

9-Months-Report 2005



Overview of the main key figures

	Q3/ 2005 kEUR	Q3/ 2004* kEUR	Change	Q1-Q3/ 2005 kEUR	Q1-Q3/ 2004* kEUR	Change
Net sales	6,604	4,936	34%	18,466	15,111	22%
Gross margin	3,265	2,213	48%	8,340	6,882	21%
Operating costs	3,034	2,211	37%	8,609	6,830	26%
EBIT	231	2	11,450%	-269	52	-617%
Profit for the period	397	414	-4%	274	981	-72%
	30.09.2005 kEUR	30.12.2004* kEUR				
Liquid resources**	17,104	25,197				
Equity	39,861	40,051				
Total assets	45,083	46,398				
	Q3/ 2005 EUR	Q3/ 2004* EUR	Change	Q1-Q3/ 2005 EUR	Q1-Q3/ 2004* EUR	Change
Earnings per share (basic)	0.04	0.04	0%	0.03	0.09	-67%
	30.09.2005	30.09.2004				
Employees	126	116				

* Disclosure of previous year's data adapted

** Including short term liquid fixed asset securities and restricted cash

Dear Shareholder,

The third quarter was strong with positive results in many areas of the business.

General business development in nearly all market segments turned out to be very positive despite the summer months in the marketing sector being usually characterised by slower trading. The online market as a whole showed continuing strong growth, outperforming classical advertising media and showing its increasing ability to compete with traditional media when measured in terms of creativity and results.

The third quarter showed an excellent trend for ad pepper media. Compared to the third quarter of the previous year, 2005 displayed a 34 percent increase in turnover and gratifying profit figures and we were able to build on the significant increase in turnover of the first half year. These particularly pleasing results surpass those of the second quarter and buck the normal seasonal trend.

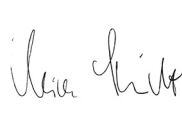
The market introduction of webstats4U (formerly Nedstat Basic) is certainly ad pepper medias most important new project in a long time. Technical integration of this new business unit is definitely a challenge, but we are confident in our ability to master it with the proven expertise of our team. The planned positive impulses of webstats4U on margin and revenue will take some time to develop and can be seen within the next quarters.

The stock market has shown a very positive reaction to ad pepper media in general this quarter having recognised the future potential in both share and profit trends. The overall market environment is very favourable, and in combination with further positive company news we are optimistic about the future share and market trend.

We are already seeing the first successes flowing from the investments and organisational actions implemented over the past months and with the fourth quarter ahead, usually strong in turnover, we are certain that we can conclude the year with successful figures and positive results overall.

Thank you for the continued confidence you show in us.

The Board
ad pepper media International N.V.



Ulrich Schmidt



Hermann Claus



Niels Nüssler

Result – third quarter of 2005 and first nine months 2005

ad pepper media has achieved convincing figures for the third quarter of 2005, with significant improvements for all important indicators. This places the company a further step forward after a slow first six months with the summer quarter being generally calm for seasonal reasons. The positive trend is due in a small part to the latest acquisition of Nedstat Basic, which will, as planned, start to show tangible results in the coming quarters.

ad pepper media publishes its interim report in accordance with the International Financial Reporting Standards (IFRS). The previous year's results have been adjusted accordingly.

With proceeds from turnover amounting to kEUR 6,604, ad pepper media achieved an increase of 34 percent in turnover in the third quarter of 2005 (previous year: kEUR 4,936). At the same time, gross margin rose by 48 percent, running at kEUR 3,265 in the third quarter of 2005 (Q3/2004: kEUR 2,213). In spite of extraordinary expenses incurred in the third quarter of 2005, EBIT showed a sustained increase to kEUR 231 in the third quarter of 2005 (Q3/2004: kEUR 2). In the third quarter of 2005, the company thus gained a group result of kEUR 417 before taxes (Q3/2004: kEUR 414) and kEUR 397 after taxes (Q3/2004: kEUR 414).

On an accumulated basis, ad pepper media increased its turnover in the first nine months of fiscal 2005 by an encouraging 22 percent to kEUR 18,466 (previous year: kEUR 15,111), while gross margin increased in the same period by 21 percent to kEUR 8,340 (previous year: kEUR 6,882). EBIT for the first nine months of 2005 was kEUR -269, after kEUR 52 in the same period last year. The accumulated group result is kEUR 274 (previous year: kEUR 981).

Liquid assets including short-term liquid fixed asset securities and restricted cash equaled million EUR 17.1 on 30 September 2005.

Business Development

ad pepper media is an international interactive media and direct marketing solutions and services provider currently operating 15 branch offices in 10 European countries and the United States whilst also marketing its services in more than 40 countries. Thanks to state-of-the-art technology, ad pepper media links thousands of small, medium-sized and large websites to make up a premium quality-advertising network which has global coverage and specifically addresses the relevant target groups.

Besides being represented in regional, national and international marketing, website partners receive a variety of other important products and services, such as ad serving, traffic analysis and performance optimization, which are offered by ad pepper media and its associated companies, adapted to the local conditions in every case.

Apart from the gigantic international coverage of approx. 4 billion exclusive advertising contacts per month, advertisers primarily benefit from – a multitude of advertising formats and invoicing models adapted to their advertising objectives. Both branding and direct marketing propositions can be delivered efficiently to various electronic channels via the company's technology platform. With in excess of 4 million opt-in email profiles of its own, ad pepper media also operates one of the largest pan-European databases. In this context, iLead and mailpepper are well-known brand names, which are unequalled in terms of both quality and coverage.

In February 2005, ad pepper media BeNeLux B.V. acquired the Dutch online marketer ResultOnline B.V. This acquisition strengthened ad pepper media's position in the segment of text-based online marketing and positioned the subsidiary company ad pepper media BeNeLux B.V. at the top of Dutch providers of online marketing solutions.

Further, ad pepper media acquired the free website analytics solution Nedstat Basic from Nedstat B.V., the European leader in website analytics. With this asset transaction, ad pepper media acquires all the respective rights associated with the world's most frequently used free website analytics solution. Nedstat Basic is an ASP based solution enabling webmasters to measure all the important indicators such as traffic, user behaviour, content and offer performance. Nedstat Basic is actively used by more than 600,000 webmasters on approximately 1 million websites around the world and has been continuously growing since its launch in 1996. On September 1st, 2005 Nedstat Basic was converted to webstats4U (www.webstats4u.com), the brand, ad pepper media is now using to promote and expand this product.

This acquisition highlights ad pepper media's continuing strategy to extend the range of revenue generating solutions it provides to its website partners, plus additional free services and solutions such as ad serving and website analytics which have become indispensable tools for professional websites.

Online advertising

That the Internet has become an important mass medium is now beyond dispute. The Web already accounts for 10 percent of the overall media consumption, and much more in some European markets. The Internet offers companies a multitude of creative advertising possibilities. The task is to benefit from these, because meanwhile there is no more doubt that online advertising is highly efficient.

For advertisers and marketers, online advertising has assumed a position firmly at the centre of media plans for many and varied clients and can no longer be considered an optional extra for any advertiser. Digital media opportunities are as multifaceted as the objectives of the marketing experts using the medium. Online advertisers are not just achieving general branding objectives but they are also successful in realising direct promotional sales, as online advertising offers a far broader range of possibilities. However, the Internet as a sales and distribution channel does not just work for large corporations but increasingly for small and medium compa-

nies as well. Email and search engine marketing are growing more and more popular thanks to their ability to target precisely consumer groups, success monitoring, and intelligent automatic placement.

Aside from an increased usage of the Internet throughout all population strata, higher broadband penetration has contributed to a further growth in online advertising; the high-grade Rich Media Formats in particular were successful in extending reach and coverage, thus increasing in attractiveness for companies engaging in online advertising. This increased demand is reflected in corresponding pricing: online advertising is still far more accountable and cost-efficient, than other media.

Online advertising has experienced a consistent and significant upgrade in quality due to a heightened awareness of permission issues like spam and unwanted advertising. It is the "good" campaigns, based on the highest user-permission standards, which excel with high response figures. "Bad" campaigns are filtered out long before a potential contact with the user ensues.

In conclusion: online advertising has come of age with increased professionalism with all participants involved. This opens the door to larger, farther reaching campaigns precisely tailored to relevant target groups at international, national and increasingly, at regional levels as well.

The share

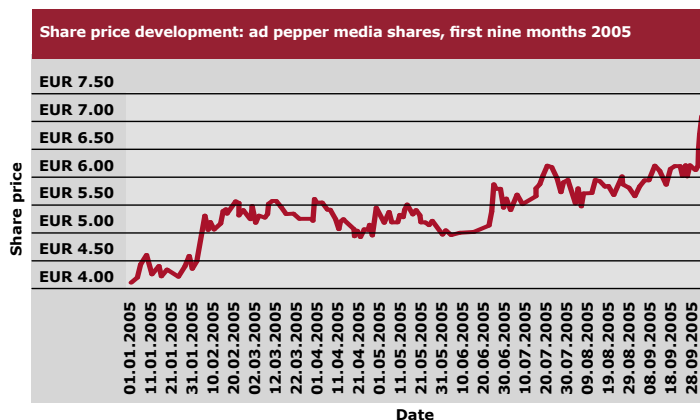
Throughout the third quarter, the positive trend seen in the first half year of 2005 continued; the ad pepper media share experienced an appreciation in value of 72 percent, rising from EUR 4.11 at the beginning of the year on 3 January 2005 to EUR 7.05 at the reporting date of 30 September 2005. At the same time, the share price of EUR 7.05 as of 30 September 2005 represented the high-water mark for the year.

At the beginning of the third quarter, ad pepper media announced the acquisition of Nedstat Basic which was met by the market with great interest and a very positive reception,

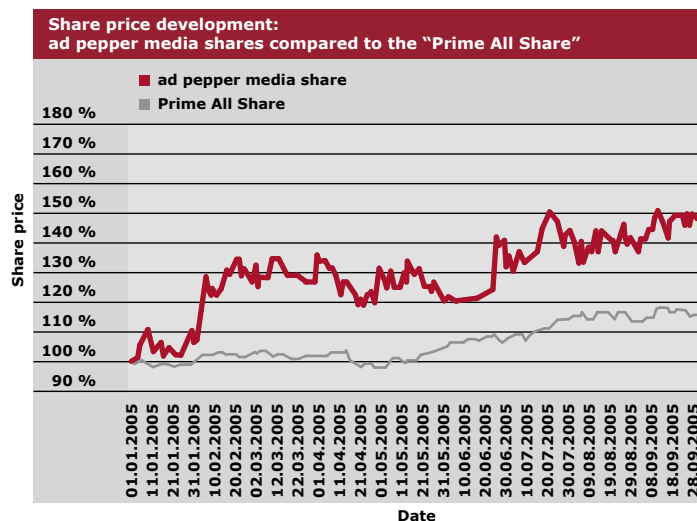
amongst others by Equinet, whose new share price objective is now EUR 8.

The positive influence on the share price trend in the third quarter is, amongst others, the result of a recommendation by the website "der-aktientrader.de" – which classified the share as a bargain buy so far unrecognised – as well as the result of numerous buy recommendations in various market letters (Extra-Chancen, TradeCentre.de, Doersam-Brief). In addition, the stock market periodical "Der Aktionär" published an interview with Mr. Ulrich Schmidt highlighting the significance of the acquisition of Nedstat Basic as well as the future perspectives for ad pepper media. Moreover, the share price trend was positively influenced by road shows in San Francisco and Frankfurt which helped to win and successfully engage additional investors.

Overall, the first nine months of 2005 transpired to be very successful for ad pepper media with respect to the trend in its share price. We are confident that the company's strategic alignment as well as its targeted orientation towards constantly rising profits will continue to have a positive influence on the value of ad pepper media shares in the remaining fourth quarter.



A comparison with the development of the Prime All Share Index shows that ad pepper media was able to significantly outperform the general business trend with a share price advance of 72 percent (as of 30 September 2005). On the same reporting date, the above-mentioned industry index registered an increase by merely 19 percent.



Under www.adpepper.com (Investor Relations), interested parties have the opportunity to obtain comprehensive company information and to download financial statements and reports. In addition, we are always there to answer questions of our investors and parties interested in potential investments by phone or email.

Outlook

The turnover growth rates for the first three quarters of 2005 have demonstrated that ad pepper media was able to clearly outperform the general growth rate of the market. The increase in order intakes and rising booking volumes will most probably result in an additional growth in turnover, compared to the fourth quarter of the previous year. In addition, ad pepper media is expecting, on a medium-term basis a significantly increased reach and thus in turn a noticeable improvement in gross margin and revenue figures. This confidence is buoyed last but not least by the acquisition of Nedstat Basic and its subsequent commercialisation.

Our positive outlook is also shared by many investors so that we, with respect to the trend of the ad pepper media share, are anticipating further rises in the share price.

Consolidated Statements of Operations (IFRS)				
	Q3/ 2005 EUR	Q3/ 2004 EUR	Q1-Q3/ 2005 EUR	Q1-Q3/ 2004 EUR
Net sales	6,603,910	4,936,046	18,465,816	15,110,963
Cost of sales	-3,339,108	-2,723,138	-10,126,058	-8,229,182
Gross profit	3,264,802	2,212,908	8,339,758	6,881,781
Selling and marketing expenses	-1,796,723	-1,408,837	-5,170,779	-4,113,746
General and administrative expenses	-971,641	-1,106,998	-3,237,245	-3,116,659
Other operating income and expenses, net	-341,107	284,048	-422,104	357,411
Operating income	155,331	-18,879	-490,370	8,787
Equity in earnings of affiliated companies	40,000	20,000	206,654	81,312
Foreign currency exchange gains and losses, net	35,663	491	14,662	-38,480
Interest income and expenses, net	185,725	412,859	570,552	933,167
Income before income taxes (and minority interest)	416,719	414,471	301,498	984,786
Income taxes	-20,163	0	-27,062	-4,280
Income before minority interest	396,556	414,471	274,436	980,506
Minority interest	0	0	0	0
Consolidated net gain	396,556	414,471	274,436	980,506
Earnings per share (basic)	0.04	0.04	0.03	0.09
Earnings per share (diluted)	0.03	0.04	0.02	0.09
	Q3/ 2005 Shares	Q3/ 2004 Shares	Q1-Q3/ 2005 Shares	Q1-Q3/ 2004 Shares
Weighted average shares outstanding (basic)	10,509,306	10,431,477	10,494,760	10,399,002
Weighted average shares outstanding (diluted)	11,355,692	11,275,829	11,302,941	11,319,707

Consolidated Balance Sheets (IFRS)		
	September 30, 2005 EUR	December 31, 2004 EUR
Assets		
Noncurrent assets		
Goodwill	5,619,880	2,819,971
Intangible assets, net	3,228,107	1,547,946
Equipment, net	462,652	418,231
Investments in affiliated companies	4,510,202	2,645,424
Restricted cash	650,000	650,000
Marketable securities	5,756,003	2,513,250
Other assets	752,261	603,908
Deferred tax assets	2,735,157	2,735,157
Total noncurrent assets	23,714,262	13,933,887
Current assets		
Marketable securities	5,421,700	6,113,003
Trade accounts receivable, net	9,352,901	9,165,577
Prepaid expenses and other current assets	1,317,770	1,264,569
Cash and cash equivalents	5,276,710	15,921,047
Total current assets	21,369,081	32,464,196
Total assets	45,083,343	46,398,083
Liabilities and shareholders' equity		
Shareholders' equity		
Share capital	1,115,500	1,115,500
Additional paid-in capital	59,793,430	59,727,358
Treasury stock	-1,187,012	-1,062,920
Revaluation surplus	-471,598	-23,048
Accumulated deficit	-19,376,308	-19,650,744
Translation adjustment	-12,687	-55,127
Total shareholders' equity	39,861,325	40,051,019
Minority interest	35,695	35,695
Current liabilities		
Trade accounts payable	2,056,676	3,052,630
Other current liabilities	629,410	632,882
Accrued expenses	2,500,237	2,625,857
Total current liabilities	5,186,323	6,311,369
Total liabilities and shareholders' equity	45,083,343	46,398,083

Statement of Cash Flows (IFRS)		
	01.01.05-30.09.05 EUR	01.01.04-30.09.04 EUR
Net gain	274,436	1,287,717
Adjustments to reconcile net gain to cash provided by operations		
Depreciation and amortization	572,831	425,503
Gain/ loss on sale of equipment	-1,598	-8,984
Stock option expenses	66,072	0
Interest income and expenses	-570,552	0
Income tax expenses	27,062	0
Other non-cash income and expenses	-22,790	-235,825
Gross-cash-flow	345,461	1,468,411
Increase/ decrease in trade accounts receivable	-187,324	1,124,814
Increase in prepaid expenses and other assets	-53,201	-41,383
Income taxes paid	-27,062	0
Interest income received	389,215	0
Increase in trade accounts payable	-995,954	-1,161,886
Interest expenses paid	-2,527	0
Decrease in accrued expenses and other liabilities	-129,092	-1,496,312
Net cash used in operating activities	-660,484	-106,356
Capital expenditures for intangible assets and equipment	-2,299,283	-632,557
Proceeds from sale of intangible assets and equipment	3,468	15,956
Capital expenditures in affiliated companies	-1,658,124	0
Security payments/ proceeds from repayment security deposits	-148,353	-10,262
Cash paid for acquisition of shares in consolidated companies	-2,635,046	0
Sales of marketable securities	0	4,157,500
Purchase of marketable securities	-3,000,000	-4,314,280
Net cash used in investing activities	-9,737,338	-783,643
Sale of treasury stock	160,295	154,191
Purchases treasury stock	-449,250	0
Net cash provided by/ used in financing activities	-288,955	154,191
Effect of exchange rate changes on cash and cash equivalents	42,440	24,421
Changes in cash and cash equivalents	-10,644,337	-711,387
Cash and cash equivalents at beginning of year	15,921,047	17,281,976
Cash and cash equivalents at end of period	5,276,710	16,570,589

Statement of shareholders' equity							
	Share capital EUR	Additional paid-in capital EUR	Treasury stock EUR	Revaluation surplus EUR	Accumulated deficit EUR	Translation adjustment EUR	Total EUR
Balance at 01.01.2004	1,115,500	59,334,652	-1,284,338	118,841	-23,599,925	-26,955	35,657,775
Issuance of treasury shares			154,191				154,191
Net gain for the period					980,506		980,506
Stock option plans		307,211					307,211
Differences from currency conversion						24,422	24,422
Unrealized gain/ loss on securities				-20,514			-20,514
Total comprehensive income/ loss							1,291,625
Balance at 30.09.2004	1,115,500	59,641,863	-1,130,147	98,327	-22,619,419	-2,533	37,103,591
Balance at 01.01.2005	1,115,500	59,727,358	-1,062,920	-23,048	-19,650,744	-55,127	40,051,019
Issuance from treasury shares			-124,092				-124,092
Net gain for the period					274,436		274,436
Stock option plans		66,072					66,072
Differences from currency conversion						42,440	42,440
Unrealized gain/ loss on securities				-448,550			-448,550
Total comprehensive income/ loss							-65,602
Balance at 30.09.2005	1,115,500	59,793,430	-1,187,012	-471,598	-19,376,308	-12,687	39,861,325

Notes to the consolidated interims financial statements as of September 30th, 2005

Basis for the preparation of the quarter-end financial reports

The current quarter-end financial reports for ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards (IFRS) as applicable on the closing date and are presented in Euros. The comparative figures of previous periods were determined and adjusted accordingly. The quarter-end financial reports meet the requirements of IAS34.

Accounting Principles

The accounting principles applied to these interims financial statements do not materially differ from the principles as applied for the US-GAAP Annual Report as of December 31st, 2004.

Differences are illustrated under the heading "Conversion to International Financial Reporting Standards".

Business Combinations

As of March 1st, 2005, ad pepper media Benelux B.V. acquired a 100 percent interest in the Dutch online marketing agency ResultOnline B.V. ResultOnline was founded in 1999 and is one of the leading text-based online marketing companies in the Netherlands. ResultOnline has a firm base of customers and website partners, offering primarily performance-linked marketing using its own technology, and has been operating profitably since 2001.

ad pepper media's leading lead generation solutions and its growing optin email database combined with ResultOnline's

text-based marketing experience and its broad customer and website base will make the two companies the Netherlands' leading supplier of online data marketing solutions. Synergies will also contribute to long-term profitability.

The provisional purchase price is EUR 1,585,670, part of which is being paid in the form of 30,678 shares in ad pepper media International N.V. The value per share of EUR 5.374 reflects the average closing price of the last ten trading days before closing date. An additional purchase price of EUR 100,000 is contingent upon the achievement of performance targets.

The purchase price exceeds the values of net assets, which are shown below, by EUR 1,389,425.

Values of assets and liabilities at acquisition	
	kEUR
Intangible assets	50.2
Equipments. net	12.1
Noncurrent assets	62.3
Trade receivables	56.8
Prepaid expenses and other current assets	51.4
Cash and cash equivalents	358.9
Current assets	467.1
Total assets	529.4
Trade liabilities	63.2
Other current liabilities	27.4
Accruals	142.7
Total liabilities	233.3
Net assets	296.1

Result Online contributed with kEUR 43 to the consolidated income of the period. Assuming that the acquisition had been effective at beginning of the reporting period the proforma revenues would have been kEUR 11,973 and the proforma net income kEUR 112.

Effective July 1st, ad pepper media took over the free website analytics solution Nedstat Basic from Nedstat B.V., the European leader in website analytics.

With this asset transaction, ad pepper media acquired all the respective rights associated with the world's most frequently used free website analytics solution. Nedstat Basic is an ASP based solution enabling webmasters to measure all the important indicators such as traffic, user behavior, content and offer performance.

Nedstat Basic is actively used by more than 600,000 webmasters on approximately 1 million websites around the world and has been continuously growing since its launch in 1996.

The provisional purchase price of this transaction is million EUR 3 plus a limited earn-out component. The acquisition was executed through Web Measurement Services B.V., a newly formed and wholly owned ad pepper media subsidiary based in Hoofddorp, Netherlands. The purchase price exceeds the values of net assets acquired, which are shown below, by million EUR 1.4.

Values of assets at acquisition	
	kEUR
Intangible assets	1,575.9
Equipments, net	50.0
Noncurrent assets	1,625.9

Segment reporting

The various products and services of ad pepper media do not materially differ with regards to risk and income. Internal financial reporting as well as the management structure primarily focus on geographical regions. Accordingly, primary reporting is provided for the following summarized segments:

- Central Europe including Germany, the Netherlands and Slovakia
- Northern Europe including Denmark and Sweden
- Western Europe including Great Britain, France, Spain and Italy
- USA

Sales						
Sales Q3/ 2005 in kEUR	Central Europe	Northern Europe	Western Europe	USA	Consolidation	Group total
External sales	2,776	912	2,418	498	0	6,604
Intersegment sales	120	49	454	0	-623	0
Total sales	2,896	961	2,872	498	-623	6,604
Sales Q3/ 2004 in kEUR						
External sales	1,573	978	2,153	232	0	4,936
Intersegment sales	95	92	164	0	-351	0
Total sales	1,668	1,070	2,317	232	-351	4,936
Sales Q1-Q3/ 2005 in kEUR						
External sales	6,740	3,391	7,360	975	0	18,466
Intersegment sales	337	146	779	2	-1,264	0
Total sales	7,077	3,537	8,139	977	-1,264	18,466
Sales Q1-Q3/ 2004 in kEUR						
External sales	4,842	3,259	6,326	684	0	15,111
Intersegment sales	312	297	264	0	-873	0
Total sales	5,154	3,556	6,590	684	-873	15,111
Net gain/ loss in kEUR						
Q3/ 2005	-44	270	141	-29	59	397
Q3/ 2004	245	80	61	1	27	414
Q1-Q3/ 2005	68	53	-50	-100	303	274
Q1-Q3/ 2004	347	344	-35	394	-69	981

Conversion to International Financial Reporting Standards

Due to adjustments of comparative figures of previous years, the first time adoption of International Financial Reporting Standards leads to differences in equity and net income as presented according to IFRS compared to those amounts as previously presented according to US-GAAP. The comparative values were determined as if IAS/IFRS had been adopted all the time. The resulting differences of balance sheet items

as reported in the consolidated financial statements as of December 31st, 2003 according to US-GAAP compared to the opening balances as of January 1st, 2004 according to IFRS were recognized in the accumulated deficit.

According to IFRS1 (First Time Adoption of International Financial Reporting Standards) following is the reconciliation of equity according to US-GAAP to the equity according to IFRS:

EUR	Notes*	US-GAAP January 1st, 2004	Adjustments	IFRS January 1st, 2004
Share capital		1,115,500		1,115,500
Additional paid-in capital	a,c	56,584,792	2,749,860	59,334,652
Treasury stock	c	-79,973	-1,204,365	-1,284,338
Revaluation surplus	b		118,841	118,841
Accumulated deficit	a	-22,054,430	-1,545,495	-23,599,925
Translation adjustment	b		-26,955	-26,955
Other comprehensive income	b	91,886	-91,886	
Shareholders' equity		35,657,775	0	35,657,775

EUR	Notes*	US-GAAP September 30th, 2004	Adjustments	IFRS September 30th, 2004
Share capital		1,115,500		1,115,500
Additional paid-in capital	a,c	56,730,563	2,911,300	59,641,863
Treasury stock	c	-71,553	-1,058,594	-1,130,147
Revaluation surplus	b		98,327	98,327
Accumulated deficit	a	-20,766,713	-1,852,706	-22,619,419
Translation adjustment	b		-2,533	-2,533
Other comprehensive income	b	95,794	-95,794	
Shareholders' equity		37,103,591	0	37,103,591

» Notes to the consolidated interims financial statements as of September 30th, 2005

EUR	Notes*	US-GAAP December 31st, 2004	Adjustments	IFRS December 31st, 2004
Share capital		1,115,500		1,115,500
Additional paid-in capital	a,c	56,795,173	2,932,185	59,727,358
Treasury stock	c	-68,937	-993,983	-1,062,920
Revaluation surplus	b		-23,048	-23,048
Accumulated deficit	a	-17,712,542	-1,938,202	-19,650,744
Translation adjustment	b		-55,127	-55,127
Other comprehensive income	b	-78,175	78,175	
Shareholders' equity		40,051,019	0	40,051,019

The following table illustrates the impact of adopting IFRS on consolidated net gain:

EUR	Notes*	01.01.-31.12.2004	01.01.-30.09.2004
Consolidated net gain US-GAAP		4,341,888	1,287,717
Employee stock options	a	-392,707	-307,211
Consolidated net gain IFRS		3,949,181	980,506

*Notes:

a) According to APB25 the company had not reported expenses for employee stock option plans in its US-GAAP financial statements. IFRS2, in contrary, requires the recognition of such compensation components in the income statements. Thus, the differences are recorded in net gain, in accumulated losses and the additional paid-in capital.

b) Accumulated other comprehensive income in the US-GAAP statements contained currency translation differences from the consolidation of companies that do not have the Euro as

functional currency, as well as a revaluation reserves from unrealized losses on securities. In the IFRS statements, these elements are stated separately as translation adjustment and financial revaluation surplus.

c) Treasury stock was recognised at nominal value in the US-GAAP financial statements. The difference between purchase price and nominal value was balanced with the additional paid-in capital. Treasury stock is now recognised at purchase cost in the IFRS financial statements.

Own shares

By shareholders' resolution, ad pepper media was authorized to repurchase treasury stock of up to 1,115,500 own shares. As of September 30th, 2005 the company held 645,690 own shares at a nominal value of EUR 0.10 each which equals 5.79 percent of the share capital. According to a shareholder resolution those shares can be used for acquisitions or stock option plans.

Of the treasury shares acquired by the company, in the first nine months of 2005 7,500 shares at an exercise price of EUR 1.78, 600 shares at an exercise price of EUR 1.33, 1,400 shares at an exercise price of EUR 2.73 and 3,500 shares at an exercise price of EUR 4.45 have been used for the execution of employee stock options and 30,678 more shares at a price of EUR 5.374 have been used as purchase price payment in the context of the acquisition of ResultOnline.

Occurrences since the end of the third quarter, 2005

No material facts or events are known to have arisen or occurred between the balance sheet date and the final preparation of the third quarter report.

Stock options and shareholdings

As of September 30th, 2005, 1,415,850 stock options exist within the framework of stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices are in a range of EUR 1.33 and EUR 13.50.

The following table lists the individual holdings of shares and option rights of the members of the Supervisory and Managing Board as well as employees:

	Shareholdings as of 30.09.2005	Options as of 30.09.2005
Members of the Managing Board		
Ulrich Schmidt	512,762	293,000
Hermann Claus	51,808	243,000
Niels Nüssler	38,113	296,500
Members of the Supervisory Board		
Michael Oschmann	7,786	0
Dr. Günther Niethammer	1,112	20,000
Jan Andersen	498,000	0
Merrill Dean	0	0
Associated companies		
EMA B.V.	4,743,201	0
Viva Media Beteiligungsgesellschaft	5,100	0
Euroserve	13,780	0
Employees		563,350

Number of employees

At the end of the third quarter 2005, ad pepper media engaged 126 employees (September 30th, 2004: 116 employees).

Order situation

The order situation can be considered as favourable. Aside from a high level of customer loyalty, we expect to observe a significant increase in booking volume. Campaigns are being booked over a longer period of time and in a more targeted manner. At the same time, our customer database is experiencing continuous expansion. All the evidence suggests that this trend will accelerate in the fourth quarter.

Company Calendar

All financial and press data, which are relevant for the capital market, on a view:

Annual Report 2005: March 22, 2006
Analyst conference: March 22, 2006

3-Months-Report 2006: May 24, 2006
6-Months-Report 2006: August 23, 2006
9-Months-Report 2006: November 22, 2006

2004 annual report and 2005 quarterly reports

We will gladly send you our 2004 annual report as well as our quarterly reports 2005 in German or English. These reports are also available for immediate download as PDF-files (Acrobat) at **www.adpepper.com**, Investor Relations, "Financial Reports".

Investor Relations

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Hermann Claus, CFO
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