

24/7 REAL MEDIA, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>(unaudited)</u>		<u>(unaudited)</u>	
Revenues:				
Media.....	\$ 15,547	\$ 12,070	\$ 46,460	\$ 34,451
Search.....	13,731	4,109	35,063	9,658
Technology.....	5,839	4,628	16,550	13,676
Total revenues.....	<u>35,117</u>	<u>20,807</u>	<u>98,073</u>	<u>57,785</u>
Cost of revenues:				
Media.....	10,516	9,180	31,470	24,986
Search.....	10,026	2,241	24,405	6,363
Technology.....	998	827	3,167	2,528
Total cost of revenues.....	<u>21,540</u>	<u>12,248</u>	<u>59,042</u>	<u>33,877</u>
Gross profit.....	<u>13,577</u>	<u>8,559</u>	<u>39,031</u>	<u>23,908</u>
Operating expenses:				
Sales and marketing.....	5,606	4,272	16,627	11,481
General and administrative.....	4,885	3,626	14,457	9,627
Product development.....	1,563	1,115	4,171	3,261
Other expenses:				
Amortization of intangible assets and deferred financing costs.....	1,140	1,068	3,419	3,270
Stock-based compensation.....	493	209	1,447	706
Restructuring costs.....	-	-	973	501
Total operating expenses.....	<u>13,687</u>	<u>10,290</u>	<u>41,094</u>	<u>28,846</u>
Operating loss.....	<u>(110)</u>	<u>(1,731)</u>	<u>(2,063)</u>	<u>(4,938)</u>
Interest income (expense), net.....	(48)	(93)	(190)	(371)
Change in fair value of warrant liability.....	(384)	266	(344)	2,075
Recovery of investment.....	-	-	2,100	-
Impairment of marketable securities.....	-	-	(588)	-
Loss on sale of marketable securities.....	(25)	-	(18)	-
Gain on legal settlement.....	-	-	-	2,896
Other income (expense), net.....	(55)	12	(95)	123
Loss before income taxes and minority interest in operations of consolidated subsidiaries.....	<u>(622)</u>	<u>(1,546)</u>	<u>(1,198)</u>	<u>(215)</u>
Provision for income taxes.....	(164)	(44)	(184)	(176)
Minority interest in operations of consolidated subsidiaries.....	21	-	21	-
Net loss.....	<u>(765)</u>	<u>(1,590)</u>	<u>(1,361)</u>	<u>(391)</u>
Dividends and conversion discount on preferred stock.....	(3)	(73)	(25)	(295)
Net loss attributable to common stockholders.....	<u>\$ (768)</u>	<u>\$ (1,663)</u>	<u>\$ (1,386)</u>	<u>\$ (686)</u>
Basic and diluted net loss per share attributable to common stockholders.....	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Weighted average shares used in basic and diluted calculation.....	<u>45,478,444</u>	<u>37,007,505</u>	<u>45,097,696</u>	<u>32,244,122</u>

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	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>(unaudited)</u>		<u>(unaudited)</u>	
Pro forma:				
Operating income (a)	2,284	13	5,855	951
Diluted operating income per share.....	<u>\$ 0.05</u>	<u>\$ 0.00</u>	<u>\$ 0.12</u>	<u>\$ 0.02</u>
Weighted average shares used in diluted calculation.....	<u>49,930,554</u>	<u>45,702,612</u>	<u>49,248,344</u>	<u>42,236,148</u>

(a) Pro forma operating income excludes certain other expenses computed as follows:

Operating loss	\$ (110)	\$ (1,731)	\$ (2,063)	\$ (4,938)
Excluding:				
Amortization of intangible assets and deferred financing costs	1,140	1,068	3,419	3,270
Stock-based compensation.....	493	209	1,447	706
Restructuring costs	-	-	973	501
Depreciation.....	761	467	2,079	1,412
Pro forma operating income	<u>\$ 2,284</u>	<u>\$ 13</u>	<u>\$ 5,855</u>	<u>\$ 951</u>

24/7 REAL MEDIA, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

	<u>September 30,</u>		<u>December 31,</u>	
	<u>2005</u>		<u>2004</u>	
	<u>(unaudited)</u>			
Cash	\$ 34,903	\$ 27,690		
Short-term investments	1,826	3,786		
Accounts receivable	31,314	28,224		
Total current assets	70,419	62,500		
Total assets	128,254	121,398		
Accounts payable and accrued liabilities	32,282	28,233		
Deferred revenue	2,793	3,222		
Short-term debt	14,389	7,500		
Total current liabilities	49,464	38,955		
Long-term debt	-	6,431		
Total liabilities	50,818	46,109		
Minority interests	1,729	21		
Total stockholders' equity	75,707	75,268		