the e-advertising network

Unaudited condensed interim consolidated financial statements as of September 30, 2010

- All key profitability figures positive in first nine months of financial year. Turnaround continues apace.
- ad pepper media International N.V. acquires minority interest in Videovalis GmbH
- ad pepper media successfully presents its broad product portfolio at dmexco 2010

Selected group key figures

	Q3 / 2010 EUR 000s	Q3 / 2009 EUR 000s	Change Percent	1.1.- 9.30. 2010 EUR 000s	1.1.- 9.30. 2009 EUR 000s	Change Percent
Net sales	12,260	11,438	+6.9	37,144	34,526	+7.6
Gross profit	5,572	5,021	+11.0	16,897	15,532	+8.8
EBIT	182	-28,398	>100	504	-31,378	>100
Net income for period	1,477	-31,782	>100	2,528	-33,780	>100
Earnings per share in EUR (basic)	0.06	-1.49	>100	0.10	-1.56	>100

	9.30. 2010 EUR 000s	9.30. 2009 EUR 000s	Change Percent
Liquid funds*	23,055	21,143	+9.0
Equity	26,673	21,480	+24.2
Total assets	35,770	32,025	+11.7
No. of employees	**248**	**246**	**+0.8**

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

CONTENTS

INTERIM MANAGEMENT REPORT

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

Major events

All key profitability figures positive in first nine months of financial year. Turnaround continues apace.

The Group increased its like-for-like sales by 10.3 percent in the first nine months. The adjusted gross margin showed disproportionate growth of 11.5 percent, resulting in a correspondingly higher margin equivalent to 45.5 percent of sales. Due to consistent cost management, the Group's EBITDA, EBT and EBIT figures for the first nine months are therefore clearly positive, thus contrasting with the previous year's substantial losses. Net income for the period ended September 2010 amounted to EUR 2,528k.

ad pepper media International N.V. acquires minority interest in Videovalis GmbH

Online video advertising is currently experiencing dynamic growth. Net revenues from video advertising already showed double-digit growth in 2009 – and that in spite of the economic downturn in all core European markets and the USA. This trend has continued in the current year. To boost ad pepper media's position in this rapidly growing online marketing segment, the company has acquired a minority interest in Videovalis GmbH.

The core competencies of this provider of video content and content syndication solutions include procuring and licensing high-quality, objective film contributions, as well as building up and organizing topic-specific TV networks on the internet to achieve higher audience rates and boost successful brand communications. What makes the cooperation between the two companies unique is the opportunity it offers to combine Videovalis' expertise in terms of video content with ad pepper media's proprietary technologies. The aim is to achieve breakeven rapidly – and this currently appears realistic. ad pepper media has secured corresponding purchase options for this event to enable it to increase its interest from the current 19.9 percent up to 100 percent.

ad pepper media successfully presents its broad product portfolio at dmexco 2010

As the top customer-driven, brand-oriented sector tradeshow, with a clear focus on advertising, creativity, brand management, relevance and efficiency, dmexco is the central international event for all players in the marketing and media scene. From marketing specialists, publishers and advertising customers to all kinds of agencies – dmexco offers professional visitors, exhibitors and guests from all over the world the chance to benefit from pooled sector expertise, and to learn more about the latest trends and innovations in digital marketing. As one of the leading international online marketing companies, ad pepper media presented its enormous network coverage, unique technologies for semantic targeting (iSense) and lead acquisition (iLead), and Europe's fastest-growing affiliate network (Webgains). Never before have professional visitors shown greater interest in ad pepper media's stand – and never before has ad pepper media presented itself as successfully as it did this year. All in all, the fair was a highlight for the entire online sector and offered proof positive that ad pepper media is well established in the market to deliver value for for media agencies and direct advertising customers.

Macroeconomic framework

World/Europe/Germany

Based on the assessment by the Organisation for Economic Co-operation and Development (OECD), the slowdown in global economic growth in the second half of 2010 will prove more severe than previously assumed. According to the OECD forecast published in September of this year, annualized growth in the gross domestic product (GDP) of the seven leading industrialized economies (G 7) will drop to 1.4 percent in the third quarter and to 1.0 percent in the fourth quarter. This contrasts with the growth of 3.2 percent and 2.5 percent registered in the first and second quarters.

The OECD expects Germany to witness the severest slowdown. Annualized GDP growth in Germany is forecast to drop to 0.7 percent in the third quarter and to 1.1 percent in the final quarter, following exceptionally strong growth of 9.0 percent in the second quarter of 2010.

Based on the same forecast, the USA will now only achieve annualized GDP growth of 2.0 percent in the third quarter and 1.2 percent in the fourth quarter. Growth rates of 2.8 percent and 2.7 percent had still been forecast in June. The OECD also does not expect to see any marked upturn in Japan in the remainder of the year. However, according to the OECD this slowdown in growth will only be temporary. Just recently, the International Monetary Fund (IMF) revised its outlook for global growth upwards. The IMF has now forecast growth of 4.8 percent for 2010 (previously 4.6 percent) and of 4.2 percent for 2011. Germany is expected to achieve GDP growth of 3.3 percent in the current year and 2.0 percent next year. For the USA, however, the IMF has become markedly more pessimistic, now only forecasting 2.6 percent for 2010 and 2.3 percent for 2011, 0.7 and 0.6 percentage points down on its previous forecasts. The forecasts for China have been left unchanged at 10.5 percent growth in 2010 and 9.6 percent in 2011.

Advertising market

The positive growth rates in the first nine months of 2010 show that the online sector has escaped the subdued mood in the advertising industry still prevalent one year ago in the wake of the 2008/09 financial crisis. Digital advertising has now become an established part of the media mix in virtually all sectors.

Ever more companies are recognizing the potential offered by the internet for them to intensify their dialogue with existing customers while also gaining new customers. Investments in online advertising have risen continuously in almost all relevant sectors of the economy in the first nine months of this year. According to Nielsen Media Research, the travel, consumer goods, automobile and personal care sectors in particular significantly increased the online advertising share of their media mix in the first three quarters of 2010 compared with the equivalent period in the previous year. This development is above all due to the high degree of transparency and efficiency the internet offers as an advertising medium. Extensive planning data and objective based management of online campaigns using advanced targeting methods and universal frequency capping ensure that budgets are put to optimal use. What's more, online advertising offers wide-ranging analytics and campaign optimization options unavailable in other media.

Structure of the ad pepper media Group

The ad pepper media Group is one of the leading independent marketing networks in the field of online advertising.

ad pepper media International N.V., based in Amsterdam, Netherlands, is the central management and holding company for the ad pepper media Group. With 16 offices in eight European countries and the USA, ad pepper media handles campaigns for thousands of national and international advertising customers in a current total of more than 50 countries worldwide. Our online advertising activities are centered around three business divisions: ad pepper media, Webgains and ad agents.

ad pepper media

ad pepper media offers advertisers and publishers a broad range of display advertising, lead generation, email marketing and ad serving solutions. The company's main products are iSense, SiteScreen, iLead, iClick, mailpepper and Emediate.

iSense enables advertisers to deliver highly targeted display advertising campaigns with maximum relevance to the true context of each and every webpage. The page level targeting uses proprietary patented Sense Engine™ technology which is the result of over 10 years of R&D by world leading linguist Prof. David Crystal. In addition, through the use of SiteScreen, advertisers can also prevent their ads from being delivered next to potentially brand damaging content.

iLead enables marketers to build or enrich their prospect database with users that have expressed an interest in their product or service and have accepted to be further marketed to by phone, email or mail.

iClick enables advertisers to generate qualified traffic to their websites from users having clicked on their advertisements.

mailpepper enables advertisers to address a personalized email message to a very broad or highly targeted audience of users having explicitly agreed to be marketed to by email.

Emediate's provides publishers and advertising agencies with turn-key ad serving technology solutions and services. The company is the market leader in Scandinavia and continues to gain ground in other international markets.

Webgains

Webgains has become Europe's fastest-growing affiliate network opening offices in the UK, France, Sweden, Germany, Benelux, Denmark, Spain and USA. Affiliate marketing is a commission-based advertising model whereby third party websites ('affiliates') drive traffic to advertiser sites in exchange for a percentage of the basket value. Growth has been extremely high over the past few years, driven by the lower risk exposure for advertisers, and the rich data made available through the cutting edge Internet technology which underpins the business.
In addition, Webgains is renowned for its world-class customer service, helping advertisers to achieve exemplary returns on their advertising investments. In the last two years Webgains has taken the lead in network innovation with the launch of award winning tools and technical features, such as iSense Site Seeker, Voucher Management Tool, Page Peel and mobile tracking.

ad agents

ad agents is a search engine marketing service provider enabling marketers and merchants to promote their websites to generate qualified traffic or sales by increasing their visibility in search engine result pages ad agents is a search engine marketing service provider enabling marketers and merchants to promote their websites to generate qualified traffic or sales by increasing their visibility in search engine result pages (SERPs) through the use of search engine optimization, paid placement, contextual advertising, and paid inclusion. ad pepper media holds a 60 percent stake in ad agents.

Share

Share price performance

ad pepper media's share price has developed well since the beginning of the year. The share closed at EUR 2.05 as of September 30, 2010, and was thus around 73 percent higher than at the end of December 2009 (share price on December 31, 2009: EUR 1.18). Over the past twelve-month period, the share price rose by 54 percent.

Key share data	
Security Identification Number (WKN)	940883
ISIN	NL0000238145
Market segment	Prime Standard
Designated sponsor	Equinet
Number of shares	23,000,000
Market capitalization (as of 9.30.2010)	EUR 47.2m

Share price performance over the past twelve months (Xetra)

Shareholder structure

status: 9.30.2010

Shareholder	No. of shares	Percentage shareholding
EMA B.V.	9,486,402	41.25
Treasury stock	2,048,792	8.91
U. Schmidt	1,005,524	4.37
Grabacap ApS	708,000	3.08
Euroserve Media GmbH	406,132	1.77
M. A. Carton	332,178	1.44
Viva Media Service GmbH	71,300	0.31
Subtotal	**14,058,328**	**61.12**
Free float	8,941,672	38.88
Total	**23,000,000**	**100.00**

Earnings, financial and net asset position

Earnings position

ad pepper media generated sales of EUR 37,144k in the first nine months of the financial year (Q1-Q3 2009: EUR 34,526k), equivalent to a growth of 7.6 percent in the same period in the previous year. On a like-for-like basis, i.e. including the activities now discontinued at ad pepper media Italy srl., sales rose by around 10.3 percent. This growth was driven once again by the Webgains segment, which boosted its sales by 29.5 percent from EUR 8,768k to EUR 11,351k. With sales growth of 24.5 percent, the ad agents segment also posted a pleasing performance once again, increasing its sales from EUR 3,980k to EUR 4,835k.

The ad pepper media segment posted a decline in sales by EUR 812k to EUR 20,948k in the nine-month period (Q1-Q3 2009: EUR 21,760k). Including discontinued activities in Italy, however, this segment could report marginally positive growth of 0.1 percent. In percentage terms, the gross margin amounted to 45.5 percent, and could thus be maintained at the high level seen in the same period in the previous year (Q1-Q3 2009: 45.0 percent). In absolute terms, the gross profit rose by EUR 1,365k to EUR 16,897k (Q1-Q3 2009: EUR 15,532k), while the like-for-like gross margin, i.e. including ad pepper media Italy srl., grew by EUR 1,748k, or 11.5 percent.

Operating expenses dropped sharply in the first six months of the current year compared with the previous year's period, falling by 65.1 percent from EUR 46,910k to EUR 16,393k. Key factors driving this development on the one hand included a reduction in personnel expenses, especially in connection with the discontinuation of Italian activities, and on the other hand related to the substantial year-on-year decrease in the volume of write-downs recognized on intangible assets acquired upon company acquisitions. Not only that, the volume of allowances on receivables, including write-off's, could also be reduced significantly. At EUR +41k, this item thus improved considerably on the previous year's period (Q1-Q3 2009: EUR -1,030k). Furthermore, it should be noted that the figures for the previous year's period were affected by extensive restructuring measures. We expect expenses to increase slightly once again in the coming quarters.

All of the ad pepper media Group's key profitability figures were positive in the nine-month period. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 1,050k (Q1-Q3 2009: EUR -29,539k). Earnings before interest and taxes (EBIT) amounted to EUR 504k in the first nine months of the current financial year (Q1-Q3 2009: EUR -31,378k). Earnings before taxes (EBT) also showed a pleasing performance. Following on from the figure of EUR -33,310k reported for the first nine months of 2009, this year the Group can report a clearly positive amount of EUR 2,499k. This EBT growth was due in no small part to a superb net financial result, of which EUR 0.9m was attributable to the write-back of a loan written down in the previous year. This in turn occurred in connection with third-round financing at Brand Affinity Technologies Inc.
At EUR 2,528k, net income for the period was also clearly positive (Q1-Q3 2009: EUR -33,780k).

Financial position

The gross cash flow amounted to EUR 1,070k (Q1-Q3 2009: EUR -2,860). A figure of EUR -550k was reported for the cash flow from operating activities, as against EUR -1,169k in the first nine months of 2009. The net cash flow from investing activities amounted to EUR -730k in the first nine months of 2010 (Q1-Q3 2009: EUR 7,760k).
The cash flow from financing activities totaled EUR 247k, up from EUR -1,289k in the equivalent period in the previous year.

Net asset position

The total assets of the Group have increased since December 31, 2009, rising by EUR 2,966k to EUR 35,770k (December 31, 2009: EUR 32,804k).

The Group's equity has risen on account of the net income posted for the period under report. Over and above that, the third-round financing at Brand Affinity Technologies Inc. already referred to above also involved a write-up in the value of the investment, leading equity to increase by EUR 1,900k. As a result, shareholders' equity rose overall by EUR 5,335k to EUR 26,673k (December 31, 2009: EUR 21,338k).

Accordingly, the equity ratio reached a superb 75 percent as of September 30, 2010 (December 31, 2009: 65 percent). The ad pepper media Group was self-financed at the balance sheet date.
Liquid funds, including securities measured at fair value and deposits with maturities of longer than three months, amounted to EUR 23,055k at the end of September 2010 (December 31, 2009: EUR 22,602k).

The Group has no non-current liabilities to banks.

Employees

As of September 30, 2010, the ad pepper media Group had 248 employees, as against a total of 246 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper media Group is assigned to the following segments:

	9.30.2010 Number	9.30.2009 Number
ad pepper media	143	142
Webgains	61	55
ad agents	20	14
Administration	24	35

Risk and opportunity report

There have been no material changes in the opportunity and risk situation of ad pepper media International N.V. compared with the information provided in the Annual Report as of December 31, 2009. Reference is therefore made to the information presented in the management report for the 2009 financial year.

Outlook

Notwithstanding the weaker macroeconomic outlook in the third quarter, leading economic forecasters still see the global economic recovery as being intact. We therefore assume that economic developments will lend support to the ad pepper media Group's operating business. Thanks to consistent cost management in conjunction with solid growth rates, especially in the Webgains and ad agents segments, we are thus confident that we will be able to maintain our extremely positive performance in the fourth quarter ahead. We are therefore upholding our forecast EBITDA target of EUR 1,500k for the current financial year.

Consolidated income statement (IFRS)

	Q3 / 2010 EUR 000s	Q3 / 2009 EUR 000s	1.1.-9.30.2010 EUR 000s	1.1.-9.30.2009 EUR 000s
Sales	**12,260**	**11,438**	**37,144**	**34,526**
Cost of sales	-6,688	-6,417	-20,247	-18,994
Gross profit	**5,572**	**5,021**	**16,897**	**15,532**
Selling and marketing expenses	-3,741	-4,239	-11,460	-12,590
General and administrative expenses	-2,203	-3,364	-6,463	-8,459
Other operating income	808	443	2,401	1,051
Other operating expenses	-254	-2,383	-871	-3,036
Impairment of goodwill and other intangible assets	0	-23,876	0	-23,876
Earnings before interest and taxes	**182**	**-28,398**	**504**	**-31,378**
Financial income	377	281	1,200	1,358
Financial expenses	-4	-84	-94	-171
Reversal of/impairment of securities and other financial assets	889	-3,119	889	-3,119
Earnings before taxes	**1,444**	**-31,320**	**2,499**	**-33,310**
Income taxes	33	-462	29	-470
Net income	**1,477**	**-31,782**	**2,528**	**-33,780**
attributable to shareholders of the parent company	1,360	-31,761	2,255	-33,754
attributable to minority interest	117	-21	273	-26
Basic earnings per share on net income for the year attributable to shareholders of the parent company	0.06	-1.49	0.10	-1.56
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	0.06	-1.47	0.10	-1.55

	Q3 / 2010 Number	Q3 / 2009 Number	1.1.-9.30.2010 Number	1.1.-9.30.2009 Number
Weighted average number of shares outstanding (basic)	**21,430,651**	**21,332,691**	**21,546,331**	**21,592,006**
Weighted average number of shares outstanding (diluted)	**22,027,230**	**21,639,073**	**22,002,465**	**21,796,877**

Consolidated statement of comprehensive income (IFRS)

	Q3 / 2010 EUR 000s	Q3 / 2009 EUR 000s	Q1-Q3 2010 EUR 000s	Q1-Q3 2009 EUR 000s
Net income	**1,477**	**-31,782**	**2,528**	**-33,780**
Currency translation differences	100	-32	-133	-194
Revaluation of available-for-sale securities	509	1,073	766	958
Revaluation of available-for-sale investments	1,900	0	1,900	0
Income tax recognized directly in equity	0	0	0	0
Total income and expense recognized directly in equity, net of tax	**2,509**	**1,041**	**2,533**	**764**
Total income and expense recognized in equity	**3,986**	**-30,741**	**5,061**	**-33,016**
attributable to minority interest	117	-21	273	-26
attributable to shareholders of ad pepper media International N.V.	3,869	-30,720	4,788	-32,990

Disclosures on total income and expense recognized directly in equity

The total income and expense recognized directly in equity and the corresponding income taxes are as follows:

	Q3 / 2010			Q3 / 2009			Q1-Q3 2010			Q1-Q3 2009		
	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes
Currency translation differences (incl. minority interest)	100	0	100	-32	0	-32	-133	0	-133	-194	0	-194
Revaluation of available-for-sale securities	509	0	509	1,073	0	1,073	766	0	766	958	0	958
Revaluation of available-for-sale investments	1,900	0	1,900	0	0	0	1,900	0	1,900	0	0	0
Total income and expense recognized directly in equity	**2,509**	**0**	**2,509**	**1,041**	**0**	**1,041**	**2,533**	**0**	**2,533**	**764**	**0**	**764**

Consolidated balance sheet (IFRS)

Assets	9.30.2010 EUR 000s	12.31.2009 EUR 000s
Non-current assets		
Goodwill	24	24
Intangible assets	535	816
Property, plant and equipment	449	563
Securities at fair value through profit and loss	2,427	3,265
Securities available-for-sale	6,879	4,423
Other financial assets	4,007	727
Deferred tax assets	109	308
Total non-current assets	**14,430**	**10,126**
Current assets		
Securities and deposits with maturity over three months	1,400	1,400
Trade receivables	6,268	6,390
Income tax receivables	621	607
Prepaid expenses and other current assets	376	463
Other financial assets	327	304
Cash and cash equivalents	12,348	13,514
Total current assets	**21,340**	**22,678**
Total assets	**35,770**	**32,804**

Consolidated balance sheet (IFRS)

Equity and liabilities	9.30.2010 EUR 000s	12.31.2009 EUR 000s
Equity attributable to shareholders of the parent company		
Issued capital*	1,150	1,150
Additional paid-in capital	67,165	67,102
Treasury shares	-3,199	-3,410
Accumulated deficit	-37,821	-40,076
Accumulated other comprehensive losses	-1,000	-3,533
Total	**26,295**	**21,233**
Minority interest	378	105
Total equity	**26,673**	**21,338**
Non-current liabilities		
Deferred tax liabilities	21	21
Total non-current liabilities	**21**	**21**
Current liabilities		
Trade payables	5,450	6,619
Other current liabilities	682	749
Other financial liabilities	2,892	3,693
Income tax liabilities	52	384
Total current liabilities	**9,076**	**11,445**
Total liabilities	**9,097**	**11,466**
Total equity and liabilities	**35,770**	**32,804**

* The Issued Capital consists of shares with a nominal value of EUR 0.05 each.
The authorized capital amounts to 23,429,708 shares, of which 23,000,000 are issued and 20,951,708 shares were floating at September 30, 2010 (December 31, 2009: 20,732,708).

Consolidated cash flow statement (IFRS)

	1.1.-9.30.2010 EUR 000s	1.1.-9.30.2009 EUR 000s
Net income	**2,528**	**-33,780**
Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:		
Depreciation and amortisation	546	1,839
Gain/loss on sale of fixed assets	-2	0
Share-based compensation	63	164
Gain/loss on sale of securities	-508	-547
Other financial income and financial expenses	-1,487	-640
Income taxes	-29	470
Other non-cash expenses and income	-41	29,634
Gross cash flow	**1,070**	**-2,860**
Change in trade receivables	163	2,937
Change in other assets	-58	-124
Change in trade payables	-1,169	-1,840
Change in other liabilities	-847	-110
Income taxes received	256	250
Income taxes paid	-395	-328
Interest received	430	906
Interest paid	0	0
Net cash flow from operating activities	**-550**	**-1,169**

Consolidated cash flow statement (IFRS)

	1.1.-9.30.2010 EUR 000s	1.1.-9.30.2009 EUR 000s
Purchase of intangible assets and property, plant and equipment	-158	-360
Proceeds from sale of intangible assets and property, plant and equipment	9	0
Proceeds from sale of shares in associates and other investments	0	1,200
Purchase of shares in associates and other investments	-399	0
Loans granted	0	-751
Proceeds from sale/maturity of securities and maturity of fixed-term deposits	5,823	13,116
Purchase of securities	-6,005	-5,445
Net cash flow from investing activities	**-730**	**7,760**
Sale of treasury shares	211	0
Purchase of treasury shares	0	-1,343
Repayment of loans granted	36	54
Net cash flow from financing activities	**247**	**-1,289**
Effect of exchange rates on cash and cash equivalents	-133	-194
Cash-effective decrease/increase in cash and cash equivalents	-1,166	5,108
Cash and cash equivalents at beginning of financial year	**13,514**	**5,833**
Cash and cash equivalents at end of period	**12,348**	**10,941**

Statement of changes in group equity (IFRS)

	Balance at January 1, 2009	Total income and expense recognized in equity	Share-based payment	Purchase of treasury shares	Issuance of shares	Balance at September 30, 2009
Issued capital						
Number of shares	22,789,708					22,789,708
Issued capital (EUR 000s)	1,139					1,139
Additional paid-in capital						
for employee stock option plans (EUR 000s)	2,080		164			2,244
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	64,667					64,667
Treasury shares						
Number of shares	765,026			1,253,313		2,018,339
Treasury shares at cost (EUR 000s)	-1,732			-1,343		-3,075
Accumulated deficit (EUR 000s)	**-5,769**	**-33,754**				**-39,523**
Accumulated other comprehensive income						
Currency translation differences (EUR 000s)	-1,477	-194				-1,671
Revaluation available-for-sale securities (EUR 000s)	-3,353	958				-2,395
Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)	**55,555**	**-32,990**	**164**	**-1,343**	**0**	**21,386**
Minority interest (EUR 000s)	120	-26				94
Total equity (EUR 000s)	**55,675**	**-33,016**	**164**	**-1,343**	**0**	**21,480**

Statement of changes in group equity (IFRS)

	Balance at January 1, 2010	Total income and expense recognized in equity	Share-based payment	Purchase of treasury shares	Issuance of shares	Balance at September 30, 2010
Issued capital						
Number of shares	23,000,000					23,000,000
Issued capital (EUR 000s)	1,150					1,150
Additional paid-in capital						
for employee stock option plans (EUR 000s)	2,259		63			2,322
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	64,843					64,843
Treasury shares						
Number of shares	2,267,792				-219,000	2,048,792
Treasury shares at cost (EUR 000s)	-3,410				211	-3,199
Accumulated deficit (EUR 000s)	**-40,076**	**2,255**				**-37,821**
Accumulated other comprehensive income						
Currency translation differences (EUR 000s)	-1,369	-133				-1,502
Revaluation available-for-sale securities (EUR 000s)	-2,164	766				-1,398
Revaluation available-for-sale investments (EUR 000s)	0	1,900				1,900
Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)	**21,233**	**4,788**	**63**	**0**	**211**	**26,295**
Minority interest (EUR 000s)	105	273				378
Total equity (EUR 000s)	**21,338**	**5,061**	**63**	**0**	**211**	**26,673**

Notes

1. Basis of preparation for the quarterly financial statements

These condensed interim consolidated financial statements of ad pepper media International N.V. have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as applicable on the balance sheet date and are presented in euros (EUR). Comparative figures for the previous year have been determined using the same principles and adjusted where necessary.
The quarterly financial statements are consistent with the requirements of IAS 34. The condensed interim consolidated financial statements do not include all of the notes and disclosures required of year-end financial statements and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2009.

All subsidiaries have been included in the interim consolidated financial statements. There have been the following changes in the scope of consolidation compared with the consolidated financial statements as of December 31, 2009:

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

These interim consolidated financial statements as of September 30, 2010 were authorized for publication by the Management Board on October 22, 2010.

2. Accounting policies

The accounting policies applied in these quarterly financial statements do not materially differ from the policies applied in the annual financial statements as of December 31, 2009.

The following standards and interpretations have been adopted within the comitology procedure since then:

Improvements to IFRSs 2007-2009
Commission Regulation (EC) No. 243/2010 concerning the adoption of the annual "Improvements to IFRSs" published by the IASB in April 2009 was published in the Official Journal of the European Union dated March 24, 2010 (53rd year, L 77) and took effect on the third day following its publication in the Official Journal. The "Improvements to IFRSs" are intended to streamline and clarify understanding of international accounting standards. Most amendments involve clarifications or corrections of existing IFRSs or modifications consequential to previous IFRS amendments. The amendments to IFRS 8, IAS 17, IAS 36 and IAS 39 involve changes to existing requirements or additional guidance on their implementation. "Improvements to IFRSs 2007-2009" requires mandatory application at the latest from the beginning of the first financial year starting after December 31, 2009.
The improvement to IFRS 8 means that in these and in future financial statements, ad pepper media will no longer provide any disclosures on segment assets, as these figures are not regularly reported to the company's chief decision makers.

Amendments to IFRS 2 "Share-based payment"
Commission Regulation (EC) No. 244/2010 concerning the adoption of the amendments to IFRS 2 "Share-based payment" published by the IASB on June 18, 2009 was published in the Official Journal of the European Union dated March 24, 2010 (53rd year, L 77) and took effect on the third day following its publication in the Official Journal. The amendments clarify the accounting method for share-based payments where a supplier of goods or services is paid in cash and the cash settlement obligation is reported at another company in a group (cash-settled share-based payments by a group company).

The amendments to IFRS 2 require application at the latest from the beginning of the first financial year starting after December 31, 2009.
This has no implications for the consolidated financial statements of ad pepper media.

Amendments to IFRS 1
The following Commission Regulation was announced in the Official Journal of the European Union dated June 24, 2010 (53rd year, L 157) and took effect three days following publication:

Commission Regulation (EC) No. 550/2010 concerning the adoption of the amendments to IFRS 1 “First-time adoption of IFRSs” published by the International Accounting Standards Board (IASB) on July 23, 2009.
The amendments concern the retrospective application of IFRSs in special situations and are intended to ensure that companies do not incur any unreasonably high costs when converting to IFRS.
Specifically, the amendments exempt companies in the oil and gas industries permitted under national accounting standards to recognize exploration and development costs for projects in the development or production stage in summarized form in cost centers for individual geographical regions from the mandatory complete retrospective application of IFRSs to the relevant oil and gas assets. Moreover, the amendments exempt companies with existing leases from classification under IFRIC 4 “Determining whether an arrangement contains a lease” in cases where an assessment was already made at a previous balance sheet date under national accounting standards comparable to the requirements of IFRIC 4.
The amendments to IFRS 1 require mandatory application at the latest from the beginning of the first financial year starting after December 31, 2009. Earlier application is permitted. This has no implications for the consolidated financial statements of ad pepper media.

Amendments to IFRS 1 and IFRS 7

The following Commission Regulation was announced in the Official Journal of the European Union dated July 1, 2010 (53rd year, L 166) and took effect three days following publication:
Commission Regulation (EC) No. 574/2010 concerning the adoption of the amendments to IFRS 1 “Limited exemption from comparative IFRS 7 disclosure for first-time adopters” and amendments to IFRS 7 “Financial instruments: disclosures” published by the International Accounting Standards Board (IASB) on January 28, 2010.
The amendment to IFRS 1 now enables companies adopting IFRS for the first time to opt for exemption from comparative disclosures of fair value measurement and liquidity risk. IFRS 7 provides for these exemptions in cases where the comparative periods end before December 31, 2009.

The amendments to IFRS 1 and IFRS 7 require application at the latest at the beginning of the first financial year starting after June 30, 2010. This has no implications for the consolidated financial statements of ad pepper media.

IAS 24 (2009) and amendments to IFRS 8 and IFRIC 14

The following Commission Regulations were announced in the Official Journal of the European Union dated July 20, 2010 (53rd year, L 186) and took effect three days following publication:

Commission Regulation (EC) No. 632/2010 concerning the adoption of the revised version of IAS 24 “Related party disclosures” published by the International Accounting Standards Board (IASB) on November 4, 2009 and concerning the adoption of the consequential modifications to IFRS 8 “Operating segments” and Commission Regulation (EC) No. 633/2010 concerning the adoption of the amendments to IFRIC 14 “The limit on a defined benefit asset, minimum funding requirements and their interaction” published by the IASB on November 15, 2009.
The revised version of IAS 24 is intended to clarify the definition of closely related companies and individuals and to exempt companies closely related to public authorities from specific disclosures on transactions performed with related parties. The amendments to IFRS 8 relate to consequential modifications resulting from the adoption of IAS 24 in terms of disclosure obligations in the case of major government customers.
The amendments to IFRIC 14 are relevant in the rare cases in which a company is subject to minimum funding requirements and pays advance contributions in order to meet such requirements.
The revised version of IAS 24 and the amendments to IFRS 8 and IFRIC 14 require application at the latest at the beginning of the first financial year starting after December 31, 2010.
This will not have any material implications for the consolidated financial statements of ad pepper media.

IFRIC 19 and amendments to IFRS 1

The following Commission Regulation was announced in the Official Journal of the European Union dated July 24, 2010 (53rd year, L 193) and took effect three days following publication:

Commission Regulation (EC) No. 662/2010 concerning the adoption of IFRIC 19 "Extinguishing financial liabilities with equity instruments" published by the International Financial Reporting Interpretations Committee (IFRIC) on November 26, 2009 and the adoption of consequential modifications to IFRS 1 "First-time adoption of IFRSs". IFRIC 19 sets out the IFRS requirements in cases where a company extinguishes a financial liability in part or in total by issuing shares or other equity instruments.

The interpretation clarifies that

- the equity instruments issued to a creditor to extinguish a financial liability form part of the "consideration paid" as defined in IAS 39.41;
- the relevant equity instruments must be measured at fair value. Where this cannot be reliably determined, the equity instruments must be measured at the fair value of the liability thereby extinguished;
- the differential amount between the carrying amount of the financial liability to be retired and the first-time recognition of the equity instruments issued must be recognized in the income statement.

IFRIC 19 and the consequential modifications to IFRS 1 require mandatory application from the beginning of the first financial year starting after June 30, 2010. Earlier application is permitted.
This will not have any material implications for the consolidated financial statements of ad pepper media.

The following standards and interpretations have been published since December 31, 2009 but not yet adopted within the comitology procedure:

Improvements to IFRSs 2008-2010
The International Accounting Standards Board (IASB) published "Improvements to IFRSs 2008-2010" on May 6, 2010, resulting in amendments to six International Financial Reporting Standards (IFRSs) and one interpretation (IFRIC) (IASB press release).
Besides the amendments proposed in the exposure draft on "Improvements to IFRSs" from August 2009, the new version also includes an amendment to IFRS 1 "First-time adoption of IFRSs". This formed part of the exposure draft published in July 2009 concerning rate-regulated activities. The pooling of these amendments in a single document is intended to reduce the volume of adjustments required.

Specifically, the amendments relate to:

- IFRS 1 First-time adoption of IFRSs
- IFRS 3 Business combinations
- IFRS 7 Financial instruments: disclosures
- IAS 1 Presentation of financial statements
- IAS 27 Consolidated and separate financial statements
- IAS 34 Interim financial reporting
- IFRIC 13 Customer loyalty programmes

Unless otherwise indicated, the amendments require application in reporting periods beginning on or after January 1, 2011. Premature application is permitted. These amendments will not have any material implications for the consolidated financial statements of ad pepper media.

Amendments to IFRS 7
The International Accounting Standards Board (IASB) published amendments to IFRS 7 "Financial instruments: disclosures" on October 7, 2010. These amendments largely standardize the relevant disclosure obligations under International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (US-GAAP). The amendments to IFRS 7 involve extended disclosure obligations upon the assignment of financial assets and are intended to provide readers of the financial statements with a better understanding of the implications of the risks remaining at the company. Companies must make mandatory application of the amendments in financial years beginning on or after July 1, 2011. Premature application is possible. Comparative disclosures may be omitted in the first year of application. This will not have any material implications for the consolidated financial statements of ad pepper media.

3. Notes to the interim financial statements

Reference is basically made to the disclosures concerning the company's net asset, financial and earnings position made in the interim management report. The following one-off items materially affecting the income statement occurred in the period under report:
The financial result on the one hand includes recognized net exchange gains of EUR 508k from the sale of securities (Q1-Q3 2009: EUR 547k) and net valuation gains of EUR 162k (Q1-Q3 2009: EUR 0k).
On the other hand, an amount of EUR 0.9m is attributable to the reversal of an impairment loss on a loan recognized in 2009. This occurred in connection with third-round financing at Brand Affinity Technologies Inc. In this respect, the measurement of the minority interest was changed to fair value measurement. As the investment is classified as equity instrument available-for-sale, the reversalwas recognized in other comprehensive income.

4. Segment reporting pursuant to IFRS 8

IFRS 8 supersedes IAS 14 "Segment reporting" and adapts IASB standards to the requirements of the Statement of Financial Accounting Standards (SFAS) 131. IFRS 8 requires companies to report financial and descriptive information about their so-called "reportable segments".
Reportable segments are either operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of a company about which separate financial information is available, and that are regularly evaluated by the chief operating decision maker for the purpose of resource allocation and performance assessment.

Financial information must generally be reported on the same basis used internally to evaluate the operating segments (management approach). The information reported to the chief operating decision maker to assist him/her in allocating resources to the segments and assessing their earnings strength is based on the services performed by the respective segment.
The Group thus reports segment information for the operating segments of "ad pepper media" (lead, mail, banner, ad serving), "Webgains" (affiliate marketing) and "ad agents" (SEM/SEO), as well as for the non-operating "Admin" segment (administration).
Due to the merger of Pentamind A/S with Emediate ApS executed in the second quarter of 2010 with retrospective effect as of January 1, 2010 and the resultant change in Pentamind's business activities, the earnings contributions from Pentamind A/S previously reported in the "Admin" segment are now presented in the "ad pepper media" segment.

The accounting policies for the reportable segments are consistent with the Group's accounting policies described in Note [2]. Segment earnings are presented as the EBIT and EBITDA for each segment with no difference to IFRS. The segment earnings calculated this way are reported to the chief operating decision maker to assist him/her in allocating resources to the segments and assessing their earnings strength. Transactions between the segments are accounted for using the "dealing at arm's length" principle.

Q1-Q3 2010	ad pepper media EUR 000s	Webgains EUR 000s	ad agents EUR 000s	Admin EUR 000s	Consoli-dation EUR 000s	Group EUR 000s
Total sales	**21,214**	**11,512**	**4,838**	**1,036**	**-1,456**	**37,144**
of which: external sales	*20,948*	*11,351*	*4,835*	*10*	*0*	*37,144*
of which: intersegmental sales	*266*	*161*	*3*	*1,026*	*-1,456*	*0*
Expenses and other income	**-20,204**	**-11,802**	**-4,154**	**-1,554**	**1,074**	**-36,640**
of which: depreciation and amortization	*-249*	*-16*	*-24*	*-258*	*1*	*-546*
of which: other non-cash expenses	*-417*	*-90*	*0*	*-129*	*-2*	*-638*
EBITDA	**1,259**	**-274**	**708**	**-260**	**-383**	**1,050**
EBIT	**1,010**	**-290**	**684**	**-518**	**-382**	**504**
Financial income	**51**	**1**	**1**	**2,087**	**-51**	**2,089**
Financial expenses	**-52**	**-2**	**-4**	**-87**	**51**	**-94**
Taxes on income						**29**
Net income for period						**2,528**

Q1-Q3 2009	ad pepper media EUR 000s	Webgains EUR 000s	ad agents EUR 000s	Admin EUR 000s	Consoli-dation EUR 000s	Group EUR 000s
Total sales	**22,092**	**9,059**	**3,994**	**1,439**	**-2,058**	**34,526**
of which: external sales	21,760	8,768	3,980	18	0	34,526
of which: intersegmental sales	332	291	14	1,421	-2,058	0
Expenses and other income	**-43,737**	**-13,646**	**-4,062**	**-5,894**	**1,435**	**-65,904**
of which: depreciation and amortization	-827	-220	-16	-777	1	-1,839
of which: other non-cash expenses	-20,397	-4,424	-15	-1,586	0	-26,422
EBITDA	**-20,818**	**-4,367**	**-52**	**-3,678**	**-624**	**-29,539**
EBIT	**-21,645**	**-4,587**	**-68**	**-4,455**	**-623**	**-31,378**
Financial income	**108**	**0**	**2**	**1,390**	**-142**	**1,358**
Financial expenses	**-98**	**-6**	**0**	**-3,328**	**142**	**-3,290**
Taxes on income						**-470**
Net income for period						**-33,780**

Geographical information

The Group operates in four principal geographical areas – the Netherlands (country of domicile), Germany, Scandinavia and the United Kingdom. The Group's sales from continuing operations with external customers and information about segment assets are detailed below broken down by geographical location. The non-current assets stated here do not include financial instruments or deferred tax assets:

	Revenue from external customers		Non-current assets	
	Q1-Q3 2010 EUR 000s	Q1-Q3 2009 EUR 000s	9.30.2010 EUR 000s	9.30.2009 EUR 000s
Netherlands	2,346	2,429	25	23
Germany	11,259	10,498	704	1,020
Scandinavia	4,855	6,043	182	358
United Kingdom	9,316	8,449	72	40
Other	9,368	7,107	25	94
Total	**37,144**	**34,526**	**1,008**	**1,535**

The disclosures required by IFRS 8.34 are not relevant here as there is no dependency on major customers.

5. Treasury stock

Acquisition of treasury stock

The Management Board is authorized by shareholders' resolution dated May 18, 2010 to buy back treasury stock up to 50 percent of the company's share capital within the next 18 months.

As of September 30, 2010, ad pepper media International N.V. held 2,048,792 treasury stock shares (September 30, 2009: 2,018,339) at a nominal value of EUR 0.05 each, corresponding to 8.91 percent (September 30, 2009: 8.86 percent) of the share capital.

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

Sale of treasury stock

By doubling their number and halving the price, and thus also the earnings per share figure, all employee option plans have been adjusted to account for the share split on May 27, 2009:

Of existing treasury stock, no shares were sold at an exercise price of EUR 0.665 in the first nine months within the framework of employee option plans (Q1-Q3 2009: 0), no shares at an exercise price of EUR 1.365 (Q1-Q3 2009: 0), 194,000 shares at an exercise price of EUR 0.89 (Q1-Q3 2009: 0), no shares at an exercise price of EUR 2.225 (Q1-Q3 2009: 0), 25,000 shares at an exercise of price of EUR 1.500 (Q1-Q3 2009: 0), and no shares at an exercise price of EUR 0.915 (Q1-Q3 2009: 0).

A total of 219,000 treasury stock shares were sold in the first nine months (Q1-Q3 2009: 0).

Number of shares outstanding

Less treasury stock, the number of shares issued and outstanding as of September 30, 2010 amounted to 20,951,208 (September 30, 2009: 20,771,369). Each share has a nominal value of EUR 0.05.

6. Events after the balance sheet date

No events that could have materially affected the Group's net asset, financial and earnings position as presented in this report as of September 30, 2010 occurred before the date of authorization for publication.

7. Seasonal influences on business operations

ad pepper media operates in the field of online advertising in the broadest sense. Due to the seasonal nature of the advertising industry, with advertising spending traditionally peaking in the fourth quarter, the Group's sales, and thus its resultant operating earnings, are generally higher in the second half of the year.

8. Shareholdings and options

As of September 30, 2010, a total of 2,361,000 options had been issued within the Group's stock option plans. The exchange ratio amounts to one share for each option. The exercise prices range from EUR 0.665 to EUR 6.75.

The following table lists the number of shares and options held (directly or indirectly) by members of the Management and Supervisory Boards and by the Group's employees:

	Shares as of 9.30.2010	Options as of 9.30.2010
Management Board		
Ulrich Schmidt	1,005,524	446,000
Michael A. Carton	332,178	284,000
Jens Körner	0	160,000
Supervisory Board		
Michael Oschmann	0	0
Dr. Frank Schlaberg	0	0
Jan Andersen	0	0
Merrill Dean	0	0
Associates		
EMA B.V.	9,486,402	0
Viva Media Service GmbH	71,300	0
Euroserve Media GmbH	406,132	0
Grabacap ApS	708,000	0
Employees		**1,471,000**

9. Number of employees

The ad pepper media Group had a total of 248 employees at the end of the 3rd quarter of 2010 (September 30, 2009: 246 employees).

Nuremberg, October 22, 2010

Ulrich Schmid Jens Körner Michael A. Carton

Financial calendar

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

Analysts' Conference at Eigenkapitalforum (Frankfurt am Main)	*November 22, 2010*
Annual report 2010	*April 11, 2011*
Quarterly report I / 2011	*May 11, 2011*
Annual General Meeting (Amsterdam, Netherlands)	*May 17, 2011*

Contact

Investor contact

Jens Körner (CFO)/ Thomas Gahlert
ad pepper media International N.V.
Frankenstrasse 150C
FrankenCampus
D-90461 Nuremberg

phone: +49 (0) 911 929057-0
fax: +49 (0) 911 929057-157
e-mail: ir@adpepper.com
www.adpepper.com

Imprint

Published by
ad pepper media International N.V.
Frankenstrasse 150C
FrankenCampus
D-90461 Nuremberg

phone: +49 (0) 911 929057-0
fax: +49 (0) 911 929057-157
e-mail: info@adpepper.com
www.adpepper.com

Joint stock company (N.V.)
Headquarters: Amsterdam, The Netherlands
Nuremberg office
Prime Standard, Frankfurt Stock Exchange
ISIN: NL0000238145
HRB Nuremberg 17591
VAT-ID No: DE 210757424

Management Board:
Ulrich Schmidt, Chairman
Jens Körner, Finance
Michael A. Carton, Board Director

We will gladly send you our 2009 Annual Report as well as the interim financial reports for 2010 in German or English.
Alternatively, these reports are published as PDF files at
www.adpepper.com:
Investor relations/News & publications/Reports & presentations

ad pepper media International N.V.
Hogehilweg 15
NL - 1101 CB Amsterdam

www.adpepper.com