



***Unaudited condensed interim consolidated financial
statements as of September 30, 2011***

Selected group key figures

	7.1.- 9.30. 2011	7.1.- 9.30. 2010	Change	1.1.- 9.30. 2011	1.1.- 9.30. 2010	Change
	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>Percent</i>	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>Percent</i>
<i>Net sales</i>	13,493	12,260	10.1	39,722	37,144	6.9
<i>Gross profit</i>	5,499	5,572	-1.3	16,843	16,897	-0.3
<i>EBIT</i>	-580	182	>-100	-2,840	504	>-100
<i>Net in- come for period</i>	-622	1,477	>-100	-2,669	2,528	>-100
<i>Earnings per share in EUR (basic)</i>	-0.03	0.06	>-100	-0.13	0.10	>-100

		9.30. 2011	9.30. 2010	Change
		<i>EUR 000s</i>	<i>EUR 000s</i>	<i>Percent</i>
<i>Liquid funds*</i>		16,426	23,055	-28.8
<i>Equity</i>		21,734	26,673	-18.5
<i>Total assets</i>		31,076	35,770	-13.1
<i>No. of employ- ees</i>		261	248	5.2

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

- Solid sales growth in first nine months of 2011 financial year; double-digit growth in third quarter
- ad pepper media launches real time bidding platform
- ad agents maintains its advance, acquiring new customers and accessing new markets

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Major events

Solid sales growth in first nine months of 2011 financial year

ad pepper media International N.V. posted solid year-on-year growth of 6.9 percent in the first nine months of the current financial year, with highly divergent developments once again in its three segments. The key growth drivers were the Webgains (25.0 percent) and ad agents (28.4 percent) segments. The ad pepper media segment, on the other hand, reported a repeated decline in sales, in this case of 7.8 percent.

The third quarter benefited from pleasing growth momentum. In this period, the company generated double-digit sales growth of 10.1 percent, making up for part of the dip in growth in the second quarter.

Despite this pleasing development, earnings before interest, taxes, depreciation and amortization (EBITDA) remained negative at EUR -2,446k in the first nine months of the 2011 financial year (Q1-Q3 2010: EUR 1,050k). At EUR -2,840k (Q1-Q3 2010: EUR 504k), earnings before interest and taxes (EBIT) also fell short of management expectations, although the loss incurred in the past quarter was limited by the dynamic growth outlined above and cost-cutting measures introduced in parallel.

ad pepper media launches real time bidding platform

By launching its proprietary data and real time bidding platform, ad pepper media has enabled advertisers to address their target groups in the relevant text environment in combination with complete brand protection on all leading ad exchanges and sell side platforms (SSPs) with RTB functionality and ad pepper media's proprietary website portfolio. The RTB platform is characterized by a large number of individual, efficient functions.

One key functionality distinguishing it from other platforms is ad pepper media's semantic analysis technology, which is available in 12 languages and facilitates semantic targeting in more than 3,500 categories on webpage level, brand protection in 18 categories, the management of negative and positive lists on URL level, as well as the retargeting of target groups.

Together with its highly sophisticated bidding and optimization algorithms, these functionalities enable the platform only to bid, buy and deliver on those page views that are exactly consistent with advertisers' requirements in terms of brand protection, target group and context-dependent targeting criteria and which meet key return on investment figures.

ad agents maintains its advance, acquiring new customers and accessing new markets

Since July 2011, ad agents has been managing the entire budget for search engine marketing and optimization for Neckermann in Slovenia, Slovakia and the Ukraine. The Herrenbergers have already operated successfully on behalf of the online shop in Switzerland since 2007, in Germany since 2009 and in Austria since 2010. Neckermann's long-term SEM campaigns in East European countries aim above all to achieve significant range and sales growth. What's more, ad agents was singled out for the zanox Agency Award 2011 in the "Best Publisher Support" category at the annual dmexco digital marketing fair in Cologne. With this award, zanox selects the best agencies in its performance advertising network. The prize is awarded in three categories (Best Programme Performance 2011, Best New Business 2011 and Best Publisher Support 2011) and may be used by the prizewinners as a quality seal in their advertising.

Macroeconomic framework

World/Europe/Germany

According to figures released by the International Monetary Fund (IMF), the global economy will still post robust growth for the current year. Due to the high level of debt in the USA and Europe and the first signs of a slight economic slowdown in emerging economies, however, the outlook for the coming year has deteriorated sharply. According to IMF forecasts, the USA will thus only grow by 1.5 percent this year and by 1.8 percent next year, almost one percentage point lower than still expected by the IMF in the spring.

If the IMF economists are right, then the upturn in Germany, which is expected to produce growth of 2.7 percent in 2011, after 3.6 percent in 2010, is also set to come to a halt. The IMF now expects growth of 1.3 percent in 2012. The experts have thus also revised their forecasts for Germany significantly downwards. Having said this, Germany's other large partners within the euro area are in an even worse position. France is set to grow by just 1.7 percent next year, and by only 1.4 percent next year. For Italy, the IMF has forecast growth of 0.6 percent this year, and a mere 0.3 percent in the coming year.

Advertising market

Viewed overall, industry advertisers' ongoing willingness to invest has enabled the internet to further extend its position as the second-largest advertising medium. In Germany, one of the core markets, for example, the online share of the media mix now amounts to 21.8 percent, accounting for more than one fifth of the total advertising market. This is revealed by a current survey of gross advertising spending performed by the Circle of Online Marketers (OVK) within the Federal Digital Economy Association (BVDW). For the younger generation, the internet is the leading medium by far. Accordingly, the internet is playing an ever greater role in companies' advertising campaigns, while other media genres are stagnating or declining in terms of their use, and thus also of their attractiveness as advertising channels.

An ever more important role is being played here by analysis and tracking tools to obtain an overview and optimize campaign performance and

generate key figures facilitating meaningful analysis and optimization of online advertising budgets. A variety of targeting methods are intended to increase the accuracy of adverts activated and reduced dispersion losses. The unabated power of innovation within the online advertising market and technical infrastructure for enhancing, implementing and distributing systems means that a closed value chain has been established within the digital marketing arena, one that can now be drawn on to measure and identify performance across several medial channels.

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 companies in 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

The ad pepper media division offers the entire spectrum of successful display, performance and e-mail marketing and ad serving solutions. Its main products are iSense, SiteScreen, iLead, iClick, mailpepper and Emediate.

iSense provides advertisers and publishers with a revolutionary semantic targeting technology enabling them to place their adverts in a targeted manner and in relevant surroundings for each website. At core, iSense consists of the patented Sense Engine™ technology and is the result of ten years of research and development by Prof. Dr. David Crystal, one of the world's leading linguistic experts. Operating under the name SiteScreen, the technology offers advertisers maximum security for their brand, as the placement of adverts in inappropriate surroundings can be blocked.

iLead is an ideal solution for advertisers aiming to extend and expand their customer databases. It enables potential new customers that have already shown interest in the products and services offered by the advertiser and consented to being approached to be contacted by telephone, e-mail or post.

iClick is ad pepper media's performance marketing solution enabling advertisers to efficiently attract quantifiable volumes of eligible internet users to their websites.

mailpepper provides advertisers with an effective means of addressing mailing shots to very broad or highly specific target groups that have explicitly consented to being contacted via ad pepper media or the advertisers.

Emediate's main activity involves providing ad serving technology solutions and services. Emediate is the market leader in Scandinavia and provides publishers in particular with a stable, innovative delivery system.

Webgains

is Europe's fastest-growing network of affiliates, with offices in the UK, France, Germany, the Netherlands, the USA, Spain, Sweden and Denmark.

What makes affiliate marketing so attractive for all participants is the way it facilitates wide coverage via a large number of websites while offering performance-related compensation. Affiliate marketing is a commission-based advertising model where website operators (affiliates) drive internet traffic to the sites of advertisers (merchants) and receive a percentage of the sales generated there in return.

It is not only the service Webgains offers that is so convincing – in the past two years it has also taken the lead by offering innovative technological features, such as iSense SiteSeeker, Voucher Management Tool, Page Peel and mobile tracking, on its platform.

ad agents

ad agents specializes in search engine marketing (SEM), search engine optimization (SEO) and performance marketing. ad agents advises well known companies in the mail order, travel and numerous other sectors that already have sophisticated e-commerce strategies in place and that offer goods and/or services via their websites or their internet shops. In this, ad agents helps its customers to be located quickly and precisely on all standard search engines and to transform these search results into successful transactions.

ad pepper media holds a 60 percent stake in ad agents.

Share

Share price performance

ad pepper media's share price performed disappointingly in the first nine months of the year. It closed at EUR 1.17 as of September 30, 2011, 35 per cent down on its closing price at the end of December 2010 (EUR 1.80).

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 09.30.2011)	EUR 26.9m

Share price performance over the past twelve months (Xetra)



Shareholder structure

Status: 9.30.2011

Shareholder	No. of shares	Percentage shareholding
EMA B.V.	9,486,402	41.25
Treasury stock	1,759,292	7.65
U. Schmidt	1,005,524	4.37
Euroserve Media GmbH	436,963	1.90
M. A. Carton	92,582	0.40
Viva Media Service GmbH	77,670	0.34
Subtotal	12,858,433	55.91
Free float	10,141,567	44.09
Total	23,000,000	100.00

Earnings, financial and net asset position

Earnings position

Sales at ad pepper media International N.V. grew by EUR 2,578k, or 6.9 percent, to EUR 39,722k in the first nine months of the 2011 financial year (Q1-Q3 2010: EUR 37,144k), with widely divergent levels of sales growth both in the three segments and in the past three quarters. While the Webgains and ad agents segments continued to report substantial growth momentum, with sales growth of 25.0 percent, or EUR 2,841k, to EUR 14,192k (Q1-Q3 2010: EUR 11,351k) and 28.4 percent, or EUR 1,375k, to EUR 6,210k (Q1-Q3 2010: EUR 4,835k) respectively, the sales performance of the ad pepper media segment remained unsatisfactory. Sales here showed an overall decline of 7.8 percent, or EUR 1,628k, to EUR 19,320k (Q1-Q3 2010: EUR 20,948k).

The pace of sales growth also varied widely in the past three quarters. While the first quarter was highly robust, with growth of 7.2 percent, the second quarter in particular was disappointing, with sales growth of just 3.7 percent. The past third quarter, for which a superb figure of 10.1 percent was reported, then partly made up for this dip in growth.

The Group's gross profit underperformed sales, declining year-on-year by 0.3 percent to EUR 16,843k (Q1-Q3 2010: EUR 16,897k). The resultant decline in the gross margin as a percentage of sales from 45.5 percent to 42.4 percent is a reflection of the disparate sales performances of the three segments. Whereas ad pepper media traditionally reports the highest gross margin in percentage terms, the dynamic sales growth in the Webgains and ad agents segments, where margins are on levels customary to the sector but lower than in ad pepper media, has slightly diluted the gross margin.

Despite the pleasing third-quarter sales growth, operating earnings failed to meet our own expectations. The company managed to significantly reduce its losses in the past quarter, but its EBITDA for the first nine months of the financial year nevertheless remains negative at EUR -2,446k (Q1-Q3 2010: EUR 1,050k). The negative EBITDA contribution for the past quarter now "only" amounted to EUR -451k, a development due in particular to the cost-cutting measures introduced in June/July (Q1-Q3 2010: EUR 359k). One example here is the closure of our office in Sweden (ad pepper media Sweden AB). We now expect our operating expenses to remain more or less stable in the fourth quarter ahead.

Earnings before interest and taxes (EBIT) for the past three quarters amounted to EUR -2,840k, as against EUR 504k in the previous year's period. Earnings before taxes (EBT) amounted to EUR -2,233k in the first nine months of the year (Q1-Q3 2010: EUR 2,499k). At EUR -2,669k, net income for the period was also negative (Q1-Q3 2010: EUR 2,528k).

Financial position

The gross cash flow amounted to EUR -2,087k (Q1-Q3 2010: EUR 1,070k), while a figure of EUR -3,549k was reported for the cash flow from operations, as against EUR -550k in the first nine months of 2010.

The net cash flow from investing activities amounted to EUR 2,835k in the first nine months of 2011 (Q1-Q3 2010: EUR -730k). The cash flow from financing activities totaled EUR -1,163k in the first nine months of 2011, compared with EUR 247k in the equivalent period in the previous year.

Net asset position

Total assets reduced year-on-year by EUR 4,694k to EUR 31,076k (09.30.2010: EUR 35,770k). Due among other factors to the special dividend paid in May and the increase in the stake held in SocialTyze LLC, liquid funds (including securities measured at fair value and fixed-term deposits) fell to EUR 16,426k (9.30.2010: EUR 23,055k). Furthermore, ad pepper media owns a total of 1,759,292 treasury stock shares. The Group still has no liabilities to banks. The equity ratio amounted to 69.9 percent (9.30.2010: 74.6 percent).

Employees

As of September 30, 2011, the ad pepper media Group had 261 employees, as against a total of 248 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.

	9.30.2011	9.30.2010
	Number	Number
<i>ad pepper media</i>	135	144
<i>Webgains</i>	70	61
<i>ad agents</i>	33	20
<i>Administration</i>	23	23

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, 2010. Reference is therefore made to the information presented in the management report for the 2010 financial year.

Outlook

The operating performance of the ad pepper media Group in the first nine months of the financial year was affected by the weak growth in the ad pepper media segment, while the other two segments – Webgains and ad agents – upheld their very pleasing trends. Growth in these two segments was especially convincing in the past third quarter, a development which ultimately led to double-digit (consolidated) growth in the usually weak summer quarter. In view of this, we are also optimistic with regard to the final quarter ahead, traditionally one of the strongest periods in the year in terms of sales, and expect our positive sales performance to continue. In conjunction with the cost adjustments implemented in the summer, this should produce positive impulses in the fourth quarter.

Consolidated income statement (IFRS)

	Q3 / 2011	Q3 / 2010	1.1.-9.30.2011	1.1.-9.30.2010
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
Revenues	13,493	12,260	39,722	37,144
Cost of sales	-7,994	-6,688	-22,879	-20,247
Gross profit	5,499	5,572	16,843	16,897
Selling and marketing expenses	-3,933	-3,741	-12,213	-11,460
General and administrative expenses	-2,165	-2,203	-7,360	-6,463
Other operating income	294	808	556	2,401
Other operating expenses	-275	-254	-666	-871
Earnings before interest and taxes	-580	182	-2,840	504
Financial income	133	377	622	1,200
Financial expenses	-4	-4	-15	-94
Reversal of impairment of securities and other financial assets	0	889	0	889
Earnings before taxes	-451	1,444	-2,233	2,499
Income taxes	-171	33	-436	29
Net loss / income	-622	1,477	-2,669	2,528
attributable to shareholders of the parent company	-704	1,360	-2,832	2,255
attributable to minority interest	82	117	163	273
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.03	0.06	-0.13	0.10
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.03	0.06	-0.13	0.10
	Q3 / 2011	Q3 / 2010	1.1.-9.30.2011	1.1.-9.30.2010
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	21,228,840	21,430,651	21,192,778	21,546,331
Weighted average number of shares outstanding (diluted)	21,228,840	22,027,230	21,192,778	22,002,465

Consolidated statement of comprehensive income (IFRS)

	Q3 / 2011	Q3 / 2010	1.1.-9.30.2011	1.1.-9.30.2010
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
Net loss / income	-622	1,477	-2,669	2,528
Currency translation differences	47	100	-70	-133
Revaluation of available-for-sale securities	-769	509	-470	766
Revaluation of available-for-sale financial investments	207	1,900	-33	1,900
Income tax recognized directly in equity	0	0	0	0
Total income and expense recognized directly in equity, net of tax	-515	2,509	-573	2,533
Total income and expense recognized in equity	-1,137	3,986	-3,242	5,061
attributable to minority interest	82	117	163	273
attributable to shareholders of ad pepper media International N.V.	-1,219	3,869	-3,405	4,788

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 / 2011			Q3 / 2010			1.1.-9.30.2011			1.1.-9.30.2010		
	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)	47	0	47	100	0	100	-70	0	-70	-133	0	-133
Revaluation of available-for-sale securities	-769	0	-769	509	0	509	-470	0	-470	766	0	766
Revaluation of available-for-sale financial investments	207	0	207	1,900	0	1,900	-33	0	-33	1,900	0	1,900
Total income and expense recognized directly in equity	-515	0	-515	2,509	0	2,509	-573	0	-573	2,533	0	2,533

Consolidated balance sheet (IFRS)

Assets	9.30.2011	12.31.2010
	<i>EUR 000s</i>	<i>EUR 000s</i>
Non-current assets		
Goodwill	24	24
Intangible assets	261	457
Property, plant and equipment	436	445
Securities at fair value through profit and loss	2,488	3,197
Securities available-for-sale	5,087	8,524
Other financial assets	5,122	4,106
Deferred tax assets	118	113
Total non-current assets	13,536	16,866
Current assets		
Securities and deposits with maturity over three months	1,000	1,400
Trade receivables	7,206	8,030
Income tax receivables	666	675
Prepaid expenses and other current assets	352	446
Other financial assets	465	290
Cash and cash equivalents	7,851	9,803
Total current assets	17,540	20,644
Total assets	31,076	37,510

Consolidated balance sheet (IFRS)

Equity and liabilities	9.30.2011	12.31.2010
	<i>EUR 000s</i>	<i>EUR 000s</i>
Equity attributable to shareholders of the parent company		
Issued capital*	1,150	1,150
Additional paid-in capital	66,185	67,192
Treasury shares	-3,281	-3,443
Accumulated deficit	-40,672	-37,839
Accumulated other comprehensive losses	-1,917	-1,344
Total	21,465	25,716
Minority interest	269	370
Total equity	21,734	26,086
Non-current liabilities		
Deferred tax liabilities	0	0
Total non-current liabilities	0	0
Current liabilities		
Trade payables	6,086	6,437
Other current liabilities	821	1,081
Other financial liabilities	2,032	3,274
Income tax liabilities	403	632
Total current liabilities	9,342	11,424
Total liabilities	9,342	11,424
Total equity and liabilities	31,076	37,510

* The Issued Capital consists of shares with a nominal value of EUR 0.05 each. The authorized capital amounts 23,429,708 shares, of which 23,000,000 are issued and 21,240,708 shares were floating at September 30, 2011 (December 31, 2010: 21,046,208).

Consolidated cash flow statement (IFRS)

	1.1.11-9.30.2011	1.1.10-9.30.2010
	EUR 000s	EUR 000s
Net loss / income	-2,670	2,528
Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:		
Depreciation and amortization	394	546
Gain/loss on sale of fixed assets	-9	-2
Share-based compensation	54	63
Gain/loss on sale of securities	-21	-508
Other financial income and financial expenses	-586	-1,487
Income taxes	436	-29
Other non-cash expenses and income	315	-41
Gross cash flow	-2,087	1,070
Change in trade receivables	509	163
Change in other assets	339	-58
Change in trade payables	-351	-1,169
Change in other liabilities	-1,535	-847
Income taxes received	34	256
Income taxes paid	-620	-395
Interest received	162	430
Net cash flow from operating activities	-3,549	-550

Consolidated cash flow statement (IFRS)

	1.1.11-9.30.2011	1.1.10-9.30.2010
	EUR 000s	EUR 000s
Additions to intangible assets and property, plant and equipment	-196	-158
Proceeds from sale of intangible assets and property, plant and equipment	16	9
Purchase of other investments	-887	-399
Loans granted	-195	0
Proceeds from sale/maturity of securities and maturity of fixed-term deposits	6,004	5,823
Purchase of securities	-1,907	-6,005
Net cash flow from investing activities	2,835	-730
Dividends to shareholders of the parent company	-1,061	0
Dividends to minority interests	-264	0
Sale of treasury shares	209	211
Purchase of treasury shares	-47	0
Repayment of loans granted	0	36
Net cash flow from financing activities	-1,163	247
Effect of exchange rates on cash and cash equivalents	-75	-133
Cash-effective decrease/increase in cash and cash equivalents	-1,877	-1,033
Cash and cash equivalents at beginning of financial year	9,803	13,514
Cash and cash equivalents at end of period	7,851	12,348

Statement of changes in group equity (IFRS)

	Balance at 1.1.2010	Total income and expense recognized in equity	Share-based payment	Purchase of treasury shares	Issuance of shares	Balance at 9.30.2010
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 losses						
Currency translation differences (EUR 000s)	-1,369	-133				-1,502
Revaluation available-for-sales securities (EUR 000s)	-2,164	766				-1,398
Revaluation available-for-sales stake (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

Statement of changes in group equity (IFRS)

	Balance at 1.1.2011	Total income and expense recognized in equity	Share- based payment	Purchase of treasury shares	Issuance of shares	Dividends	Balance at 9.30.2011
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)	2,349		54				2,403
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	64,843					-1,061	63,782
Treasury shares							
Number of shares	1,953,792				-194,500		1,759,292
Treasury shares at cost (EUR 000s)	-3,443			-47	209		-3,281
Accumulated deficit (EUR 000s)	-37,839	-2,833					-40,672
Accumulated other comprehensive losses							
Currency translation differences (EUR 000s)	-1,372	-70					-1,442
Revaluation available-for-sale securities (EUR 000s)	-1,939	-470					-2,409
Revaluation available-for-sale investments (EUR 000s)	1,967	-33					1,934
Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)	25,716	-3,406	54	-47	209	-1,061	21,465
Minority interest (EUR 000s)	370	163				-264	269
Total equity (EUR 000s)	26,086	-3,243	54	-47	209	-1,325	21,734

Notes

1. Basis for the preparation of the quarter-end financial statements

The current condensed interim consolidated financial statements of 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 euro. The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The quarter-end financial statements meet the requirements of IAS 34.

The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should therefore be read in conjunction with the consolidated annual report for the year ended December 31, 2010.

The consolidated interim financial statements include all subsidiaries. SocialTyz LLC is not consolidated „at equity“ because an operating agreement was closed which does not allow ad pepper media to exert significant influence. Hence, the investment is continuing to be valued at cost.

The consolidated interim financial statements as per September 30, 2011 were authorized for issue by the management board on October 28, 2011.

2. Accounting principles

The accounting principles applied to these quarter-end financial statements do not materially differ from the principles as applied for the Annual Report as per December 31, 2010.

No standards and interpretations have been adopted since then within the scope of the comitology procedure.

The following standards and interpretations have been published but not been adopted yet then within the scope of the comitology procedure:

IFRS 10-12 on Consolidation, Joint Arrangements and Disclosures

The International Accounting Standards Board (IASB) completed on May 12, 2011 its improvements to the accounting requirements for off balance sheet activities and joint arrangements by issuing IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”.

The completion of this review brings the accounting treatment for off balance sheet activities in International Financial Reporting Standards (IFRSs) and US generally accepted accounting principles (GAAP) broadly into alignment, and concludes an important element of the IASB’s comprehensive response to the financial crisis.

IFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities.

IFRS 12 “Disclosure of Interests in Other Entities” is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 10 “Consolidated Financial Statements” replaces SIC-12 “Consolidation – Special Purpose Entities” and parts of IAS 27 “Consolidated and Separate Financial Statements”.

IFRS 11 supersedes IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities – Non-monetary Contributions by Venturers”. IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities” are effective from January 1, 2013. Earlier application is permitted.

The potential voting rights agreed upon in the Purchase Agreement on

Videovalis GmbH (call option on the remaining shares) could result in a consolidation of Videovalis GmbH in the third quarter 2013.

IFRS 13 "Fair Value Measurement"

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) issued on May 12, 2011 new guidance on fair value measurement and disclosure requirements for International Financial Reporting Standards (IFRSs). For IFRSs, IFRS 13 "Fair Value Measurement" will improve consistency and reduce complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IFRS 13 is effective from January 1, 2013. Earlier application is permitted. Material effects on the consolidated accounts of ad pepper media International N.V. are not expected.

Amendments to IAS 19 "Employee Benefits"

The International Accounting Standards Board (IASB) announced on June 16, 2011 the completion of its project to improve the accounting for pensions and other post-employment benefits by issuing an amended version of IAS 19 "Employee Benefits".

The amendments make important improvements by:

1. eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation.
2. streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income (OCI), thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.
3. enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The amendments will provide investors and other users of financial statements with a much clearer picture of an entity's obligations resulting from the provision of defined benefit plans and how those obligations will affect its financial position, financial performance and cash flow. IFRS 19 is effective from January 1, 2013. IFRS 19 will have no impact on the consolidated accounts of ad pepper media International N.V..

Amendments to IAS 1 "Presentation of Financial Statements"

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), the US national standard-setter, issued on June 16, 2011 amendments that will improve the presentation of items of other comprehensive income (OCI) in financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

The amendments to IAS 1 "Presentation of Financial Statements" require companies preparing financial statements in accordance with IFRSs to group together items within OCI that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The changes issued today do not address which items should be presented in OCI or which and when items should be recycled through profit or loss. However, requiring OCI to be presented as part of, or in close proximity to, the profit or loss (income) statement will make it easier for users of financial statements to assess the impact of OCI items on the overall performance of an entity.

The IASB's amendments to IAS 1 are set out in Presentation of Items of Other Comprehensive Income and are effective for financial years beginning on or after July 1, 2012.

Up to now ad pepper media International N.V. presents income statement and statements of income and expense recognized in equity in separate statements. Insofar, the presentation will be changed with effectiveness of the amendments to IAS 1.

3. Notes to the Interim Financial Statements

Essentially we refer the explanations regarding results of operations, financial position and net assets in the Interim Directors' Report. The following one-off items affecting the income statement occurred in the period under review:

The financial result includes net exchange gains from the sale of securities totaling EUR 21k (Q1-Q3 2010: EUR 508k), unrealized net valuation gains of EUR 0k (Q1-Q3 2010: EUR 162k) as well as the allocable income of EUR 202k from the 10 percent-investment in SocialTyze LLC.

The tax result consists of current income tax accruals for profitable subsidiaries and for the allocable income from the 10 percent-investment in SocialTyze LLC which is taxable in the USA.

4. Segment reporting according to IFRS 8

IFRS 8 requires an entity to report financial and descriptive information about its so-called "reportable segments". Reportable segments are either operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision maker for the purpose of resource allocation and assessing performance.

Generally, financial information is required to be reported on the same basis as is used internally to evaluate the operating segments (management approach). The information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on the category of services delivered. For this reason, the group reports segment information for the operating segments of "ad pepper media" (lead, mail, banner, ad serving), "Web-gains" (affiliate marketing) and "ad agents" (SEM/SEO) and for the non-operating "Admin" (administration) segment.

The accounting policies of the reportable segments corresponds to the group's accounting policies described in note [2] of the consolidated annual report for the year ended December 31, 2010. The segment result is measured by EBIT and EBITDA for each segment without differences to IFRS. The segment result thus calculated is reported to the chief operating decision maker for the purpose of resource allocation and assessing segment performance.

The "dealing at arm's length" principle forms the basis of accounting for inter-segment transactions.

Q1-Q3 2011	ad pepper media EUR 000s	Webgains EUR 000s	ad agents EUR 000s	Admin EUR 000s	Consoli- dation EUR 000s	Group EUR 000s
Total revenues	19,388	14,392	6,210	769	-1,037	39,722
<i>thereof external</i>	19,320	14,192	6,210	0	0	39,722
<i>thereof intersegmental</i>	68	200	0	769	-1,037	0
Expenses and other income	-20,517	-15,117	-5,622	-2,075	769	-42,562
<i>thereof amortization and depreciation</i>	-143	-14	-33	-206	2	-394
<i>thereof other non-cash expenses</i>	-386	-208	-8	-51	-12	-665
EBITDA	-986	-711	621	-1,100	-270	-2,446
EBIT	-1,129	-725	588	-1,306	-268	-2,840
Financial income	43	0	3	624	-48	622
Financial expenses	-50	0	-5	-8	48	-15
Income taxes						-436
Net loss for the period						-2,669

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 revenues	21,214	11,512	4,838	1,036	-1,456	37,144
<i>thereof external</i>	20,948	11,351	4,835	10	0	37,144
<i>thereof intersegmental</i>	266	161	3	1,026	-1,456	0
Expenses and other income	-20,204	-11,802	-4,154	-1,554	1,074	-36,640
<i>thereof amortization and depreciation</i>	-249	-16	-24	-258	1	-546
<i>thereof other non-cash expenses</i>	-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
Income taxes						29
Net income for the period						2,528

Geographical information

The Group operates in four principal geographical areas – the Netherlands (country of domicile), Germany, Scandinavia and the United Kingdom. The Group’s revenue from the continued operations of the Group from business with external customers and information about the segments’ assets are detailed below according to geographical location whereby the long-term assets do not include financial instruments or deferred tax assets:

	Revenue from external customers		Non-current assets	
	<i>Q1-Q3 2011</i> EUR 000s	<i>Q1-Q3 2010</i> EUR 000s	<i>9.30. 2011</i> EUR 000s	<i>9.30. 2010</i> EUR 000s
<i>Netherlands</i>	1,745	2,346	18	25
<i>Germany</i>	13,016	11,259	497	704
<i>Scandinavia</i>	6,107	4,855	107	182
<i>United Kingdom</i>	10,689	9,316	79	72
<i>Other</i>	8,165	9,368	20	25
Total	39,722	37,144	721	1,008

Disclosure information according to IFRS 8.34 is not relevant as there is no dependency on major customers.

5. Own shares

Acquisition of own shares

By a shareholders’ resolution of May 17, 2011, the board of directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months.

As of September 30, 2011, ad pepper media International N.V. held 1,759,292 own shares (September 30, 2010: 2,048,792) at a nominal value of 0.05 EUR each, corresponding to 7.65 percent (September 30, 2010: 8.91 percent) of the share capital.

According to a shareholders’ resolution, those shares can be used for stock option plans or acquisitions.

Sale of own shares

In the first six months, no own shares (Q1-Q3 2010: 0) were sold at an exercise price of EUR 0.665, none (Q1-Q3 2010: 0) at a price of EUR 1,365, 137,000 (Q1-Q3 2010: 194,000) at an exercise price of EUR 0.89 and none (Q1-Q3 2010: 0) at a price of EUR 2,225, 57,500 (Q1-Q3 2010: 0) shares sold at an exercise price of EUR 1,500 as well as none (Q1-Q3 2010: 0) shares at a price of EUR 0.915 under the employee stock option plans.

A total of 194,500 own shares were sold in the first half-year (Q1-Q3 2010: 219,000).

Number of shares outstanding

The number of shares issued and outstanding as of September 30, 2011 totals 21,240,708 (September 30, 2010: 20,951,208). Each share has a nominal value of EUR 0.05.

6. Dividends

The General Meeting of Shareholders agreed for the first time to a special distribution of funds from capital reserves of EUR 0.05 per share for the financial year 2010. A dividend of EUR 1,061,035.40 was paid out on May 18, 2011 on all shares not held in treasury.

In April 2011 ad agents GmbH distributed an amount of EUR 660k from its retained earnings. Thereof 40 percent were paid to the minority shareholders in ad agents GmbH.

7. Events since the balance sheet date

Up until the day of authorization for issuance, the following event took place which would have exerted substantial influence on the net assets, financial position or result of operations as per September 30, 2011:

ad pepper media France S.A.R.L. received a payment of EUR 236k in October 2011 due to a court trial won, which began in 2007. This amount will be recorded as other operating income in the fourth quarter 2011.

8. Seasonal influences on business operations

ad pepper media is engaged in the field of online advertising in the broadest sense. Due to the seasonal character of the advertising industry, with its traditional focus on expenditure in the 4th quarter, revenue and thus operating profit are generally higher in the second half of the year.

9. Stock options and shareholdings

As of September 30, 2011, a total of 885,100 stock options exist under stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices are in the range of EUR 0.665 to EUR 6.75.

The following table lists the individual holdings and option rights of the Supervisory and Managing Board (directly and indirectly) as well as employees. Mr. Jan Andersen departed from the supervisory board on the day of the General Meeting of Shareholders, May 18, 2011, upon his own request.

	Shares as of 9.30.2011	Options as of 9.30.2011
Board of Directors		
Ulrich Schmidt	1,005,524	280,000
Michael A. Carton	92,582	109,500
Jens Körner	0	0
Supervisory board		
Michael Oschmann	0	0
Dr. Frank Schlaberg	0	0
Merrill Dean	0	0
Associated companies		
EMA B.V.	9,486,402	0
Viva Media Service GmbH	77,670	0
Euroserve Media GmbH	436,963	0
Employees		495,600

10. Number of employees

At the end of the first nine months of 2011, the ad pepper media Group employed a workforce of 261 (September 30, 2010: 248).

Amsterdam/Nuremberg, October 28, 2011


 Ulrich Schmidt Jens Körner Michael A. Carton

11. Report on major transactions with related companies and persons

Transactions with related companies and persons did not change significantly compared to 2010.

The following directors' dealings (within the meaning of § 15a of the German Securities Trading Act) were registered with ad pepper media International N.V. during the period under review:

- Date of Transaction: January 31, 2011
 Issuer: ad pepper media International N.V.
 Person subject to registration: Merrill Clark Dean
 (Member of the Supervisory Board)
 Transaction subject to registration: purchase of 8,000 shares
 with a price of 2.3899 USD/share,
 total volume: 19,119.20 USD, stock exchange: OTC
- Date of Transaction: February 24, 2011
 Issuer: ad pepper media International N.V.
 Person subject to registration: Michael A. Carton
 (Member of Board of Directors)
 Transaction subject to registration: purchase of 73,500 shares
 with a price of 1.20122 EUR/share,
 total volume: 88,290.00 EUR, stock exchange: OTC
- Date of Transaction: March 1, 2011
 Issuer: ad pepper media International N.V.
 Person subject to registration: Grabacap ApS
 Transaction subject to registration: sale of 40,000 shares
 with a price of EUR 1.7960/ share,
 total volume: 71.840 EUR, stock exchange: Xetra

Company calendar

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

<i>Annual report 2011</i>	<i>March 30, 2012</i>
<i>Quarterly report I / 2012</i>	<i>May 8, 2012</i>
<i>General shareholder's meeting (Amsterdam, the Netherlands)</i>	<i>May 15, 2012</i>
<i>Quarterly report II / 2012</i>	<i>August 8, 2012</i>
<i>Quarterly report III / 2012</i>	<i>November 8, 2012</i>

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 Ulrich Schmidt, CEO
 Jens Körner, CFO
 Michael A. Carton, Director of the Board

We will gladly send you our 2010 Annual Report as well as the interim financial reports for 2011 in German or English. These reports are also published as PDF files at www.adpepper.com under: Investor relations/News & publications/Reports & presentations.

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