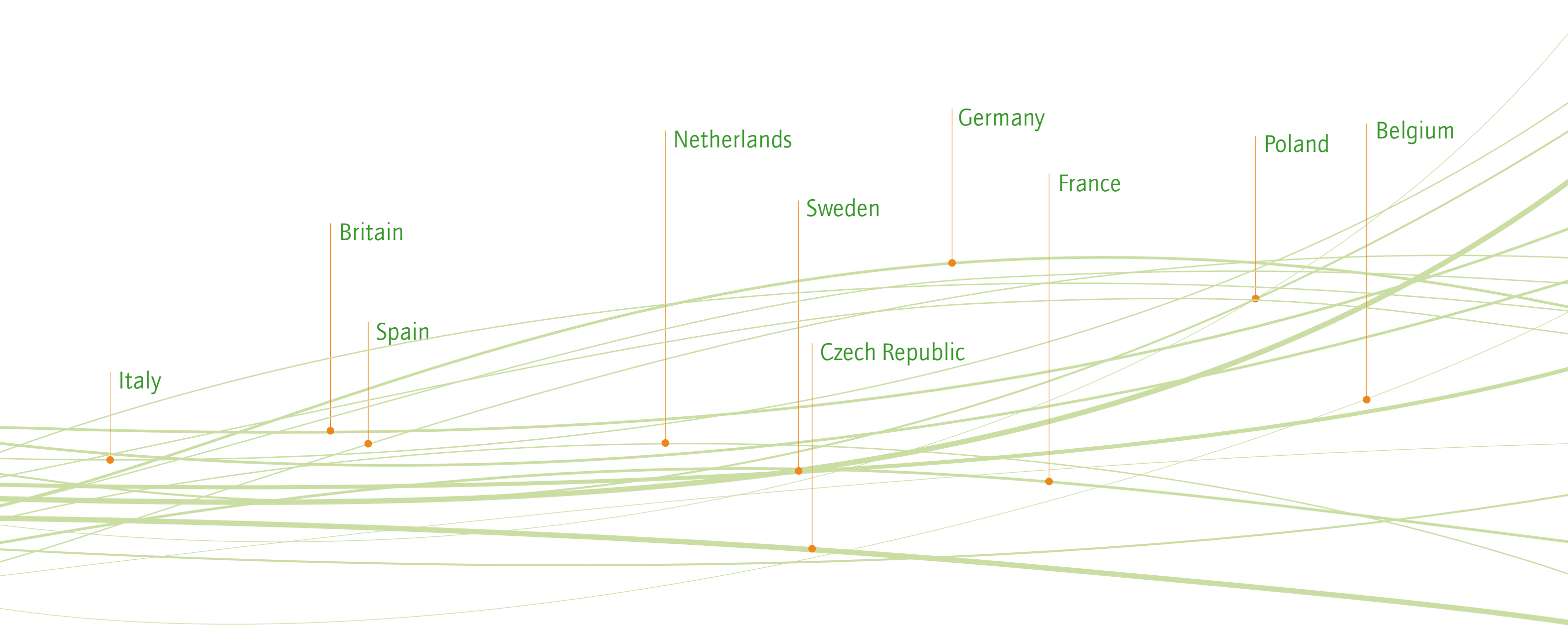
zooplus

Semi-annual Report H1 2011



zooplus.de zooplus.com zooplus.co.uk zooplus.nl zooplus.fr zooplus.be zooplus.ie zooplus.pl zooplus.it zooplus.es zoohit.cz zooplus.fi zoohit.sk

Contents

Highlights of H1 2011

Total sales up **39.5 %** year-on-year – zooplus continues on its clear-cut growth trajectory

Newly opened central logistics site in Hörselgau increases logistical capacity to total sales of **over EUR 400 million** per year – substantial downside earnings impact in Q2 2011

zooplus AG completes **move to the SDAX** – another milestone in the company's capital market development

The share

Stock Chart zooplus AG: January 3, 2011 to August 15, 2011 *

* Doubling of shares through increase of capital from company funds on July 18, 2011; chart adjusted.

zooplus AG's shares were listed on the Entry Standard segment of the Open Market of the Frankfurt Stock Exchange on May 9, 2008. Initial trading occurred at EUR 26.00 per share. On October 21, 2009, the company's shares were admitted to the Regulated Market / Prime Standard segment. This requires the company to adhere to the highest levels of transparency on the Frankfurt Stock Exchange. Since June 29, 2011, the zooplus AG share has also been trading on the SDAX Index. As of June 30, 2011, zooplus AG's total registered capital comprised 2,809,289 no-par value bearer shares representing a pro rata amount of the registered share capital of EUR 1.00 each.

As of June 30, 2011, the zooplus share price had increased substantially by over 80 % to EUR 97.50 over the year-end price of EUR 53.65 on December 31, 2010. This resulted in a market capitalisation of approx. EUR 274 million.

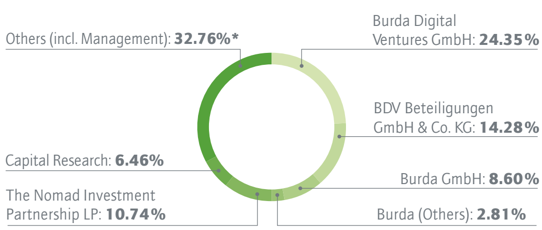
The increase in share capital from company funds agreed at the Ordinary General Meeting on May 26, 2011, was entered into the commercial register on July 13 and became effective on July 18, 2011. The increased share capital is divided into 5,618,578 shares with a notional pro rata amount of the share capital of EUR 1.00 each. As a result, the previous number of shares has been doubled and one bearer share has been converted into two. This move will not have any impact on the company's ownership structure at the time.

The zooplus AG share is identified as follows:

- International Securities Identification Number (ISIN): DE0005111702
- German securities identification (WKN): 511170
- Common Code: 036001097

The company's total free float (according to the definition of Deutsche Börse AG) stood at 49,96 % as of August 15, 2011. The company's designated sponsor is Close Brothers Seydler Bank AG.

Shareholder structure



*According to Deutsche Börse the freefloat amounts to 49,96 % as of August 15, 2011; on the basis of the published voting right announcements until August 15, 2011

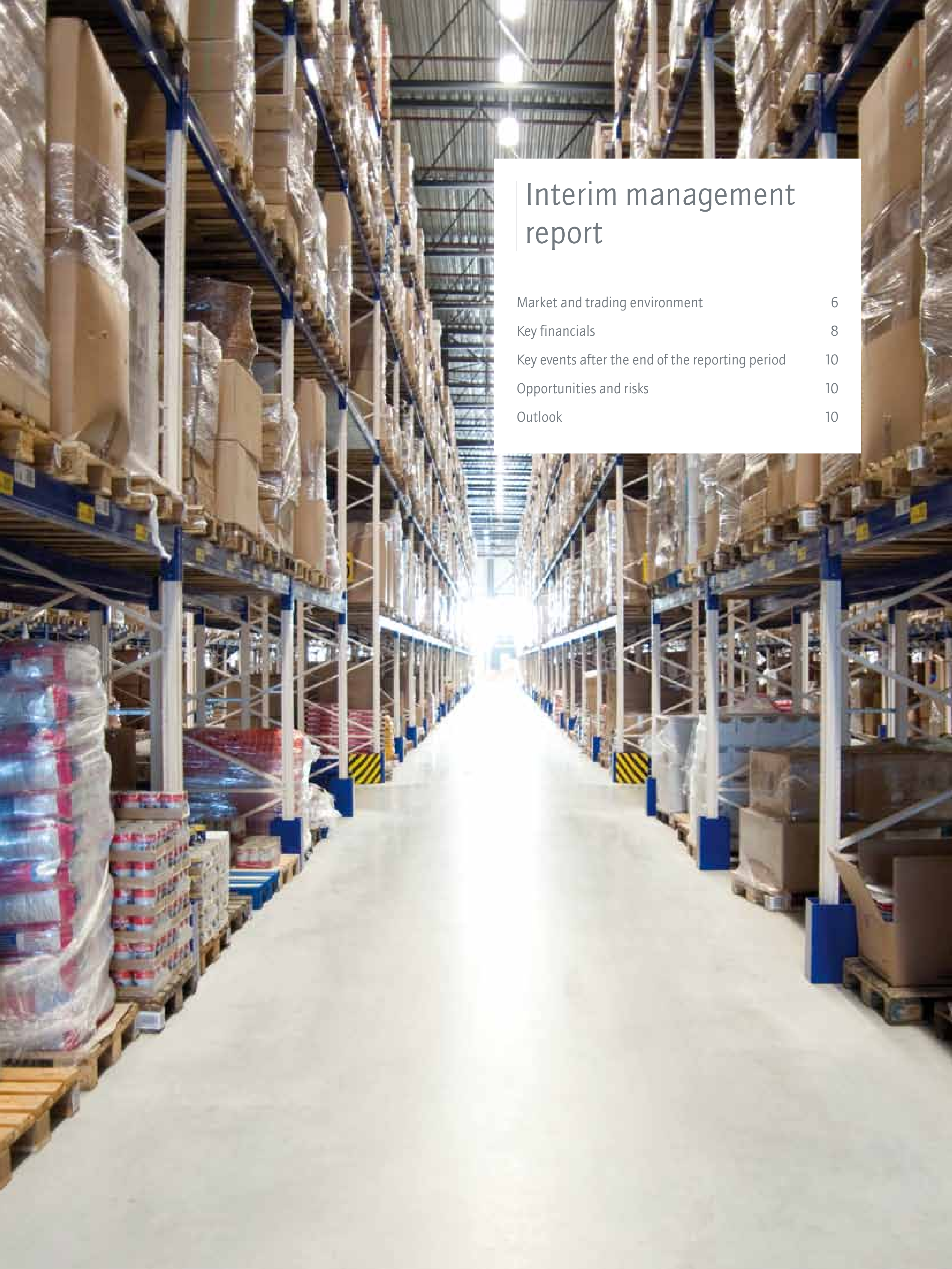
Key data

German securities code no. (WKN)	511170
ISIN	DE0005111702
Stock exchange symbol	Z01
Segment	Regulated market (Prime Standard)
Type of shares	No-par value bearer shares
Share capital in EUR as of June 30, 2011	2,809,289.00
Share capital in EUR as of July 18, 2011	5,618,578.00
Initial listing	09.05.2008
Initial issuing price:	EUR 26.00
Share price – start of fiscal year*	EUR 53.65
Share price – June 30, 2011 *	EUR 97.50
Percentage change	81.7 %
Reporting period high*	EUR 103.20
Reporting period low*	EUR 56.0

* Closing prices in Deutsche Börse AG's XETRA trading system

Financial calendar 2011

November 18, 2011	Publication of the 9-Month Report Q3 / 2011
November 21-23, 2011	Analysts' and investors' conference as part of the German Equity Forum in Frankfurt am Main



Interim management report

Interim management report

Market and trading environment

Business areas

As an online retail company, zooplus AG sells pet supplies directly to private customers via the internet, and stands as the clear European online market leader in terms of sales and active customer base within its segment.

The primary goal and key mission of the company is to generate sustainable growth and to expand the European online market leadership of the company. With a view to achieving these objectives, zooplus is constantly working on expanding its technological infrastructure, enabling the company to maintain its position as „state-of-the-art" technology leader.

In total, zooplus sells around 7,000 food items and accessories for dogs, cats, small animals, birds, reptiles, fish and horses. These include everyday staples such as brand name foods generally available at specialist dealers, zooplus AG's own private labels, as well as specialty articles such as toys, care products and other accessories. In addition, zooplus offers its customers a wide range of free content and information on its websites, such as veterinary and other animal-related advice, on top of interactive features such as discussion forums and blogs.

zooplus generates the majority of its sales by selling its own goods from its central warehouses located in Germany and the Netherlands. In this context, the new German logistics centre in Hörselgau / Eisenach, which opened in the first half of 2011, will be of particular importance for the future. Goods are generally dispatched to customers via parcel delivery services.

Market and competitive environment

General economic environment

The economic recovery within the European Union continued at the start of the year, although the effects of the financial and economic crisis 2009 / 2010 are still noticeable in some countries. While Germany has quickly regained momentum after the deepest recession since World War II, the economies of Spain, Great Britain and several Eastern European countries continue to suffer under its effects. Consumer sentiment in Europe is currently primarily driven by increasing expectations of inflation and uncertainty surrounding the debt crisis, particularly in Greece and the USA. Compared to these macro-trends, however, market and online-specific developments, nevertheless, remain the key influences on zooplus.

e-Commerce and online pet supplies

zooplus has a pan-European presence in 18 countries, which together represent a total annual pet supplies market volume of around EUR 19 billion. The company operates a range of country-specific and international online shops. In its own view, zooplus AG is therefore the online market leader in terms of sales and customer base in all of the European high-volume markets (Germany, France, United Kingdom, The Netherlands, Spain and Italy).

As of August 2011, zooplus operates a total of 15 country-specific webshops: In addition to the six high-volume markets stated above, the company also runs local webshops in Austria, Switzerland, Belgium, Ireland, Finland, Denmark, the Czech Republic, Slovakia and Poland. It also serves Slovenia, Sweden and Luxembourg via its multinational English language portal zooplus.com.

In fact, zooplus is by far the dominant European online retailer for pet products compared to smaller local and national competitors.

Key influencing factors
There are two key factors impacting the development of European online pet supplies retailing: the underlying growth of the European pet supplies market as such (1) as well as the general and industry-specific growth of online shopping and online purchasing behaviour (2). zooplus expects a stable or slightly increasing overall market volume (< 3 % p. a.) with strong overall online growth (> 20 % p. a.) within our segment during the coming years.

The pet supplies market overall enjoys a very low degree of seasonality as a result of strong repeat demand patterns, particularly within its food segments. Around 70 % of total demand is generated within wet and dry pet food itself, which means that, from the company's perspective, its medium to long-term demand structures enjoy above average stability.

zooplus AG's objective is and remains to consolidate and extend its online leadership and to significantly benefit from anticipated further substantial growth within the online retail sphere in future.

Group structure

The zooplus Group comprises four wholly-owned subsidiaries that are fully included in the consolidated financial statements.

zooplus AG, Munich, Germany

- Bitiba GmbH, Munich, Germany (second-brand business)
- Matina GmbH, Munich, Germany (private label business)
- zooplus services ltd, Oxford, UK (international business development and UK)
- Logistik Service Center s.r.o., Mimon, Czech Republic (trading in prescription-free OTC and care products for pets)

Furthermore, zooplus founded the wholly owned subsidiary zooplus EE TOV, Kiev, Ukraine, in the second quarter 2011. The company is currently not conducting any business activities and is therefore not included in the zooplus AG financial statements due to its lack of importance (total assets less than EUR 10 thousand). In addition, zooplus AG operates a branch office „succursale" in Strasbourg / France.

Corporate strategy

The management aims to maintain and expand its existing market leadership within the European online pet supplies segment and thereby increase the company's medium and long-term earnings potential. In the company's view, the internet and internet retailing in Europe are still in an early stage of development. Therefore the company is aiming to position itself in such a way and also create the necessary structures so that it can achieve significantly positive returns in the medium to long-term by virtue of its size and market leadership.

Given this backdrop, our activities focus on the following specific objectives:

- Expanding and increasing our customer base in all major European markets
- Boosting sales and contribution margin per customer / year
- Defending and expanding our market leadership

In order to achieve these targets, the company is utilising a wide range of financial and non-financial indicators and steering tools, focusing on the following areas in particular:

- Price and product range management
- New customer acquisition and retention management
- Logistics and distribution
- Technology and infrastructure
- Working capital management and financing

During 2011, the company is clearly prioritising the maximisation of growth. Against the backdrop of great expansion opportunities across Europe, the management believes this to be the most sensible value maximizing strategy for the coming quarters. It is therefore prepared to accept some additional volatility and possible earnings impacts from quarter to quarter in the context of the implementation of necessary structural changes.

The group's development during the period under review

The Management Board believes that zooplus AG's performed in an overall satisfying manner during the period under review. This is reflected in the 39.5 % growth y-o-y in total sales. At the same time, the company's asset and financial structure was less satisfying overall during the first half of 2011. The latter is primarily the result of specific negative effects emanating from the parallel phase-out of the company's existing German logistics hub and the simultaneous phase-in of our new and significantly larger main distribution hub. These impacts affected total sales, costs of goods sold, customer acquisition as well as the migration costs as such and were significantly larger than predicted at the beginning of the year. What ultimately remains crucial, however, in view of the management, is the creation of a total enlarged logistics capacity of more than EUR 400 million in the process. This will be the basis and key driver for a strong further expansion during the years 2012 - 2014.

Key financials

All percentage figures outlined below are approximate figures and might be subject to rounding differences with respect to the more detailed figures shown in the consolidated accounts.

Development of total sales

Overall, total sales increased by 39.5 % from EUR 85.1 million to EUR 118.7 million y-o-y in the first half of 2011. This reflects strong organic and sales growth both domestically and internationally as well as increases in other income. In particular, the growth in total sales is the result of a focused European growth strategy. Total sales suffered a substantially negative impact due to the migration of the national and international main logistics centre from Stauffenberg to Hörselgau/Eisenach, something which was primarily visible during the first half of the second quarter. As a result, total sales were slightly below EUR 17 million in April, but picked up again in May and June to values above EUR 20 million.

Development of major expenditure items

Costs of goods sold (cost of materials) rose in the first half of 2011 y-o-y from EUR 48.1 million to EUR 73.2 million. The COGS figure amounted to 61.7 % of total sales, up from 56.5 % of total sales in the previous year. In contrast, the company's net product sales margin fell from 43.5 % to 38.3 %. Please note that the net product margin of the previous year was positively influenced by the one-off compensation payment as part of a switch in service providers.

At the same time, the logistics migration in the second quarter led to a lower general product availability overall in the context of a slightly weaker overall margin.

Total personnel costs recorded slightly above-average development compared to total sales. This figure rose to EUR 6.3 million in the first half of 2011, following EUR 4.3 million in the first six months of 2010. This corresponds to an overall personnel cost quota of 5.3 % (of total sales) for the first half of 2011, compared to 5.1 % in the previous year period. This is to be seen within the context of structural adjustments towards creating a EUR 400 million total capacity set up during H1 2011.

In the period under review, other expenses increased from EUR 31.3 million to EUR 45.2 million, up from 36.8 % to 38.1 % of total sales. Key factors behind this change included increased costs for logistics and fulfilment, which was in part connected to the company's logistics migration. The former increased substantially over the first half of the year from EUR 19.2 million in H1 2010 to EUR 29.3 million in H1 2011. As a percentage of total sales, costs for logistics and fulfilment now total 24.7 % compared to 22.5 % in the previous year period. These negative effects resulted amongst others from the initial stocking and phase-in costs of the new logistics operation, the movement of stocks as well as the temporary usage of buffer storage centers nationally and internationally. In addition, expenses for customer acquisition and marketing were up from EUR 5.9 million to EUR 8.1 million. Payment costs stood at EUR 1.2 million in H1 2011 versus EUR 0.8 million in the previous year period. The results were also impacted by international tax and customs expenses and other related costs. Overall, the company suffered from substantial negative effects on the costs side in the second quarter of 2011. These were mainly directly or indirectly connected with the change of location of the company's main logistics centre. In this context total sales, costs of goods sold as well as other expenses were each negatively affected within 7-digit figure ranges.

From a current point of view the Management Board expects significant improvement in earnings already in the third quarter of 2011 and to further continue this trend in the fourth quarter of this year.

EBIT and consolidated net profit

Operating income before extraordinary costs (EBIT) fell significantly year-on-year from EUR 1.1 million in the previous year period to EUR -6.4 million in H1 2011.

The fall in EBIT year-on-year is primarily due to the cost effects described above during H1 2011.

Pre-tax profit (EBT) fell from EUR 1.0 million in the previous year period to EUR -7.0 million in H1 2011.

Consolidated net profit fell from EUR 0.6 million in the previous year to EUR -4.8 million in the first six months of the current fiscal year.

Assets and financing

As of the end of June 2011, non-current assets were reported at EUR 8.8 million, compared to EUR 6.3 million at year end 2010.

Current assets came in at EUR 49.0 million at the end of H1 2011, against EUR 52.1 million on the balance sheet date December 31, 2010. The substantial increase in stock should be seen in the context of the current migration of the logistics business, during which the company has had to operate with substantially higher overall stock levels. For the second half of the year the company plans to substantially shrink its Working Capital levels.

Total equity fell slightly to EUR 16.7 million by the end of the reporting period, following EUR 21.2 million as of December 31, 2010. The equity ratio was therefore 29 % as of June 30, 2011, and is slightly below our long-term equity ratio target corridor of between 30 % and 40 %.

As of June 30, 2011, trade payables fell to EUR 11.3 million versus EUR 12.0 million at the end of 2010.

Flexible bank financing facilities of up to a maximum of EUR 17.0 million are at the company's disposal and these are used opportunistically for its working capital financing needs. At the end of Q2 2011, the company utilised its credit line as part of a short-term Euribor loan totalling around EUR 9.8 million.

All in all, the company's total assets amounted to EUR 57.8 million at the end of the period under review, which is slightly lower than the year end 2010 mark of EUR 58.4 million.

Cash flow from operating activities totalled EUR -11.2 million in the period under review compared to EUR 0.9 million in the first half of 2010. This was mainly due to the substantial rise in inventories in combination with the launch of the new logistics centre near Eisenach.

Cash flow from investing activities stood at EUR -0.5 million versus EUR -0.3 million in the same period of the previous year.

Cash flow from financing activities was reported at EUR -0.8 million, compared to EUR 0.3 million in the first six months of the previous year. To summarise, as a retail company zooplus is subject to substantial volatility in items that are of relevance to both the balance sheet and cash flow, such as inventories, receivables, payables as well as VAT. This has led to a significantly higher natural fluctuation within these accounts during the year as compared to the development of our earnings.

Key events after the end of the reporting period

After the end of the reporting period, the share capital was increased from company funds effective July 13, 2011, and entered into the commercial register at Munich district court. The zooplus AG share capital has therefore doubled from EUR 2,809,289.00 to EUR 5,618,578.00. The shareholding structure of the company was not affected by this transaction. The new shares are fully entitled to dividend payment from January 1, 2011 onwards.

Opportunities and risks

As an internationally operating business, zooplus is exposed to a wide-ranging variety of business opportunities and risk factors. The dynamic penetration of new markets and the establishment of market-leading positions within all key European geographies lie at the heart of our corporate activities. As a result, the Management Board set up a comprehensive risk monitoring and management system at a very early stage. Within this context, the company's individual departments are primarily responsible for identifying and evaluating risks as well as developing relevant and effective counterstrategies.

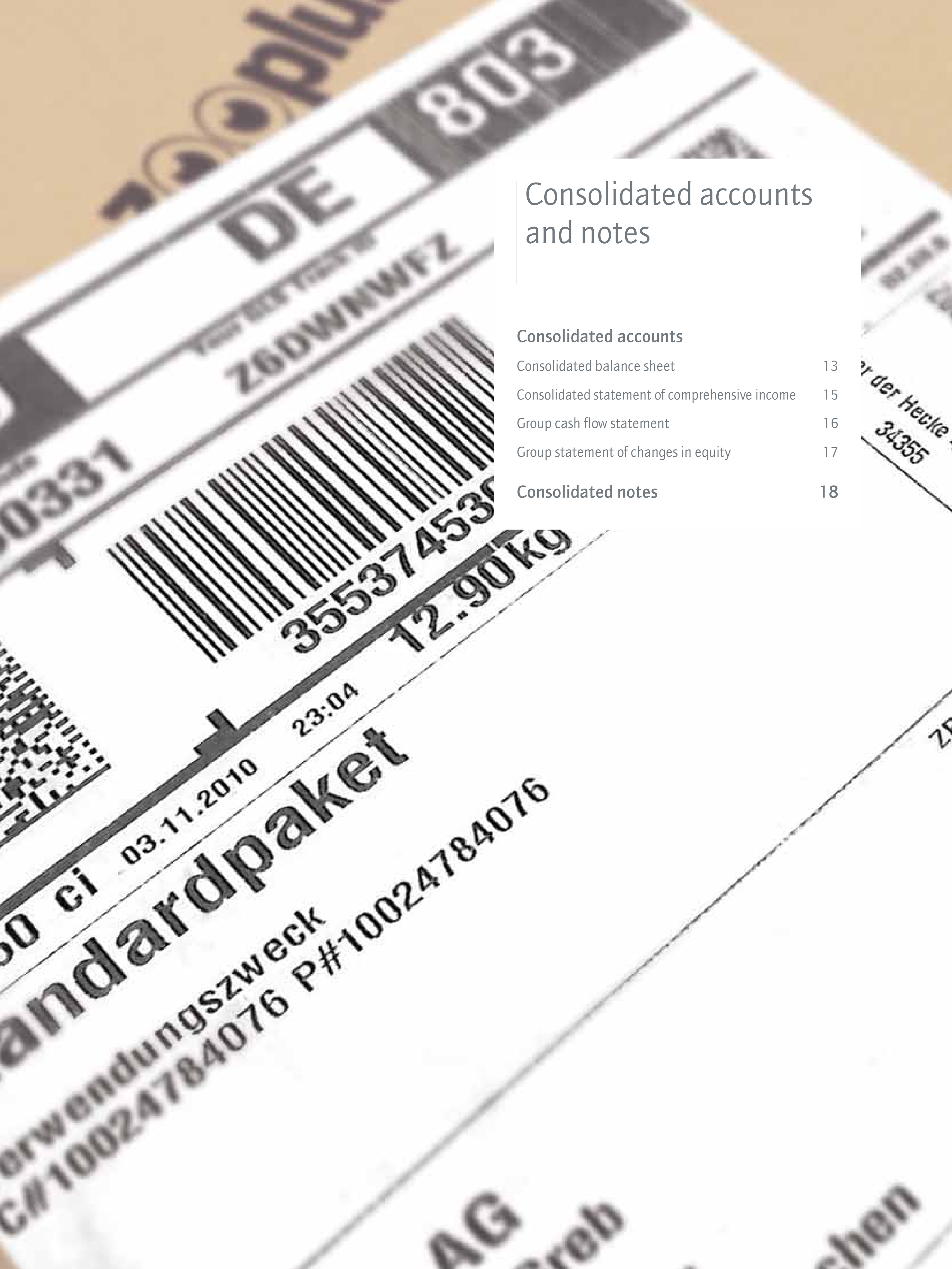
An enumeration of the most significant strategic, operational and financial risks can be found in the company's 2010 annual report. All these risks continue to be of high relevance and are the subject of a continuous risk assessment.

Outlook

Leading economic research institutes expect the underlying economic conditions to remain stable overall in 2011 and 2012. We are therefore forecasting a slight increase in sales for our industry as a whole in 2011 and 2012. We can assume that this will have a generally positive effect on zooplus.

Irrespective of this, however, we believe that online shopping per se will continue to grow substantially during the coming years and, consequently, gain in importance as a sales and distribution channel. zooplus will benefit significantly from these effects.

As a result of both these trends we continue to expect total sales to increase from EUR 194 million to more than EUR 250 million during 2011. For the second half of the year and after the specific burdens of the first two quarters of 2011 we are aiming for an overall neutral result which means that FY 2011 results should be roughly at H1 2011 levels and still just within our 2011 net earnings outlook. For FY 2012 we continue to expect total sales to come in at over EUR 320 million with overall balanced or positive earnings.



Consolidated accounts and notes

Consolidated accounts

Consolidated Balance Sheet as of June 30, 2011 according to IFRS

Assets

in EUR		30.06.2011	31.12.2010
A.	LONG-TERM ASSETS		
I.	Property, plant and equipment	1,095,539.39	702,383.86
II.	Intangible assets	532,585.93	617,439.26
III.	Goodwill	21,360.86	0.00
VI.	Financial assets	10,000.00	3,699.12
V.	Deferred tax assets	7,170,344.21	4,930,810.29
	Total long-term assets	**8,829,830.39**	**6,254,332.53**
B.	SHORT-TERM ASSETS		
I.	Inventory	30,542,821.36	20,567,513.50
II.	Advance payments	2,525,695.69	2,865,853.81
III.	Accounts receivable	6,693,092.75	6,250,870.94
IV.	Other short-term assets	7,250,288.77	11,494,172.84
V.	Cash in hand and cash equivalents	1,997,513.17	10,957,784.13
	Total short-term assets	**49,009,411.74**	**52,136,195.22**
		57,839,242.13	**58,390,527.75**

Equity and Liabilities

in EUR		30.06.2011	31.12.2010
A.	EQUITY		
I.	Capital subscribed	2,809,289.00	2,593,190.00
II.	Capital reserves	32,085,223.96	22,960,449.80
III.	Contributions made to implement the resolved capital increase	0.00	9,041,281.48
IV.	Other reserves	-5,969.72	-55.55
V.	Profit and Loss carried forward	-18,152,452.68	-13,372,158.05
	Total equity	**16,736,090.56**	**21,222,707.68**
B.	LONG-TERM LIABILITIES		
	Deferred tax liabilities	**89,296.58**	**118,683.49**
C.	SHORT-TERM LIABILITIES		
I.	Trade liabilities	11,276,362.69	12,029,637.50
II.	Financial debt	13,396,536.08	10,000,000.00
III.	Other short-term liabilities	12,845,321.98	12,820,005.91
IV.	Tax liabilities	100,088.28	92,746.60
V.	Provisions	3,395,545.96	2,106,746.57
	Total short-term liabilities	**41,013,854.99**	**37,049,136.58**
		57,839,242.13	**58,390,527.75**

Consolidated statement of comprehensive income January 1 to June 30, 2011 according to IFRS

in EUR	H1 / 2011	H1 / 2010 adjusted[1]	Q2/2011	Q2/2010 adjusted[1]
Sales	112,308,180.89	77,253,529.33	56,036,559.66	39,869,911.83
Other income	6,361,880.89	7,805,635.10	1,992,983.67	5,395,020.86
Total sales	**118,670,061.78**	**85,059,164.43**	**58,029,543.33**	**45,264,932.69**
Cost of materials	-73,215,133.97	-48,098,424.99	-37,381,597.60	-24,951,545.36
Personnel costs	-6,257,801.41	-4,330,148.21	-3,255,058.36	-2,211,201.39
cash	(-5,958,209.73)	(-4,303,480.21)	(-3,107,750.72)	(-2,186,435.17)
non-cash	(-299,591.68)	(-26,668.00)	(-147,307.64)	(-24,766.22)
Depreciation	-362,900.17	-305,142.03	-190,101.69	-148,012.95
Other expenses	-45,218,377.17	-31,260,412.91	-22,343,915.62	-17,115,199.66
of which logistics / fulfillment	(-29,294,512.1)	(-19,179,204.57)	(-16,404,041.39)	(-9,741,153.33)
of which marketing	(-8,053,105.46)	(-5,896,114.72)	(-3,335,986.65)	(-3,164,670.57)
of which payment	(-1,211,349.12)	(-780,075.67)	(-607,523.38)	(-411,316.60)
Operating income	**-6,384,150.94**	**1,065,036.29**	**-5,141,129.94**	**838,973.33**
Financial income	2,277.86	12.09	163.79	8.35
Financial expenses	-607,423.38	-104,420.18	-495,803.20	-58,514.77
Pre-tax profit	**-6,989,296.46**	**960,628.20**	**-5,636,769.35**	**780,466.91**
Taxes on income	2,209,001.83	-321,372.13	1,809,570.76	-249,204.92
Consolidated net profit	**-4,780,294.63**	**639,256.07**	**-3,827,198.59**	**531,261.99**
Differences from currency translation	-5,914.17	1,305.39	-2,808.11	1,289.45
Overall result	**-4,786,208.80**	**640,561.46**	**-3,830,006.70**	**532,551.44**
Consolidated profit / loss per share				
undiluted (EUR / share)	-1.70	0.25	-1.36	0.21
diluted (EUR / share)	-1.70	0.25	-1.36	0.21

[1] Figures of previous year have been adjusted (see Annual Report 2010, note no. 4)

Group cash flow statement
January 1 to June 30, 2011 according to IFRS

in EUR	H1 / 2011	H1 / 2010 adjusted[1]
Cash Flow from operating activities		
Pre-tax operating profit	-6,989,296.46	960,628.20
Allowances for:		
Depreciation of fixed assets	362,900.17	305,142.03
Non-cash personnel expenses	299,591.68	26,668.00
Other non-cash expenses / Income	-19,718.74	251,305.41
Financial expenses	607,423.38	104,420.18
Financial income	-2,277.86	-12.09
Changes in:		
Inventory	-9,665,398.49	-2,772,475.04
Advance Payments	340,158.12	-384,855.52
Accounts receivable	-397,687.61	-450,723.81
Other short-term assets	4,243,884.07	506,454.32
Accounts payable	-1,307,105.07	-84,974.22
Other liabilities	25,316.07	2,435,352.83
Provisions	1,288,799.39	89,336.04
Tax	92.03	-51,135.89
Interest income	2,277.86	12.09
Cash Flow from operating activities	**-11,211,041.46**	**935,142.53**
Cash Flow from investing activities		
Cash from acquisitions	106,323.40	0.00
Payments for financial investments	-10,000.00	0.00
Payments for property, plant and equipment	-634,665.51	-263,596.61
Cash Flow from investing activities	**-538,342.11**	**-263,596.61**
Cash Flow from financing activities		
Capital increase	0.00	382,335.50
Loan repayments	-200,000.00	0.00
Interest paid	-607,423.38	-104,420.18
Cash Flow from financing activities	**-807,423.38**	**277,915.32**
Net change of cash and cash equivalents	**-12,556,806.95**	**949,461.24**
Cash and cash equivalents at the beginning of the period	10,957,784.13	-572,873.01
Cash and cash equivalents at the end of the period	-1,599,022.82	376,588.23
Composition of funds balance at the end of the period		
Cash on hand, bank deposits, cheques	1,997,513.17	5,559,569.41
Overdraft balances	-3,596,535.99	-5,182,981.18
	-1,599,022.82	**376,588.23**

[1] Figures of previous year have been adjusted (see Annual Report 2010, note no. 4)

Group statement of changes in equity as of June 30, 2011

in EUR	Capital subsribed	Capital reserves	Contributions made to implement the resolved capital increase	Other reserves	Accumulated profit or loss	Total
As of January 1, 2011	**2,593,190.00**	**22,960,449.80**	**9,041,281.48**	**-55.55**	**-13,372,158.05**	**21,222,707.68**
Additions from stock options	0.00	299,591.68	0.00	0.00	0.00	299,591.68
Currency translation differences	0.00	0.00	0.00	-5,914.17	0.00	-5,914.17
6M result 2011	0.00	0.00	0.00	0.00	-4,780,294.63	-4,780,294.63
Capital increase	216,099.00	8,825,182.48	-9,041,281.48	0.00	0.00	0.00
As of June 30, 2011	**2,809,289.00**	**32,085,223.96**	**0.00**	**-5,969.72**	**-18,152,452.68**	**16,736,090.56**
As of January 1, 2010 [1]	**2.561.755,00**	**22.284.758,36**	**0,00**	**-336,76**	**-15.341.776,59**	**9.504.400,01**
Additions from stock options	30,985.00	378,018.50	0.00	0.00	0.00	409,003.50
Currency translation differences	0.00	0.00	0.00	1,305.39	0.00	1,305.39
6M result 2010	0.00	0.00	0.00	0.00	639,256.07	639,256.07
As of June 30, 2010	**2,592,740.00**	**22,662,776.86**	**0.00**	**968.63**	**-14,702,520.52**	**10,553,964.97**

[1] Figures of previous year have been adjusted (see Annual Report 2010, note no. 4)

Consolidated notes

Notes and comments regarding the H1 2011 accounts

Accounting principles

The H1 2011 report as of June 30, 2011 was prepared in accordance with the International Financial Reporting Standards (IFRS) and is based on the same basic accounting principles as applied in the company's 2010 annual accounts as of December 31, 2010. Besides the financial figures, the report also includes further information such as the management report as well as various selective notes.

Business Combinations

On April 27, 2011, zooplus AG purchased another 51 % of the shares in Logistik Service Center s.r.o. Mimon, Czech Republic, for a purchase price of EUR 40 thousand. The company now holds 100 % of the shares.

The takeover of all shares in Logistik Service Center s.r.o. allows the zooplus Group to extend its product portfolio and gain access to further logistics services. Among other goods, Logistik Service Center s.r.o. offers prescription-free OTC and care products for pets and people.

In the period between April 27 and June 30, 2011, the purchased company contributed EUR 339 thousand to group sales and a loss of EUR 64 thousand to consolidated net profit/loss.

The consideration paid totalled EUR 40 thousand. No payment over and above this amount was agreed.

The identifiable assets and liabilities from the acquisition as of April 27, 2011, are presented below.

in TEUR	Fair value
Intangible assets	9
Property, plant and equipment	28
Inventory	310
Accounts receivable and other receivables	45
Cash and cash equivalents	146
Deferred tax assets	53
Trade liabilities and other liabilities	**-554**
Fair value of the identified assets	37
Previous percentage valued at fair value	18
New purchase price	**40**
Total purchase price measured at fair value	**58**
Goodwill	**21**

The fair value of the previous shares was EUR 18 thousand on the date of purchase. The resultant profit of EUR 14 thousand was recognised in income.

The goodwill of EUR 21 thousand includes the value of expected synergies from the purchase and the site, as well as the unlimited pharmacy license acquired. This is not separable and therefore does not fulfil the recognition criteria for intangible assets according to IAS 38 Intangible Assets. It is assumed that the goodwill recorded cannot be deducted from tax.

Transaction costs of EUR 8 thousand were incurred. This was recorded as expenditure and reported under administrative expenses.

Consolidation principles

The consolidated companies are: zooplus AG / Munich / Germany (registered under Munich District Court HRB 125080), Matina GmbH / Munich / Germany (registered under Munich District Court HRB 177083), Bitiba GmbH / Munich / Germany (registered under Munich District Court HRB 177246), zooplus services ltd / Oxford / UK (registered under company number 6118453, Companies House Cardiff) and Logistik Service Center s.r.o., Mimon, Czech Republic (entered into the commercial register of the district court Usti nad Labem, department C, inlay no. 26673). All subsidiaries are wholly owned by zooplus AG.

The wholly owned subsidiary zooplus Eastern Europe TOV, Kiev, Ukraine, founded in the second quarter 2011 has not been consolidated. The company is not currently conducting any business activities and is therefore not included in the zooplus AG financial statements due to its lack of material importance.

Segmental reporting

zooplus AG is only active in one specific business segment; i.e. pet supplies retail within the European Union and the rest of Europe. All types of products sold by the company are homogenous and indivisible into further specific segments. As an online retailer, the company distributes its products from one central location. Consequently, there are no further geographic segments to be identified in line with IFRS. Moreover, the company does not internally divide its business according to any other segments. As a consequence, the company does not report separate business segments.

Earnings per share

Basic (undiluted) earnings per share are calculated by dividing the earnings attributable to holders of ordinary shares in the parent company by the weighted average number of ordinary shares in circulation throughout the reporting period. For the first half of the fiscal year, consolidated net profit came in at EUR -4.8 million (previous year: EUR 0.6 million). During the period, the average number of shares was 2,805,707. Consequently, earnings per share (pre-dilution) were EUR -1.70 (previous year: EUR 0.25).

The diluted earnings per share are calculated by dividing the earnings attributable to holders of ordinary shares in the parent company by the weighted average number of ordinary shares in circulation throughout the reporting period plus the share equivalents leading to the dilution. This therefore results in EUR -1.70 per share (previous year: EUR 0.25).

Declaration according to section 37w Abs. 5 WpHG (securities act)

As with all of zooplus' interim reports, the H1 2011 report has neither been audited nor reviewed by the company's auditors.

German Corporate Governance Code

zooplus AG's corporate governance declaration based upon section 161 of the German Public Limited Companies Act (AktG) and in accordance with the German Governance Code has been published and can be accessed online under http://investors.zooplus.com/en/ir/cgk.

Munich, August 22, 2011

The Management Board

Responsibility statement

To the best of our knowledge, we declare that, according to the principles of proper consolidated interim reporting, the interim consolidated financial statements provide a true and fair view of the company's net assets, financial position and results of operations; that the interim consolidated management report presents the company's business including the results and the company's overall standing such as to provide a true and fair view and that all major opportunities and risks with respect to the company's future development are outlined and described.

Munich, August 22, 2011

The Management Board

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Publisher

zooplus AG
Sonnenstrasse 15
80331 Munich
Germany
Tel: +49 (0) 89 95 006 - 100
Fax: +49 (0) 89 95 006 - 500

E-Mail: contact@zooplus.com
www.zooplus.com

Investor Relations

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Germany
Tel: +49 611 20 58 55 - 0
Fax: +49 611 20 58 55 - 66

E-Mail: info@cometis.de
www.cometis.de

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cometis AG

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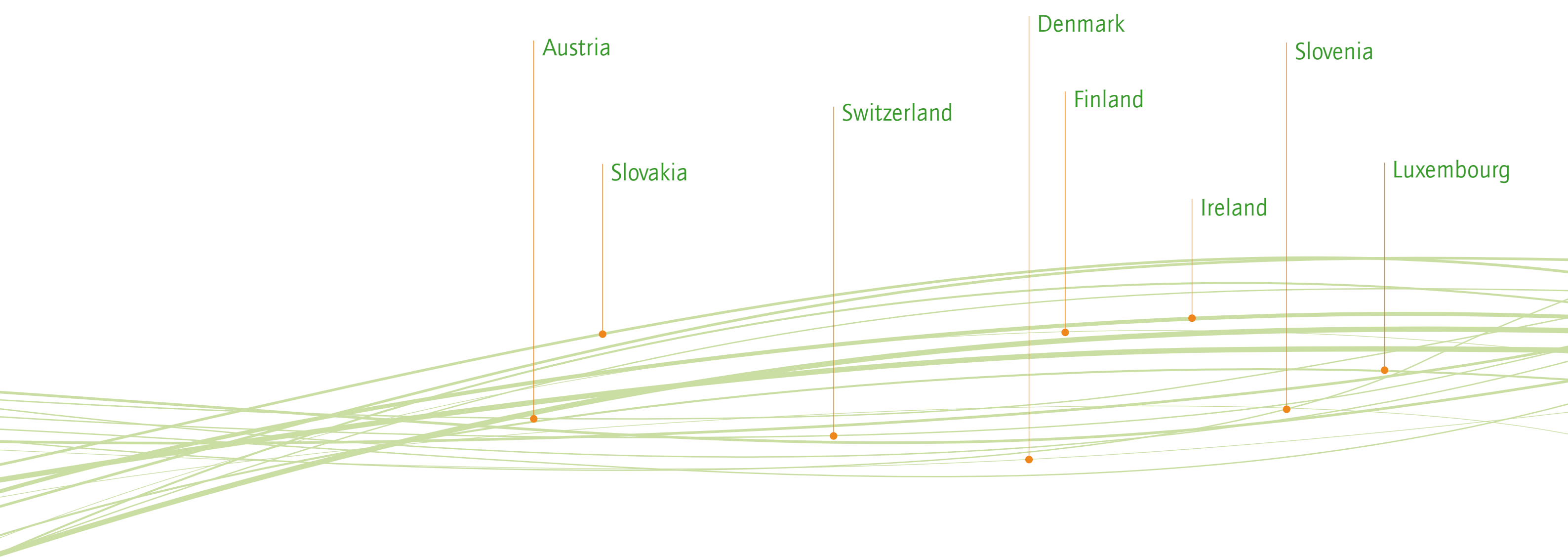
zooplus AG

This annual report is also available in German. In case of discrepancies the German version prevails.

A digital version of this zooplus AG annual report and the interim reports can be downloaded from the Investor Relations section of www.zooplus.com.

Forward looking Statements

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that May not be accurate. Many factors could cause the actual results, performance or achievements to be materially different from those that May be expressed or implied by such statements. Such factors include those discussed in the Risk Report on page 10. We do not assume any obligation to update the forward-looking statements contained in this report.



zooplus AG
Sonnenstraße 15
80331 Munich
Germany