

Nine Months Report

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artnet AG Interim Group Management Report For the Nine Months Ended September 30, 2011

Business Development

Overview of the Business Development for the Nine Months Ended September 30, 2011

During the nine months ended September 30, 2011, the company's revenue decreased 1.6% in euro terms with EUR 10,009,000 compared to EUR 10,173,000 in 2010, but increased 5% in USD terms to USD 14,076,000 from USD 13,368,000 in 2010.

Launched in 2008, *artnet Auctions* is a fast growing segment with revenue increasing EUR 13% (USD 21%) to EUR 1,589,000 (USD 2,234,000) for the nine months ended September 30, 2011, from EUR 1,409,000 (USD 1,852,000) in the same period of 2010.

In the nine months through September 30, 2011, the *artnet Auctions* buyers' and sellers' premium averaged 19% (for 20% in the same period 2010). The average price of an artwork acquired through *artnet Auctions* is about USD 7,400 in 2011, up from USD 5,300 last year.

artnet believes its *artnet Auctions* offers irresistible benefits to consignors and buyers alike, and that *artnet Auctions* will soon build significant share-of-market over brick and mortar competitors.

The *artnet Galleries*, *artnet Price Database Fine Art and Design*, and *artnet Price Database Decorative Art* generate approximately 71% of artnet revenue. Widely subscribed, and information-based, the *artnet Price Database* provides reliable, up-to-the-minute price information, while the *artnet Galleries* signals the availability of inventory worldwide, market conditions notwithstanding.

artnet Galleries revenue was lower by EUR (292,000), (USD (50,000) or EUR (7%) (USD (1%)) due to fewer gallery memberships as compared to the third quarter of 2010. Total *artnet Galleries* membership has declined from 2,099 at the end of the third quarter 2010, to 2,025 at the end of the third quarter 2011. *artnet Price Database* revenue declined by EUR (201,000) or EUR (5%) but increased USD 62,000, or USD 1%.

artnet Advertising increased EUR 14% (USD 22%). The Group is fulfilling contracts signed in 2010 with national advertisers such as Bottega Veneta, Burberry's, and Volkswagen.

artnet Magazine advertising revenue increased EUR 9% (USD 16%).

Results of Operations, Financial Position and Net Assets

Earnings

Income from operations decreased by EUR 27,000 (USD 44,000), to a loss of EUR (98,000) (USD (138,000)) from EUR (71,000) (USD (93,000)) in the same period, 2010. The Group incurred additional costs to further develop the *artnet Auctions* business, as well as in payroll increases.

Net income decreased by EUR 369,000 (USD 499,000), to a loss of EUR (156,000) (USD (219,000)) in 2011, from EUR 213,000 (USD 280,000) in 2010. The net income in 2010 was driven by the write-down of a tax assessment in artnet AG for the years 2001 to 2004, when artnet AG was informed in July of 2010 that the German government would not be pursuing the assessment. Consequently a tax liability of EUR 286,000 plus interest in the amount of EUR 64,000 were released.

Diluted earnings per share were EUR (0.03) (USD (0.04)), compared to EUR 0.01 (USD 0.02) in the same period in 2010.

Currency Conversion

Currency conversion in the consolidated statement of comprehensive income is based on the average exchange rate for the period ending September 30, 2011 and 2010, respectively. For the third quarter ended 2011, the average rate was 0.711 euro/dollar, compared to 0.761 euro/dollar for the third quarter ended 2010. Currency conversion for the balance sheet is based on the exchange rate at the end of the period. As of September 30, 2011, the rate was 0.735 euro/dollar compared to 0.755 on December 31, 2010.

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 paying vendors in the same currency with these cash funds.

Financial Position

Group operating cash flow was EUR 322,000 as of September 30, 2011, as compared to EUR 456,000 as of September 30, 2010. In 2010 operating cash flow was positively impacted due to an increase in depreciation as well as the write-down of prior years' tax assessment in artnet AG, related to the years 2001 to 2004.

Group investing cash flow was EUR (308,000) as of September 30, 2011, as compared to EUR (132,000) as of September 30, 2010. The 2011 investing cash flow was affected by investments in new products (*artnet Analytics*). In 2011, in some cases, equipment was purchased through finance leases.

The cash flow for financing activities was EUR (120,000) as of September 30, 2011, and EUR (96,000) as of September 30, 2010. The amounts represent payments towards finance leases.

In total, the cash balance decreased from EUR 2,698,000 (USD 3,575,000) on December 31, 2010, to EUR 2,586,000 (USD 3,516,000) on September 30, 2011. 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 EUR 0.47 (USD 0.63) on September 30, 2011, compared to EUR 0.47 (USD 0.63) on December 31, 2010.

Asset Position

The balance sheet total was EUR 6,722,000 (USD 9,140,000) on September 30, 2011, compared to EUR 7,111,000 (USD 9,424,000) on December 31, 2010, representing a decrease in Euro terms of (5%) (in USD terms of (3%)).

Trade accounts receivable decreased EUR (280,000) (USD (341,000)), to EUR 851,000 (USD 1,157,000), partially driven by the slower *artnet Galleries* activity.

Fixed assets decreased by EUR (81,000) (USD (58,000)) to EUR 1,399,000 (USD 1,902,000). The Group's fixed assets are primarily in USD. The decrease is the result of continuing depreciation and amortization from prior periods partially offset by investment in new products development as well as hardware and software purchases for the network infrastructure. Development costs for the nine months of 2011 for *artnet Analytics* were capitalized for USD 374,000 in the third quarter.

Total current liabilities decreased by EUR (160,000) (decreased by USD 124,000), from EUR 2,700,000, (USD 3,578,000) at December 31, 2010 to EUR 2,540,000 (USD 3,454,000).

artnet Group's consolidated equity was EUR 4,124,000, (USD 5,608,000) on September 30, 2011, compared to EUR 4,315,000, (USD 5,718,000) on December 31, 2010.

artnet Price Database is 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 earnings recognition on the balance sheet due to accounting rules. Balance sheet assets would be substantially increased if this recognition were allowed by law.

Employees

At September 30, 2011 there were 111 full time employees, as compared with 107 in the third quarter of 2010. Additionally, the Group employed 18 part-time employees as of September 30, 2011, as compared to 13 in the same period a year ago, and 11 sales and other consultants as compared to 14, as of September 30, 2010.

General information and business activities

artnet AG is a holding company listed on the "Regulierter Markt" in the Prime Standard segment at the Frankfurt Stock Exchange. The principal holding of artnet AG 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 Group”) operate under the trade name “artnet.” Artnet Worldwide Corporation has two wholly-owned subsidiaries: artnet UK Ltd. and artnet France sarl. artnet UK provides sales and client support in the United Kingdom. artnet France publishes a magazine online in French (artnet.fr), conducts sales, and provides customer service.

With 2 million unique visitors monthly, **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 the value of artworks, artists, their galleries, price development, exhibitions, news, and reviews.

artnet Galleries is comprised of 2,025 of the world’s most prestigious art galleries and auction houses on five continents. Members of the network are indexed by specialty and location, and represent an aggregate 173,000 works in inventory from 35,000 artists. *artnet Galleries* also offers Design and Decorative Art objects from the 1st century BC to present.

artnet Price Database is an updated archive of over 7 million illustrated auction records from all of the world’s top auction houses, bringing price transparency to a hitherto secretive market. Database subscribers receive access to current results as well as auction results dating back to 1985. *artnet Price Database Fine Art and Design* is widely subscribed to by appraisers, dealers, auctioneers, financiers, and private and government institutions (including the IRS and FBI). Most importantly, it provides an illustrated “blue book” for private collectors with which to appraise the works they own, and measure opportunities at auction or in the dealer market. Dealers and auctioneers also use artnet “comps” (comparable sales from *artnet Price Database Fine Art and Design*) to support the sale of important works of art.

artnet Decorative Art Price Database is comprised of furniture, porcelain, silver, glass, timepieces and other types of applied art.

A derivative of the *artnet Fine Art and Design Price Database* is the **artnet Market Alert**, which informs subscribers by email when artworks by their favorite artists come up at auction, or when they are offered by any of the *artnet Galleries* members.

In the spring of 2008, artnet launched **artnet Auctions**. Experienced specialists are commissioned to marshal the voluminous information in the database to establish reserves and estimates for artworks sourced primarily from gallery members. These works are then auctioned on the new platform, artnet.com/auctions.

artnet Monographs represents 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 biographies.

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, 2010.

Outlook

While the global economy shows much insecurity and worry, with a weak job market in the U.S. and the sovereign debt crisis in Europe, we remain confident that artnet will recover from the recent weak phase and grow in the fourth quarter of this year.

artnet Galleries went live in September with a new service offering that will improve revenue from existing customers and help get new galleries on board.

artnet Price Database Fine Art and Design and *artnet Price Database Decorative Art* have introduced a new pricing system which is beginning to show positive results.

artnet Advertising remains strong with many luxury brands choosing artnet for their holiday advertising.

Last but not least, we believe that *artnet Auctions* is off to a strong fourth quarter. While it is not easy to win the buying public over with a completely new auction system in a time of financial insecurity, *artnet Auctions* has seen robust sales already in October. Moreover, we feel encouraged to expand the business further by adding competent specialists and by driving into new territories with themed auctions such as the recent important Contemporary Chinese Art sale or the very successful Pop Art sale.

While investment grade art in the highest price levels is still attracting large amounts of money, business in many galleries and auction houses is decidedly weak and it is unavoidable that artnet will be negatively affected. However, it is also true that artnet remains a very attractive advertising medium for luxury brands and is by far the most cost effective marketing tool for galleries and auction houses, particularly in times of crisis.

Berlin, October 28, 2011



The CEO
Hans Neuendorf

artnet AG Consolidated Statement of Financial Position

As of September 30, 2011, and December 31, 2010

	09/30/2011	12/31/2010	09/30/2011	12/31/2010
	Consolidated	Consolidated	Consolidated	Consolidated
	USD	USD	EUR	EUR
Current Assets				
Cash and cash equivalents	3,516,080	3,575,208	2,585,725	2,697,852
Accounts receivable-net	1,157,405	1,498,519	851,156	1,130,782
Prepays and other current assets	765,094	601,324	562,650	453,759
Total Current Assets	5,438,579	5,675,051	3,999,531	4,282,393
Noncurrent Assets				
Property and equipment	700,298	941,838	514,999	710,711
Intangible assets	1,202,186	1,019,034	884,088	768,963
Security deposit	309,853	298,468	227,866	225,224
Deferred tax asset	1,489,130	1,489,129	1,095,106	1,123,697
Total Noncurrent Assets	3,701,467	3,748,469	2,722,059	2,828,595
Total Assets	9,140,046	9,423,520	6,721,590	7,110,988
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable	396,433	425,236	291,537	320,883
Accrued expenses and other liabilities	1,138,821	1,301,710	837,490	982,270
Finance lease obligation	187,576	201,197	137,943	151,823
Deferred revenue	1,730,670	1,649,360	1,272,736	1,244,607
Total Current Liabilities	3,453,500	3,577,503	2,539,706	2,699,583
Long Term Liabilities				
Long term portion of finance lease	78,408	128,384	57,661	96,879
Total Liabilities	3,531,908	3,705,887	2,597,367	2,796,462
Shareholders' Equity				
Common stock	5,941,512	5,941,512	5,631,067	5,631,067
Treasury stock	(269,241)	(269,241)	(264,425)	(264,425)
Additional paid-in capital	52,006,249	51,833,659	50,682,571	50,559,842
Accumulated deficit	(51,827,976)	(52,030,497)	(51,514,219)	(51,667,124)
Current net profit	(218,918)	202,521	(155,673)	152,905
Foreign currency translation	(23,489)	39,679	(255,098)	(97,739)
Total Shareholders' Equity	5,608,138	5,717,633	4,124,223	4,314,526
Total Liabilities and Shareholders' Equity	9,140,046	9,423,520	6,721,590	7,110,988

artnet AG Consolidated Statement of Comprehensive Income

For the Six Months Ended September 30,
2011 and 2010

For the Three Months Ended September 30,
2011 and 2010

	01/01- 09/30/2011	01/01- 09/30/2010	01/01- 09/30/2011	01/01- 09/30/2010	09/30/2011	09/30/2010	09/30/2011	09/30/2010
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
	USD	USD	EUR	EUR	USD	USD	EUR	EUR
Revenue								
artnet Galleries	5,083,104	5,133,192	3,614,595	3,906,359	1,666,522	1,674,342	1,177,206	1,274,174
artnet Price Database	4,977,285	4,915,083	3,539,347	3,740,378	1,602,097	1,620,756	1,131,488	1,233,395
artnet Auctions	2,234,476	1,851,670	1,588,936	1,409,121	696,769	540,409	491,936	411,251
artnet Advertising	1,672,192	1,374,225	1,189,096	1,045,785	519,584	442,319	366,825	336,113
artnet Magazine	108,907	93,542	77,444	71,185	38,763	23,268	27,403	18,199
Total Revenue	14,075,964	13,367,712	10,009,418	10,172,829	4,523,735	4,301,094	3,194,859	3,273,132
Cost of sales	6,181,326	5,766,458	4,395,541	4,388,275	2,172,805	1,920,885	1,535,862	1,461,793
Gross Profit	7,894,638	7,601,254	5,613,877	5,784,554	2,350,930	2,380,209	1,658,997	1,811,339
Other Operating Expenses								
Selling and marketing	2,098,315	2,170,390	1,492,112	1,651,667	643,637	630,937	454,345	480,143
General and administrative	3,809,904	3,393,634	2,709,223	2,582,555	1,123,525	1,246,410	792,761	948,518
Product development	1,951,342	2,049,892	1,387,599	1,559,968	554,753	786,902	391,273	598,832
Non-cash compensation	172,590	80,499	122,729	61,260	57,901	55,598	40,910	42,310
Total other Operating Expenses	8,032,151	7,694,415	5,711,663	5,855,449	2,379,817	2,719,847	1,679,289	2,069,803
Profit from Operations	(137,513)	(93,161)	(97,786)	(70,895)	(28,886)	(339,638)	(20,292)	(258,465)
Interest Expense	(16,715)	(10,037)	(11,886)	(7,638)	(5,113)	(3,346)	(3,609)	(2,546)
Interest Income	13,014	107,371	9,254	81,709	2,354	92,429	1,649	70,338
Other Income/(Expense)	28,678	(71,687)	20,393	(54,554)	(14,468)	72,054	(10,387)	54,833
Profit Prior to Tax Provision	(112,537)	(67,514)	(80,025)	(51,377)	(46,113)	(178,501)	(32,640)	(135,840)
Income taxes	(106,381)	347,863	(75,648)	264,723	(50,418)	373,297	(35,916)	284,079
Net Profit	(218,918)	280,349	(155,673)	213,346	(96,531)	194,796	(68,556)	148,239
Earnings per Share								
Net profit per basic share	(0.04)	0.02	(0.03)	0.01	(0.02)	0.02	(0.01)	0.01
Net profit per diluted share	(0.04)	0.02	(0.03)	0.01	(0.02)	0.02	(0.01)	0.01
Weighted Average Shares								
Basic	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986
Diluted	5,579,986	5,552,986	5,579,986	5,552,986	5,579,986	5,552,986	5,579,986	5,552,986

artnet AG Consolidated Statements of Changes in Shareholders' Equity (USD)

For the Six Months Ended September 30, 2011 and 2010

Common Stock							
	Shares issued	Amount	Additional paid-in-capital	Treasury stock	Accumulated deficit	Foreign currency translation	Total
Balance December 31, 2009	5,631,067	5,941,512	51,695,464	(269,241)	(52,030,497)	(84,498)	5,252,740
Total comprehensive income					280,349	62,481	342,830
Non-cash compensation			80,499				80,499
Balance September 30, 2010	5,631,067	5,941,512	51,775,963	(269,241)	(51,750,148)	(22,017)	5,676,069
Balance December 31, 2010	5,631,067	5,941,512	51,833,659	(269,241)	(51,827,976)	39,679	5,717,633
Total comprehensive income					(218,918)	(63,168)	(282,086)
Non-cash compensation			172,590				172,590
Balance September 30, 2011	5,631,067	5,941,512	52,006,249	(269,241)	(52,046,893)	(23,489)	5,608,138

artnet AG Consolidated Statements of Changes in Shareholders' Equity (EUR)

For the Six Months Ended September 30, 2011 and 2010

Common Stock							
	Shares issued	Amount	Additional paid-in-capital	Treasury stock	Accumulated deficit	Foreign currency translation	Total
Balance December 31, 2009	5,631,067	5,631,067	50,455,505	(264,425)	(51,667,124)	(490,186)	3,664,837
Total comprehensive income					213,346	231,331	444,677
Non-cash compensation			61,260				61,260
Balance September 30, 2010	5,631,067	5,631,067	50,516,765	(264,425)	(51,453,778)	(258,855)	4,170,774
Balance December 31, 2010	5,631,067	5,631,067	50,559,842	(264,425)	(51,514,219)	(97,739)	4,314,526
Total comprehensive income					(155,673)	(157,359)	(313,032)
Non-cash compensation			122,729				122,729
Balance September 30, 2011	5,631,067	5,631,067	50,682,571	(264,425)	(51,669,892)	(255,098)	4,124,223

artnet AG Consolidated Statement of Cash Flows

For the Six Months Ended September 30, 2011 and 2010

	09/30/2011	09/30/2010	09/30/2011	09/30/2010
	Consolidated	Consolidated	Consolidated	Consolidated
	USD	USD	EUR	EUR
Cash Flows from Operating Activities				
Net Profit	(218,918)	280,349	(155,673)	213,346
Adjustments to Reconcile Net Profit to Net Cash Provided by (Used in) Operating Activities				
Depreciation and amortization	596,635	832,285	424,267	633,369
Provision for doubtful accounts	83,445	119,280	59,338	90,772
Non-cash compensation	172,590	80,499	122,729	61,260
Other non-cash transactions	(75,651)	89,543	(111,167)	21,646
Changes in Operating Assets and Liabilities				
Accounts receivable	257,669	(67,522)	183,228	(51,384)
Prepaid and other current assets	(163,770)	(220,669)	(116,457)	(167,929)
Security deposits	(11,385)	3,626	(8,096)	2,759
Accounts payable	(28,803)	35,755	(20,482)	27,210
Accrued expenses and tax liabilities	(162,889)	(417,943)	(115,830)	(292,143)
Deferred revenue	81,310	(109,280)	59,795	(83,162)
Total Adjustments	749,150	345,574	477,326	242,398
Net Cash (Used in)/ Provided by Operating Activities	530,233	625,923	321,652	455,744
Cash Flows from Investing Activities				
Purchase of property and equipment	(24,396)	(66,520)	(17,348)	(50,622)
Purchase and development of intangible assets	(408,647)	(107,110)	(290,589)	(81,511)
Receivables from related parties	—	—	—	—
Net Cash Used in Investing Activities	(433,043)	(173,630)	(307,937)	(132,133)
Cash Flows from Financing Activities				
Repayment of financial lease	(168,801)	(126,210)	(120,034)	(96,045)
Net Cash Used in Financing Activities	(168,801)	(126,210)	(120,034)	(96,045)
Effects of exchange rate changes on cash	12,483	(27,062)	(5,807)	108,657
Net Increase/(Decrease) in Cash and Cash Equivalents	(59,128)	299,021	(112,127)	336,223
Cash – Beginning	3,575,208	3,140,219	2,697,852	2,190,931
Cash – Ending	3,516,080	3,439,240	2,585,725	2,527,154

Notes to the Interim Consolidated Financial Statements For the Nine Months Ended September 30, 2011

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, NY, USA. Artnet Corp. holds 100% of the shares in artnet UK Ltd. 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 art collectors, galleries, publishers, auction houses, and art enthusiasts a website where individuals can research artists, view art related news, and find artworks that are currently available at art galleries around the world. Additionally, the Group launched artnet Auctions in 2008, which is a web based trading platform for Modern and Contemporary Fine Art, prints, and photographs by renowned artists.

The consolidated financial statements were authorized for issuance by the CEO on October 28, 2011.

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 year 2011:

Standards (IFRS) or interpretations (IFRIC)	Compulsory application in the EU	Adoption by EU Commission
IAS 24* Related party disclosures	1/1/2011	7/19/2010
IAS 32* Classification of rights issues	1/2/2010	12/23/2009
IFRS 1* Hyperinflation	1/7/2011	—
IFRS 7* Improved disclosures on financial instruments	1/1/2011	—
IFRS 1*/ IFRS 7 Limited exemption from comparative IFRS 7 disclosure for first-time-adopters	1/7/2010	6/24/2010
IFRS 8*/ IAS 24 Operating segments	1/1/2011	7/19/2010
IFRIC 14 Prepayments of a minimum funding requirement	1/1/2011	7/20/2010

IFRIC 19	Extinguishing financial liabilities with equity	1/7/2010	7/23/2010
Various	Improvements to IFRS	1/1/2011	—

*Amendments

The Group does not anticipate that the application of these standards will have a significant impact on the presentation of the interim consolidated financial statements in 2011.

The same accounting and valuation methods have been applied to this interim report as to the most recent annual financial statements. There has been no application of new or revised standards applicable to the interim reports to date. A detailed description of the accounting policies is published in the notes to the annual consolidated financial statements 2010.

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 periods ended September 30, 2011 are not necessarily indicative for future results.

The interim financial statements as of September 30, 2011 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 September 30, 2011.

Reporting Period

The consolidated financial statements were prepared for the reporting period January 1 through September 30, 2011. 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 euro (EUR), unless otherwise noted. The reporting currency is euro.

The currency of the primary economic environment in which the artnet Group operates is US dollar, which is the functional currency of the operating subsidiary Artnet Corp. Transactions in currencies other than US dollar are recorded at the rates of exchange 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/expense.

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 equity.

Currency exchange rates significant to the artnet Group are the translation of US dollar to euro and of US dollar to British pound (GBP). The following exchange rates have been used for the currency translation in the years presented:

	USD to EUR		USD to GBP	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Current rate year end	.735	.755	.640	.647
Average rate for the year	.711	.755	.619	.648

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. which 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 Ltd. which is a wholly owned subsidiary and acts as a sales agent for Artnet Corp. in the United Kingdom. On July 3rd, 2008, Artnet Corp. established artnet France sarl, which is a wholly owned subsidiary of Artnet Corp. Artnet France sarl. acts as a sales agent for Artnet Corp. in France.

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 EUR 560,000 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 and members of the management of affiliated entities, as well as to employees of artnet AG or its affiliated entities (Conditional Capital 2009/I).

The entry of the amendments of the articles of incorporation in the Company's commercial register, as required for the effectiveness of these resolutions by the Shareholders' Meeting, took place on February 2, 2010.

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 EUR 2,800,000 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). In 2011 and 2010 no common shares were issued under the Authorized Capital 2009/I.

The entry of the amendments of the articles of incorporation in the company's commercial register, as required for the effectiveness of these resolutions by the shareholders' meeting, took place on February 2, 2010.

Treasury Shares

As of September 30, 2011 and 2010, artnet AG held 78,081 of its own shares, representing 1.4 % of common stock.

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 carryforward, 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 be reviewing the deferred tax asset in the fourth quarter of 2011 based on the most recent budget for the fiscal years 2012 to 2014.

Segment Reporting

The Group reports on the operating segments in the same way it reports operating segment information to the management and supervisory board. During the first quarter of 2011, the Group decided to report *artnet Magazine* on artnet.com, artnet.de and artnet.fr as a reportable segment. Previously the French, German, and US editions of *artnet Magazine* were considered primarily a marketing tool supporting the Group's business activities. *artnet Magazine* direct expenses are now presented in "Cost of Sales."

The new allocation method has been used for both 2010 and 2011 for comparative purposes. Impact of the reclassification for 2010 is EUR 823,000 (USD 1,103,000).

The five Group's reportable segments are as follows:

- The *artnet Galleries* segment provides services to galleries by posting the galleries available works of art online.
- The *artnet Price Database* segment includes the *artnet Price Database Fine Art and Design* and the *artnet Price Database Decorative Art* sales including the imageless search as well as sales generated from the *artnet Market Alert*, the *artnet Market Data Reports*, and the *artnet Monographs*.
- The *artnet Auctions* segment provides an online platform to buy and sell artworks.
- The *artnet Advertising* segment produces banners as well as national and international advertising on the website.
- The *artnet Magazine* segment currently generates advertising revenue, but will be developed into a full-fledged business.

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 September 30, 2011	artnet Galleries	artnet Price Database	artnet Auctions	artnet Advertising	artnet Magazine	Total
Revenue	3,614,595	3,539,347	1,588,936	1,189,096	77,444	10,009,418
Profit/(Loss) prior to tax provision	342,794	688,925	(515,480)	128,854	(725,117)	(80,025)

EUR						
Period ended September 30, 2010	artnet Galleries	artnet Price Database	artnet Auctions	artnet Advertising	artnet Magazine	Total
Revenue	3,906,359	3,740,378	1,409,121	1,045,785	71,185	10,172,829
Profit/(Loss) prior to tax provision	297,513	942,915	(586,752)	104,173	(809,227)	(51,377)

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:

	Period ended 09/30/2011	Period ended 09/30/2010
	EUR	EUR
Numerator (Earnings):		
Net result for the period retained for equity shareholders	(155,673)	213,346
Denominator (Number of shares):		
Weighted average number of ordinary shares used to calculate basic earnings per share (issued and fully paid ordinary shares)	5,552,986	5,552,986
Effect of potential shares: Stock options	17,000	0
Weighted average number of ordinary shares used to calculate dilutive earnings per share	5,579,986	5,552,986

The weighted average exercise price (EUR 4.85) is less than the average share price in 2011 (EUR 5.11). In consequence, there are 17,000 diluted shares.

Employees

At September 30, 2011 there were 111 full time employees as compared with 107 in the third quarter of 2010. Additionally, the Group employed 18 part-time employees as of September 30, 2011 as compared to 13 in the previous year's quarter, and 11 sales and other consultants as compared to 14 in the third quarter ended September 30, 2010.

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 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 capitalization of development costs for artnet Analytics, the measurement of provisions and accruals, the useful lives of non-current assets and the assessment of bad debt provisions on accounts receivables.

Notification regarding conversion to registered shares

On September 26, 2011, the 5,631,067 ordinary shares of the company were traded on the stock exchanges as registered shares for the first time.

The conversion also effected a change in ISIN and WKN. The registered shares now have the ISIN DE000A1K0375 (previously: DE0006909500) and the WKN A1K037 (currently: 690950). The ticker symbol changed from AYD to ART.

The conversion into registered shares affects neither the shareholder structure, nor the shareholders' rights nor the transferability of the shares. The shares can still be bought and sold without any restrictions. Also, the conversion does not impose any additional costs on the shareholders.

Registered shares are a means to facilitate a direct and transparent communication with shareholders. Based on the entries in the share register the company can target its shareholders and inform them about the developments at artnet AG more easily. Moreover, the conversion to registered shares will yield sustainable long-term cost-savings, e.g. through the direct mailing of the invitations to the annual general meeting to the shareholders.

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

Pursuant to §15a of the German Securities Trading Act, artnet was notified on July 12, 2011 that Hannes von Goesseln, a supervisory board member, purchased 500 shares at EUR 4,695, 500 shares at EUR 4,572, 263 shares at EUR 4,695, partial execution 237 shares at EUR 4,695, and 280 shares at EUR 4,731 on July 11, 2011 for an average price of EUR 4.666/share.

No. of Shares: 1,780 (in words: one thousand seven hundred eighty)

Total amount traded: EUR 8.305,80 (in words: eight thousand three hundred and five euros and eighty cents)

Notifications in Accordance with § 26 of the Securities Trading Act

Artis Partners 2X (Institutional), L.P., San Francisco, California, USA, informed us that its share of the voting rights in artnet AG exceeded the notification threshold of 3% on October 20, 2010, and that it now holds 3.0004% (168,957) of the total of 5,631,067 voting rights in artnet AG.

Artis Capital Management, L.P., San Francisco, California, USA, informed us that its share of the voting rights in artnet AG exceeded the notification threshold of 15% on July 13, 2011, and that it now holds 15.13% (851,770) of the total of 5,631,067 voting rights in artnet AG. The total voting rights of 15.13% must be counted additionally through Artis Partners 2X (Institutional), L.P. and Artis Partner 2X Ltd. (formerly Artis Technology 2X Ltd.), among others, in accordance with Section 22 (1), sentence 1, No. 6 WpHG.

Artis Capital Management, Inc., San Francisco, California, USA, informed us that its share of the voting rights in artnet AG exceeded the notification threshold of 15% on July 13, 2011, and that it now holds 15.13% (851,770) of the total of 5,631,067 voting rights in artnet AG. The total voting rights of 15.13% must be counted additionally through Artis Partners 2X (Institutional), L.P. and Artis Partner 2X Ltd. (formerly

Artis Technology 2X Ltd.), among others, in accordance with Section 22 (1), sentence 1, No. 6 and Section 22 (1), sentence 2 WpHG.

Mr. Stuart L. Peterson, informed us that his share of the voting rights in artnet AG exceeded the notification threshold of 15% on July 13, 2011, and that he now holds 15.13% (851,770) of the total of 5,631,067 voting rights in artnet AG. The total voting rights of 15.13% must be counted additionally through Artis Partners 2X (Institutional), L.P. and Artis Partner 2X Ltd. (formerly Artis Technology 2X Ltd.), among others, in accordance with Section 22 (1), sentence 1, No. 6 and Section 22 (1), sentence 2 WpHG.

Report on Post-Balance Sheet Events

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

Berlin, October 28, 2011



The CEO
Hans Neuendorf

artnet Authorities**artnet AG**

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John Hushon

Chairman

Dr. Christian Dohm

Deputy Chairman

Hannes von Goesseln

Board of Management

Hans Neuendorf

*Chief Executive Officer***Artnet Worldwide Corporation**

Board of Directors

Hans Neuendorf

Chief Executive Officer

Walter Robinson

*Editor in Chief,**artnet Magazine***artnet France sarl**

Hans Neuendorf

Managing Director

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Information on artnet Stock

You can find information for investors and all financial statements at www.artnet.com/ir/.

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

The common stock of artnet AG is traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol ART. You can find ad-hoc disclosures on relevant company developments at www.artnet.de/about/inthenewsg.asp.

German Securities Code Number

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