

artnet AG

Interim Group Management Report
First Quarter 2013

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artnet AG Interim Group Management Report For the Three Months Ended March 31, 2013

Business Development

Overview of the Business Development for the Three Months Ended March 31, 2013

During the three months ended March 31, 2013, the Group's revenue decreased by 8.2%, from 3,522,000 EUR in 2012 to 3,234,000 EUR. In US dollars, the revenue decreased by 7.5%, from 4,616,000 USD to 4,271,000 USD.

The buyer and seller premiums of *artnet Auctions* have increased by an average of 17% to 23%, when compared to the previous year. However, the number of lots sold declined to 463, compared to 502 in first three months of 2012, and the average price of each auction lot decreased significantly. As a result, revenue of the first quarter of 2013 decreased in euros by 28.1% (27.5% in US dollars) from 735,000 EUR (963,000 USD) to 528,000 EUR (698,000 USD). Due to the topic-specific auctions with a target-oriented selection of artworks, artnet expects that the auction specialists will achieve an even broader clientele of art buyers and sellers, and lay the foundation for future growth.

Revenue from *artnet Galleries* fell in the first quarter due to a declining number of memberships compared to the same period last year in euros by 4.2% (3.5% in US dollars) to 1,186,000 EUR (1,565,000 USD). The newly introduced price model was able to only partially compensate for the declining number of memberships.

The *artnet Price Database* revenue increased by 18,000 EUR (36,000 USD), or 1.5% (2.2% in US dollars), similar to the prior year.

artnet Advertising revenue posted a decline in sales by 15.9% in euros (15.3% in US dollars) or a drop of 48,000 EUR (60,000 USD) in 2012 to 254,000 EUR (335,000 USD) in 2013. In 2012, artnet started to reorganize the sales structure, which initially led to a reduction in advertising revenue. The strategic realignment of

the sales team and collaboration with new sales partners are already proving to be successful. Due to the development of new marketing packages, it will be possible to respond to customer needs more flexibly in the future. As a result of these measures, artnet expects an increase in revenue over the coming months.

Results of Operations, Financial Position, and Net Assets

Result of Operations

The results from continued operations decreased by 137,000 EUR (180,000 USD), from 90,000 EUR (118,000 USD) in 2012 to -47,000 EUR (-62,000 USD) in the same period in 2013. This is particularly due to the decline in sales in comparison to the same quarter of the prior year of 288,000 EUR (345,000 USD) in total. Revenue for *artnet Auctions* has decreased by 206,000 EUR (265,000 USD). Only the *artnet Price Database* had increased sales revenues.

The operating expenses, including the cost of sales, have been reduced by 151,000 EUR (166,000 USD), when compared to the first quarter of 2012. Personnel costs for product development have decreased; on the other hand, legal and consulting costs have increased.

In the coming months, artnet will focus on increasing the revenues for *artnet Auctions* and on marketing the new product, *artnet Analytics*. Product improvements and targeted sales activities should increase the numbers of gallery memberships, and as a consequence the earnings of *artnet Galleries*. A number of marketing measures, which both promote the perception of the brand artnet and specific products, are expected to positively affect the revenue growth. artnet's collaboration with new sales partners and other corporations has already begun to show the desired results.

The consolidated result of the first quarter, including discontinued operations, increased by 7,000 EUR (8,000 USD), from -85,000 EUR (-112,000 USD) in the previous year to -78,000 EUR (103,000 USD) in the year 2013. In addition to the decline in revenues, the drop in earnings was influenced by other expenses and income. In the first quarter, there was a reduction

in operating results of -23,000 EUR (-30,000 USD). In the quarter of the previous year, the result was influenced by currency translation totaling 70,000 EUR (91,000 USD).

Basic and diluted earnings per share were -0.01 EUR (-0.02 USD), compared to -0.02 EUR (-0.02 USD) in the same period in the previous year.

Currency Conversion

Currency conversion in the consolidated statement of comprehensive income is based on the average exchange rate for the period ended March 31, 2013 and 2012, respectively. For the first quarter in 2013, the average rate was 0.757 euros/US dollars, compared to 0.763 euros/US dollars for the first quarter in 2012. Currency conversion for the balance sheet is based on the exchange rate at the end of the period. As of March 31, 2013, the rate was 0.780 euros/US dollars, compared to 0.757 euros/US dollars on December 31, 2012, representing a 3% increase.

artnet is subject to exchange rate fluctuations because it invoices in euros, US dollars, and British pounds, but conducts most of its business in the United States. The Group works to reduce its exposure to exchange rate differences by billing European customers in euros and British customers in British pounds, and by paying vendors in the same currency with these cash funds.

Financial Position

According to the decline in earnings of the first quarter of 2013, the Group's operating cash flow has decreased. Operating cash flow of continued operations was -189,000 EUR in the first quarter 2013, as compared to 176,000 EUR as of March 31, 2012. In total, the cash flow from operating activities has increased by 76,000 EUR, when compared to the previous year.

Group investing cash flow was -76,000 EUR in the first quarter of 2013, as compared to -336,000 EUR in the previous year. Last year's investing cash flow was affected by investments made in computers and hardware, fixtures and furniture, and leasehold improvements.

The cash flow for financing activities was 447,000 EUR as of March 31, 2013, and -20,000 EUR as of March 31, 2012. This cash inflow was essentially generated by a loan granted by the main shareholder in the amount of 500,000 EUR and the payments for the redemption of liabilities from finance leases for office fittings, hardware, and software that were entered into between 2009 and 2012.

In total, the cash balance increased from 753,000 EUR (995,000 USD) on December 31, 2012 to 933,000 EUR (1,196,000 USD) on March 31, 2013. This increase in the amount of 177,000 EUR (198,000 USD) is a result of the loan granted by a shareholder in March 2013. The cash flow from financing activities was positive, in contrast to the negative cash flow of investing activities and operating activities.

The cash investment policy for the Group is conservative and based on short-term investments. This policy allows all cash to be liquid and available. Based on the average outstanding shares of 5,552,986, liquidity per share was 0.17 EUR (0.22 USD) on March 31, 2013, compared to 0.14 EUR (0.18 USD) on December 31, 2012.

Asset Position

The balance sheet total was 6,423,000 EUR (8,235,000 USD) on March 31, 2013, compared to 6,009,000 EUR (7,944,000 USD) on December 31, 2012, representing an increase in euros of 6.8% (in US dollars of 3.7%).

Trade accounts receivable increased, compared to December 31, 2012, by 79,000 EUR (65,000 USD) to 1,003,000 EUR (1,286,000 USD).

Fixed assets increased by 139,000 EUR (97,000 USD) to 2,184,000 EUR (2,799,000 USD). The scheduled depreciation and amortization was offset by development costs for the redesign of the website and purchase of necessary software renewals.

Total current liabilities decreased by 78,000 EUR (222,000 USD), from 3,072,000 EUR (4,060,000 USD) as of December 31, 2012, to 2,993,000 EUR (3,838,000 USD) as of December 31, 2013. The primary decrease was in repayment of deferred liabilities as of

December 2012. Due to the conclusion of finance leases for new software, and to the increase in trade payables as a result of the exploitation of payment targets, the decrease in current liabilities has been less substantial.

Long-term liabilities represent the loan granted by the main shareholder as of March 31, 2013, the repayment of the financial lease, and the results of rent-free periods of the lease contract for the new office, which was concluded in the previous year.

The Group's consolidated equity was 2,343,000 EUR (3,004,000 USD) on March 31, 2013, compared to 2,368,000 EUR (3,131,000 USD) on December 31, 2012.

The *artnet Price Database Fine Art and Design* constitutes an intangible asset that has been developed by gathering auction information over the last 20 years. This valuable asset to the Group has not been attributed full earning recognition on the balance sheet due to accounting rules. Balance sheet assets would be substantially increased if this recognition were allowed by law.

Employees

On March 31, 2013, there were 116 full-time employees, as compared with 121 in the first quarter of 2012. Additionally, the Group employed 9 part-time employees as of March 31, 2012, as compared to 18 in the previous year's quarter, and 9 sales and other consultants, compared to 11 in the first quarter ended March 31, 2012.

General Information and Business Activities

artnet AG is a holding company listed on the "Geregelt Markt" in the Prime Standard segment at the Frankfurt Stock Exchange. artnet AG's principal holding is its wholly owned subsidiary, Artnet Worldwide Corporation, a New York corporation founded in 1989. artnet AG ("artnet" or "the Company") and Artnet Worldwide Corporation ("Artnet Corp.," collectively "the artnet Group or the Group") operate under the trade name "artnet."

Artnet Corp. has two wholly-owned subsidiaries: artnet UK and artnet France sarl. artnet UK Ltd. provides sales and client support in the United Kingdom. As part of the restructuring, the closing of the Paris office was resolved in June 2012.

With a first quarter of 2013 average of 1.3 million monthly unique visitors on its three domains, artnet.com, artnet.de, and artnet.fr, artnet offers the world's most comprehensive art market overview, enabling collectors and art professionals to better navigate the art market by providing timely information about artwork, artists, galleries, price developments, exhibitions, news, and reviews.

As of March 31, 2013, *artnet Galleries* represents 1,700 of the world's most prestigious art galleries and auction houses from 60 countries. Members of *artnet Galleries* are indexed by specialty and location, and represent an aggregate 170,000 works in inventory from 35,000 artists. Besides all forms of Contemporary, Modern, and Fine Art, *artnet Galleries* also offers Decorative Art and Design objects from the 1st century BC to the present. With *artnet Auction House Partnerships*, auction houses have the flexibility to post complete or partial sales on artnet, with the option of linking every lot on artnet back to the same lot in their own online catalogue. All lots are linked to artnet's upcoming auctions calendar and ranked high in artnet and Google search results. *artnet Auction House Partnerships* provide reporting and direct traffic from artnet to the auction house website.

The *artnet Price Database* is an updated archive of over eight million illustrated auction records from over 1,400 of the world's top auction houses, giving price transparency to an otherwise secretive market. Subscribers to the *artnet Price Database Fine Art and Design* and the *artnet Price Database Decorative Art* receive access to current results as well as auction results dating back to 1985, and with that, the most up-to-date and impartial appraisal value for artworks they would like to buy or sell. The *artnet Price Database* is widely subscribed to by appraisers, dealers, auctioneers, and financiers, as well as by private and government institutions, including the IRS and the FBI. Most importantly, it provides an illustrated "blue book" for

private collectors with which to appraise the works they own, and measure opportunities at upcoming auctions or on the dealer market. Dealers and auctioneers also use comparable sales from the *artnet Price Database* to support the valuation and sale of important works of art.

A derivative of the *artnet Price Database* is *artnet Market Alert*, which informs subscribers by email when artworks by artists they selected come up at auction, or when they are offered in *artnet Galleries* or on *artnet Auctions*.

artnet Analytics, which was launched in May 2012, is the first art index that allows one to value the market performance of artists, custom groups of artworks, and art categories, such as Asian Art or Modern Art. The market performance can also be compared to financial indices such as the Dow Jones or S&P 500. This product for analyzing the art market provides its users with reports for over 800 artists and around 46,000 groups of comparable artworks.

With *artnet Auctions*, artnet has become a business-to-customer transaction platform with an integrated information resource. The main advantages for buyers and sellers on *artnet Auctions* are the attractive pricing and the fast turnaround, which can be finalized in a few weeks, compared to the six months or a year required by brick-and-mortar art auctioneers. *artnet Auctions* routinely sees works by blue-chip Modern and Contemporary artists sell in the five- and six-figure range.

artnet Monographs is an online art library developed in close collaboration with artists, estates, foundations, and galleries. This growing resource of Modern and Contemporary artists' monographs features comprehensive artwork selections and 148 biographies. *artnet Monographs* can be viewed free of charge on the artnet website.

Subsequent Events

No reportable events of significant importance have occurred after the balance sheet date.

Risks of the Future Development

artnet holds the view that the risk structure has not changed since December 31, 2012.

Outlook

After a challenging 2012, marked by continued economic uncertainty and a significant restructuring of our business, we are excited to report that the efforts of all artnet employees are beginning to bear fruit. After stabilizing our business, the strategy we put in place for a gradual return to healthy profitability in 2013 is beginning to be vindicated by the results of this year's first quarter.

While our industry has always been dynamic, our numbers attest to our continued leadership position, with the sales at our online auctions outstripping that of any competitor dedicated to online auctions for instance. The breadth of our product offering is unmatched, as are several of our competitive advantages. This should enable us to not only solidify our number one position, but even to expand it over time.

As we continue our drive to move the company forward, we will begin the relaunch of our website, which will include an optimized information architecture and enhanced search functionality. Design and programming are progressing as planned.

We hear expressions of interest from potential large investors on a very regular basis. Since our business is established and self-sustaining, our guiding principle in considering any such approaches is to assess these investors' alignment with the vision for the future growth of the company, and any potential synergy benefits, carefully considering whether any such investment would bring and generate meaningful additional value that we could not generate on our own.

artnet Galleries

The many challenges faced, especially by small and mid-size galleries have taken their toll on our gallery network, as many struggle to operate profitably, and as a result had to cut

costs. Galleries still are the essential lynchpin of the art world, especially through their unsurpassed inventory and knowledge. Through our network, unique in its scale, the place of galleries in the art market is individually and collectively enhanced. We strive to continuously provide greater value to galleries, and to enhance the range of lead-generating products at their disposal. As a result, we see a positive trend in our memberships again. We expect this positive trend to continue, especially as the market is moving more and more online.

artnet Price Database

Widely regarded as the industry's standard, our *artnet Price Database* is performing well, and revenue is increasing. With new features, ever greater coverage, and an optimized pricing structure, we anticipate continued growth for this business. Awareness and adoption of our latest product, *artnet Analytics Reports*, are growing slowly but steadily, and our sales team will be looking to expand the reach of this unique, powerful product through the year. However, the costs of introducing this new product to the market is still affecting the *Price Database* revenue overall.

artnet Auctions

Our plan to grow the auctions this year heavily relies on a large number of themed auctions, which have proven to be a powerful tool to generate both consignments and sales. We expect to more than double the number of themed auctions we hold this year versus 2012. Online auctions are still relatively new, with sales volume fluctuating accordingly. We plan to ramp up the frequency of these themed auctions, with more than 20 scheduled for the second quarter of this year alone. We anticipate that we will reach a healthy growth rate again, building on more auctions, a bigger and more diversified global network of buyers and sellers, and our unique ability, as the leader of this market, to capitalize on the inexorable growth of the volume of online transactions, as an increasing number

of art buyers become very comfortable with the process. We are the clear leader in terms of actual sales, an important advantage in establishing confidence and gradually increasing both the sales volume as well as the average lot value.

artnet Advertising

The period of change we went through, with significant turnover in personnel, clearly had a detrimental impact on our advertising revenue pipeline. But we believe we now have the expanded team and the rigorous processes in place to address and fix the difficulties we have encountered in this product line, and we are optimistic that we can continue to move these numbers in the right direction.

China

The reputation of our products is strong in the Chinese market, and we are carefully studying how to capitalize on that to generate revenue—in a profitable way. We are very engaged with many key art world players in the country, and the reception we receive is uniformly enthusiastic. artnet is already well-known in this region with an excellent reputation, and we strongly believe in the long-term potential for the company. We are actively building the relationships that will enable us in due course to scale up our business profitably in this promising corner of the art world.

Over the past months, artnet has focused on maintaining its position as a leader in the art world, and the newly established Management team has shown its commitment to the company's vision for the future.

Berlin, May 13, 2013



Jacob Pabst
Chairman and CEO of artnet AG

artnet AG Consolidated Balance Sheet

As of March 31, 2013 and December 31, 2012

	3/31/13 USD	12/31/12 USD	3/31/13 EUR	12/31/12 EUR
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,192,276	994,773	929,975	752,546
Trade receivables	1,286,013	1,221,058	1,003,090	923,730
Other current assets	664,770	737,968	518,521	558,273
Total current assets	3,143,059	2,953,799	2,451,586	2,234,549
NON-CURRENT ASSETS				
Property, plants, and equipment	1,275,010	1,374,634	994,508	1,039,911
Intangible assets	1,524,466	1,327,877	1,189,083	1,004,539
Security deposit	384,566	379,921	299,961	287,410
Deferred tax assets	1,907,577	1,907,577	1,487,910	1,443,082
Total non-current assets	5,091,619	4,990,009	3,971,462	3,774,942
TOTAL ASSETS	8,234,678	7,943,808	6,423,048	6,009,491
EQUITY AND LIABILITIES				
CURRENT LIABILITIES				
Trade payables	976,743	844,777	761,860	639,074
Accrued expenses and other liabilities	578,333	986,751	451,100	746,477
Provisions	164,770	170,041	128,521	128,636
Liabilities from finance leases	335,139	297,649	261,408	225,171
Deferred revenue	1,782,756	1,760,941	1,390,550	1,332,152
Total Current Liabilities	3,837,741	4,060,159	2,993,439	3,071,510
NON-CURRENT LIABILITIES				
Liabilities from loans	640,828	-	500,000	-
Office Rent Amort	278,573	267,896	217,287	202,663
Liabilities from finance leases	473,115	484,933	369,030	366,852
Total non-current liabilities	1,392,516	752,829	1,086,317	569,515
TOTAL LIABILITIES	5,230,257	4,812,988	4,079,756	3,641,025
SHAREHOLDERS' EQUITY				
Subscribed capital	5,941,512	5,941,512	5,631,067	5,631,067
Treasury stock	-269,241	-269,241	-264,425	-264,425
Retained earnings	52,245,097	52,240,459	50,866,385	50,862,873
Loss carry-forward	-54,925,977	-51,784,190	-53,909,439	-51,482,744
Consolidated net income	-103,226	-3,141,787	-78,172	-2,426,695
Foreign currency translation	116,256	144,067	97,876	48,390
TOTAL SHAREHOLDERS' EQUITY	3,004,421	3,130,820	2,343,292	2,368,466
TOTAL LIABILITIES AND TOTAL SHAREHOLDERS' EQUITY	8,234,678	7,943,808	6,423,048	6,009,491

artnet AG Consolidated Statement of Comprehensive Income

For the Three Months Ended March 31, 2013 and 2012

	1/1/13 - 3/31/13 USD	1/1/12 - 3/31/12 USD	1/1/13 - 3/31/13 EUR	1/1/12 - 3/31/12 EUR
Revenue				
<i>artnet Galleries</i>	1,565,478	1,622,114	1,185,537	1,237,673
<i>artnet Price Database</i>	1,672,362	1,635,734	1,266,480	1,248,065
<i>artnet Auctions</i>	697,798	962,696	528,443	734,537
<i>artnet Advertising</i>	335,445	395,817	254,032	302,008
Total revenue	4,271,084	4,616,361	3,234,492	3,522,283
Cost of sales	1,921,004	1,957,536	1,454,776	1,493,600
Gross profit	2,350,080	2,658,825	1,779,716	2,028,683
Other operating expenses				
Sales and marketing	610,083	518,837	462,016	395,873
General and administrative	1,178,790	1,143,161	892,698	872,232
Product development	618,281	825,658	468,224	629,977
Remuneration from stock options	4,638	53,616	3,512	40,909
Total other operating expenses	2,411,792	2,541,272	1,826,450	1,938,991
Operating income	-61,712	117,553	-46,734	89,692
Interest expenses	-8,599	-6,569	-6,512	-5,012
Interest income	80	-	61	-
Other {expenses}/income	-29,999	91,171	-22,718	69,563
Earnings before taxes	-100,230	202,155	-75,903	154,243
Income taxes	-2,996	27,786	-2,269	21,200
Continued Operations	-103,226	229,941	-78,172	175,443
Discontinued Operations	-	-341,586	-	-260,630
Group Profit or loss	-103,226	-111,645	-78,172	-85,187
Other earnings				
Differences from foreign currency translation	-27,811	-74,927	49,486	-193,874
Total income for the period	-131,037	-186,572	-28,686	-279,061
Earnings per share				
Basic	-0.02	-0.02	-0.01	-0.02
Diluted	-0.02	-0.02	-0.01	-0.02
Earnings per share from continued operations				
Basic	-0.02	0.04	-0.01	0.03
Diluted	-0.02	0.04	-0.01	0.03
Earnings per share from discontinued operations				
Basic	-	-0.06	-	-0.05
Diluted	-	-0.06	-	-0.05
Weighted average shares				
Basic	5,552,986	5,552,986	5,552,986	5,552,986
Diluted	5,552,986	5,552,986	5,552,986	5,552,986

artnet AG Statement Of Changes In Consolidated Equity (USD)

For the Three Months Ended March 31, 2013 and 2012

Subscribed capital							
	Issued shares	Amount	Treasury stock	Retained earnings	Loss carry-forward	Foreign currency translation	Total
Balance as of 12/31/2011	5,631,067	5,941,512	-269,241	52,061,314	-51,784,189	205,008	6,154,403
Total income for the period	-	-	-	-	-111,645	-74,927	-186,572
Remuneration from stock options	-	-	-	53,616	-	-	53,616
Balance as of 3/31/2012	5,631,067	5,941,512	-269,241	52,114,930	-51,895,834	130,081	6,021,447
Balance as of 12/31/2012	5,631,067	5,941,512	-269,241	52,240,459	-54,925,977	144,067	3,130,820
Total income for the period	-	-	-	-	-103,226	-27,811	-131,037
Remuneration from stock options	-	-	-	4,638	-	-	4,638
Balance as of 3/31/2013	5,631,067	5,941,512	-269,241	52,245,097	-55,029,203	116,256	3,004,421

artnet AG Statement Of Changes In Consolidated Equity (EUR)

For the Three Months Ended March 31, 2013 and 2012

Subscribed capital							
	Issued shares	Amount	Treasury stock	Retained earnings	Loss carry-forward	Foreign currency translation	Total
Balance as of 12/31/2011	5,631,067	5,631,067	-264,425	50,723,480	-51,482,744	145,052	4,752,430
Total income for the period	-	-	-	-	-85,187	-193,874	-279,061
Remuneration from stock options	-	-	-	40,909	-	-	40,909
Balance as of 3/31/2012	5,631,067	5,631,067	-264,425	50,764,389	-51,567,931	-48,822	4,514,278
Balance as of 12/31/2012	5,631,067	5,631,067	-264,425	50,862,873	-53,909,439	48,390	2,368,465
Total income for the period	-	-	-	-	-78,172	49,486	-28,686
Remuneration from stock options	-	-	-	3,512	-	-	3,512
Balance as of 3/31/2013	5,631,067	5,631,067	-264,425	50,866,385	-53,987,611	97,876	2,343,292

artnet AG Consolidated Cash Flow Statement

For the Three Months Ended March 31, 2013 and 2012

	3/31/13 USD	3/31/12 USD	3/31/13 EUR	3/31/12 EUR
CASH FLOW FROM OPERATING ACTIVITIES				
Group profit or loss	-103,226	-111,645	-78,172	-85,187
Profit/(loss) from continued operations	-103,226	229,941	-78,172	175,443
Profit/(loss) from discontinued operations	-	-341,586	-	-260,630
Adjustments to reconcile net profit to net cash provided by operating activities:				
Amortization/depreciation	131,451	143,356	99,548	109,380
Impairment/write-offs for receivables	112,054	40,289	84,858	30,741
Non-cash compensation from stock-options	4,638	53,616	3,512	40,909
Other non-cash transactions	-36,976	-97,853	-28,002	-89,942
Changes in operating assets and liabilities:				
Trade receivables	-177,009	-239,419	-134,049	-182,676
Other current assets	73,198	-93,074	55,433	-54,562
Security deposits	-4,645	-1,863	-3,518	-1,421
Trade payables	131,966	-98,490	99,938	-75,148
Provisions	-5,271	-	-3,992	-
Other liabilities and tax liabilities	-397,741	132,077	-301,209	96,734
Deferred revenue	21,815	174,801	16,520	131,048
TOTAL ADJUSTMENTS	-146,519	13,440	-110,959	5,063
CASH FLOW FROM OPERATING ACTIVITIES	-249,745	-98,205	-189,131	-80,124
Proceeds from/used in continued operations	-249,745	237,733	-189,131	176,196
Proceeds from/used in discontinued operations	-	-335,938	-	-256,320
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment	-815	-416,128	-617	-317,506
Investments in intangible assets	-98,898	-24,603	-74,895	-18,772
NET CASH USED IN INVESTING ACTIVITIES	-99,713	-440,731	-75,513	-336,278
Proceeds from/used in continued operations	-99,713	-440,731	-75,513	-336,278
Proceeds from/used in discontinued operations	-	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES				
Received loan	-70,362	-25,734	-53,285	-19,635
Repayment of financial lease	570,466	-25,734	446,715	-19,635
NET CASH USED IN FINANCING ACTIVITIES	570,466	-25,734	446,715	-19,635
Proceeds from/used in continued operations	570,466	-25,734	446,715	-19,635
Proceeds from/used in discontinued operations	-	-	-	-
Effects of exchange rate changes on cash	-23,504	22,926	-4,642	-31,657
CHANGE IN CASH AND CASH EQUIVALENTS	197,504	-541,744	177,429	-467,694
CASH AND CASH EQUIVALENTS – start of period	994,773	2,735,520	752,546	2,112,368
CASH AND CASH EQUIVALENTS – end of period	1,192,276	2,193,776	929,975	1,644,674
PAYMENTS INCLUDED IN CASH FLOW FROM OPERATING ACTIVITIES				
Income tax receipts/(payments)	-2,996	27,786	-2,269	21,200
Interest payments	-8,599	-6,569	-6,512	-5,012
Interest receipts	80	-	61	-

Notes to the Interim Consolidated Financial Statements for the Three Months Ended March 31, 2013

Corporate Information

artnet AG (hereinafter referred to as "artnet AG" or "the Company") is a publicly traded corporation headquartered in Berlin, Germany. The address of its registered office is Oranienstraße 164, 10969 Berlin. artnet AG was incorporated under the laws of Germany in 1998.

artnet AG holds 100% of the shares in Artnet Worldwide Corporation ("Artnet Corp."), which is located in New York, United States. Artnet Corp. holds 100% of the shares in artnet UK Limited and artnet France sarl. artnet AG and Artnet Corp. together with Artnet Corp.'s wholly owned subsidiaries are referred to as "the Group" or "the artnet Group."

The Group's business is to provide a website to art collectors, galleries, publishers, auction houses, and art enthusiasts, where they can research artists and prices of artworks, and find artworks that are currently available at art galleries and auctions around the world. Additionally, artworks can be sold on *artnet Auctions*, a web-based auctions platform.

The consolidated financial statements were authorized for issuance by the CEO on May 13, 2013.

Basis of Presentation

These unaudited interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the EU. In particular, they correspond to the "Interim Financial Reporting" guidelines of IAS 34. They also comply with the German accounting Standard (DRS) No.16 on interim reporting as well as with §§ 37x, 37w of the Securities Trading Act. These financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The following new or revised standards and interpretations became mandatory in fiscal 2013:

Standard (IFRS) or Interpretation (IFRIC)		Mandatory Application in the EU	Endorsed by the European Commission
IFRS 1*	First-Time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	January 1, 2013	December 29, 2012
IFRS 1*	Government Loans	January 1, 2013	March 5, 2013
IFRS 7*	Financial Instruments: Disclosures— Offsetting of Financial Assets and Liabilities	January 1, 2013	December 29, 2012
IFRS 13	Fair Value Measurement	January 1, 2013	December 29, 2012
IFRS 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013	December 29, 2012
IAS 12*	Deferred Tax - Recovery of Underlying Assets	January 1, 2013	December 29, 2012
IAS 19*	Employee Benefits	June 6, 2012	June 6, 2012

* Amendments (changes to existing standards)

The application of these standards does not have a significant impact on the presentation of the interim consolidated financial statements in 2013.

The same accounting and valuation methods have been applied to this interim report as to the most recent annual financial statements. A detailed description of the accounting policies is published in the notes to the annual consolidated financial statements 2012.

The Management of the Company is convinced that the consolidated interim financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for the interim period. Results of the period ended March 31, 2013 are not necessarily indicative for future results.

The interim financial statements as of March 31, 2013 and the interim management report have not been audited in accordance with § 317 of the German Commercial Code or reviewed by an auditor.

The consolidated financial statements have been prepared on a historical cost basis. The balance sheet date is March 31, 2013.

Reporting Period

The consolidated financial statements were prepared for the reporting period from January 1 through March 31, 2013.

The financial year for all Group companies coincides with the calendar year.

Foreign Currency Translation and Transactions

Amounts mentioned in the interim consolidated financial statements and notes to the interim consolidated financial statements are stated in euros (EUR), unless otherwise noted.

The currency of the primary economic environment in which the artnet Group operates is US dollars, which is the functional currency of the operating subsidiary Artnet Corp. Transactions in currencies other than US dollars are recorded at the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses from foreign currency transactions are recognized as other income/expenses.

On consolidation, the assets and liabilities of the Group's operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. The accumulated gains and losses resulting from translation are recorded as a separate component of the Group's equity.

Currency exchange rates significant to the artnet Group are the translation of US dollars to euros and of US dollars to British pounds (GBP). The following exchange rates have been used for the currency translation in the periods presented:

	USD to EUR		USD to GBP	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Current Rate Year End	0.780	0.757	0.658	0.619
Average Rate for the Year	0.757	0.778	0.644	0.631

Basis of Consolidation and Consolidated Companies

The consolidated financial statements include the legal parent company, artnet AG, its wholly owned subsidiary Artnet Corp., as well as the subsidiaries of this company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On February 23, 1999, artnet AG entered into a transaction with Artnet Corp. that was treated as a recapitalization of Artnet Corp., with Artnet Corp. as the acquirer of artnet AG (reverse acquisition). The Company accounted for the business combination of artnet AG and Artnet Corp. as a reverse acquisition in accordance with IFRS 3.

On November 1, 2007, Artnet Corp. established artnet UK Limited, which is a wholly owned subsidiary that acts as a sales agent for Artnet Corp. in the United Kingdom.

On July 3, 2008, Artnet Corp. established Artnet France sarl, which is a wholly owned subsidiary of Artnet Corp. As part of its restructuring, artnet resolved to close the Paris offices of artnet France in June 2012. The key French market will be supported from our headquarters in New York in the future.

All significant inter-company transactions, balances, income, and expenses are eliminated.

Share Capital

Conditional Capital - Share Based Payments

The shareholders' meeting on July 15, 2009, conditionally increased the capital stock by 560,000 EUR, through the issue of up to 560,000 new no-par value bearer shares, which can be issued as stock options to members of the Company's Board of Directors, members of the management of affiliated entities, and employees of artnet AG or its affiliated entities (Conditional Capital 2009/I).

No shares have been issued from conditional capital at this point.

Authorized Capital

The shareholders' meeting of artnet AG on July 15, 2009 authorized the Board of Directors, with the approval of the Supervisory Board, to increase the capital stock by up to 2,800,000 EUR before July 14, 2014, through the issue of 2,800,000 new no-par value bearer shares in exchange for cash contributions or contributions in kind (Authorized Capital 2009/I). No shares have been issued from authorizes Capital 2009/I at this point.

Treasury Shares

As of March 31, 2013 and 2012, artnet AG held 78,081 of its own shares, representing 1.4% of common stock.

The Shareholders' Meeting of artnet AG on July 14, 2010, authorized the Board of Directors, with the approval of the Supervisory Board, to acquire its own shares until the end of July 13, 2015, up to a 10% stake in current share capital. At no point may the acquired shares, together with other own shares owned by the company or attributable to the company under Articles 71 et seq. AktG (German Stock Corporation Act), constitute more than 10% of the share capital. The time limit applies only to acquiring—and not holding—the shares.

Related Party Transactions

As of March 31, 2013, financial liabilities of the artnet Group comprises, in addition to the accounts payable trade and other liabilities, a loan granted by the main shareholder in the amount of 500,000 EUR, repayable on May 1, 2014. The accounts payable trade contains future fees of Galerie Neuendorf AG in the amount of 190,000 EUR. An agreement for deferred fees has been extended until March 31, 2014. These measures serve as collateral to potential temporary liquidity bottleneck, which could result from seasonal changes of cash collections.

Income Taxes

Income tax expense is recognized in the interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Due to its tax loss carry-forward, Artnet Corp. only has to pay the alternative minimum corporation tax.

The Group reviews the carrying amount of its deferred tax asset once per year, and will review the deferred tax asset in the fourth quarter of 2013 based on the most recent budget for the fiscal years 2014 until 2016.

Discontinued Operations

In June 2012, the Management of the Company decided to discontinue the *artnet Magazine*.

The loss from discontinued operations includes the ongoing personnel and material costs that are directly allocable to the former segment, the closure costs incurred in 2012, and proportionate overheads that are allocated via a caused-based break-down. The costs of closing the Paris office are only allocated to discontinued operations to the extent that these relate directly to the production of the French magazine, plus proportionate overheads.

In the interim financial statements since the six month financial statement of 2012, the costs of the Paris office were allocated in total to discontinued operations. This has been corrected in the consolidated financial statements. The expenses listed in the six month financial statement were incorrectly listed as being 744,000 EUR higher than they actually were. As a result, they were allocated to discontinued operations, and accordingly, expenses too low were allocated to continued operations. Earnings as of March 31, 2012 have been adjusted retrospectively by reclassifying the income and expenses allocated to the discontinued operations.

Presentation of the income and expenses as of March 31, 2012 allocated to the discontinued operations can be found in the segment reporting in the following section.

No more assets were to be allocated to the *artnet Magazine* division (discontinued operations) as of March 31, 2013.

In contrast, 32,792 EUR of the provisions were due to the discontinued operations.

Segment Reporting

The Group reports on the operating segments in the same way it reports operating segment information to the Management and Supervisory Board.

The four (previous year: five) Group's reportable segments are as follows:

- The *artnet Galleries* segment presents the member galleries' artworks that are available for sale online
- The *artnet Price Database* comprises all database-related products, including the *artnet Price Database Fine Art* and

Design and the *artnet Price Database Decorative Art*, as well as the products based thereupon, or *artnet Market Alert*, *artnet Market Reports*, *artnet Monographs*, and *artnet Analytics*

- *artnet Advertising* produces banner as well as national and international advertising on the website
- *artnet Auctions* provides an online platform to buy and sell artworks online

The new cost distribution method resulting from the discontinuation of the *artnet Magazine* was applied retroactively to ensure comparability for 2012. Segment performance is evaluated based on profit or loss before taxes. Not directly attributable expenses are allocated to the reportable segments primarily based on the headcount and revenue for each reportable segment.

A measure of total assets or liabilities for each reportable segment is not provided to the Management. Therefore, total assets or liabilities are not disclosed for each reportable segment.

EUR Period ended March 31, 2013	<i>artnet</i> Galleries	<i>artnet</i> Price Database	<i>artnet</i> Auctions	<i>artnet</i> Advertising	Total	
Revenue	1,186,000	1,266,000	528,000	254,000	3,234,000	
Profit Before Tax	224,000	98,000	-451,000	53,000	-76,000	

EUR Period ended March 31, 2012	<i>artnet</i> Galleries	<i>artnet</i> Price Database	<i>artnet</i> Auctions	<i>artnet</i> Advertising	Continued Operations	Discontinued Operations
Revenue	1,238,000	1,248,000	734,000	302,000	3,522,000	20,000
Profit Before Tax	126,000	216,000	225,000	37,000	154,000	-261,000

Earnings Per Share

Basic earnings per share are calculated by dividing net income by the weighted-average number of common shares outstanding during the year.

Diluted earnings per share are calculated in the same manner as basic earnings per share, with the exception that the average number of shares outstanding increases by adding the potential number of shares from stock option conversions.

The calculation of earnings per share is based on the following data:

	3/31/2013 EUR	3/31/2012 EUR
Numerator (earnings)		
Net result for the year retained for equity shareholders	-78,000	-85,000
Denominator (number of shares)		
Weighted average number of ordinary shares used to calculate dilutive earnings per share	5,552,986	5,552,986
Effect of potential shares: stock options	-	-
Weighted average number of ordinary shares used to calculate dilutive earnings per share	5,552,986	5,552,986

The weighted average exercise price is higher than the average share price in 2013. In consequence, there are no diluted shares.

Employees

In the first quarter of 2013, there were 116 full-time employees, as compared with 121 in the corresponding period of the prior year. Additionally, the Group employed nine part-time employees in the first quarter of 2013, as compared to 18 in the previous year's quarter, and nine sales and other consultants, compared to 11 in the previous years' quarter.

Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with IFRS necessitates estimates and assumptions that influence assets and liabilities, income and expenses, as well as information in the notes to the six month financial statements. Actual results and developments may differ from those estimates and assumptions.

Estimates made by Management that have a significant effect on the interim consolidated financial statements include the recognition of deferred tax assets and of development costs, the measurement of provisions and accruals, the useful lives of non-current assets, and the assessment of bad debt provisions on accounts receivables.

Notification Concerning Transactions by Persons Performing Managerial Responsibilities In Accordance with § 15a of the Securities Trading Act

The company was not informed about transactions by persons performing managerial responsibilities to § 15a of the Securities Trading Act.

Notification Within the Meaning of Section 26 (1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

The company was not informed about reportable notifications of changes for voting rights within the Meaning of Section 26 (1) of the Wertpapierhandelsgesetz.

Report on Post-Balance Sheet Events

For information regarding reporting events of significant importance after the balance sheet date, please refer to statements of the consolidated management report.

New York, May 13, 2013

A handwritten signature in black ink, appearing to read 'JP' or similar initials, written in a cursive style.

Jacob Pabst
Chairman and CEO of artnet AG

artnet AG

Supervisory Board

John Hushon, *Chairman*
Prof. Dr. Walter Rust, *Deputy Chairman*
Dr. Jochen Gutbrod

Management Board

Jacob Pabst, *Chairman and CEO*

Artnet Worldwide Corporation

Jacob Pabst, *CEO*

artnet UK Ltd.

Jacob Pabst, *CEO*

artnet France sarl

Jacob Pabst, *CEO*

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Investor Relations

You can find information for investors and the annual financial statements at www.artnet.com/investor-relations.

If you have further queries, please send an email to ir@artnet.com or send your inquiry by mail to one of our offices.

German securities code number

The common stock of artnet AG is traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol "ART." You can find notices of relevant company developments at www.artnet.com/investor-relations.

Wertpapier-Kenn-Nummer

[WKN]	A1K037
ISIN	DE000A1K0375

Concept and Production

Artnet Worldwide Corporation

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