artnet AG 3/2009 Nine Months' Report

Contents

artnet AG

Interim Group Management Report
For the Nine Months' Report Ended September 30, 2009

Business Development

Overview of the Business Development for the Nine Months ended September 30, 2009

As of this writing, the *artnet Gallery Network* and the *artnet Price Databases Fine Art and Design* and *Decorative Art* generate the lion's share (79 %) of artnet revenues. Widely subscribed, and information-based, these products continue to draw support from collectors and art professionals around the world over. The database provides reliable, up-to-the-minute price information, while the *artnet Gallery Network* signals the availability of inventory, market conditions notwithstanding.

Interestingly, *the artnet Gallery Network* and the *artnet Price Databases Fine Art and Design* and *Decorative Art* have seen very little attrition with revenue declines (7 % USD), even in the face of what has been a fierce recessionary market for dealers, auctioneers and art professionals.

Our most significant declines are in banner advertising of EUR 19 % (USD 27 %), reflecting the calamitous global decline in both consumer and trade advertising for virtually all media. It should also be noted that although advertising revenue has declined, unique visitors to the website have increased.

Offsetting, artnet's online auction revenues have increased EUR 235 % (USD 200 %) for nine months ending September 30, even as industry sales of fine and decorative art objects have declined precipitously over the same period. In point of fact, September saw a record USD 800,000 in gross sales before commissions. Significantly, it is this transition to a 'buyer's market' that has enabled our specialists to garner consignments at realistic reserves.

We believe our online auctions offer irresistible benefits to consignors and buyers alike, and that we will soon build significant share-of-market over our bricks-and-mortar competitors.

Results of Operations, Financial Position and Net Assets

Earnings

During the nine months ended September 30, 2009 artnet's revenue increased 4 % (USD decreased 6 %) to EUR 9,242,000 (USD 12,603,000) from EUR 8,864,000 (USD 13,476,000) in 2008.

The US Dollar has appreciated 11 % compared to the nine months ended September 30, 2008. The Group's revenue growth in Euros has been positively impacted due to the appreciation of the US Dollar.

Income from operations declined EUR 686,000 (USD 1,007,000) to EUR [234,000] (USD [319,000]) from EUR 452,000 (USD 688,000) in the same period, 2008. The Group incurred additional expenses related to new and upcoming products which have increased the cost of sales as compared to the prior year. Costs related to the operations of artnet.fr during the nine months ended September 30, 2009 increased from 2008 by EUR 193,000 (USD 263,000). The Group also spent an additional EUR 117,000 (USD 159,000) related to the operations of the *artnet Market Data* product which is scheduled to launch in the first quarter of 2010. Depreciation increased EUR 249,000 (USD 299,000), which is attributable to the launch of the artnet Price Database Decorative Art product, as well as other new products that were launched during 2008. Additionally, the Group invested in a new network infrastructure at the end of 2008 and has continued to invest in the new infrastructure during 2009 which has also contributed to the increase in depreciation. General and administrative expenses have also increased as compared to prior year primarily due to an increase in bad debt reserve of EUR 68,000 (USD 85,000) as compared to the prior period.

Net profit/[loss] declined EUR 1,482,000 (USD 2,231,000) to EUR [145,000] (USD [198,000]) in 2009 from EUR 1,337,000 (USD 2,033,000) in 2008. The decrease is due to deferred taxes which were booked in 2008 and positively affected the net income line item for that year.

Diluted earnings per share were EUR [0.03] (USD [0.03]) at the nine months ended September 30, 2009, compared to EUR 0.23 (USD 0.36) in the same period in 2008.

Currency Conversion

The consolidated financial statements on a Euro-basis were affected by the appreciating value of the US Dollar for the nine months ended September 30, 2009 compared to the corresponding period in 2008.

Currency conversion in the consolidated income statement is based on the average exchange rate for the period ending September 30, 2009 and 2008, respectively. For the nine months ended 2009, the average rate was 0.733 Euros/US Dollar compared to 0.658 Euros/US Dollar for the nine months ended 2008. This represents an 11 % increase in the average currency rate.

Currency conversion for the balance sheet is based on the exchange rate at the end of the period. As of September 30, 2009, the rate was 0.685 Euros/US Dollar compared to 0.710 on December 31, 2008, thus representing a decrease by 4 % in contrast to the development of the average currency rate.

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 collecting payments from European customers in Euros and British Pounds and paying vendors throughout Europe in the same currency with these cash funds.

Financial Position

artnet's Group operating cash flow was EUR [348,000] (USD [510,000]) as of September 30, 2009 compared to EUR 553,000 (USD 696,000) as of September 30, 2008. Beside the net loss the negative operating cash flow is mainly the result of a decrease in accounts payable, accrued expenses and deferred revenue. The Group paid in 2009 its payment obligations related to the new network infrastructure which was bought in 2008. Deferred revenue declined due to a decrease in the amount of annual contracts sold as compared to prior year.

The Group's net cash flow used for investing activities was EUR [390,000] (USD [532,000]) and EUR [847,000] (USD [1,286,000]) as of September 30, 2009 and 2008. The Group invested in the *artnet Price Database Decorative Art* product during the first quarter of 2009 and has continued to invest in the *artnet Market Data* product which is planned to launch in first quarter of 2010. Additionally, hardware and software related to the network infrastructure were purchased during the nine months ended September 30, 2009. To some extent the equipment was purchased through capital leases.

The Group's net cash flow for financing activities was EUR [44,000] (USD [60,000]) as of September 30, 2009. The amount represents payments towards finance leases which were entered into during 2008 and 2009.

In total, the cash balance decreased from EUR 2,925,000 [USD 4,123,000] on December 31, 2008 to EUR 2,075,000 (USD 3,028,000) on September 30, 2009 primarily as a result of the negative operating cash flow and the cash flow used for investing 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 EUR 0.37 (USD 0.55) on September 30, 2009 compared to EUR 0.53 (USD 0.74) on December 31, 2008.

Asset Position

The balance sheet total was EUR 6,710,000 (USD 9,789,000) on September 30, 2009 compared to EUR 7,631,000 (USD 10,756,000) on December 31, 2008, representing a decrease of 12 % (USD [9 %]).

Trade accounts receivables were reduced by EUR 119,000 (USD 126,000) to EUR 869,000 (USD 1,267,000) primarily due to increased bad debt reserves and decreased revenues.

Fixed assets decreased by EUR 42,000 (increased in USD 35,000) to EUR 1,909,000 (USD 2,785,000). The increase in USD is the result of equipment purchases for the new network infrastructure offset by continuing depreciation and amortization from prior periods.

Total current liabilities decreased by EUR 730,000 (USD 899,000) from EUR 3,337,000 (USD 4,703,000) to EUR 2,607,000 (USD 3,804,000). The Group met its payment obligations for the new network infrastructure and for other liabilities during the first quarter of 2009, reducing its current liabilities. In addition, deferred revenue declined due to a decrease in the amount of annual contracts sold as compared to prior year.

artnet Group's consolidated equity was EUR 3,959,000 (USD 5,776,000) on September 30, 2009 compared to EUR 4,200,000 (USD 5,919,000) on December 31, 2008.

artnet's *Price Database* is an intangible asset that has been developed by gathering auction information over the last ten 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

On September 30, 2009 artnet had 112 full-time employees compared to 101 in 2008. The Group employed 13 part-time employees compared to 14 on September 30, 2008 and 10 sales representatives and consultants compared to 19 for the nine months ended 2008. The increase was primarily accounted for by new employees hired for *artnet Online Auctions*, website development, the *artnet Price Database Decorative Art* and artnet.fr.
Although the addition of skilled, motivated employees is one of the crucial factors for the Groups' future development, the increase in staffing will burden the Groups' earnings short term. This is particularly significant in the start-up phase of new products while the new products only offer a smaller contribution to the Groups' revenues.

General information and business activities

artnet AG is a holding company listed on the 'Geregelter Markt' in the Prime Standard segment at the Frankfurt Stock Exchange. artnet AG's principal holding is its wholly-owned subsidiary, Artnet Worldwide Corp., a New York corporation founded in 1989. artnet AG ('the Company') and Artnet Worldwide Corp. ('artnet Corp.') operate under the trade name 'artnet'.
artnet Corp. has two wholly-owned subsidiaries. artnet UK is a sales and client service company providing customer leads and customer support to artnet Corp.'s clients in the United Kingdom. artnet France provides and maintains a magazine in French on the artnet.fr website in addition to providing customer leads and customer support to artnet Corp.'s clients in France.
artnet offers an overview of art for sale in international galleries and auction houses. It enables art market participants to make informed decisions by providing information about artists, their galleries, the value of their work, the history of the prices of their artwork, exhibitions, reviews and daily news.

The **artnet Gallery Network** is comprised of over 2,190 dealers and auctioneers. Approximately 168,000 works of art are in inventory. The artnet Gallery Network has the most extensive network of galleries currently on the web. The artnet Gallery Network's clients include the world's most prestigious art galleries. They contract artnet to post works for sale to collectors. Visitors can now shop for artwork by 20th Century designers from a fast-growing cadre of dealers and auctioneers specializing in design.

The artnet **Price Database Fine Art and Design** and the artnet **Price Database Decorative Art**, launched during the first quarter of 2009, are systematically updated archives of over 4.4 million illustrated auction records from over 500 of the world's top auction houses. This brings price transparency to the art market. Database subscribers can obtain an up-to-the-minute, fair appraisal of work they want to buy or sell by comparing the art to work sold at auction since 1985. artnet's *Price Databases* are widely subscribed to by appraisers, dealers, auctioneers, financiers, and private and government (including the IRS and FBI) institutions. 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. Also, dealers and auctioneers use artnet "comps" (comparable sales from artnet's *Price Databases*) to sell important works of art. Sotheby's has recognized the prominence and value of the *artnet Price Database Fine Art and Design* by partnering exclusively with artnet to post database comparables on the Sotheby's website. The *artnet Price Database Decorative Art* encompasses furniture, porcelain, silver, glass, carpets and all other artistic objects which have a practical application. It includes objects from many different historical periods.

An offspring of the *artnet Price Databases* is the artnet **Market Alert** which informs subscribers by e-mail when artworks by their favorite artists come up at auction, or when they are offered by any of the 2,190 *artnet Gallery Network* members.

The artnet **Artists' Works Catalogues** are catalogues which have been compiled and published showcasing specific artists. They are available for viewing online on the artnet website.

artnet **Online Auctions** makes art acquisition more accessible by offering information and transaction services that are less intimidating than conventional dealers and auction houses.

artnet.fr is our French website including a French online art magazine covering the art market in France. artnet plans to expand its presence in France which has a greater number of galleries and auction houses than most other countries in the world.

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, 2008.

Outlook

The global recession, which began almost two years ago, really didn't seriously impact the art market until 4th quarter 2008. That said, the nine months of 2009 have seen a very precipitous decline in both the sales volume and price points for fine and decorative art objects in galleries and auction houses in all countries. Needless to say, many galleries and auction houses find themselves in a struggle to survive.
And, whereas the equity markets seem to have experienced a rebound in the last six months, the expectation here is that the art market will continue its contraction into the first quarter 2010.
We would anticipate moderate attrition in gallery memberships and in our other subscriber-based services. Advertising revenues will also continue to decline, although we are anticipating a stronger fourth quarter where national advertising is concerned.
We believe our online auctions offer the greatest upside growth potential in this market, as collectors and art professionals will gravitate toward speedier transactions at lower commissions.
Given the present economic climate, we believe a net loss for the fiscal year 2009 is inevitable. However, the Group is working to decrease its loss during the fourth quarter by reviewing each business unit and decreasing expenses where possible.

Berlin, October 30, 2009

The CEO
Hans Neuendorf

Consolidated Balance Sheet
As of September 30, 2009 and December 31, 2008

	09/30/2009	12/31/2008	09/30/2009	12/31/2008
	Consolidated	Consolidated	Consolidated	Consolidated
	USD	USD	EUR	EUR
Current Assets				
Cash and Cash Equivalents	3,027,596	4,122,960	2,075,114	2,925,240
Accounts Receivable-Net	1,267,167	1,392,944	868,516	988,294
Prepaids and Other Current Assets	712,550	500,886	488,382	355,379
Total Current Assets	**5,007,313**	**6,016,790**	**3,432,012**	**4,268,913**
Non-Current Assets				
Property and Equipment	1,322,137	1,281,577	906,193	909,279
Intangible Assets	1,463,103	1,468,521	1.002,811	1,041,916
Security Deposit	296,561	288,975	203,263	205,028
Due from Related Parties	297,674	297,674	204,026	211,200
Deferred Tax Asset	1,402,605	1,402,605	961,345	995,148
Total Non-Current Assets	**4,782,080**	**4,739,352**	**3,277,638**	**3,362,571**
Total Assets	**9,789,393**	**10,756,142**	**6,709,650**	**7,631,484**
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts Payable	471,887	698,141	323,431	495,331
Accrued Expenses and Other Liabilities	1,138,622	1,483,164	780,412	1,052,305
Current Income Tax Liabilities	416,729	402,573	285,626	285,626
Finance Lease Obligation	137,411	69,424	94,181	49,256
Deferred Revenue	1,638,857	2,050,130	1,123,274	1,454,568
Total Current Liabilities	**3,803,506**	**4,703,432**	**2,606,924**	**3,337,086**
Long Term Liabilities				
Long Term Portion of Finance Lease	209,785	133,575	143,787	94,771
Total Liabilities	**4,013,291**	**4,837,007**	**2,750,711**	**3,431,857**
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	51,695,464	51,675,796	50,455,783	50,441,360
Accumulated Deficit	[51,380,953]	[50,663,418]	[51,199,973]	[50,709,610]
Current Net Loss	[197,566]	[717,535]	[144,874]	[490,363]
Foreign Currency Difference on Foreign Operations	[13,144]	[47,979]	[518,639]	[408,402]
Total Shareholders' Equity	**5,776,102**	**5,919,135**	**3,958,939**	**4,199,627**
Total Liabilities and Shareholders' Equity	**9,789,393**	**10,756,142**	**6,709,650**	**7,631,484**

Consolidated Statement of Comprehensive Income For the Nine Months Ended September 30, 2009 and 2008, and for the Three Months Ended September 30, 2009 and 2008

	01/01/2009–09/30/2009	01/01/2008–09/30/2008	01/01/2009–09/30/2009	01/01/2008–09/30/2008	07/01/2009–09/30/2009	07/01/2008–09/30/2008	07/01/2009–09/30/2009	07/01/2008–09/30/2008
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
	USD	USD	EUR	EUR	USD	USD	EUR	EUR
Revenue								
artnet Gallery Network	5,396,351	5,740,555	3,957,144	3,775,793	1,739,220	2,015,487	1,185,704	1,325,666
artnet Price Database	4,564,604	4,941,042	3,347,224	3,249,921	1,476,277	1,684,705	1,006,839	1,108,098
Advertising	1,576,134	2,167,164	1,155,779	1,425,430	449,653	595,275	301,303	391,536
artnet Online Auctions	735,497	244,619	539,340	160,896	314,321	124,853	220,265	82,121
Other Products	330,316	383,108	242,221	251,985	109,228	132,753	74,642	87,317
Total revenue	**12,602,902**	**13,476,488**	**9,241,708**	**8,864,025**	**4,088,699**	**4,553,073**	**2,788,753**	**2,994,738**
Cost of Net Revenues	5,924,228	5,251,930	4,344,236	3,454,404	1,992,835	1,777,856	1,365,846	1,169,367
Gross Profit	**6,678,674**	**8,224,558**	**4,897,472**	**5,409,621**	**2,095,864**	**2,775,217**	**1,422,907**	**1,825,371**
Other operating expenses								
Selling and Marketing	2,086,035	2,469,177	1,529,689	1,624,076	646,563	873,473	438,721	574,518
General and Administrative	3,100,197	2,930,998	2,273,374	1,927,835	1,088,640	1,056,445	751,074	694,866
Product Development	1,791,897	2,035,724	1,313,998	1,338,977	542,162	735,677	368,187	483,884
Non-Cash Compensation	19,668	101,025	14,423	66,448	—	10,094	[529]	6,639
Total Other Operating Expenses	**6,997,797**	**7,536,924**	**5,131,484**	**4,957,336**	**2,277,365**	**2,675,689**	**1,557,453**	**1,759,907**
Profit/[Loss] from Operations	**[319,123]**	**687,634**	**[234,012]**	**452,285**	**[181,501]**	**99,528**	**[134,546]**	**65,464**
Interest Expense	[6,941]	—	[5,090]	—	[2,779]	—	[1,968]	—
Interest Income	16,087	60,886	11,797	40,047	1,952	15,441	1,053	10,156
Other Income/Expense	5,335	7,140	3,912	4,696	11,574	[25,745]	9,993	[16,934]
Profit/[Loss] Prior to Tax Provision	**[304,642]**	**755,660**	**[223,393]**	**497,028**	**[170,754]**	**89,224**	**[125,468]**	**58,686**
Income Taxes	107,076	1,277,348	78,519	840,163	89,452	652,875	65,620	429,422
Net Profit/[Loss]	**[197,566]**	**2,033,008**	**[144,874]**	**1,337,191**	**[81,302]**	**742,099**	**[59,488]**	**488,108**
Other Comprehensive Income								
Exchange Differences on Translating Foreign Operations	34,865	[197,943]	[110,237]	20,125	49,693	[209,035]	[117,564]	339,599
Total Comprehensive Income	**[162,701]**	**1,835,065**	**[255,111]**	**1,357,316**	**[31,609]**	**533,064**	**[177,412]**	**827,707**
Earnings Per Share								
Net Profit/[Loss] per Basic Share	**[0.04]**	**0.37**	**[0.03]**	**0.24**	**[0.01]**	**0.13**	**[0.01]**	**0.09**
Net Profit/[Loss] per Diluted Share	**[0.03]**	**0.36**	**[0.03]**	**0.23**	**[0.01]**	**0.13**	**[0.01]**	**0.09**
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	**5,664,986**	**5,694,986**	**5,664,986**	**5,694,986**	**5,664,986**	**5,694,986**	**5,664,986**	**5,694,986**

Consolidated Statements of Changes in Equity (USD)
For the Nine Months Ended September 30, 2009 and 2008

			Common Stock				
	Shares Issued	Amount	Additional Paid-in-Capital	Treasury Stock	Accumulated Deficit	Foreign Currency Translation	Total
Balance December 31, 2007	**5,631,067**	**5,941,512**	**51,533,888**	**[269,241]**	**[50,663,418]**	**[68,531]**	**6,474,210**
Total Comprehensive Income					2,033,008	[197,943]	1,835,065
Non-Cash Compensation			101,025				101,025
Balance September 30, 2008	**5,631,067**	**5,941,512**	**51,634,913**	**[269,241]**	**[48,630,410]**	**[266,474]**	**8,410,300**
Balance December 31, 2008	**5,631,067**	**5,941,512**	**51,675,796**	**[269,241]**	**[51,380,953]**	**[47,979]**	**5,919,135**
Total Comprehensive Income					[197,566]	34,865	[162,701]
Non-Cash Compensation			19,668				19,668
Balance September 30, 2009	**5,631,067**	**5,941,512**	**51,695,464**	**[269,241]**	**[51,578,519]**	**[13,114]**	**5,776,102**

Consolidated Statements of Changes in Equity (EUR)
For the Nine Months Ended September 30, 2009 and 2008

	Common Stock						
	Shares Issued	Amount	Additional Paid-in-Capital	Treasury Stock	Accumulated Deficit	Foreign Currency Translation	Total
Balance December 31, 2007	**5,631,067**	**5,631,067**	**50,344,380**	**[264,425]**	**[50,709,610]**	**[602,724]**	**4,398,688**
Total Comprehensive Income					1,337,191	20,125	1,357,316
Non-Cash Compensation			66,448				66,448
Balance September 30, 2008	**5,631,067**	**5,631,067**	**50,410,828**	**[264,425]**	**[49,372,419]**	**[582,599]**	**5,822,452**
Balance December 31, 2008	**5,631,067**	**5,631,067**	**50,441,360**	**[264,425]**	**[51,199,973]**	**[408,402]**	**4,199,627**
Total Comprehensive Income					[144,874]	[110,237]	[255,111]
Non-Cash Compensation			14,423				14,423
Balance September 30, 2009	**5,631,067**	**5,631,067**	**50,455,783**	**[264,425]**	**[51,344,847]**	**[518,639]**	**3,958,939**

Consolidated Statement of Cash Flows
For the Nine Months Ended September 30, 2009 and 2008

	01/01/2009–09/30/2009	01/01/2008–09/30/2008	01/01/2009–09/30/2009	01/01/2008–09/30/2008
	Consolidated	Consolidated	Consolidated	Consolidated
	USD	USD	EUR	EUR
Cash Flows from Operating Activities				
Net Profit/[Loss]	**[197,566]**	**2,033,008**	**[144,874]**	**1,337,191**
Adjustments to Reconcile Net Profit/[Loss] to Net Cash Provided by (used in) Operating Activities:				
Depreciation and Amortization	701,320	402,746	514,278	264,902
Provision for Doubtful Accounts	164,914	80,376	120,931	52,867
Deferred Income Taxes	—	[1,349,957]	—	[934,575]
Non-Cash Compensation	19,668	101,025	14,423	66,448
Other Non-Cash Transactions	27,668	[240,574]	37,209	[26,112]
Changes in Operating Assets and Liabilities:				
Accounts Receivable	[39,137]	[368,190]	[28,699]	[242,173]
Prepaid and Other Current Assets	[211,664]	[115,765]	[155,213]	[76,143]
Security Deposits	[7,586]	15,374	[5,563]	10,110
Accounts Payable	[226,254]	[110,252]	[165,912]	[72,517]
Accrued Expenses and Tax Liabilities	[330,386]	[35,599]	[252,653]	[23,415]
Deferred Revenue	[411,273]	283,623	[281,887]	196,355
Total Adjustments	**[312,730]**	**[1,337,193]**	**[203,086]**	**[784,253]**
Net Cash Used in/Provided by Operating Activities	**[510,296]**	**695,815**	**[347,960]**	**552,938**
Cash Flows from Investing Activities				
Purchase of Property and Equipment	[380,168]	[412,383]	[278,778]	[271,241]
Purchase and Development of Intangible Assets	[356,294]	[850,864]	[261,270]	[559,647]
Purchase of Assets under Finance Lease	204,243	—	149,771	—
Receivables from Related Parties	—	[23,061]	—	[15,965]
Net Cash Used in Investing Activities	**[532,219]**	**[1,286,308]**	**[390,277]**	**[846,853]**
Cash Flows from Financing Activities				
Repayment of Finance Lease	[60,046]	—	[44,032]	—
Net Cash Used in Financing Activities	**[60,046]**	**—**	**[44,032]**	**—**
Effects of Exchange Rate Changes on Cash	7,197	56,925	[67,857]	[6,672]
Net Decrease in Cash and Cash Equivalents	**[1,095,364]**	**[533,568]**	**[850,126]**	**[300,587]**
Cash – Beginning of the Period	4,122,960	5,340,539	2,925,240	3,628,453
Cash – Ending of the Period	**3,027,596**	**4,806,971**	**2,075,114**	**3,327,866**

Notes to the Interim Consolidated Financial Statements For the Nine Months' Report Ended September 30, 2009

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, USA, and (indirectly) 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 '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 offers *artnet Online Auctions* which offers modern and contemporary fine art, prints and photographs by renowned artists.

The interim consolidated financial statements were authorized for issuance by the CEO on October 30, 2009.

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.

IAS 1 'Presentation of Financial Statements' and IFRS 8 'Operating Segments' have been applied for the first time in 2009. IFRS 8 replaces IAS 14 'Segment Reporting'. It focuses on the so-called management approach. Accordingly, the identification of the segments and the disclosures for these segments are based on the information which is used internally by management. The initial application leads to additional disclosures in the Notes. The revised version of IAS 1 sets out new rules with respect to the presentation of financial statements. Formally, the income statement is complemented by a statement of comprehensive income. These effects are no longer presented in the statement of changes in equity.

The following new or revised standards and interpretations became mandatory in fiscal 2009:

Standards (IFRS) or Interpretations (IFRIC)

IAS 23*	Borrowing Costs (1/1/2009)
IAS 32	Financial Instruments: Presentation (Puttable Instruments, 1/1/2009)
IFRS 1	First-Time Adoption of IFRS (1/1/2009)

IFRS 1*/IAS 27* Deemed Cost of Shares in Subsidiaries, Joint Ventures and Associates (1/1/2009)
IFRS 2* Share-Based Payment (1/1/2009)
IFRIC 13 Customer Loyalty Programmes (7/1/2008)
IFRIC 15 Agreements for the Construction of Real Estate (1/1/2009)
IFRIC 16 Hedges of a Net Investment in a Foreign Operation (10/1/2008)
*Amendments

The amendments of IFRS 2 'Share-Based Payment' clarify specific issues with respect to vesting conditions and with respect to the cancellation of a stock option scheme. The standard will affect our financial reporting as far as the Groups share-based payment plan will be changed and changes are governed by the amendments of IFRS 2. We refer to our following explanations under 'Share Capital'.
With the exception of the preceding remarks to IFRS 2 'Share-Based Payment', the new or revised standards did not have any impact on this interim report and will not have on the annual financial statement of the Group for 2009.
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 2008.
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, 2009 are not necessarily indicative for future results.
The interim financial statements as of September 30, 2009 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, 2009.

Reporting Period

The interim consolidated financial statements were prepared for the reporting period January 1 through September 30, 2009. 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 (USD), 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 exchanges rates have been used for the currency translation in the years presented:

	USD to EUR		USD to GBP	
	09/30/2009	09/30/2008	09/30/2009	09/30/2008
Current Rate Year End	.685	.692	.628	.550
Average Rate for the Year	.733	.658	.651	.514

Basis of Consolidation and Consolidated Companies

The consolidated financial statements include the legal parent company, artnet AG, its wholly owned subsidiary Artnet Corp. and the 100 % subsidiaries of Artnet Corp., artnet UK Ltd. and artnet France SARL. 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 Worldwide Corporation 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 for consolidation purposes.

Share Capital

Conditional Capital – Share-Based Payments

On July 15, 2009, the shareholders' meeting of artnet AG resolved to create new contingent capital of up to EUR 560,000. The contingent capital increase will serve to grant options on up to 560,000 shares as part of a new stock option plan. In this connection, the previous authorization to issue options on up to 435,000 shares and the corresponding contingent capital were cancelled.

In the reporting period ended September 30, 2009 new options replacing the previous options have not been granted.

Authorized Capital

The shareholders' meeting also resolved to create new authorized capital of EUR 2,800,000 with exclusion of subscription rights because the previous authorization in the same amount expired on July 5, 2009.

Treasury Shares

As of September 30, 2009 and 2008 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 2009 based on the most recent budget for the fiscal years 2010 – 2012.

Segment Reporting

The Groups reportable segments are as follows:

- The *artnet Gallery Network* segment provides services to galleries by posting the galleries' available works of art online.
- The *artnet Price Database* segment includes the fine art and decorative arts price database sales including the imageless search as well as sales generated from the *Market Alert* products, the *artnet Market Data Reports* and the *artnet Artist Works Catalogues*.
- The *Advertising* segment produces banner and national advertising on the website.
- The *Other* segment includes the French, German and United States Magazine revenue and costs and the *artnet Online Auctions* which provides an online platform to buy and sell artworks.

Management monitors the profit/[loss] before tax of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on profit or loss before taxes.

Period Ended September 30, 2009	artnet Gallery Network	artnet Price Database	Advertising	Other	Total
Revenue EUR	3,957,144	3,603,754	1,055,686	625,124	9,241,708
Profit/[Loss] before Tax EUR	960,239	946,344	314,496	[2,444,472]	[223,393]

Period Ended September 30, 2008	artnet Gallery Network	artnet Price Database	Advertising	Other	Total
Revenue EUR	3,775,793	3,516,615	1,269,292	302,325	8,864,025
Profit/[Loss] before Tax EUR	1,088,957	750,741	316,386	[1,659,056]	497,028

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 09/30/2009	Period Ended 09/30/2008
	EUR	EUR
Numerator (Earnings):		
Net Profit/[Loss] for the Nine Months Retained for Equity Shareholders	[144,874]	1,337,191
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	112,000	142,000
Weighted Average Number of Ordinary Shares Used to Calculate Dilutive Earnings per Share	5,664,986	5,694,986

Employees

On September 30, 2009 artnet had 112 full-time employees compared to 101 in 2008, third quarter. The Group employed 13 part-time employees compared to 14 on September 30, 2008 and 10 sales representatives and consultants compared to 19 in the third quarter of 2008.

Accounting Estimates and Assumptions

The preparation of the consolidated financial statements 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 recognition of deferred tax assets and of development costs, the measurement of accruals, the useful lives of non-current assets and the assessment of bad debt provisions on accounts receivables.

Notifications in Accordance with § 21 of the Securities Trading Act

Mr. Oliver Schmidt, Germany, informed us within the meaning of Section 21 (1) of the WpHG on August 4, 2009, that his voting rights in our company fell below the 5 % threshold on July 31, 2009 and that on this date he held 4.59 % (258,400 voting rights) of the total of 5,631,067 voting rights.
After the balance sheet date Mr. Oliver Schmidt, Germany informed us within the meaning of Section 21 (1) of the WpHG on October 9, 2009, that his voting rights in our company fell below the 3 % threshold on October 7, 2009, and that on this date he held 2,99 % (168.280 voting rights) of the total of 5,631,067 voting rights.

Report on Post-Balance Sheet Events

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

Berlin, October 30, 2009

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Hans Neuendorf

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Chairman
Dr. Christian Dohm
Deputy Chairman
Hannes von Goesseln
Board of Management
Hans Neuendorf
Chief Executive Officer

Artnet Worldwide Corp.
Board of Directors
Hans Neuendorf
Chief Executive Officer
B. William Fine
President
Management
B. William Fine
President
Walter Robinson
Editor in Chief, artnet magazine

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Investor Relations
You can find information for investors and the annual financial statements at www.artnet.de/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.

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

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artnet AG 3/2009 Nine Months' Report

Special edition of the
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Presented by
Hans Neuendorf
CEO artnet AG