



***Unaudited condensed interim consolidated financial  
statements as of September 30, 2012***

**Selected group key figures**

	07.01.- 09.30. 2012	07.01.- 09.30. 2011	Change	01.01.- 09.30. 2012	01.01.- 09.30. 2011	Change
	EUR 000s	EUR 000s	Percent	EUR 000s	EUR 000s	Percent
<b>Net sales</b>	12,714	13,493	-5.8	39,355	39,722	-0.9
<b>Gross profit</b>	5,638	5,499	2.5	16,367	16,843	-2.8
<b>EBIT</b>	-674	-580	-16.2	-1,917	-2,840	32.5
<b>Net income for period</b>	-561	-622	9.8	-1,648	-2,669	38.3
<b>Earnings per share in EUR (basic)</b>	-0.03	-0.03	0.0	-0.08	-0.13	38.5
				09.30. 2012	09.30. 2011	Change
				EUR 000s	EUR 000s	Percent
<b>Liquid funds*</b>				15,777	16,426	-4.0
<b>Equity</b>				21,956	21,734	1.0
<b>Total assets</b>				32,173	31,076	3.5
<b>No. of employees</b>				263	261	0.8

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

- Slight decline in sales with improved profitability thanks to reduced costs. Ulrich Schmidt and Alexander Michael Carton leave ad pepper media International N.V.
- Emediate singled out for sixth time in succession for "Gazelle" prize in Denmark - a distinction awarded to the fastest growing profitable companies.
- ad agents successfully extends its shopping segment customer portfolio to include CONLEYS Modekontor, IMPRESSIONEN Versand, Schneider Versand, Krähe-Versand and Peter Hahn.

<b>6</b>	<b><i>The ad pepper media share</i></b>
<b>8</b>	<b><i>Interim Management Report</i></b>
8	Structure of the ad pepper media Group
10	General information about this management report
12	Macroeconomic framework
14	Major events
16	Earnings, financial and net asset position
18	Research and development activities
19	Employees
20	Risk and opportunity report
21	Outlook
<b>22</b>	<b><i>Interim Consolidated Financial Statements</i></b>
22	Consolidated income statement
24	Consolidated statement of comprehensive income
26	Consolidated balance sheet
30	Consolidated cash flow statement
34	Consolidated statement of changes in equity
38	Notes
<b>54</b>	<b><i>Additional Information</i></b>
54	Financial calendar
54	Contact/Imprint

## The ad pepper media share

### Key data about ad pepper media's share

Security Identification Number (WKN)	940883
ISIN	NL0000238145
Type of share	Ordinary bearer shares
Stock market segment (Frankfurt Stock Exchange)	Prime Standard
Initial public offering	10.9.2000
Designated sponsor	Equinet
Share capital in EUR	1,150,000
No. of shares	23,000,000
Sector	Advertising

Key share figures	01.01.-09.30. 2012	01.01.-09.30. 2011
XETRA closing price at end of period (EUR)	0.85	1.17
Highest price (EUR)	1.53	2.09
Lowest price (EUR)	0.82	1.88
Market capitalization at end of period (EUR)	19.6m	26.9m
Average no. of shares traded per day (XETRA)	22,169	30,370
Earnings per share (basic) (EUR)	-0.08	-0.13
Net cash per share* (EUR)	0.69	0.71

\* (liquid funds – long term debt) / number of shares outstanding

### Share price performance over the past twelve months (Xetra)



### Shareholder structure as of 09.30.2012

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
Viva Media Service GmbH	41,554	0.18
<b>Subtotal</b>	<b>12,729,735</b>	<b>55.35</b>
Free float	10,270,265	44.65
<b>Total</b>	<b>23,000,000</b>	<b>100.00</b>

## ***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 twelve offices in six 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 one of the leading international affiliate networks, 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 site of advertisers (merchants) and receive a percentage of the sales generated there in return.

It is not only the excellent service Webgains offers that is so convincing – in recent years it has also taken the lead by offering technological novelties on the platform, such as iSense SiteSeeker, Voucher Management Tool, Page Peel and Mobile Tracking.

### ***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.

## **General information about this management report**

### **Definitions**

All mentions of “ad pepper media International N.V.”, “ad pepper media”, “ad pepper media-Group” or the “Group” in this management report relate to the ad pepper media Group.

### **Forward-Looking Statements**

This management report contains forward-looking statements and information based on the beliefs of, and assumptions made by, our management using information currently available to them. We have based these forward-looking statements on our current expectations, assumptions, and projections about future conditions and events. As a result, our forward-looking statements and information are subject to uncertainties and risks, many of which are beyond our control. If one or more of these uncertainties or risks materializes, or if management’s underlying assumptions prove incorrect, our actual results could differ materially from those described in or inferred from our forward-looking statements and information. We describe these risks and uncertainties in the Risk Factors section of our annual report 2011.

The words “aim”, “anticipate”, “assume”, “believe”, “continue”, “could”, “counting on”, “is confident”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “might”, “outlook”, “plan”, “project”, “predict”, “seek”, “should”, “strategy”, “want”, “will”, “would” and similar expressions as they relate to us are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date specified or the date of this report. We accept no obligation to publicly update or revise any forward-looking statements as a result of new information that we receive about conditions that existed upon issuance of this report, future events, or otherwise unless we are required to do so by law.

### **Internal control system**

Revenue and profits (EBIT) are some of the parameters which ad pepper media analyses monthly and compares with the original business plan to control and monitor the development of individual subsidiaries. In addition, further key performance indicators are calculated each month for control purposes and are used within all the operating companies of the ad pepper media Group. External indicators are also regularly analyzed for company management purposes. In addition, there are weekly scheduled jour fixes as well as regular shareholder meetings with the individual subsidiaries.

## **Macroeconomic framework**

### **World/Europe/Germany**

The global economy has performed weakly since the spring of this year, a development attributable above all to the euro area, which remains in recession. Here, negative effects in the periphery have increasingly been seen spilling over to the core of the euro area, to countries such as France, the Netherlands and Germany. The adjustments made to public sector budgets and resultant austerity programs have led consumer confidence and private household demand to deteriorate, in some cases significantly so.

The Organisation for Economic Cooperation and Development (OECD) expects combined economic growth for all G7 countries to amount to 1.4 percent. Due to the underlying conditions referred to above, the rate of growth in Germany in particular is set to drop significantly from 3.1 percent in the previous year to the forecast level of 0.8 percent in the current year. Italy is set to slide into a deep recession, with negative growth of -2.4 percent, while France can at best expect stagnating growth rates. The OECD is notably more positive in its assessment of the economic situation in Japan and the USA. According to this forecast, the UK also stands to report positive growth figures once again for the first time in 2012 in the fourth quarter.

### **Advertising market**

The findings of the latest Mediascope Study carried out by the Interactive Advertising Bureau (IAB) Europe have provided yet further evidence of the growing relevance of the internet as a medium. Around two thirds of all Europeans – i.e. 426.9 million people – now have internet access. In Germany alone, there are 54.1 million people with internet access who spend an average of 14.8 hours a week online.

It therefore comes as no surprise that the figures released in IAB Europe's AdEx Benchmark Study for this year show that advertisers in European countries are now investing one fifth of their spending in the online segment. Overall, the European online advertising market is now worth more than EUR 20 billion with annual growth of 15.5 percent.

Here, online advertising budgets are growing much faster than total spending on adverts.

This strong growth has been driven by the fact that advertisers increasingly see online activities as a useful medium for building up brands, rapidly communicating videos and offering new possibilities to address target groups more precisely. Key drivers of this development are innovative advertising formats (e.g. moving image) and refined targeting options.

For the coming year, the communications experts at ZenithOptimedia expect the European advertising market to grow by 0.9 percent. For 2014, the experts hope to see growth of 2.3 percent.

## **Major events**

### ***Emediate awarded "Gazelle" prize***

This prize is awarded to the fastest growing, profitable companies in Denmark. Emediate has now already won this prize for the sixth time running, a feat previously only matched by a total of 20 companies.

### ***ad agents further extends customer portfolio***

As a specialist in search engine marketing, search engine optimization and affiliate management, ad agents not only offers its customers the latest, most efficient technologies, but also accords high priority to close cooperation, thus enabling campaigns to be individually tailored. This is reflected in our customers' satisfaction levels. After all, in the past quarter ad agents managed to convince well-known customers, such as CONLEYS Modekontor, IMPRESSIONEN Versand, Krähe-Versand and Peter Hahn, of the quality of its services.



## ***Earnings, financial and net asset position***

### ***Earnings position***

Sales at ad pepper media International N.V. declined year-on-year by around 1.0 percent in the first nine months of the current financial year. The three segments performed as follows: ad pepper media reported a 21.4 percent reduction in sales. This negative trend is still due to the process of transformation underway across the industry, with an ever higher share of display booking volumes no longer handled via traditional inventory pooling but rather by way of real time bidding. This development threatens to crowd out the traditional display marketing business. Webgains, the Group's second operating segment, reported growth of 10.6 percent in the first nine months compared with the same period in the previous year. ad agents, the Group's third segment, concluded the nine-month period with year-on-year sales growth of 36.4 percent. The superb growth seen in this segment in previous quarters has thus continued unabated.

The decline in the gross margin as a percentage of sales to 41.6 percent (Q1-Q3 2011: 42.4 percent) resulted in a gross profit of EUR 16,367k (Q1-Q3 2011: EUR 16,843k). Despite moderate developments in sales and the gross margin, the Group managed to improve all of its key earnings figures thanks to extensive measures taken to optimize costs. Operating expenses for the first nine months of the current year reduced year-on-year by 7.1 percent, and thus from EUR 19,683k to EUR 18,284k. Key profitability figures nevertheless all remained in negative territory. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -1,567k in the first nine months of 2012 (Q1-Q3 2011: EUR -2,446k). Earnings before interest and taxes (EBIT) totaled EUR -1,917k, compared with EUR -2,840k in the same period in the previous year. Earnings before taxes (EBT) amounted to EUR -1,380k in the first nine months of the financial year (Q1-Q3 2011: EUR -2,233k), while net income for the period totaled EUR -1,648k (Q1-Q3 2011: EUR -2,669k).

### ***Financial position***

The gross cash flow amounted to EUR -1,276k (Q1-Q3 2011: EUR -2,087k), while a figure of EUR -1,014k was reported for the cash flow from

operations, as against EUR -3,549k in the first nine months of 2011. The net cash flow from investing activities amounted to EUR 2,515k in the first nine months of 2012 (Q1-Q3 2011: EUR 2,835k). The cash flow from financing activities amounted to EUR -260k in the first nine months of 2012, compared with EUR -1,163k in the equivalent period in the previous year.

### ***Net asset position***

Total assets increased to EUR 32,173k, up EUR 1,097k on the same period in the previous year. Liquid funds (including securities measured at fair value and fixed-term deposits) dropped to EUR 15,777k (09.30.2011: EUR 16,426k). Furthermore, ad pepper media owns a total of 1,759,292 treasury stock shares. The Group still had no liabilities to banks. The equity ratio amounted to 68.2 percent (09.30.2011: 69.9 percent).

## ***Research and development activities***

ad pepper media has two investments, Emediate ApS and Crystal Semantics Ltd, which perform a major share of the development work for the admin segment and the ad pepper media segment either directly themselves or by commissioning and accompanying such work.

In the Webgains segment, research and development activities are performed on a decentralized basis within Webgains Ltd itself. In the interests of conservative accounting, the development expenses incurred at the ad pepper media Group are not capitalized as internally generated software, but are rather fully expensed.

## ***Employees***

As of September 30, 2012, the ad pepper media Group had 263 employees, as against a total of 261 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.

	<i>09.30.2012</i>	<i>09.30.2011</i>
	<i>Number</i>	<i>Number</i>
<i>ad pepper media</i>	<i>114</i>	<i>135</i>
<i>Webgains</i>	<i>82</i>	<i>70</i>
<i>ad agents</i>	<i>49</i>	<i>33</i>
<i>Administration</i>	<i>18</i>	<i>23</i>

### ***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, 2011. Reference is therefore made to the information presented in the management report for the 2011 financial year.

### ***Outlook***

The operating business performance of the ad pepper media Group in the first nine months of the financial year was once again characterized by disappointing growth in the ad pepper media segment. The Webgains and ad agents segments, by contrast, continued to show pleasing developments. While ad agents and Webgains are expected to perform positively in the fourth quarter as well, sales in the ad pepper media segment will at best stagnate in the quarter ahead. This is due in particular to display sales continuing to fall short of expectations, while sales in the lead generation business are set to show significant growth.

In terms of costs, one-off expenses of around EUR 2.4m are expected in connection with the departure of Ulrich Schmidt and Michael Alexander Carton from the company's Board of Directors as of October 16, 2012. Excluding this one-off item, the fourth quarter is nevertheless expected to bring positive key profitability figures on an operating level, thus exceeding the figures for the previous year's quarter.

**Consolidated income statement (IFRS)**

	Q3 2012	Q3 2011	01.01.-09.30. 2012	01.01.-09.30. 2011
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Revenues</b>	<b>12,714</b>	<b>13,493</b>	<b>39,355</b>	<b>39,722</b>
Cost of sales	-7,076	-7,994	-22,988	-22,879
<b>Gross profit</b>	<b>5,638</b>	<b>5,499</b>	<b>16,367</b>	<b>16,843</b>
Selling and marketing expenses	-3,799	-3,933	-11,817	-12,213
General and administrative expenses	-2,356	-2,165	-6,665	-7,360
Other operating income	202	294	754	556
Other operating expenses	-359	-275	-556	-666
<b>Earnings/loss before interest and taxes</b>	<b>-674</b>	<b>-580</b>	<b>-1,917</b>	<b>-2,840</b>
Financial income	134	133	572	622
Financial expenses	0	-4	-35	-15
<b>Earnings/loss before taxes</b>	<b>-540</b>	<b>-451</b>	<b>-1,380</b>	<b>-2,233</b>
Income taxes	-21	-171	-268	-436
<b>Net income/loss</b>	<b>-561</b>	<b>-622</b>	<b>-1,648</b>	<b>-2,669</b>
attributable to shareholders of the parent company	-557	-704	-1,748	-2,832
attributable to minority interest	-4	82	100	163
Basic earnings per share on net income for the year attributable to shareholders of the parent company	-0.03	-0.03	-0.08	-0.13
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	-0.03	-0.03	-0.08	-0.13
	Q3 2012	Q3 2011	01.01.-09.30. 2012	01.01.-09.30. 2011
	No. of shares	No. of shares	No. of shares	No. of shares
<b>Weighted average number of shares outstanding (basic)</b>	<b>21,240,708</b>	<b>21,228,840</b>	<b>21,240,708</b>	<b>21,192,778</b>
<b>Weighted average number of shares outstanding (diluted)</b>	<b>21,240,708</b>	<b>21,228,840</b>	<b>21,240,708</b>	<b>21,192,778</b>

**Consolidated statement of comprehensive income (IFRS)**

	Q3 2012	Q3 2011	01.01.-09.30. 2012	01.01.-09.30. 2011
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Net income/loss</b>	<b>-561</b>	<b>-622</b>	<b>-1,648</b>	<b>-2,669</b>
Currency translation differences	-13	47	9	-70
Revaluation of available-for-sale securities	-198	-769	1,130	-470
Revaluation of available-for-sale financial investments	-130	207	3	-33
<b>Total income and expense recognized directly in equity, net of tax</b>	<b>-341</b>	<b>-515</b>	<b>1,142</b>	<b>-573</b>
<b>Total income and expense recognized in equity</b>	<b>-902</b>	<b>-1,137</b>	<b>-506</b>	<b>-3,242</b>
attributable to minority interest	-4	82	100	163
attributable to shareholders of the parent company	-898	-1,219	-606	-3,405

**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 2012			Q3 2011			01.01.-09.30. 2012			01.01.-09.30. 2011		
	EUR 000s			EUR 000s			EUR 000s			EUR 000s		
	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)	-13	0	-13	47	0	47	9	0	9	-70	0	-70
Revaluation of available-for-sale securities	-198	0	-198	-769	0	-769	1,130	0	1,130	-470	0	-470
Revaluation of available-for-sale financial investments	-130	0	-130	207	0	207	3	0	3	-33	0	-33
<b>Total income and expense recognized directly in equity</b>	<b>-341</b>	<b>0</b>	<b>-341</b>	<b>-515</b>	<b>0</b>	<b>-515</b>	<b>1,142</b>	<b>0</b>	<b>1,142</b>	<b>-573</b>	<b>0</b>	<b>-573</b>

**Consolidated balance sheet (IFRS)**

<b>Assets</b>	<i>September 30, 2012</i>	<i>December 31, 2011</i>
	<i>EUR 000s</i>	<i>EUR 000s</i>
<b>Non-current assets</b>		
<i>Goodwill</i>	24	24
<i>Intangible assets</i>	92	247
<i>Property, plant and equipment</i>	467	393
<i>Securities at fair value through profit and loss</i>	2,368	2,277
<i>Securities available-for-sale</i>	2,381	4,192
<i>Other financial assets</i>	7,151	6,821
<i>Deferred tax assets</i>	371	368
<b>Total non-current assets</b>	<b>12,854</b>	<b>14,322</b>
<b>Current assets</b>		
<i>Trade receivables</i>	7,013	9,918
<i>Income tax receivables</i>	568	562
<i>Prepaid expenses and other current assets</i>	410	456
<i>Other financial assets</i>	300	407
<i>Cash and cash equivalents</i>	11,028	9,778
<b>Total current assets</b>	<b>19,319</b>	<b>21,121</b>
<b>Total assets</b>	<b>32,173</b>	<b>35,443</b>

**Consolidated balance sheet (IFRS)**

<b>Equity and liabilities</b>	September 30, 2012	December 31, 2011
	EUR 000s	EUR 000s
<b>Equity attributable to shareholders of the parent company</b>		
Issued capital*	1,150	1,150
Additional paid-in capital	66,203	66,193
Treasury shares	-3,281	-3,281
Accumulated deficit	-42,229	-40,481
Accumulated other comprehensive income/losses	-122	-1,264
<b>Total</b>	<b>21,721</b>	<b>22,317</b>
Minority interest	235	395
<b>Total equity</b>	<b>21,956</b>	<b>22,712</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>		
Trade payables	6,846	8,935
Other current liabilities	734	1,319
Other financial liabilities	2,577	2,371
Income tax liabilities	60	106
<b>Total current liabilities</b>	<b>10,217</b>	<b>12,731</b>
<b>Total liabilities</b>	<b>10,217</b>	<b>12,731</b>
<b>Total equity and liabilities</b>	<b>32,173</b>	<b>35,443</b>

\* 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, 2012 (December 31, 2011: 21,240,708).

**Consolidated statement of cash flows (IFRS)**

	01.01.12-09.30.2012	01.01.11-09.30.2011
	EUR 000s	EUR 000s
<b>Net income/loss</b>	<b>-1,648</b>	<b>-2,670</b>
<b>Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:</b>		
Depreciation and amortization	350	394
Gain/loss on sale of fixed assets	1	-9
Share-based compensation	10	54
Gain/loss on sale of securities	-65	-21
Other financial income and financial expenses	-472	-586
Income taxes	268	436
Other non-cash expenses and income	280	315
<b>Gross cash flow</b>	<b>-1,276</b>	<b>-2,087</b>
Change in trade receivables	2,625	509
Change in other assets	174	339
Change in trade payables	-2,089	-351
Change in other liabilities	-378	-1,535
Income taxes received	254	34
Income taxes paid	-568	-620
Interest received	287	162
Interest paid	-43	0
<b>Net cash flow from/used in operating activities</b>	<b>-1,014</b>	<b>-3,549</b>



**Consolidated statement of cash flows (IFRS)**

	01.01.12-09.30.2012	01.01.11-09.30.2011
	EUR 000s	EUR 000s
<i>Additions to intangible assets and property, plant and equipment</i>	-270	-196
<i>Proceeds from sale of intangible assets and property, plant and equipment</i>	0	16
<i>Purchase of shares in other investments</i>	-30	-887
<i>Loans granted</i>	-350	-195
<i>Repayment of loans granted</i>	30	0
<i>Proceeds from sale/maturity of securities and maturity of fixed-term deposits</i>	4,251	6,004
<i>Purchase of securities</i>	-1,116	-1,907
<b>Net cash flow from used in investing activities</b>	<b>2,515</b>	<b>2,835</b>
<i>Dividends to shareholders of the parent company</i>	0	-1,061
<i>Dividends to minority interests</i>	-260	-264
<i>Sale of treasury shares</i>	0	209
<i>Purchase of treasury shares</i>	0	-47
<b>Net cash flow from used in financing activities</b>	<b>-260</b>	<b>-1,163</b>
<i>Effect of exchange rates on cash and cash equivalents</i>	9	-75
<i>Cash-effective decrease/increase in cash and cash equivalents</i>	1,241	-1,877
<b>Cash and cash equivalents at beginning of financial year</b>	<b>9,778</b>	<b>9,803</b>
<b>Cash and cash equivalents at end of period</b>	<b>11,028</b>	<b>7,851</b>

**Consolidated statement of changes in equity (IFRS)**

	Balance at 01.01.2011	Total income and expense recognized in equity	Share- based payment	Pur- chase of treasury shares	Issuance of shares	Dividends	Balance at 09.30.2011
<b>Issued capital</b>							
Number of shares	23,000,000						23,000,000
Issued capital (EUR 000s)	1,150						1,150
<b>Additional paid-in capital</b>							
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
<b>Treasury shares</b>							
Number of shares	1,953,792				-194,500		1,759,292
Treasury shares at cost (EUR 000s)	-3,443			-47	209		-3,281
<b>Accumulated deficit (EUR 000s)</b>	<b>-37,839</b>	<b>-2,833</b>					<b>-40,672</b>
<b>Accumulated other comprehensive income</b>							
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
<b>Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)</b>	<b>25,716</b>	<b>-3,406</b>	<b>54</b>	<b>-47</b>	<b>209</b>	<b>-1,061</b>	<b>21,465</b>
Minority interest (EUR 000s)	370	163				-264	269
<b>Total equity (EUR 000s)</b>	<b>26,086</b>	<b>-3,243</b>	<b>54</b>	<b>-47</b>	<b>209</b>	<b>-1,325</b>	<b>21,734</b>

**Consolidated statement of changes in equity (IFRS)**

	Balance at 01.01.2012	Total income and expense recognized in equity	Share- based payment	Pur- chase of treasury shares	Issuance of shares	Dividends	Balance at 09.30.2012
<b>Issued capital</b>							
Number of shares	23,000,000						23,000,000
Issued capital (EUR 000s)	1,150						1,150
<b>Additional paid-in capital</b>							
for employee stock option plans (EUR 000s)	2,411		10				2,421
from contributions of shareholders of ad pepper media International N.V. (EUR 000s)	63,782						63,782
<b>Treasury shares</b>							
Number of shares	1,759,292						1,759,292
Treasury shares at cost (EUR 000s)	-3,281						-3,281
<b>Accumulated deficit (EUR 000s)</b>	<b>-40,481</b>	<b>-1,748</b>					<b>-42,229</b>
<b>Accumulated other comprehensive income</b>							
Currency translation differences (EUR 000s)	-1,369	9					-1,360
Revaluation available-for-sale securities (EUR 000s)	-3,304	1,130					-2,174
Revaluation available-for-sale investments (EUR 000s)	3,409	3					3,412
<b>Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)</b>	<b>22,317</b>	<b>-606</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,721</b>
Minority interest (EUR 000s)	395	100				-260	235
<b>Total equity (EUR 000s)</b>	<b>22,712</b>	<b>-506</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>-260</b>	<b>21,956</b>

## Notes

### Consolidated segment information (IFRS)

<b>Q1-Q3 2012</b>	<i>ad pepper media</i> EUR 000s	<i>Webgains</i> EUR 000s	<i>ad agents</i> EUR 000s	<i>Admin</i> EUR 000s	<i>Consolida- tion</i> EUR 000s	<i>Group</i> EUR 000s
<b>Total revenues</b>	<b>15,272</b>	<b>15,843</b>	<b>8,470</b>	<b>420</b>	<b>-650</b>	<b>39,355</b>
<i>thereof external</i>	15,194	15,691	8,470	0	0	39,355
<i>thereof intersegment</i>	78	152	0	420	-650	0
<b>Expenses and other income</b>	<b>-15,595</b>	<b>-16,120</b>	<b>-8,112</b>	<b>-1,865</b>	<b>420</b>	<b>-41,272</b>
<i>thereof amortization and depreciation</i>	-97	-16	-45	-192	0	-350
<i>thereof other non-cash expenses</i>	-136	-128	-102	-38	-6	-410
<b>EBITDA</b>	<b>-226</b>	<b>-261</b>	<b>403</b>	<b>-1,253</b>	<b>-230</b>	<b>-1,567</b>
<b>EBIT</b>	<b>-323</b>	<b>-277</b>	<b>358</b>	<b>-1,445</b>	<b>-230</b>	<b>-1,917</b>
<b>Financial income</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>611</b>	<b>-45</b>	<b>572</b>
<b>Financial expenses</b>	<b>-45</b>	<b>0</b>	<b>-5</b>	<b>-30</b>	<b>45</b>	<b>-35</b>
<b>Income taxes</b>						<b>-268</b>
<b>Net income/loss for the period</b>						<b>-1,648</b>

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

### **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 euros. 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, 2011.

The consolidated interim financial statements as per September 30, 2012 were authorized for issue by the Board of Directors on October 25, 2012.

### **2. Accounting principles**

The accounting principles applied to these quarter-end financial statements do not materially differ from the principles as applied to the Annual Report as per December 31, 2011.

The following standards and interpretations have been adopted in the first nine months:

#### ***Amendments to IFRS 1 "Loans received from governments"***

The International Accounting Standards Board (IASB) has issued amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" regarding loans received from governments on March 13, 2012.

The amendments to this standard as published by the IASB have been described in the consolidated financial statements on December, 31 2011.

#### ***Amendments to IAS 1 "Presentation of Financial Statements" as well as Amendments to IAS 19 "employee benefits"***

The EU Commission has approved the amendments to IAS 1 "Presentation of Financial Statements" and IAS 19 "Employee Benefits", by publication into EU Official Journal adopted EU law on June 05, 2012.

The amendments to this standard as published by the IASB on June, 16 2011 have been described in the consolidated financial statements on December, 31 2011.

#### ***Improvements to IFRS 2009-2011***

The IASB published the annual improvement 2009-2011 by final approval on May, 17 2012.

The changes relate to the following standards:

- IFRS 1 "First-time Adoption of IFRS"
- IAS 1 "Presentation of Financial Statements"
- IAS 16 "Fixed Assets"
- IAS 32 "Financial Instruments: Presentation"
- IAS 34 "Interim Financial Reporting"

All changes are effective for reporting periods beginning on or after January 1, 2013. Earlier application is permitted. There were no material effects on the consolidated financial statements of ad pepper media International N.V.

### **3. Consolidated group**

The entities included in consolidation are as follows:

<b>Entity</b>	<b>09.30. 2012 in percent</b>	<b>12.31. 2011 in percent</b>
<i>ad pepper media GmbH, Nuremberg, Germany</i>	100	100
<i>ad pepper media Benelux B.V., Amsterdam, the Netherlands</i>	100	100
<i>ad pepper media Sweden AB, Stockholm, Sweden</i>	100	100
<i>ad pepper media Denmark A/S, Copenhagen, Denmark</i>	100	100
<i>ad pepper media UK Ltd, London, United Kingdom</i>	100	100
<i>ad pepper media France S.A.R.L., Paris, France</i>	100	100
<i>ad pepper media Spain S.A., Madrid, Spain</i>	100	100
<i>ad pepper media USA LLC, New York, USA</i>	100	100
<i>Web Measurement Services B.V., Amsterdam, the Netherlands</i>	100**	100
<i>Crystal Semantics Ltd, London, United Kingdom</i>	100	100
<i>Webgains Ltd, London, United Kingdom</i>	100	100
<i>ad pepper media Australia Ltd, Melbourne, Australia</i>	0*	100
<i>ad pepper media SA, Küssnacht am Rigi, Switzerland</i>	100	100
<i>Globase International ApS, Copenhagen, Denmark</i>	100	100
<i>Emediate ApS, Copenhagen, Denmark</i>	100	100
<i>EMSEAS TEKNIK AB, Stockholm, Sweden</i>	100	100
<i>ad agents GmbH, Herrenberg, Germany</i>	60	60

\* liquidated as of May 27, 2012

\*\* Liquidation will be initiated in Q4 2012

ad pepper media International N.V. holds a 20 percent stake in SocialTyz LLC: SocialTyz LLC is not included in the interim consolidated financial statements at equity, as an operating agreement has been concluded which does not allow ad pepper media to exert significant influence. Hence, the investment continues to be valued at cost.

Following two capital increases at Videovalis GmbH during the first half of 2012, both of which executed to the exclusion of old shareholders' subscription rights, ad pepper media still holds a total stake of 40.5 percent in Videovalis GmbH (December 31, 2011: 49 percent). Videovalis GmbH is not included in the interim consolidated financial statements at equity, as the company's articles of association do not allow ad pepper media to exert significant influence. Hence, the investment continues to be valued at cost.

As of April 1, 2012, ad pepper media USA LLC secured a stake totaling 15 percent in React2Media LLC. The purchase price was USD 40k. The investment is valued at cost.

#### 4. Notes to the Interim Financial Statements

Reference is basically made to the comments on the results of operations, financial position and net assets in the Management Report.

The following one-off items affecting the income statement occurred in the period under review:

Net financial expenses include realized net exchange gains of EUR 65k from the 100-percent redemption of securities (Q1-Q3 2011: EUR 21k) and unrealized net valuation gains of EUR 240k (Q1-Q3 2011: EUR 0k).

Provisions of EUR 150k were recognized in the third quarter of 2012 in connection with the change in the Board of Directors structure in October 2012. The tax result is due to the recognition of current tax deferrals for profitable companies.

The following one-off items affecting the balance sheet occurred in the period under review:

As presented in the consolidated financial statements as of December 31, 2011, a revaluation gain of EUR 1.1m was recognized in equity in the first quarter of 2012 due to a public buyback offer by the issuer which ad pepper media rejected.

Furthermore, on March 21, 2012 ad pepper media was notified about the early redemption of a security at nominal value. This resulted in the recognition in equity of a valuation gain of EUR 445k in the first quarter of 2012. The respective payment of EUR 3m was received on April 2, 2012, as a result of which cash holdings showed a corresponding increase and holdings of securities a corresponding reduction as of this date.

The securities at fair value through profit and loss were 100 percent redeemed on July 30, August 7 and 10, and October 17, 2012 respectively. Holdings of securities thus reduced to zero as of October 17, 2012 with a corresponding increase in cash holdings.

### 5. 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 an-

nual report for the year ended December 31, 2011. 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 transaction.

### 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. Long-term assets do not include financial instruments or deferred tax assets:

	<i>Revenue from external customers</i>		<i>Non-current assets</i>	
	<i>Q1-Q3 2012</i>	<i>Q1-Q3 2011</i>	<i>09.30. 2012</i>	<i>09.30. 2011</i>
	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>EUR 000s</i>	<i>EUR 000s</i>
<i>The Netherlands</i>	<i>798</i>	<i>1,745</i>	<i>13</i>	<i>18</i>
<i>Germany</i>	<i>16,208</i>	<i>13,016</i>	<i>357</i>	<i>497</i>
<i>Scandinavia</i>	<i>5,716</i>	<i>6,107</i>	<i>135</i>	<i>107</i>
<i>United Kingdom</i>	<i>11,332</i>	<i>10,689</i>	<i>68</i>	<i>79</i>
<i>Other</i>	<i>5,301</i>	<i>8,165</i>	<i>10</i>	<i>20</i>
<b><i>Total</i></b>	<b><i>39,355</i></b>	<b><i>39,722</i></b>	<b><i>583</i></b>	<b><i>721</i></b>



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

## **6. Treasury stock**

### *Acquisition of treasury stock*

By shareholders' resolution dated May 15, 2012, 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, 2012, ad pepper media International N.V. held 1,759,292 treasury stock (September 30, 2011: 1,759,292) at a nominal value of EUR 0.05 each, corresponding to 7.65 percent (September 30, 2011: 7.65 percent) of the share capital.

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

### *Sale of treasury stock*

In the first nine months, no treasury stock (Q1-Q3 2011: 0) were sold at an exercise price of EUR 0.665, none (Q1-Q3 2011: 0) at a price of EUR 1.365, none (Q1-Q3 2011: 137,000) at an exercise price of EUR 0.89 and none (Q1-Q3 2011: 0) at a price of EUR 2.225. No shares under the employee stock option plans (Q1-Q3 2011: 37,500) were sold at an exercise price of EUR 1.500 and no shares (Q1-Q3 2011: 0) at a price of EUR 0.915.

No treasury stock was sold in the second quarter (Q1-Q3 2011: 194,500).

### *Number of shares outstanding*

The number of shares issued and outstanding as of September 30, 2012 totals 21,240,708 (September 30, 2011: 21,240,708). Each share has a nominal value of EUR 0.05.

## **7. 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.

## **8. Change within the boards**

Dr. Handel was appointed as a further member of the Supervisory Board at this year's Annual General Meeting. Dr. Frank Schlaberg and Merrill Dean retired from the Supervisory Board as of August 21, 2012 and October 12, 2012 respectively. Moreover, two members of the Board of Directors, namely Ulrich Schmidt and Michael Alexander Carton, departed from the company as of October 16, 2012.

## **9. Stock options and shareholdings**

As of September 30, 2012, a total of 802,700 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 Board of Directors (directly and indirectly) as well as employees.

	Shares as of 09.30.2012	Options as of 09.30.2012
<b>Board of Directors</b>		
Ulrich Schmidt	1,005,524	280,000
Michael A. Carton	0	109,500
Jens Körner	0	0
<b>Supervisory Board</b>		
Michael Oschmann	0	0
Dr. Frank Schlaberg	0	0
Merrill Dean	0	0
Dr. Ulrike Handel	0	0
<b>Associated companies</b>		
EMA B.V.	9,486,402	0
Viva Media Service GmbH	41,554	0
Euroserve Media GmbH	436,963	0
<b>Employees</b>		<b>413,200</b>

## 10. Report on major transactions with related companies and persons

### Transactions of parent company with investments

ad pepper media International N.V. granted loans of EUR 200k to Videovalis GmbH in the first nine months 2012.

### Transactions between subsidiaries and investments

Emediate ApS provides ad serving services to Brand Affinity Technologies Inc. for USD 20k per month.

ad pepper media USA LLC holds an investment in React2Media and granted this company a loan of USD 200k. As of September 30, 2012, the loan still amounted to USD 161k.

At the end of the first nine months of 2012, Videovalis GmbH supplied website inventory in the value of EUR 35k to ad pepper media.

Otherwise there have been no material changes in transactions with related parties compared with the 2011 financial year.

## 11. Events after the balance sheet date

At the beginning of October, ad pepper media was notified about the early redemption of a security at nominal value as of October 17, 2012 and furthermore sold securities at fair values through profit and loss. This resulted in realized gains of EUR 279k that have been correspondingly posted in the fourth quarter. Furthermore, one-off expenses of around EUR 2.4m are expected in the fourth quarter in connection with the departure of Ulrich Schmidt and Michael Alexander Carton from the company's Board of Directors as of October 16, 2012.

Amsterdam/Nuremberg, October 25, 2012

Jens Körner

## Company calendar

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

---

### Company calendar

<i>Quarterly report III / 2012</i>	<i>November 22, 2012</i>
------------------------------------	--------------------------

<i>Annual report 2012</i>	<i>March 29, 2013</i>
---------------------------	-----------------------

<i>Quarterly report I / 2013</i>	<i>May 10, 2013</i>
----------------------------------	---------------------

<i>General Meeting of Shareholders' 2013 (Amsterdam, The Netherlands)</i>	<i>May 14, 2013</i>
---	---------------------

<i>Quarterly report II / 2013</i>	<i>August 9, 2013</i>
-----------------------------------	-----------------------

---

## Contact

### Investor contact

Jens Körner (CFO)  
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](mailto:ir@adpepper.com)  
[www.adpepper.com](http://www.adpepper.com)

### Publisher's notes

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](mailto:info@adpepper.com)

[www.adpepper.com](http://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

Board of Directors:

Jens Körner, CFO

---

We will gladly send you our 2011 Annual Report as well as the interim financial reports for 2012 in German or English. These reports are also published as PDF files at [www.adpepper.com](http://www.adpepper.com) under:

*Investor relations/News & publications/Reports & presentations.*

---



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

***[www.adpepper.com](http://www.adpepper.com)***