)
Balance at December 31, 2010	4.327	1.914	3.595	-	9.836

The participating interests contain an amount of kEUR 3,172 related to the non-controlling interest in Brand Affinity Technologies Inc. The value of the non-controlling interest in Brand Affinity Technologies Inc. is mainly originating from the reversal of an impairment of a loan receivable, which has been converted into share capital during 2010, and the fair-value revaluation of kEUR 1,967 during 2010 of the investment of Brand Affinity Technologies Inc., which was fully impaired during 2009. The revaluations occurred in connection with third-round financing at Brand Affinity Technologies Inc. In this respect, the measurement of the non-controlling interest was changed to fair value measurement. As the investment is classified as an equity instrument available-for-sale, the reversal was recognized in other comprehensive income.

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). Critical Niche was then renamed to SocialTyze. This participation (non-controlling) is carried at cost.

On August 2010 ad pepper media also acquired a 19.9 percent share in Videovalis GmbH for the amount of EUR 0.2m. This participation (non-controlling) is carried at cost.

2.3.2.4 Other Financial Assets

The Other financial assets comprise of long term loan receivables from employees.

2.3.2.5 Marketable financial assets

The marketable financial assets as of 31 December 2010 as in 2009 consist of available-for-sale securities and of securities at fair value through profit and loss.

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

As at 31 December all securities are non-current. Recognized as current in the balance sheet are only fixed-term deposits of kEUR 1,400 with a maturity of more than three months after purchase date (2009: fixed-term deposits of kEUR 1,400).

Available for sale securities
In the reporting year, available-for-sale securities were acquired for kEUR 5,161 (2009: kEUR 0) and sold for a total of kEUR 751 (2009: kEUR 129). The losses incurred in the financial year amount to kEUR 0 (2009: kEUR 780), including losses of kEUR 0 (2009: kEUR 780) from the release of other comprehensive income to profit or loss.

In the reporting period, unrealized gains of kEUR 225 (2009: kEUR 409) were recognized directly in other comprehensive income and loss. In 2010 no available-for-sale securities were impaired through the profit and loss statement (2009: kEUR 780).

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

Fair value	31,12,2010 kEUR	31,12,2009 kEUR
Due within one year	1,883	591
Due between one and five years	4,016	1,455
Due in more than five years	2,625	2,377
Total	8,524	4,423

Fair value through profit and loss securities
In the reporting year, securities at fair value through profit and loss were acquired for kEUR 4,657 (2009: 3,427) and sold for a total of kEUR 4,725 (2009: 1,590). The unrealized revaluation losses incurred in the financial year amount to kEUR 0 (2009: kEUR 162).
ad pepper media has chosen the „fair value option“ for such securities as the securities acquired 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	31,12,2010 kEUR	31,12,2009 kEUR
Due within one year	865	0
Due between one and five years	0	0
Due in more than five years	2,332	3,265
Total	3,197	3,265

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)	**2010**	2009
Other current assets	322	375
Prepaid expenses	488	474
	810	849

Other current assets are generally recognized at their nominal value.

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

No new shares in ad pepper media International N.V. were admitted for trading on the Frankfurt Stock Exchange in 2010 (2009: 210,292 shares in connection with the exercise of employee stock options in December 2009).

The issued capital of ad pepper media International N.V. comprises 23,000,000 (2009: 23,000,000) bearer shares each with a nominal value of EUR 0.05.

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
Purchase of treasury shares
By shareholders resolution of 18 May 2010, ad pepper media was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months.
The company did not carry out any share repurchase program in 2010. Consequently, no shares were acquired (2009: 1,512,474 shares)..
As of 31 December 2010 the company held 1,953,792 treasury shares (2009: 2,267,792 treasury shares) at a nominal value of 0.05 EUR each which equals 8.49 percent (2009: 9.86 percent) of the share capital. According to a shareholders resolution those shares can be used for acquisitions or stock option plans.

The corresponding value of these shares, being kEUR 0 (2009: kEUR 1,687) has been deducted from the Accumulated deficit. The overall amount deducted from the Accumulated deficit reflecting the value of treasury shares is kEUR 3,333 (2009: kEUR 3,410).

Sale of treasury shares
In the reporting year, 259,000 treasury shares were sold at an exercise price of EUR 0.89 (2009: 9,708), 45,000 at a price of EUR 1.50 (2009: 0) and 10,000 at a price of EUR 0.915 (2009: 0) under the employee stock option plans.

A total of 314,000 treasury shares were sold in the reporting year (2009: 9,708).

Furthermore, exceptional cash settlements amounting to kEUR 340 for fully vested stock options occurred. This amount were posted as a deduction from equity within the item "own shares".

Number of shares outstanding
The number of shares issued and outstanding as of 31 December 2010 totaled 21,046,792 (2009: 20,732,208). Each share has a nominal value of EUR 0.05.

Authorized unissued capital
The authorized unissued capital totals EUR 21,485.40 (2009: EUR 21,485.40) and comprises 429,708 shares (2009: 429,708 shares).

Legal reserve
This legal reserve for accumulated other comprehensive losses includes losses on available-for-sale securities of kEUR -1,939 (2009: kEUR -2,164), gains on available-for-sale equity instruments of kEUR 1,967 (2009: kEUR 0) and accumulated exchange losses of kEUR -1,372 (2009: kEUR –1,369) from the translation of the financial statements of foreign subsidiaries.

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	Legal reserve for accumulated other comprehensive losses		Net income/ (loss)	Total
					Currency translation differences	Market valuation of available-for-sale financial instruments		
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
Balance at 1 January 2009	**1.139**	**66.747**	**2.237**	**-9.738**	**-1.477**	**-3.353**	**0**	**55.555**
Currency translation differences	0	0	0	0	108	0	0	108
Changes legal reserve for capitalised R&D costs			-2.237	2.237	0	0	0	0
Unrealised gains/losses on securities	0	0	0	0	0	1.189	0	1.189
Total income and expense for the year recognised directly in equity	0	0	-2.237	2.237	108	1.189	0	1.297
Net income for the year	0	0	0	0	0	0	-34.307	-34.307
Total recognised income and expense for the year	0	0	-2.237	2.237	108	1.189	-34.307	-33.010
Stock-based compensation	0	179	0	0	0	0	0	179
Purchase of treasury shares	0	0	0	-1.687	0	0	0	-1.687
Sale of treasury shares	0	0	0	9	0	0	0	9
Increase in capital	11	176	0	0	0	0	0	187
Balance at 31 December 2009	**1.150**	**67.102**	**0**	**-9.179**	**-1.369**	**-2.164**	**-34.307**	**21.233**
Balance at 1 January 2010	**1.150**	**67.102**	**0**	**-9.179**	**-1.369**	**-2.164**	**-34.307**	**21.233**
Currency translation differences	0	0	0	0	-3	0	0	-3
Reversal of impairment and revaluation equity instruments	0	0	0	0	0	1.967	0	1.967
Unrealised gains/losses on securities	0	0	0	0	0	225	0	225
Total income and expense for the year recognised directly in equity	0	0	0	0	-3	2.192	0	2.189
Net income for the year	0	0	0	0	0	0	2.237	2.237
Total recognised income and expense for the year	0	0	0	0	-3	2.192	2.237	4.426
Allocation to Accumulated deficit	0	0	0	-34.307	0	0	34.307	0
Stock-based compensation	0	90	0	0	0	0	0	90
Purchase of treasury shares	0	0	0	-340	0	0	0	-340
Sale of treasury shares	0	0	0	307	0	0	0	307
Balance at 31 December 2010	**1.150**	**67.192**	**0**	**-43.519**	**-1.372**	**28**	**2.237**	**25.716**

2.3.2.10 Other current liabilities

The other current liabilities comprise mainly of bonus accruals.

2.3.2.11 Stock option program

By doubling the number of options and halving the exercise price all stock options programs mentioned below have been adjusted for the share split on 27 May 2009.

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 9.775 on one occasion, 25 percent after two years if the market price during this period exceeds EUR 11.05 on one occasion, 25 percent after three years if the market price during this period exceeds EUR 11.90 on one occasion, 25 percent after four years if the market price during this period exceeds EUR 12.75 on one occasion). All options issued under the pre-IPO stock option plan expired on 09 October 2010.

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, 30 April 2007 and 27 May 2008 the Management Board was authorized to repurchase up to 10 percent of the share capital as treasury shares within an 18-month period. By shareholders resolution of 19 May 2009 and 18 May 2010, the Management Board of ad pepper media was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months.

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 1,000,000 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 (Executive SOP 2005 and Executive SOP 2006) 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 1,220,000 options was launched for executive employees on 15 May 2008 (Executive SOP 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 0.282 and EUR 0.5145 per issued option. The maximum cost of the program over the entire period is EUR 0.5m.

An employee equity-participation program involving 280,000 options was launched for executive employees on 6 March 2009 (Executive SOP 2009).
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 28 February 2009. 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 0.1925 and EUR 0.3085 per issued option. The maximum cost of the program over the entire period is EUR 0.1m.

The following table shows the changes in the options during the financial year 2010:

	2010 Number	2009 Number	Exercise price EUR
Options at the beginning of the fiscal year (Pre-IPO)	225,500	225,500	6.750
Options at the beginning of the fiscal year (Ongoing SOP 2001)	76,000	76,000	1.365
Options at the beginning of the fiscal year (Ongoing SOP 2002)	20,400	20,400	0.665
Options at the beginning of the fiscal year (Executive SOP 2003)	900,000	1,080,000	0.890
Options at the beginning of the fiscal year (Ongoing SOP 2003)	2,800	2,800	0.890
Options at the beginning of the fiscal year (Ongoing SOP 2004)	85,100	85,100	2.225
Options at the beginning of the fiscal year (Executive SOP 2005)	100,000	160,000	2.660
Options at the beginning of the fiscal year (Executive SOP 2006)	158,000	158,000	3.795
Options at the beginning of the fiscal year (Executive SOP 2008)	900,000	1,000,000	1.500
Options at the beginning of the fiscal year (Executive SOP 2009)	220,000	0	0.915
Options granted (Executive SOP 2009)	0	280,000	0.915
Options expired (Pre-IPO)	-225,500	0	6.750
Options cancelled (Ongoing SOP 2001)	-55,600	0	1.365
Options cancelled (Ongoing SOP 2002)	-18,800	0	0.665
Options cancelled (Ongoing SOP 2004)	-74,300	0	2.225
Options cancelled (Executive SOP 2005)	-80,000	0	2.660
Options cancelled (Executive SOP 2006)	-90,000	0	3.795
Options cancelled (Executive SOP 2008)	-40,000	0	1.500
Options cancelled (Executive SOP 2009)	-45,000	0	0.915
Options forfeited (Executive SOP 2005)	0	-60,000	2.660
Options forfeited (Executive SOP 2006)	0	0	3.795
Options forfeited (Executive SOP 2008)	-135,000	-100,000	1.500
Options forfeited (Executive SOP 2009)	-35,000	-60,000	0.915
Options exercised (Executive SOP 2003)	-359,000	-180,000	0.890
Options exercised (Executive SOP 2008)	-260,000	0	1.500
Options exercised (Executive SOP 2009)	-25,000	0	0.915
Options at the end of the fiscal year	1,244,600	2,685,000	0.665 to 6.750
Weighted exercise price in EUR	1.326	1.880	
Exercisable options as of 31 December	431,050	392,400	
Weighted exercise price in EUR	1.237	0.878	

The weighted exercise price of stock options exercised during 2010 is EUR 1.137 (2009: EUR 0.890).

The average share price during 2010 was EUR 1.63 (2009: EUR 1.12).

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 90 (2009: kEUR 179).

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, in EUR	6.75	1.30	0.65	0.89	2.22
Date of grant	31-05-00	18-05-01	15-01-02	15-01-03	16-01-04
Exercise price, in EUR	6.75	1.365	0.665	0.89	2.225
Risk-free interest rate, in percent	4.80	4.00	3.80	3.50	2.75
Estimated term, in years	7	4	1	1	1
Future dividend, in EUR	0	0	0	0	0
Estimated volatility, in percent	20	93	68	73	40

	Executive SOP 2003	Executive SOP 2005	Executive SOP 2006	Executive SOP 2008	Executive SOP 2009
Share price when granted, in EUR	0.89	2.50	3.80	1.40	0.85
Date of grant	15-01-03	15-04-05	16-01-06	15-05-08	06-03-09
Exercise price, in EUR	0.89	2.66	3.795	1.50	0.915
Risk-free interest rate, in percent	4.50	3.65	3.48	4.15	2.71
Estimated term, in years	10	4	4	10	7
Future dividend, in EUR	0	0	0	0.04 to 0.06	0.04 to 0.06
Estimated volatility, in percent	53	58	56	50	53.62

The development in the price of the ad pepper media share in the period from 1 January 2003 to 28 April 2006, 30 April 2008 respectively 28 February 2009 was used as a basis to determine volatility for the option plans issued in 2006, 2008 respectively 2009. 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 2010.

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 56 in financial year 2010 (2009: kEUR 53). Rental expense amounted to kEUR 85 (2009: kEUR 96). The future minimum payment obligations resulting from the contracts in place as of 31 December 2010 are as follows:

Financial year (in thousands of EUR)	**2011**	**2012**	**2013**	**2014**	**2015**	**Thereafter**	**Total**
Office Rent	99	99	99	99	0	0	396
Car lease	42	26	1	0	0	0	69
Others	217	0	0	0	0		217
Total	**358**	**125**	**100**	**99**	**0**	**0**	**682**

2.3.3 Notes to the income statement

2.3.3.1 Employee information

At the end of the financial year the company employed 24 people (2009: 22).

Personnel expenses

(in thousands of EUR)	**2010**	2009
Wages and salaries	1.682	1.500
Stock option expenses	90	179
Social security costs	235	205
Voluntary employment expenses	4	1
	2.011	1.885

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:

	2010	2009
Production	8	6
Sales	4	2
Administration	12	14
	24	22

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)	**2010**	2009
Managing Directors	1.381	1.196
Supervisory Directors	0	0
	1.381	1.196

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 2010 (in EUR)		Periodically paid	Annual bonus	Stock based	Total
U. Schmidt	CEO	265.339	262.000	6.412	533.751
J. Körner	CFO	183.070	227.000	8.039	418.109
M.A. Carton	Director of the board	190.156	227.000	11.384	428.540
Total		638.565	716.000	25.835	1.380.400

Remuneration of the supervisory board 2010 (in EUR)				
0	0	0	0	

Loans of the management board 2010 (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	n/a	n/a	n/a	n/a
M.A. Carton	Director of the board	300.000	-300.000	0	3,9%
Total		300.000	-300.000	0	

Remuneration of the management board 2009 (in EUR)		Periodically paid	Annual bonus	Stock based	Total
U. Schmidt	CEO	249.063	192.930	8.846	450.839
J. Körner	CFO	185.774	157.930	19.886	363.590
M.A. Carton	Director of the board	198.924	157.930	23.950	380.804
Total		633.761	508.790	52.682	1.195.233

Remuneration of the supervisory board 2009 (in EUR)				
0	0	0	0	

Loans of the management board 2009 (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	n/a	n/a	n/a	n/a
M.A. Carton	Director of the board	300.000	-195.000	105.000	3,9%
Total		300.000	-195.000	105.000	

Article 383d of the Dutch Civil Code: Share-based remuneration

Number of stock options held

Management board 2010	**Pre-IPO**	**Ongoing SOP 2001**	**Exec SOP 2003**	**Exec SOP 2008**
U. Schmidt	0	20.000	260.000	0
J. Körner	0	0	0	80.000
M.A. Carton	0	0	108.000	75.000
Total	0	20.000	368.000	155.000

Supervisory board 2010	**Ongoing SOP 2001**	**Ongoing SOP 2002**	**Ongoing SOP 2003**	**Ongoing SOP 2004**
Total	0	0	0	0

Management board 2009	**Pre-IPO**	**Ongoing SOP 2001**	**Exec SOP 2003**	**Exec SOP 2008**
U. Schmidt	66.000	20.000	360.000	0
J. Körner	0	0	0	160.000
M.A. Carton	26.000	0	252.000	150.000
Total	92.000	20.000	612.000	310.000

Supervisory board 2009	**Ongoing SOP 2001**	**Ongoing SOP 2002**	**Ongoing SOP 2003**	**Ongoing SOP 2004**
Total	0	0	0	0

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

	Pre-IPO	Ongoing SOP 2001	Executive SOP 2003	Executive SOP 2008
Share price when granted	6.75	1.30	0.89	1.40
Date of grant	31-05-00	18-05-01	15-01-03	15-05-08
Exercise price	6.75	1.365	0.89	1.50
Risk-free interest rate	4.80	4.00	4.50	4.15
Estimated term	7	4	10	10
Future dividend	0	0	0	0.04 to 0.06
Estimated volatility	20	93	53	50

The development in the price of the ad pepper media share in the period from 1 January 2003 to 28 April 2006, 30 April 2008 respectively 28 February 2009 was used as a basis to determine volatility for the option plans issued in 2006, 2008 respectively 2009. 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.

Movement in directors' holdings

Management board	**2010**		**2009**	
	Shares	**Options**	**Shares**	**Options**
U. Schmidt	1.005.524	280.000	1.005.524	446.000
J. Körner	0	80.000	0	160.000
M.A. Carton	19.082	183.000	268.178	428.000
Total	1.024.606	543.000	1.273.702	1.034.000

Supervisory board	**2010**		**2009**	
	Shares	**Options**	**Shares**	**Options**
Total	0	0	0	0

Associated companies	**2010**		**2009**	
	Shares	**Options**	**Shares**	**Options**
EMA B.V.	9.486.402	0	9.486.402	0
Euroserve Media GmbH	436.963	0	306.132	0
Viva Media Service GmbH	77.670	0	71.300	0
Grabacap ApS	772.000	0	848.000	0
Total	10.773.035	0	10.711.834	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

kEUR	Deloitte Accountants B.V. 2010	Deloitte Member firms 2010	Deloitte Total 2010	Deloitte Accountants B.V. 2009	Deloitte Member firms 2009	Deloitte Total 2009
Statutory audit of annual accounts	21	0	21	21	0	21
Other assurance services	13	149	162	13	149	162
Tax advisory services	0	0	0	0	0	0
Other assurance services	0	0	0	0	0	0
Total	**34**	**149**	**183**	**34**	**149**	**183**

Nuremberg, March 17, 2011

The Managing Board members are:

Ulrich Schmidt, Chief Executive Officer (CEO).

Jens Körner, Chief Financial Officer (CFO)

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 profit is allocated to the accumulated deficit.

Awaiting the adoption of this proposal the net result is presented separately on the balance sheet.

Independent auditor's report

To: the Supervisory Board and/or Shareholders of ad pepper media International N.V.

Report on the company financial statements
We have audited the accompanying company financial statements 2010 which are part of the financial statements of ad pepper media International N.V., Amsterdam, and comprise the company balance sheet as at December 31, 2010, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these company financial statements and for the preparation of the Managing Directors' Report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these company financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 with respect to the company financial statements
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 December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Managing Directors' Report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Managing Directors' Report, to the extent we can assess, is consistent with the company financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, March 17, 2011

Deloitte Accountants B.V.

J. Penon