

**artnet** AG Annual Report 2010



© Barbara Kruger, Courtesy Mary Boone Gallery, New York, NY

**Barbara Kruger**  
*This Color Is You*, 1995  
Digital Print  
11 x 8.5 in.  
Signed and dated

Estimate USD 2,000–2,500  
End Time November 10, 2010  
Sold on artnet Auctions For **USD 2,300** (Premium)



Roy Lichtenstein  
*WHAAM!* (Diptych), 1984  
Lithograph  
24.75 x 58 in.  
Edition of 3,000, signed

Estimate USD 12,000–15,000  
End Time March 16, 2010  
Sold on artnet Auctions For **USD 16,388** (Premium)



© 2011 The Andy Warhol Foundation for the Visual Arts, Inc./Artists Rights Society (ARS), New York, NY

**Andy Warhol**  
*32 Dollar Bills*, 1981  
 32 US-Dollar Bills, Marker  
 21 x 24 in.  
 Signed

Estimate USD 3,500–4,500  
 End Time January 26, 2010  
 Sold on *artnet Auctions* For **USD 24,200** (Premium)

**artnet** AG

Annual Report 2010

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## Letter to Shareholders

Dear Shareholders,

2010 was a successful year for artnet. Thanks to the growth of *artnet Auctions*—in only its second full year—and the solid expansion of the *artnet Price Database*, we lifted revenue by 11.9% to EUR 13.7 million. It gives me particular pleasure to report on the strong performance of our online auctions. These are becoming increasingly popular, and I believe the increase in commission income to EUR 2 million is just the beginning. While revenue from *artnet Galleries* remained almost steady, because galleries always take some time to recover from the last crisis, we added over 5% to revenue from the *artnet Price Database*. These two areas now generate approximately the same revenue. I am convinced that *artnet Auctions* will soon advance to first place.

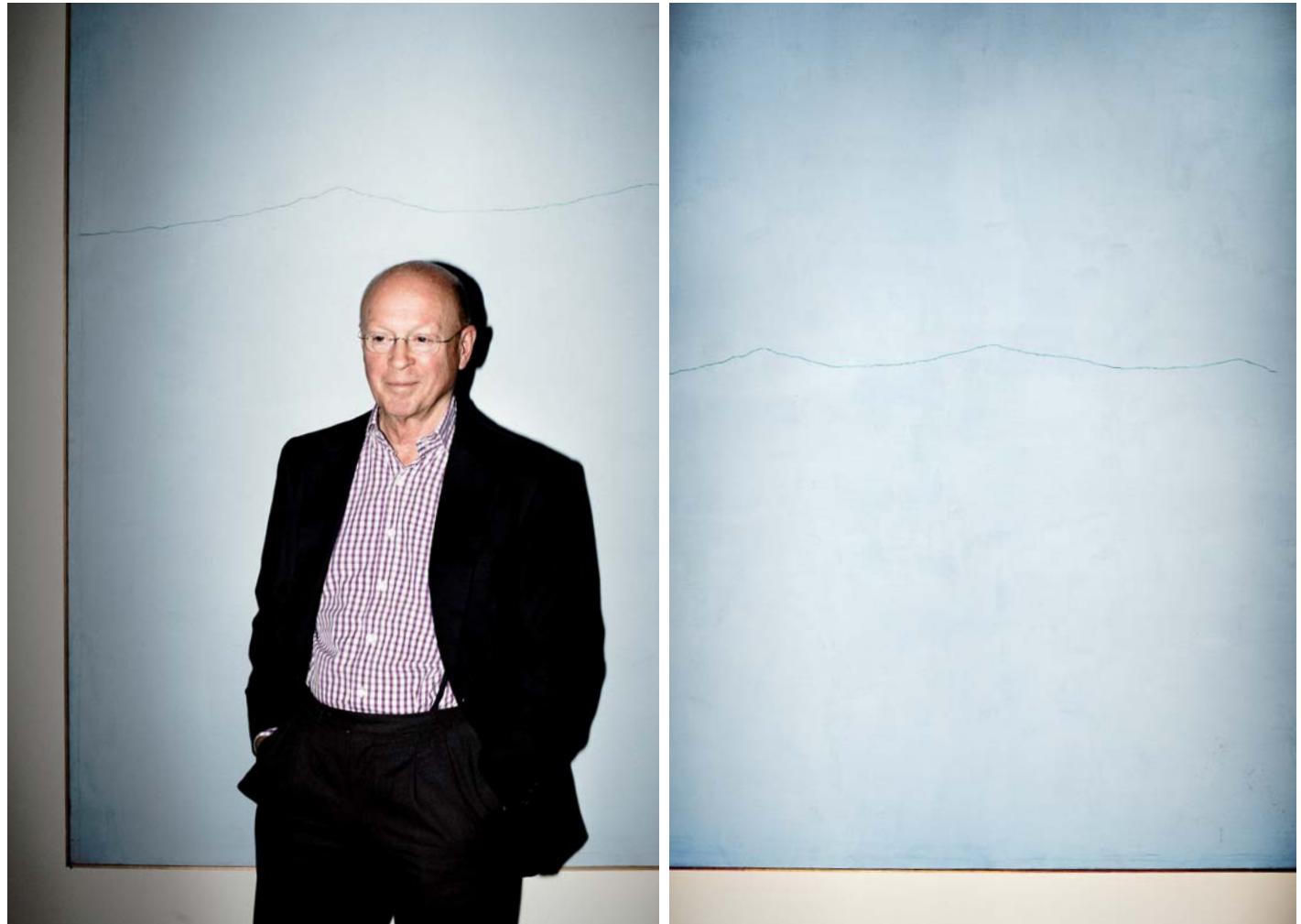
We ultimately returned to profitability in 2010 after recording a loss in 2009. Over the past three years, artnet has continued to invest aggressively in new products notwithstanding the crisis and I expect this to bear fruit in the current year in the form of higher revenues.

We have laid the foundation for this, and the environment has also improved significantly. The art market has grown with the Internet boom and shown itself to be robust, even after the bubble burst. Many experienced observers view this as a consequence of the price transparency that artnet has created. Demand for high-quality, 20<sup>th</sup> century art in particular has proved to be exceptionally stable. Of course, any extreme situation is followed by a selection process, and the art market is no exception. Many galleries were forced to cut their advertising expenses dramatically or stop advertising altogether. This is another reason we were unable to boost our revenue from *artnet Galleries*.

For many years, artnet has made every effort to create the necessary transparency in the art market and create an overview of the artworks on offer. Now, it is also dedicating itself to simplifying, expediting, and reducing the cost of transactions. Back when the Company was being established, artnet positioned itself in the space between art, the market, and the Internet. We have been collecting detailed data on the art market for several years now and process this in such a way that it can easily be retrieved by users. This includes information on artists and the offerings of galleries and auction houses, but also market trends. The *artnet Price Database* has thus become the leading supplier of structured information about art and the art market. We further expanded this strong position last year with growth of over 5% in this area.

We have used our expertise and the excellent reputation we have earned over time to take the next entrepreneurial step. Since 2008, art lovers have been able to buy high-quality works of art at low transaction costs at any time of the year at *artnet Auctions*. This offer is meeting with an increasingly positive response. In 2010, we brokered purchases of USD 12 million; the most expensive lot being a painting by Richard Prince that went for USD 295,000.

Our online transaction platform provides major benefits for buyers and sellers alike. Listing a piece of artwork on *artnet Auctions* does not require it to first be transported, insured, and presented in well-equipped rooms. This naturally reduces



**Hans Neuendorf**  
CEO, artnet AG  
Photo: Oliver Helbig  
From: *brand eins* 12/09  
Ausweitung der Kunstzone  
(Broadening the art horizon)

costs and makes us much faster than conventional competitors. artnet manages in five weeks what traditional auction houses take around five months to do.

However, not only are we cheaper and faster than the competition, but we also have a much more extensive database than any other auction house. artnet is able to offer potential bidders an unparalleled amount of background information. This is our unique selling proposition, an insurmountable competitive advantage. Revenue from *artnet Auctions* surged by approximately 140% in 2010.

With our online auctions, artnet is catering to a whole new target group: consumers. For many years, we supplied comprehensive information to professional market participants exclusively, but now we are also opening ourselves up to a broad public. A pure insider brand for a long time, artnet now additionally reaches art collectors who are not experts—at the very moment they express interest in a specific work of art in our auctions. What could be easier than to make these bidders users of our database?

In this way, we are substantially expanding our customer base with our new offering, generating additional sales with a new target group, and strengthening the artnet brand among consumers. We are thus unlocking entirely new growth prospects for our—and your—company.

Berlin, March 2011

Sincerely,

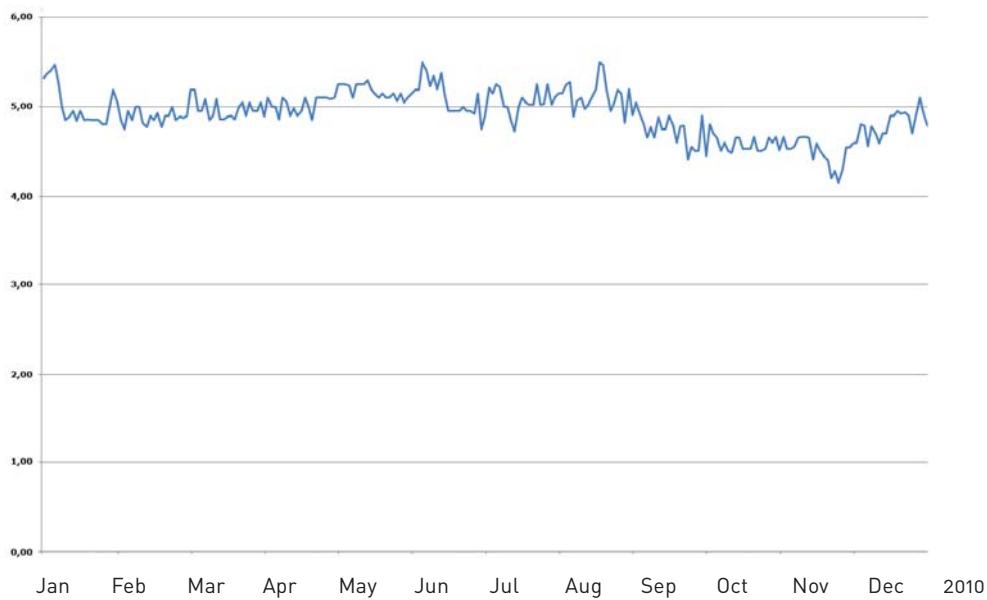


Hans Neuendorf  
CEO, artnet AG

### Financial Key Figures artnet Group (in TEUR)

	12/31/2010	12/31/2009	Change
Revenue	13,673	12,219	12%
Profit from operations	(27)	(330)	92%
Earnings before income taxes	(161)	(506)	68%
Net profit	153	(467)	133%
Earnings per share (diluted) in EUR	0,03	(0,08)	138%
Number of shares [diluted] in thousands	5,556	5,553	0%
Cash flow from operating activities	651	(180)	462%
Staff [year end]	105	99	6%
Cash and cash equivalents	2,698	2,191	23%
Equity	4,315	3,665	18%
<b>Total assets</b>	<b>7,111</b>	<b>6,574</b>	<b>8%</b>

### Shares artnet AG (EUR)



## Core Statement

Artnet is *the* international transaction and information platform for the art market. *Artnet Auctions* facilitates rapid, low-cost transactions; the *Artnet Price Database* provides objective price information; and *Artnet Galleries* offers a global overview of the art market.

Over the past 20 years, Artnet has grown from B2B provider to a B2C business and, with *Artnet Auctions*, Artnet is now a professional C2C marketplace. The fully integrated Artnet products offer a range of services: the *Artnet Price Database* provides *Artnet Auctions* buyers and sellers the data they need to make informed decisions. In return, *Artnet Auctions* participants are potential new buyers for members of *Artnet Galleries*, and they are new subscribers to all Artnet products. *Artnet Auctions* offers art collectors an opportunity not only to purchase, but also to sell.

Thus Artnet is synonymous with efficient online art dealing, for professionals and private collectors.

## Corporate Development

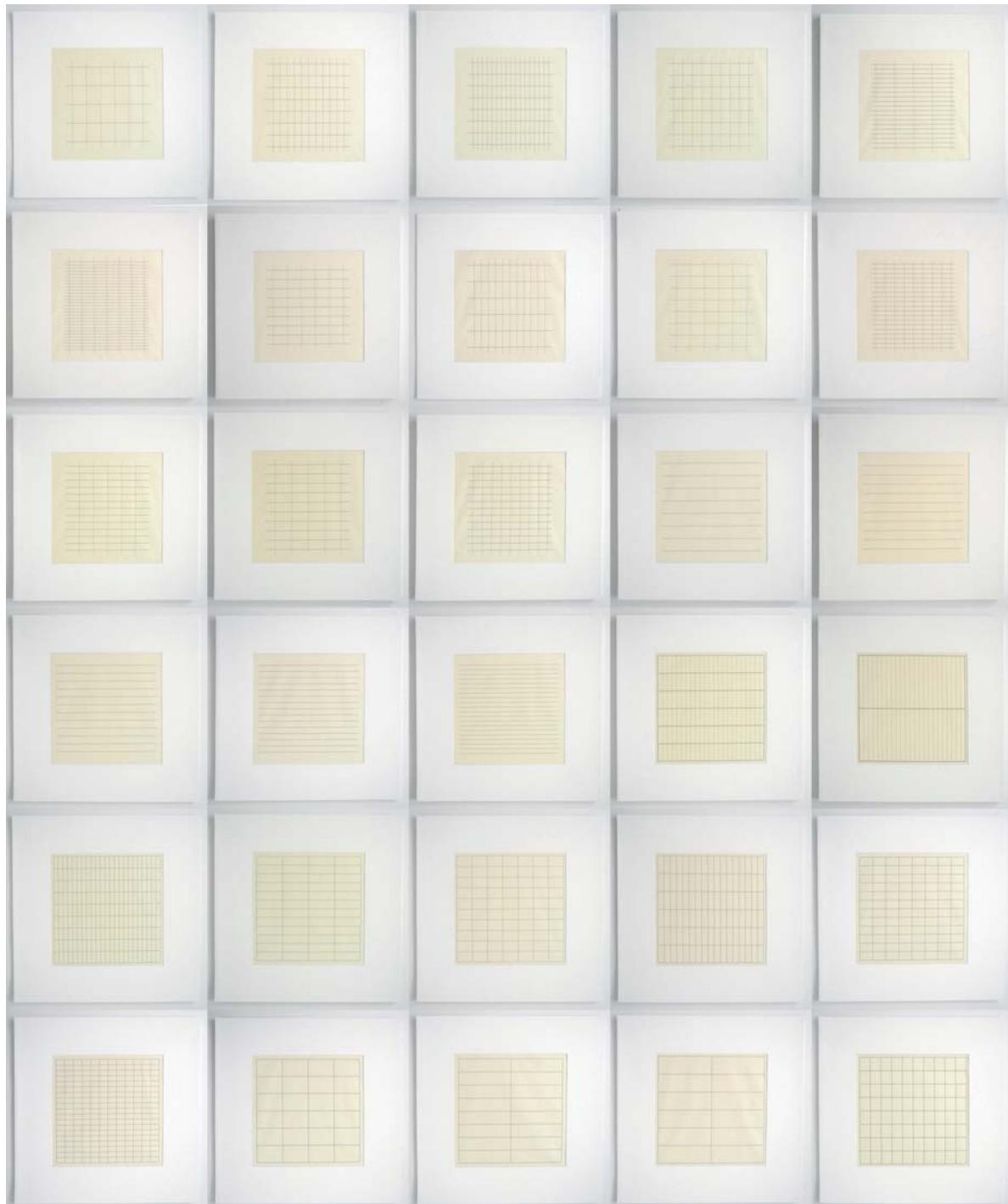
artnet AG was founded in 1998 as an information service for the art market. It took over Artnet Worldwide Corp., which was founded in New York in 1989, and launched the *artnet Price Database* and *artnet Galleries* on the Internet in the mid-1990s.

artnet has modernized the art business by providing reliable information and transparent trading conditions for collectors, gallerists, museums, and investors. artnet products are indispensable tools to provide independence for art buyers and sellers. With *artnet Auctions*, the company serves both the art professional and the private collector by covering every area of the art market. *artnet Auctions* has turned artnet from a pure information service into a transaction platform with integrated information, enabling it to boost its primacy in the art market.

artnet developed its information and transaction service around its first product, the *artnet Price Database Fine Art and Design*. At the end of the 1980s, the *artnet Price Database* was the answer to the decentralization of the art market and the lack of transparency that posed an obstacle, especially for buyers. The art business has always been international, of course, but it was conducted on local, relatively inefficient markets by tens of thousands of geographically scattered art dealers, galleries, auction houses, book publishers, museums, and collectors. The *artnet Price Database* creates a global standard for comparison of these local markets. The constantly expanding *artnet Price Database Fine Art and Design* was supplemented in 2009 with the *artnet Price Database Decorative Art*, which shows the outcomes of international antique auctions. Together, the *artnet Price Database* contains more than 5.5 million auction sales results from 550 international auction houses since 1985. (All information as of December 2010).

Another pillar of the artnet business is the product *artnet Galleries*. Introduced in 1995, *artnet Galleries* is the world's most extensive overview of the art trade, presenting 2,100 galleries and auction houses, more than 37,000 artists, and 173,000 works of art. This gallery network serves dealers and buyers equally: it provides an overview of the global market, the prices, and the price trends and it offers the chance to make direct contact.

In 2008, with *artnet Auctions*, artnet created a modern, efficient platform for buying and selling art. With speedy processing and reduced costs, it also modernized the auction business. An artwork does not need to be transported, insured, and exhibited to be offered for sale on *artnet Auctions*. No catalog has to be printed. The *artnet Auctions*' lots are available around the clock at [artnet.com/auctions](http://artnet.com/auctions). Registration, auction, and sale are so streamlined that artnet takes just five weeks to do what conventional auction houses need five months for. *artnet Auctions*' resulting cost advantage enables artnet to serve the under-USD 10,000 market segment, while simultaneously offering auction lots that command much higher prices.

**Agnes Martin***On a Clear Day, 1973*

Screen Print, 30 Works, each 12 x 12 in.

Printer's Proof, aside from an edition of 50, signed

Estimate USD 150,000–200,000

End Time: November 17, 2010

Sold on artnet Auctions For **USD 150,075** [Premium]

A record price for this edition.

The *artnet iPhone App* provides clients even greater flexibility. With it, artnet users have access—anytime, anywhere—to *artnet Auctions*, *artnet Magazine* in English, German, and French, and all the information on all artists in the comprehensive product *artnet Artists A-Z*. The *artnet Price Database* will be added in 2011.

The artnet success story has fueled the company's growth. In 1999, the corporation had its first public stock listing in 1999 as artnet.com AG on the Neue Markt at the Frankfurt Stock Exchange. In 2002, artnet.com AG changed its name to artnet AG and has been traded on the Regulated Market of the Frankfurt Stock Exchange since October 4, 2002. Since February 1, 2007, the Frankfurt Stock Exchange has listed artnet AG on its Prime Standard, the segment with the highest transparency standard.

artnet UK Ltd. opened with a London office on November 1, 2007 as a subsidiary of Artnet Worldwide Corp. On July 3, 2008, Artnet Worldwide Corp. founded artnet France sarl, which maintains the content for the French artnet website, [www.artnet.fr](http://www.artnet.fr), and publishes the French *artnet Magazine* in Paris. The artnet Group employs a total staff of 105.

## **artnet® Products**

Information Service and Transaction Platform

### Buy and Sell

**artnet** Galleries  
**artnet** Auction Houses  
**artnet** Auctions  
**artnet** Market Alert

### Art Valuation

**artnet** Price Database Fine Art and Design  
**artnet** Price Database Decorative Art  
**artnet** Market Reports  
**artnet** Market Analyst

### Knowledge and News

**artnet** Artists A-Z  
**artnet** Magazine  
    **artnet** Magazine New York  
    **artnet** Magazine Berlin  
    **artnet** Magazine Paris  
**artnet** Monographs

## artnet Galleries

With *artnet Galleries*, artnet connects users with more than 2,100 international galleries and auction houses, making it the world's largest network of its kind. Customers can view 173,000 works of art by 37,000 artists—an overview of almost the entire global gallery market. This allows users to compare and appraise local gallery inventory in an international context.

*artnet Galleries* exhibits images of artworks for sale and provides detailed information such as title of an artwork, materials used, size, description, and contact information to quickly and directly reach the gallery selling the work. Users can also see artists' current exhibitions, publications, and art fairs and find which galleries represent them—all of an artist's relevant information in the global art market at a glance.

This also benefits the galleries. artnet webpages rank higher in all search engines than individual gallery websites. This, together with the size of the artnet network, draws customers from far beyond a gallery's usual local market improving a gallery's global reach and thus increasing sales and liquidity.

*artnet Galleries* is a powerful research tool: the gallery directory with the segments Fine Art, Design, and Decorative Art and Antiques has 38 sub-categories, for example Urban Art, Furniture and Lighting, and Carpets, Rugs, and Textiles. Additionally, the auction houses represented in *artnet galleries* have pages displaying current auction dates and selected lots in upcoming auctions. Plus, the *Design Marketplace* allows users to quickly and easily research design objects by object type, designer, style, era, or city.

**Kunst Galerien, Kunstwerke & Ausstellungen - Microsoft Internet Explorer provided by Artnet Tech Department**

[http://www.artnet.de/net/galleries/gallery\\_home.aspx](http://www.artnet.de/net/galleries/gallery_home.aspx)

Favoriten Kunst Galerien, Kunstwerke & Ausstellungen

.com | .de | .fr Anmelden Nicht Registriert? Mithilfe werden Suchen Künstler oder Begriff

**arnt** Startseite | Online Auctions | Künstler | Galerien | Auktionen | Price Database | Market Trends | Events | Magazin

**Galerien** Demo zeigen

**Bildende Kunst** ALLE

- Afroamerikanische Kunst
- Alte Meister
- Amerikanische Malerei des 19. und frühen 20. Jh.
- Arbeiten auf Papier, Druckgrafik, Zeichnungen
- Asiatische Kunst
- Buchkunst, Künstlerbücher und Manuskripte
- Europäische und Britische Kunst des 19. Jh.
- Fotografie
- Klassisch-zeitgenössische Kunst
- Kunst des amerikanischen Südwestens
- Kunst des Vorderen Orients
- Lateinamerikanische Kunst
- Moderne Kunst
- Neue Talente
- Russische Kunst
- Skulptur
- Volkskunst und Art Brut
- Urban Art
- Zeitgenössische Kunst

**Design** ALLE

- Architektur und Immobilien
- Glas- und Keramikdesign des 20. Jh.
- Möbel- und Lichtdesign
- Zeitgenössische Glaskunst

**Kunsthandwerk und Antiquitäten** ALLE

- Afrikanisches Kunsthandwerk
- Altägyptische Antike und des Nahen Ostens
- Antike Rahmen
- Antiquitäten aus Europa und Großbritannien: bis 1700
- Antiquitäten aus Europa und Großbritannien: 18. Jh.
- Antiquitäten aus Europa und Großbritannien: 19. Jh.
- Architektur und Garten
- Asiatisches Kunsthandwerk
- Kunsthandwerk der amerikanischen Kolonialzeit bis 1900
- Orientalisches Kunsthandwerk

**arnt auctions 24/7**



**Tom Sachs**  
Chanel Street, 1998  
Mixed media  
10.5 x 10.5 x 2.5 inches (closed)  
Est. US \$22,000-\$28,000

Bieten Sie jetzt auf arnt.com/auctions

**Galerie Karsten Greve AG, St. Moritz - Galerie-Homepage auf arnt.de - Microsoft Internet Explorer provided by Arnt Tech Dep**

<http://www.artnet.de/gallery/476/galerie-karsten-greve-ag-st-moritz.html>

Favoriten Galerie Karsten Greve AG, St. Moritz - Galeri...

Zurück zu arnt.de Suchen

Galerie Karsten Greve AG, St. Moritz Home Künstler Ausstellungen Kunstmessen Inventarkatalog Publikationen Galerieprofil

**GALERIE KARSTEN GREVE**

Via Maistra 4  
7200 St. Moritz, Schweiz  
Tel: +41 (0)81 8349024  
Fax: +41 (0)81 8349035  
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Galerie Karsten Greve Cologne  
Köln, Germany

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New Publications:  
40 YEARS OF ART FAIR. 10 YEARS.  
GALERIE KARSTEN GREVE,  
COLOGNE, PARIS, ST. MORITZ  
JOHN CHAMBERLAIN  
LOUISE BOURGEOIS

**Accrochage**

**Ausgewählte Künstler**

Josef Albers	Brassai	Leiko Ikemura	Fausto Melotti	Charles Sheeler
Eugène Atget	John Chamberlain	Paco Knöller	Mario Nigro	Pierre Soulages
Ilse Bing	Joseph Cornell	Jannis Kounellis	Sigmar Polke	Cy Twombly
Louise Bourgeois	Lynn Davis	David Hockney	Peter Schmersal	Edward Weston
Constantin Brancusi	Lucio Fontana	Sally Mann	Joel Shapiro	WOLS
Bill Brandt	Gotthard Graubner			

MEHR

## artnet Auction Houses

artnet offers a directory of 550 international auction houses with their current auction dates and results. The product connects the most important artnet products.

Subscribers can view upcoming auction lots in the *artnet Price Database*, where the sales results are added quickly after the end of the auction. Recent auction results are publically accessible in the *artnet Auction Houses* directory and upcoming auction dates are shown in the *artnet Calendar*.

artnet compiles the ten highest sales prices for the previous month under "Top 10 Prices at Auction" and provides background information on the most interesting lots in detailed auction reports in the *artnet Magazine*.

**Kunstausstellungen auf artnet - Microsoft Internet Explorer provided by Artnet Tech Department**

http://www.artnet.de/ag/events.asp?order=m&View=AUC

Favoriten Kunstausstellungen auf artnet

Anmelden Nicht Registriert? Mithilfe werden

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Startseite | Online Auctions | Künstler | Galerien | Auktionen | Price Database | Market Trends | Events | Magazin

Veranstaltungskalender | Auktionstermine

Galerien Auktionstermine

Geordnet nach Tag Woche Monat

JAN FEB MAR APR MAI JUN JUL AUG SEP OKT NOV DEZ

**Januar 2011**

S	M	D	M	D	F	S	
1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	
16	17	18	19	20	21	22	
23	24	25	26	27	28	29	
30	31						

JAN FEB MAR APR MAI JUN JUL AUG SEP OKT NOV DEZ

2010 2011 2012

**Samstag, 8. Januar 2011**  
Robert S. Brunk Auction Services  
(Asheville, North Carolina, USA)  
Auction

CRM Auctions  
(Cambridge, Massachusetts, USA)  
January Auction

Casa d'Aste Meeting Art S.p.A.  
(Vercelli, Italy)  
Modern and Contemporary Paintings

**Sonntag, 9. Januar 2011**  
Robert S. Brunk Auction Services  
(Asheville, North Carolina, USA)  
Auction

CRM Auctions  
(Cambridge, Massachusetts, USA)  
January Auction

Casa d'Aste Meeting Art S.p.A.  
(Vercelli, Italy)  
Modern and Contemporary Paintings

**Montag, 10. Januar 2011**  
Thierry & Lannon  
(Brest, France)  
Bonne vente mobilière  
Brunn Rasmussen online  
Paintings, works of art, coins and stamps (1102)

**arnt auctions 24/7**



Andy Warhol  
*Edward Kennedy*, 1980  
Screen print with diamond dust  
40 x 30 inches  
Est. US \$10,000-12,000

Bieten Sie jetzt auf artnet.com/auctions

**Results - Microsoft Internet Explorer provided by Artnet Tech Department**

http://www.artnet.de/Top10Auctions/Results.aspx

Favoriten Results

Anmelden Nicht Registriert? Mithilfe werden

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Startseite | Online Auctions | Künstler | Galerien | Auktionen | Price Database | Market Trends | Events | Magazin

Die 10 teuersten Kunstwerke bei Dezember Auktionen

Die top 10 der teuersten Kunstwerke, die laut der Price Database in Auktionen im Dezember 2010 verkauft wurden. Ihr Gesamtwert beträgt über 134,9 Millionen Dollar.

**1.**  **Chinese School-Song Dynasty**  
Titel: The Han's Palace  
Medium: ink and color on silk, scroll  
Größe: 7,9 x 65,4 in. / 20 x 166 cm.  
Verkauft durch: Poly International Auction Co., Ltd.:  
Samstag, 4.Dezember 2010  
Verkauft für: 168.000.000 CNY (25.215.760 US\$)  
HAMMER

**2.**  **George Stubbs**  
Titel: Brood mares and foals  
Medium: oil on canvas  
Größe: 39,3 x 74,3 in. / 99,7 x 188,6 cm.  
Verkauft durch: Sotheby's London: Mittwoch, 8.Dezember 2010  
Verkauft für: 10.121.250 GBP (15.979.239 US\$)  
PREMIUM

**3.**  **Li Keran**  
Titel: The long march  
Medium: ink and color on paper  
Größe: 70,9 x 37,4 in. / 180 x 95 cm.  
Verkauft durch: Poly International Auction Co., Ltd.:  
Freitag, 3.Dezember 2010  
Verkauft für: 98.560.000 CNY (14.793.246 US\$)  
HAMMER

**4.**  **Zhou Zhimian**  
Titel: Flowers (+ 7 others; 8 works)  
Medium: ink on paper, on handscroll  
Größe: 12,6 x 676 in. / 32 x 1717 cm.

**arnt auctions 24/7**



Wolf Kahn  
*March Woods*, 1986  
Oil on canvas  
34 x 48 inches  
Est. US \$45,000-55,000

Bieten Sie jetzt auf artnet.com/auctions

## artnet Auctions

*artnet Auctions* modernizes the art auction business by facilitating rapid, direct contact between buyers and sellers. Customers profit because transaction costs are cut in half and processing time is drastically reduced in comparison with traditional auctions—online sales take only about a fifth of the time as conventional sales.

This is the ideal product for the international art trade: *artnet Auctions* customers can be flexible to changes in the market environment, take price developments into account at all times, and realize profits quickly.

Transactions on *artnet Auctions* are as secure as live auctions, because artnet verifies all sellers before admitting them to the auction platform. Many sellers are dealers and gallerists who already benefit from *artnet Galleries*. This gives professional sellers an additional tool to simplify and speed up the international art business. Buyers can register online quickly and easily and then immediately begin bidding in current auctions.

The auction platform not only reaches new customers for the sellers, but also for artnet itself. Every day, new customers come to *artnet Auctions* looking for artworks for sale. They find all the relevant information on the lots in question, along with selected comparable auction lots from the *artnet Price Database* compiled by *artnet Auctions* specialists. This free feature offers valuable information for buyers while also promoting other artnet products.

**Browse Auctions - artnet Online Auctions - Microsoft Internet Explorer provided by Artnet Tech Department**

<http://www.artnet.com/AUCTIONS/Pages/Common/Auction/BrowseAuctions.aspx#SearchIn=AllArtWorks&SortBy=soonest&scroll=168page=1&view=full>

Favorites | [Browse Auctions - artnet Online Auctions](#)

**artnet auctions**

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All Artworks | Photography | Prints and Multiples | Painting and Sculpture | Works on Paper | Search By Artist | Advanced Search | Lots Sold | [\(48\)](#)

Show All Artworks | Sort by Ending Soonest | View | [Scroll to view all 470 lots.](#)



**George Barris**  
Marilyn Monroe "Stretched Tow" (...), 1962  
14 x 11 in  
Chromogenic Print (C-print)

**Opening Bid** US \$1,500 €  
**Estimate** US \$2,000 - \$3,000  
**End time** 2 hours, 39 minutes  
**Lot Detail** Add to My Favorites



**After Pablo Picasso**  
Paloma in Blue , 1979  
29 x 22 in  
Lithograph, on Arches paper

**Opening Bid** US \$1,500 €  
**Estimate** US \$3,000 - \$4,000  
**End time** 2 hours, 36 minutes  
**Lot Detail** Add to My Favorites



**Mariette Pathy Allen**  
Babysitter in the kitchen, 1980  
9.25 x 13.75 in  
Cibachrome

**Opening Bid** US \$1,200 €  
**Estimate** US \$1,200 - \$1,500  
**End time** 2 hours, 39 minutes  
**Lot Detail** Add to My Favorites



**George Barris**  
Marilyn Monroe "Chilly Wind" (...), 1962  
14 x 11 in  
Chromogenic Print (C-print)

**Opening Bid** US \$1,500 €  
**Estimate** US \$2,000 - \$3,000  
**End time** 2 hours, 39 minutes  
**Lot Detail** Add to My Favorites



**Mariette Pathy Allen**  
Studio 54 Trapeze Artist, 1980  
9.25 x 13.75 in  
Cibachrome

**Opening Bid** US \$1,200 €  
**Estimate** US \$1,200 - \$1,500  
**End time** 2 hours, 42 minutes  
**Lot Detail** Add to My Favorites

[Register to Bid](#) Click Here

[Scroll to view all 470 lots.](#)

**Auction Details - Works on Paper (Drawings, Watercolors etc.), Charcoal, Watercolor, on paper, - Microsoft Internet Explorer p**

<http://www.artnet.com/AUCTIONS/Pages/Lots/41608.aspx?q=SearchIn%3DWorksOnPaper%26sortby%3Dsoonest%26scroll%3D22%26page%3D1%26view%3Dfull>

Favorites | [Auction Details - Works on Paper \(Drawings,...](#)

**arnt auctions**

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All Artworks | Photography | Prints and Multiples | Painting and Sculpture | Works on Paper | Search By Artist | Advanced Search | Lots Sold | [\(48\)](#)

< Back to listings | << Previous Lot | Next Lot >> | > Send to a Friend | > Share | > Print

**Diego Rivera: Hombre con Sombrero** | Lot ID: 41608

**Opening Bid** US \$20,000 € [BID NOW](#) | [Add to My Favorites](#) | [Ask Specialist a Question](#)

artnet charges a 15% buyer's premium on all winning transactions

**Estimate** US \$40,000 - \$60,000  
**End Time** 11 days, 4 hours, 24 minutes  
Tuesday, February 08, 2011, 2:08 PM EST

**Description**

Artist: [Rivera, Diego](#)  
Bio: [View biography on artnet](#)  
Title: [Hombre con Sombrero](#)  
Style: Modern (ca. 1880-1945), Latin American  
Period: 1920s  
Medium: Works on Paper (Drawings, Watercolors etc.), Charcoal, Watercolor, on paper  
Year: 1928  
Size: height - 24.75 in, width - 18.5 in, depth - 0 in cm  
Markings: signed, lower left and dated '28  
watermark of rampant lion with crown and sword  
Estimate: from \$40,000 to \$60,000

Seller's Description:  
Works of this scale are rare in general but early works were seldom produced in this size, most being made for the tourist trade. This colorful and dynamic portrait [More...](#)

[Condition Report](#)  
[History & Provenance](#)  
[Shipping Information](#)  
[Payment & Return Policies](#)

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Alternate Views: 1 of 4 << >>

**Sales Results for Comparable Work**

<< >>

	<b>Diego Rivera</b> Untitled, 1928 watercolor and charcoal on		<b>Diego Rivera</b> Vendedora en el mercado, 1928		<b>Diego Rivera</b> Luz ilandio, 1936 watercolor and ink on
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## artnet Market Alert

*artnet Market Alert* enables interested collectors to directly receive details about new artworks on the market. Each subscriber can select up to 30 artists to follow from a total of 228,000 artists on artnet and the subscriber is notified by email whenever an artwork by one of the selected artists' works is offered for sale in one of the *artnet Galleries*, at auction in one of the *artnet Auction Houses*, or on *artnet Auctions*.

**artnet® MARKET ALERT**

January 19, 2011

Dear Silvia Koch,

We are pleased to provide you with the following artworks recently added on artnet based upon your preferences.

Please click on title or name to view details:

**David Hockney**

artnet Auctions, Live Now  
Prints 1

1. Main (magazine cover), Auction Ends: January 25, 2011  
artnet Online Auctions, Estimate: 1,800 - 3,600 US\$

**Martin Kippenberger**

Newly Available At Galleries  
Paintings 1

1. Alkoholholter, 1982  
David Zwirner, 519 West 19th Street  
519 West 19th Street  
New York, New York 10011, USA  
Tel: (212) 517-8677  
Tues-Sat: 10am-6pm

Kristine Bell, Partner  
[kristine@davidzwirner.com](mailto:kristine@davidzwirner.com)  
Greg Lulay, Director  
[greg@davidzwirner.com](mailto:greg@davidzwirner.com)  
Kelly Reynolds, Director of Registration & Conservation  
[Kelly@davidzwirner.com](mailto:kelly@davidzwirner.com)  
Alexandra Whitney, Director of Research & Exhibitions  
[Alexandra@davidzwirner.com](mailto:alexandra@davidzwirner.com)

Sculptures 1

1. Mary Wigmann, 1987  
David Zwirner, 519 West 19th Street  
519 West 19th Street  
New York, New York 10011, USA  
Tel: (212) 517-8677  
Tues-Sat: 10am-6pm

Kristine Bell, Partner  
[kristine@davidzwirner.com](mailto:kristine@davidzwirner.com)  
Greg Lulay, Director  
[greg@davidzwirner.com](mailto:greg@davidzwirner.com)  
Kelly Reynolds, Director of Registration & Conservation  
[Kelly@davidzwirner.com](mailto:kelly@davidzwirner.com)  
Alexandra Whitney, Director of Research & Exhibitions  
[Alexandra@davidzwirner.com](mailto:alexandra@davidzwirner.com)

**Kaare Klint**

Upcoming Works At Auction  
Design 1

1. The red chair (set of 6),  
Bruun Rasmussen online, Auction Date: January 24, 2011  
Denmark  
Send email

2. Ravenna chairs (set of 8),  
Bruun Rasmussen online, Auction Date: January 24, 2011  
Denmark  
Send email

2. Side table,  
Bruun Rasmussen online, Auction Date: January 24, 2011  
Denmark  
Send email

**Hans J. Wegner**

Upcoming Works At Auction  
Design 1

1. AT 325A desk,  
Bruun Rasmussen online, Auction Date: January 24, 2011  
Denmark  
Send email

2. Armchair (Model CH-25),  
Bruun Rasmussen online, Auction Date: January 24, 2011  
Denmark  
Send email

3. Writing desk,  
Bruun Rasmussen online, Auction Date: January 24, 2011  
Denmark  
Send email

4. The chair armchairs (pair),  
Bruun Rasmussen online, Auction Date: January 24, 2011  
Denmark  
Send email

5. Ry-20 sideboard,  
Bruun Rasmussen online, Auction Date: January 24, 2011

**artnet® MARKET ALERT**

December 10, 2010

Dear Silvia Koch,

We are pleased to provide you with the following artworks recently added on artnet based upon your preferences.

Please click on title or name to view details:

**Nan Goldin**

artnet Auctions, Live Now

**Photographs:**

1. **Jimmy Paulette After the Parade, NYC, Auction Ends: December 16, 2010**  
artnet Online Auctions, Estimate: 3,000 - 4,000 US\$

**David Hockney**

artnet Online Auctions, Live Now

**Prints:**

1. **The Buzzing of the Blue Guitar, Auction Ends: December 16, 2010**  
artnet Online Auctions, Estimate: 4,000 - 4,500 US\$

2. **A Moving Still Life, Auction Ends: December 16, 2010**  
artnet Online Auctions, Estimate: 4,500 - 6,500 US\$

3. **Tick It, Tock It, Turn It True (from The Blue Guitar), Auction Ends: December 23, 2010**  
artnet Online Auctions, Estimate: 4,000 - 5,500 US\$

This message was sent to [skoch@artnet.com](mailto:skoch@artnet.com) on December 10, 2010 because you have subscribed to artnet's Market Alert service in order to be notified when artworks by chosen artists are posted on artnet.com.

Please do not reply to this email. Update your artists or unsubscribe from the Market Alert service by logging into [artnet's Member Services](#). If you believe you are receiving this email in error, please contact us at [support@artnet.com](mailto:support@artnet.com) or +1.212.497.9700, ext. 362 or 825.

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**artnet® MARKET ALERT**

January 8, 2011

Dear Silvia Koch,

We are pleased to provide you with the following artworks recently added on artnet based upon your preferences.

Please click on title or name to view details:

**David Hockney**

Newly Available At Galleries

**Prints:**

1. **Flowers Made of Paper and Black Ink, 1971**  
Leslie Sacks Fine Art  
11640 San Vicente Boulevard  
Los Angeles, California 90049, USA  
Tel: (310) 820-9448  
[Send email](#)  
Monday - Saturday, 10 AM to 6 PM  
Principal: Leslie Sacks  
Director: Lee Spiro  
Modern and Contemporary Sales: Alex Weinstein

2. **Lithograph of Water Made of Thick and Thin Lines and a Light Blue and a Dark Blue Wash, 1978**  
Leslie Sacks Fine Art  
11640 San Vicente Boulevard  
Los Angeles, California 90049, USA  
Tel: (310) 820-9448  
[Send email](#)  
Monday - Saturday, 10 AM to 6 PM  
Principal: Leslie Sacks  
Director: Lee Spiro  
Modern and Contemporary Sales: Alex Weinstein

3. **Paris Review 35th Anniversary, 1980**  
The Paris Review  
62 White Street  
New York, New York 10013, USA  
Tel: 212.343.1333  
[Send email](#)  
Stephen Andrew Hiltner

## artnet Price Database

There are no uniform price standards on the art market. What was available inexpensively this year can be worth double or triple the following. Without the *artnet Price Database*, finding the current market price of an artist or artwork once meant having to search through thousands of auction catalogs printed every year. Thanks to the 5.5 million easily-searchable auction results in the *artnet Price Database*, assessing the value of a work of art requires only the Internet.

The data inventory of the *artnet Price Database Fine Art and Design* goes back to the year 1985 and includes international auction prices for more than 180,000 artists and designers recorded in 550 renowned large, medium-sized, and small auction houses. The *artnet Price Database* contains more auction lots for the 4,000 most-sold artists and designers than any other database for fine art in the world.

The *artnet Price Database Decorative Art* contains sales results from international antiques auctions since 2000—from furniture and silverware to textiles and watches. Users can search by collection category, period, or object type, as well as by medium, size, date of sale, auction house, artist, or manufacturer to see these valuable data.

.com | .de | .fr Willkommen, art5251 Mein Konto Abmelden

Künstler oder Begriff Suchen ▶

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Das neue Experten Jahresabonnement bietet Ihnen 150 Recherchen für 260 €. Sparen Sie 35 € und bekommen Sie 25% mehr Recherchen. Hier klicken für mehr Informationen.

Meine Price-Database-Abo-nements ▶ Einblenden Haben Sie Fragen? ▶ Einblenden

FINE ART AND DESIGN DECORATIVE ART

Bitte füllen Sie alle passenden Felder aus. ⓘ = Mehr Information Alles zurücksetzen

**Künstlername**: Basquiat  
Jean-Michel Basquiat (AMERICAN, 1960-1988)  
Keith Haring, Andy Warhol, Roy Lichtenstein, Yoko Ono and Jean-Michel Basquiat

**Auktionshaus oder Galerie**: Jean-Michel Basquiat and Andy Warhol  
Jean-Michel Basquiat, Francesco Clemente and Andy Warhol  
Jean-Michel Basquiat, Roy Lichten and Andy Warhol

**Medium**: Items 1-5 out of 5  
 Installation    Druckgrafik    Design  
 Malerei    Skulptur  
 Fotografie    Arbeiten auf Papier

Genauere Bezeichnung des Mediums: z.B. Aquarell ⓘ

Angaben zum Kunstwerk: Titel/Losbezeichnung: Entstehungsjahr: GröÙe: in inches ⓘ cm

LESLIE HINDMAN AUCTIONEERS  
SEEKING CONSIGNMENTS

www.arveras.com Arvera's Gallery Geneva  
Pointillism - Neo-Impressionism current exhibition until spring

TRIBAL ART DATABASE TRIBAL INDEX  
www.tribalindex.com

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Member Services | Zurück zur Suche | Zurück zu Ergebnisse Drucke diese Seite artnet auctions 24/7



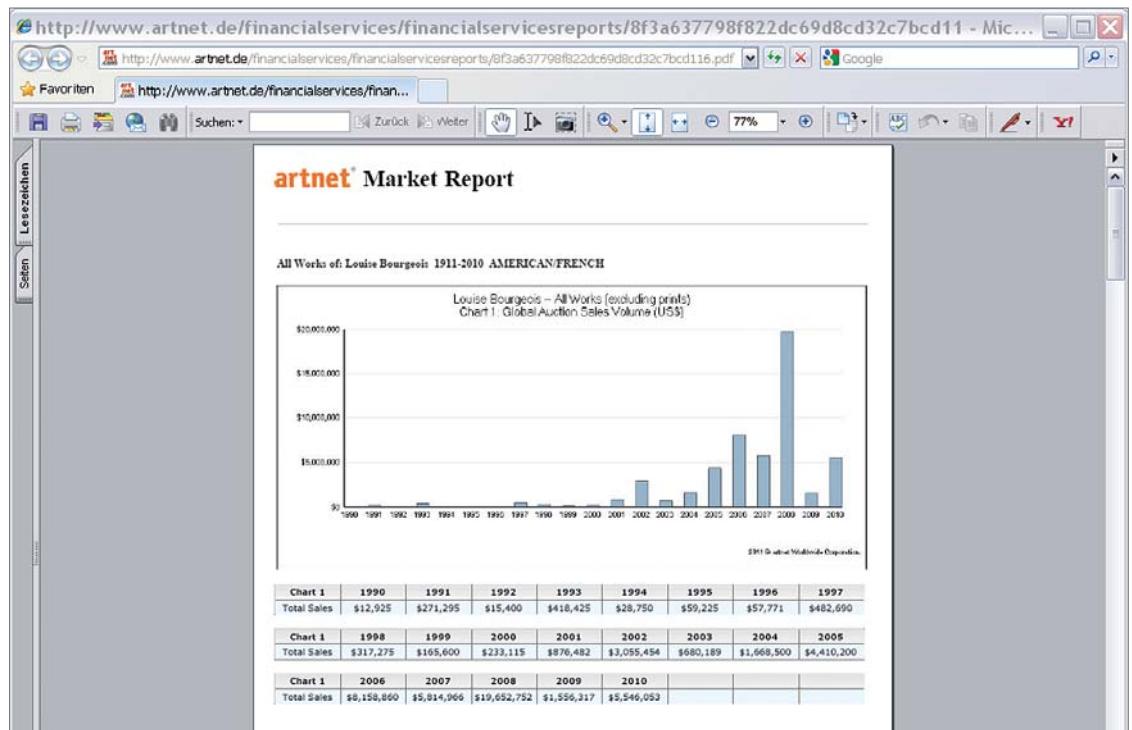
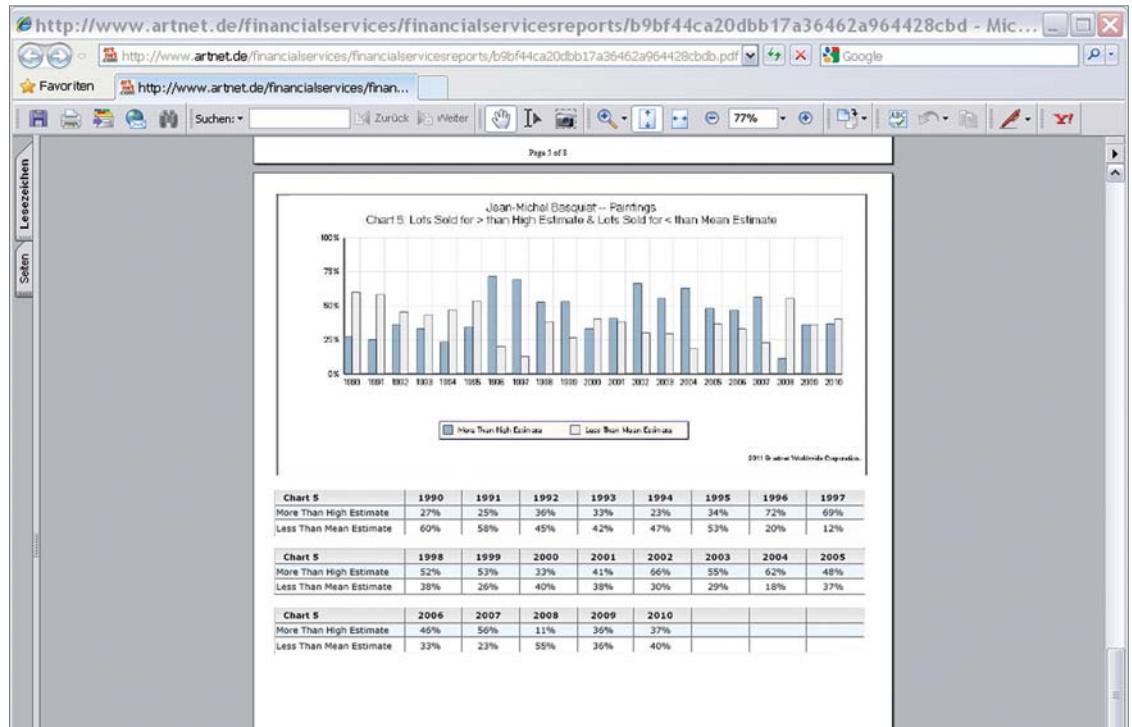
**Jean-Michel Basquiat**  
**Titel**: Water-Worshipper  
**Beschreibung**: signé, daté et titré au dos  
**Exécuté en** 1984  
**Medium**: acrylic, grease pencil, serigraphic ink and metal  
**Entstehungsjahr**: 1984  
**MaÙe**: Höhe 82,7 in.; Breite 108,3 in.; Tiefe 3,9 in. / Höhe 210,1 cm.; Breite 275,1 cm.; Tiefe 9,9 cm.  
**Bez.**: Signed, Inscribed  
**Verkauft durch**: Sotheby's Paris: Dienstag, 7. Dezember 2010 [Lot 00009]  
**Schätzpreis**: 2.300.000 - 3.000.000 EUR (3.064.623 - 3.997.335 USD)  
**Verkaufspreis**: 2.416.750 EUR (3.220.186 USD) PREMIUM Währungsumrechner  
**Provenienz**: Mary Boone Gallery, New York  
Galerie Beaubourg, Paris  
Acquis auprès de celle-ci par le propriétaire actuel en 1988  
New York, Mary Boone - Michael Werner Gallery, Jean-Michel Basquiat, 1985  
Paris, Galerie Beaubourg, FIAC 1988  
Paris, Galerie Enrico Navarra, Jean-Michel Basquiat, Peintures, sculptures, œuvres sur papier et dessins, 1989; catalogue, pp.42-43, illustré en couleurs  
Marseille, Musée Cantini, Jean-Michel Basquiat, Une Rétrospective, 1992;  
catalogue, p.121, illustré en couleurs  
Tokyo, Mitsukoshi Museum; Marugame, M.I.M.O.C.A., Jean-Michel Basquiat, 1997; catalogue, pp.62-63, illustré en couleurs  
Milano, Fondazione La Triennale di Milano, The Jean-Michel Basquiat Show, 2007; catalogue, p.274, no.138, illustré en couleurs  
Literature: Michel Enrici, Jean-Michel Basquiat, Paris, 1989, p.85, illustré en couleurs  
Richard D.Marshall, Jean-Louis Prat, Jean-Michel Basquiat - Vol.I, Paris, 1996, pp.198-199, illustré en couleurs  
Richard D.Marshall, Jean-Louis Prat, Jean-Michel Basquiat - Vol.I, Paris, 2000, pp.192-193, illustré en couleurs  
Richard D.Marshall, Jean-Louis Prat, Jean-Michel Basquiat - Vol.II, Paris, 2000, p.206, no.3, illustré en couleurs

Damien Hirst: Ellipticine, 2007  
Acrylic on canvas  
33.2 x 45 inches  
Est. US \$20,000-25,000

Bieten Sie jetzt auf artnet.com/auctions

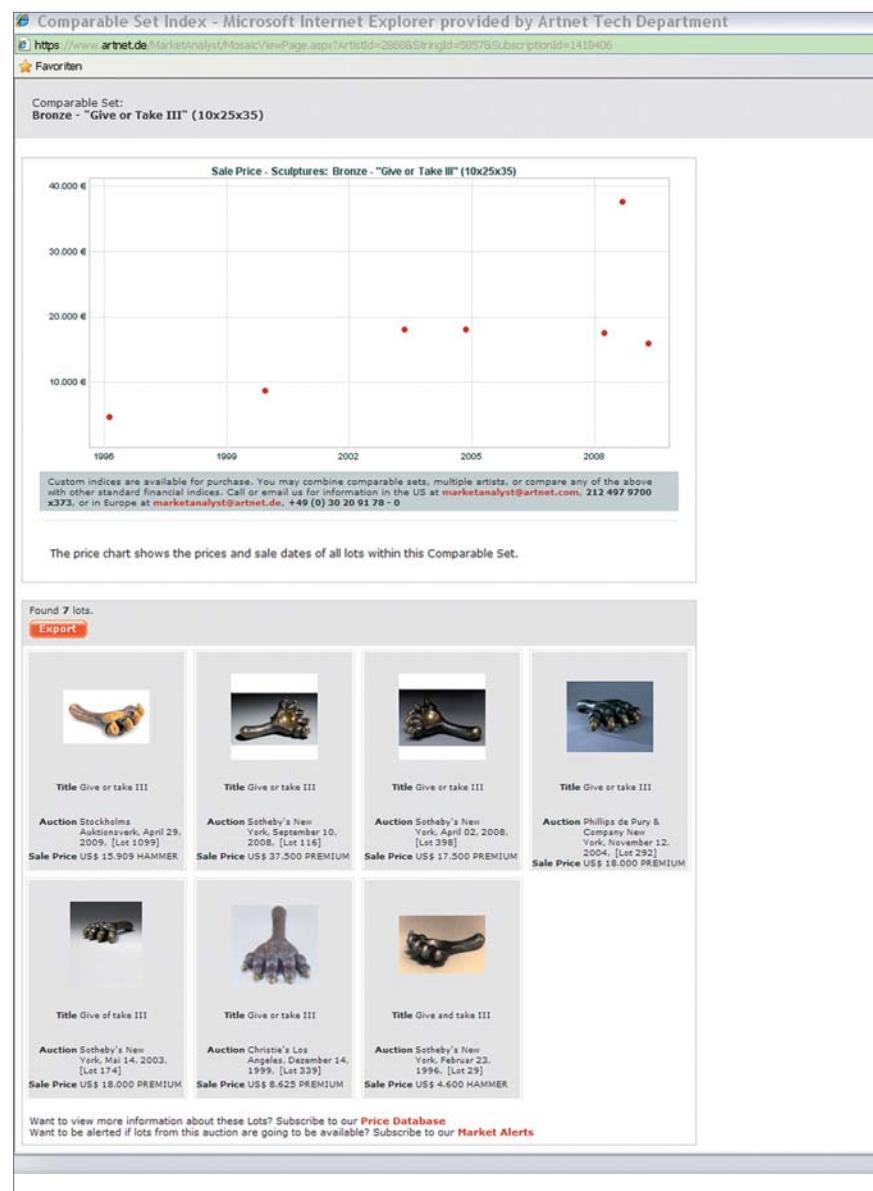
## artnet Market Reports

*artnet Market Reports* contains data on the market development of 4,300 artists. Buyers and sellers can trace the development of the artist's sales volume and the percentage of the artist's unsold lots. The reports chart the best time to buy or sell a work of art.



## artnet Market Analyst

The *artnet Market Analyst* is a new product that applies differentiated statistical methods to segments of the art market, artists, and individual works and bundles them into comparative indices. Just as investors use stock market indices—simply and without specialized knowledge—art buyers and sellers now have the tool to help understand trends in the art market.





## artnet Artists A-Z

More than 228,000 artists can currently be found on artnet. They are represented in the *artnet Galleries*, the *artnet Price Database*, and in *artnet Auction Houses* and *artnet Auctions*, or they are reviewed in *artnet Magazine*. The artnet directory of artists is a free resource for everyone interested in art, expanding artnet from a specialized information service for professionals into a powerful research tool for the whole art world.

**Künstler auf artnet - Microsoft Internet Explorer provided by Artnet Tech Department**

http://www.artnet.de/Artists/ArtistIndex.aspx?alpha=A1

Künstler auf artnet

.com | .de | .fr      Anmelden      Nicht Registriert?      Mithilfe werden

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Künstler      Demo zeigen

**Künstlersuche:**  Suchen

Die 300 populärsten Künstler | Erweiterte Suche in Galerien  
Artist Works Catalogues | Kunsthochschulen

Oder suchen Sie alphabetisch:  
**A B C D E F G H I J K L M N O P Q R S T U V W X Y Z**

**A B - Abb**  
 > Abd - Abi  
 > Abn - Acc  
 > Abz - Aco  
 > Ad - Adc  
 > Acq - Ada  
 > Adc - Ado  
 > Adr - Aga  
 > Age - Agu  
 > Ah - Aig  
 > Aih - Aka  
 > Akb - Ala  
 > Alz - Alb  
 > Am - And  
 > Ans - Aje  
 > Alf - Alz  
 > Al - All  
 > Als - Alt  
 > Al - Ama  
 > Amb - Ame  
 > Amf - Ams  
 > Amt - And  
 > Ans - Ang  
 > Ang - Ango  
 > Anq - Ant  
 > Al - All  
 > Als - Alt  
 > Al - Ama  
 > Aré - Arf  
 > Arf - Arm  
 > Arz - Arnz  
 > Aru - Ash  
 > Aru - Ass  
 > Arv - Atw  
 > Ati - Atw  
 > Aty - Aud  
 > Aue - Aum  
 > Aun - Aut  
 > Avr - Avo  
 > Avr - Ayt  
 > Ayv - Azz

**Ignasi Aballí (Spanish, 1958)**  
**Fernando Abalo (Chilean)**  
**Guy d' Abancour**  
**Vilmos Aba-Novák (Hungarian, 1894-1942)**

**Nobuyoshi Araki**  
*Untitled (Suite of Four Unique Polaroids), ca. 2005*  
 Polaroid  
 4.25 x 3.5 inches  
 Est. US \$2,500-5,000

Bieten Sie jetzt auf artnet.com/auctions

**Gerhard Richter bei artnet - Microsoft Internet Explorer provided by Artnet Tech Department**

http://www.artnet.de/artist/14239/gerhard-richter.html

Künstler auf artnet

GERHARD RICHTER  
 Edward Tyler Nahem Fine Art, LLC  
 37 West 57th St., New York, NY 10019  
 Tel: 212.517.2453 Email: info@etynahem.com

**Gerhard Richter** (German, 1932)

Recherchieren Sie Kunstwerke, Auktionsresultate und Verkaufspreise von Künstler Gerhard Richter in internationalen Galerien und Auktionshäusern.

Erhalten Sie per E-Mail Market Alerts zu diesem Künstler!

**Kunstwerke zum Verkauf (51)**

- Galerien
  - > Kunstmessen (54)
  - > Künstlerliste (71)
  - > Kaufgesuche von Kunsthändlern (3)
- Auktionshäuser
  - > In aktuellen Auktionen (3)
- Price Database\*
  - > Verkaufsresultate (3451)
- Market Trends\*
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- Veranstaltungen
  - > Kunstmessen (1)
  - > Ausstellungen (5)
  - > Auktionen (1)
- Magazin
  - > Artikel (173)

**Artist Works Catalogue**

Mehr Informationen
 

- > Biografie und Links

**Kunstwerke zum Verkauf (51) [Alles anzeigen](#)**

Gerhard Richter Ohne Titel 1971 Numbered + Signed	Gerhard Richter 40.000 2008 Numbered + Signed	Gerhard Richter Loo Paper 1994 F.G. Conzen
Gerhard Richter Snow-White 2005 Galerie Castello	Gerhard Richter Grät 2 1989 Cordeiss Galeria	Gerhard Richter War Cut II 2005 Galerie Thomas Modern

**Verkaufsresultate (3451) [View All](#)**

Gerhard Richter Kerze (Candle), 1983 Auktionstermin: Feb 27,	Gerhard Richter Abstraktes Bild, 1990 Auktionstermin: May	Gerhard Richter Abstraktes Bild, 710, 1989

**arnt auctions 24/7**

Julian Stanczak  
*Seeping Light*, 1984  
Acrylic on canvas  
38 x 38 inches  
Est. US \$20,000-30,000

Bieten Sie jetzt auf artnet.com/auctions

## artnet Magazine

artnet offers its customers everything they need to know about the art market. Three independent editorial offices in New York, Berlin, and Paris publish three versions of the daily, online *artnet Magazine*.

The artnet editorial staff and many renowned writers set high standards with their critical reports on the most important events and newest trends in the art market. *artnet Magazine* has developed into the key online source for art lovers and art professionals. The respected magazine contributes in turn to customer loyalty to artnet and is a crucial basis for the commercial offerings of artnet.

### artnet Magazine New York

The first of today's three magazines was founded in 1995 in New York. Editor-in-Chief, Walter Robinson, a trailblazer for online art reporting and criticism, covers a broad spectrum of topics and formats that continue to characterize the publication to this day.

### artnet Magazine Berlin

The German *artnet Magazine*, under the direction of Henrike von Spesshardt since November 2010, developed over its more than six-year life into one of the most important sources of information in the German art market. Many formats, including market analyses, reviews, reports, and videos, offer an extensive, in-depth, and vibrant glimpse into the international art scene.

### artnet Magazine Paris

The French magazine was launched in 2008 headed by Gina Kehayoff and with its own editorial strategy. Innovative video formats supplement classical reviews and portraits. After only a short time, the publication gained recognition in the art scene as a distinctive voice.

arnt.com/magazine

arnt.de/magazin

arnt.fr/magazine

## artnet Monographs

*artnet Monographs* is a comprehensive library of artist catalogue raisonnés. Compiled in close collaboration with artists, estates, and galleries, they present images of works, biographical and bibliographical information, and exhibition data—all easily accessible online.

The result is a reliable, authorized, and continually updated resource. From Arman and Robert Graham to Marina Abramović and Imogen Cunningham to Lee Friedlander, from Peter Phillips to Robert Longo to Christa Dichgans, the selection of artists couldn't be more diverse and impressive. Experts and art lovers all over the world learn from this continuously growing, networked art library.

The screenshot shows the homepage of the artnet Monographs website. At the top, there's a navigation bar with links for '.com | .de | .fr', 'Login' (Not Registered?), 'Join now', and a search bar. Below the header, there's a main banner for 'artnet Monographs' with a 'View Demo' button. To the left, a sidebar lists 'New', 'Contemporary' (with sub-links for Mixed Media, Painting, Photography, Sculpture), '19th Century/Modern', and 'In Development'. The main content area features a paragraph about the research value of the library, followed by a section about the dynamic nature of the Web and how it reflects the growth of artists' online monographs. Below this, there's a 'New' section showing six artist portraits: BERENICE ABBOTT, GEORGE HOYNINGEN-HUENE, BRYAN HUNT, ARNOLD NEWMAN, DAVID SMITH, and BRETT WESTON. Further down, there's a 'Contemporary' section with links to Mixed Media, Painting, Photography, and Sculpture, along with a 'back to top' link. At the bottom, there's a 'Mixed Media' section showing portraits of MARINA ABRAMOVIC, ARMAN, DAVID ASKEVOLD, JOSÉ BERNAL, ISIDRO BLASCO, and LISA BRADLEY.

**Arman Catalogue - Microsoft Internet Explorer provided by Artnet Tech Department**

http://www.artnet.de/awc/arman.html

Favoriten Arman Catalogue

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Künstler oder Begriff Suchen >

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**Arman**

artist's home Works of Art Biography Chronology Solo Exhibitions Group Exhibitions Selected Catalogues Selected Books Selected Articles Artist Reviews Artist Interviews Museum and Public Collections contact

Return to AWC Home



Courtesy and Copyright of the Artist's Estate

"I specialize very much in... everything," the French-born American artist Arman told an interviewer in 1968. "I have never been — how do you say it? A dilettante." Regarded as one of the most prolific and inventive creators of the late 20th century, Arman's vast artistic output ranges from drawings and prints to monumental public sculpture to his famous "accumulations" of found objects. His work—strongly influenced by Dada, and in turn a strong influence on Pop Art—is in the collections of such institutions as the Metropolitan Museum of Art in New York, the Tate Gallery in London and the Centre Pompidou in Paris.

[Read Full Biography](#)

**Wangechi Mutu Catalogue - Microsoft Internet Explorer provided by Artnet Tech Department**

http://www.artnet.de/awc/awc\_thumbnail.asp?aid=424756505&gid=424756505&cid=110844&works\_of\_art=1

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**Wangechi Mutu**

artist's home Works of Art An Alien Eye! And Other Killah Anthems The Ark Collection 2005 Forensic Forms Selected Work from 2001-2004 Recent Works Biography Chronology Solo Exhibitions Group Exhibitions Selected Catalogues Selected Books Selected Articles Artist Reviews Artist Interviews Museum and Public Collections contact

Return to AWC Home



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Untitled (Forensic Forms) 2004 Untitled (Forensic Forms) 2004 Untitled (Forensic Forms) 2004  
 Untitled (Forensic Forms) 2004 Untitled (Forensic Forms) 2004 Untitled (Forensic Forms) 2004

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## Highlights

### The artnet Auctions from January to December 2010

With *artnet Auctions*, artnet offers a transaction platform facilitating art trading all over the world, around the clock. There are new auction lots to discover and something to bid on every day. *artnet Auctions* are faster and less expensive than traditional auctions—for buyers and sellers alike.

artnet customers do not sacrifice any of the services customary in the art business. *artnet Auctions* specialists gather information about the artworks including quality, origin, condition, and current estimated value. This background information is then publicly presented in the lot details, to provide buyers with the most objective basis possible for their bidding decisions.

Buyers and sellers always have a point of contact at artnet. The artnet Client Services Team in New York, Berlin, and Paris are accessible every workday by telephone and email to help if questions or problems arise. Contacting artnet is straightforward, making it easier for newcomers to enter the auction market—*artnet Auctions* serves as the entryway.

In 2010 artnet mediated sales amounting to USD 12 million via *artnet Auctions*. A painting by Richard Prince titled *Last Week* fetched the highest price, going for USD 295,000 (premium USD 339,250). The second-highest auction price was for a series of 30 prints by Agnes Martin. *On a Clear Day* went for USD 150,075 (premium), thereby setting an auction record for this work by the American artist, who died in 2004. In January, a real bidding war broke out over a work by Andy Warhol. After 70 bids, his work *32 Dollar Bills* sold for USD 22,000 (premium USD 24,200)—more than four times its previously estimated value.

In the field of decorative art and design artnet also reached high prices in 2010. Ron Arad's *Blo Void 1*, a chaise longue made of woven, polished aluminum was auctioned for USD 84,525 (premium). A gilded punchbowl with ladle by Pavel Ovchinnikov was bid up to USD 60,000 in February (premium USD 66,000).

The following artworks are 12 examples of lots sold on *artnet Auctions* in the past 12 months.



© Annie Leibovitz/Contact Press Images, Courtesy of the Artist

**Annie Leibovitz**

*John Lennon and Yoko Ono, The Dakota, N.Y. December 8, 1980*, 1980

Dye Bleach Print

34.2 x 33.9 in.

AP 1/5, signed

Estimate USD 25,000–35,000

End Time January 19, 2010

Sold on artnet Auctions For **USD 27,500** (Premium)



© Thomas Struth, Courtesy Schirmer/Mosel

**Thomas Struth**  
*Museo del Prado (Room 12), Madrid, 2005*  
C-Print  
9.6 x 11.3 in.  
Edition of 100, signed

Estimate USD 2,000–3,000  
End Time February 24, 2010  
Sold on artnet Auctions For **USD 4,180** (Premium)



Jean-Michel Basquiat  
*Jawbone of an Ass*, 2005  
 Screen Print  
 42.6 x 60 in.  
 Edition of 85, signed by Gerard Basquiat

Estimate USD 12,000–16,000  
 End Time March 31, 2010  
 Sold on artnet Auctions For **USD 12,650** (Premium)



**George Rickey**  
*A Dynamic Kinetic Sculpture*, 1986  
Steel, Wood  
15 x 9 x 9 in.  
Signed

Estimate USD 16,500–18,500  
End Time April 25, 2010  
Sold on artnet Auctions For **USD 18,975** (Premium)



Damien Hirst  
*Coeli enarrant*, 2010  
Screen Print, Diamond Dust  
29.1 x 28.2 in.  
Edition of 50, signed

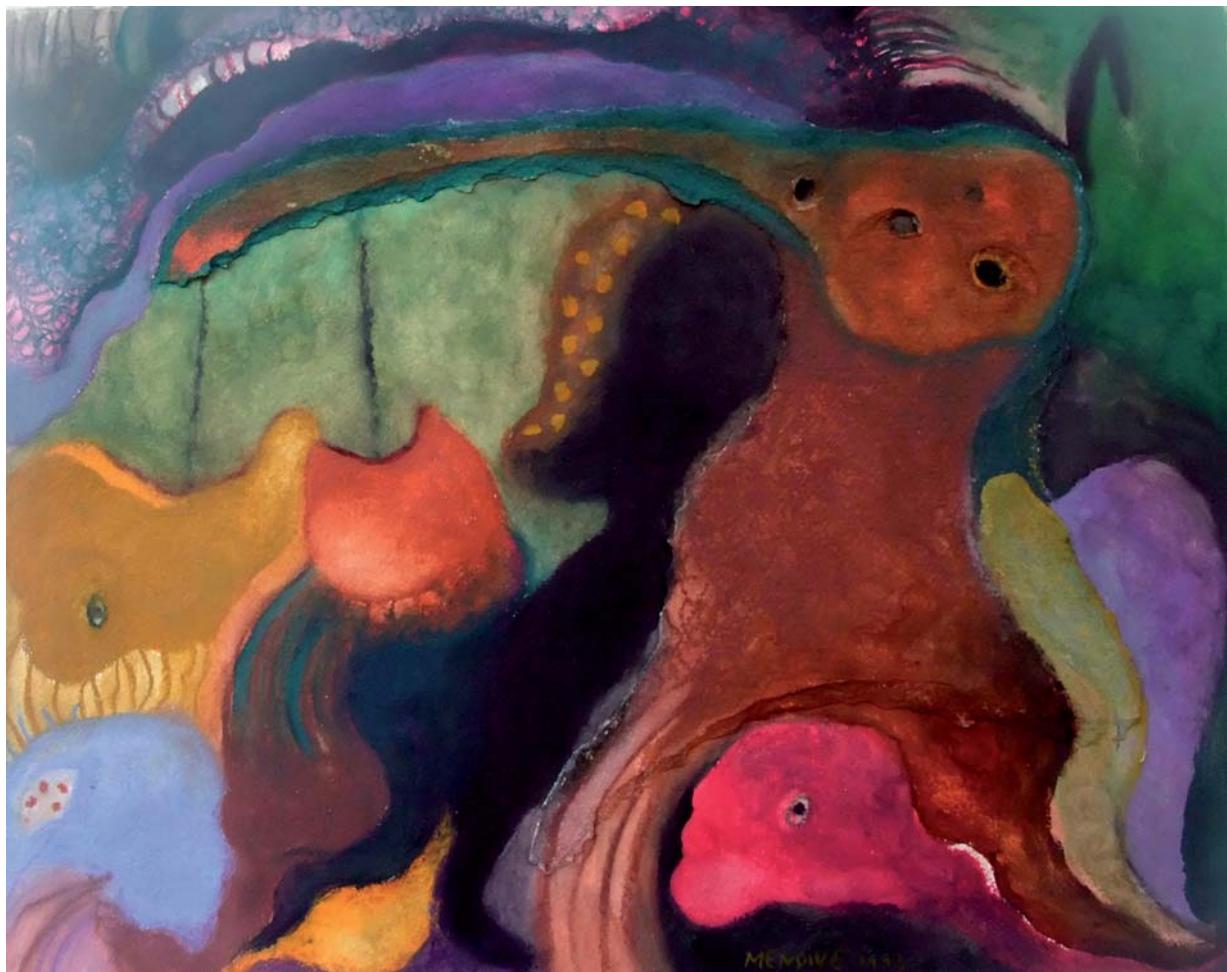
Estimate USD 6,000–8,000  
End Time May 13, 2010  
Sold on artnet Auctions For **USD 6,900** (Premium)



© Chris Johanson

**Chris Johanson**  
*Untitled (You've all heard it before)*, , 2001  
Acrylic on Wood  
27.5 x 39.5 x 1.5 in.  
Signed

Estimate USD 12,000–14,000  
End Time June 16, 2010  
Sold on artnet Auctions For **USD 13,800** (Premium)



© Manuel Mendive

**Manuel Mendive**  
*Hallucinations & La Danza (set of two works)*, 1993  
Collage and Watercolor on Paper  
14 × 17.75 in.  
Signed and dated

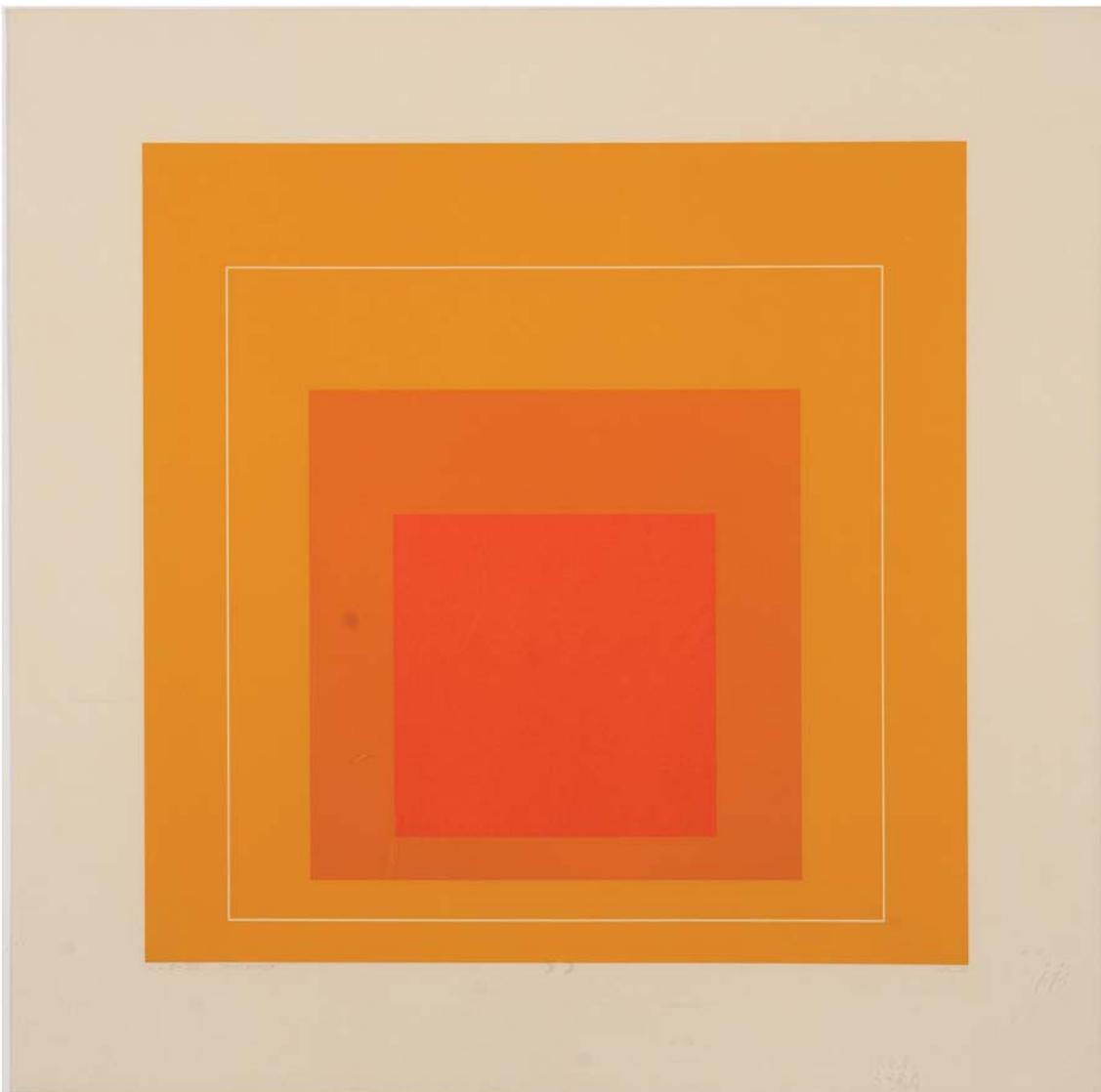
Estimate USD 2,500–5,500  
End Time July 20, 2010  
Sold on artnet Auctions For **USD 5,060** (Premium)



© Stefanie Schneider

**Stefanie Schneider**  
*Untitled (Lollipop), from the series Beachshoot*, 2005  
C-Print  
40 x 39 in.  
AP 1/1, aside from an edition of 42, signed

Estimate USD 2,500–3,500  
End Time August 12, 2010  
Sold on artnet Auctions For **USD 3,450** (Premium)



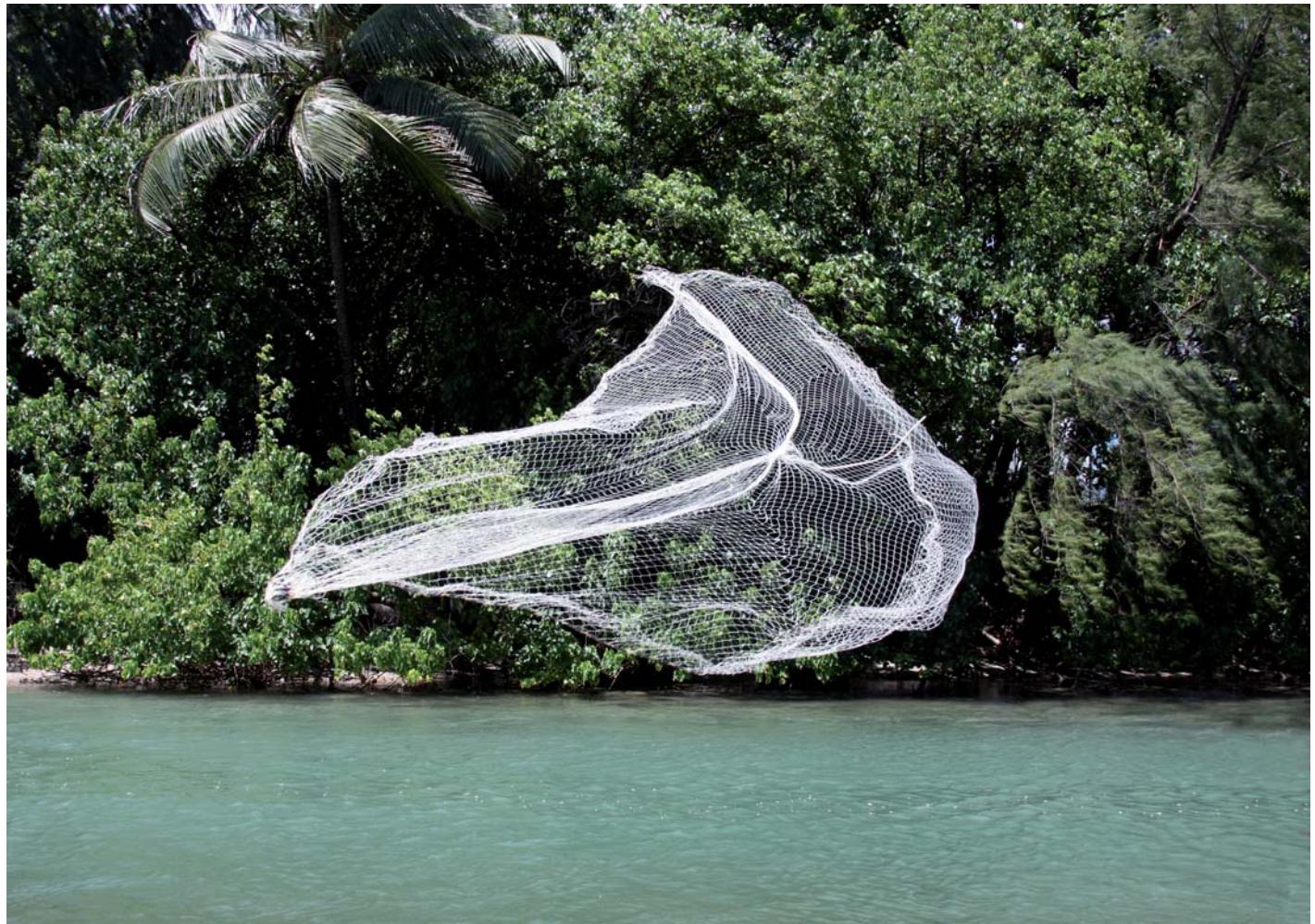
**Josef Albers**  
*White Line Squares XII*, 1966  
Lithograph  
21 x 21 in.  
Trial Proof, signed

Estimate USD 1,500–2,500  
End Time September 23, 2010  
Sold on artnet Auctions For **USD 1,650** (Premium)



**Jim Dine**  
*The Yellow Belt*, 2005  
Lithograph  
25.5 x 19 in.  
Edition of 200, signed

Estimate USD 3,400–3,600  
End Time October 6, 2010  
Sold on artnet Auctions For **USD 4,600** (Premium)



© Allora & Calzadilla, Courtesy Gladstone Gallery, New York, NY

Allora & Calzadilla  
*Untitled*, 2010  
C-Print  
26.2 x 39.4 in.  
AP 1/1, aside from an edition of 6 + 3, signed

Estimate USD 8,000–10,000  
End Time November 30, 2010  
Sold on artnet Auctions For **USD 8,050** (Premium)



**Robert Longo**  
*Jonathan (Cropped)*, 1988  
Lithograph  
72 x 36 in.  
Edition of 48, signed

Estimate USD 8,000–9,000  
End Time December 9, 2010  
Sold on artnet Auctions For **USD 9,200** (Premium)

## Company Background

artnet.com AG was incorporated under the laws of Germany in 1998. In 1999 Management took the company public on the Neuer Markt of the Frankfurt Stock Exchange. In 2002 artnet.com AG changed its name to artnet AG. On October 4, 2002, artnet AG left the Neuer Markt and was then listed in the General Standard at the Frankfurt Stock Exchange, a segment of the EU-regulated Geregelter Markt. Effective February 1, 2007, artnet AG is now listed in the Prime Standard of the Frankfurter Stock Exchange. Its principal holding is its wholly owned subsidiary, Artnet Worldwide Corp., a New York corporation that was founded in 1989. The consolidated financial statements are prepared in accordance with the International Financial Standards (IFRS).

## Report of the Supervisory Board

The Supervisory Board, which did not form any committees in the year under review, performed its duties according to the law and the articles of incorporation during the year under review and supervised the management. In the year 2010 the Supervisory Board met on February 19, March 24, March 25, April 29, July 14, and September 9. It received regular, detailed information throughout the entire year in written and verbal reports on the company's situation, the course of its business, and its strategy and important measures. The quarterly and semiannual reports were discussed with the Board of Directors. The Board of Directors discussed issues of fundamental importance for corporate policy on an ongoing basis with the Supervisory Board.

At the meeting on February 19, 2010, which was held in the offices of Artnet Worldwide Corp., the Supervisory Board was instructed in detail on the status of the segment *artnet Auctions*. In addition, the Supervisory Board dealt with the current and future business growth of the artnet Group, in particular with cash flow growth; all of the segments were discussed. The method was discussed. In addition, the Supervisory Board dealt with the price strategy and the possible need for more office space in New York as a result of the excellent growth of *artnet Auctions*.

At the meeting on March 24, 2010, the Supervisory Board dealt with setting the bonus for Mr. Neuendorf for financial year 2009. The resolution was based on a survey prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft on behalf of artnet AG. During the meeting, representatives of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft participated via a telephone conference line. Based on the results of the survey, the Supervisory Board has defined the bonus for Mr. Neuendorf for financial year 2009.

At the meeting on March 25, 2010, the Supervisory Board dealt with the annual financial statements for artnet AG as of December 31, 2009, the consolidated financial statements for financial year 2009 and the approval of the report of the Supervisory Board for financial year 2009. In addition, the Supervisory Board extended Mr. Neuendorf's position as artnet AG's CEO by three years through to the end of March 31, 2013.

At the meeting on April 29, 2010, the Supervisory Board dealt with the consolidated financial statements [changed in the notes] for financial year 2009 ] and passing the amended report of the Supervisory Board for financial year 2009 and the amended declaration of conformity according to Section 161 of the AktG.

In resolutions passed by circulating the voting papers on May 20 and 21, 2010, the Supervisory Board approved the new employment contract for the CEO and agreed to the agenda for the General Meeting on July 14, 2010.

At the meeting on July 14, 2010, the Supervisory Board dealt with the development of the business situation and discussed the new draft version of bylaws for the Board of Directors.

At the meeting on September 9, 2010, the Supervisory Board dealt in detail with the current and future business growth. A particular focus was placed on the *artnet Auctions* segment, the price strategy, the development of the *artnet Magazine*, and the interim financial statements of the artnet Group on August 31, 2010 and the development of the cash flow. Finally, the Supervisory Board passed the new version of the bylaws for the Board of Directors. This meeting was held in the offices of Artnet Worldwide Corp. In this

meeting, the Supervisory Board also held in-depth discussions with the employees responsible for the segments *artnet Auctions*, *artnet Galleries*, *artnet Price Database*, *artnet Advertising*, and IT.

The Supervisory Board has dealt with the content of the German Corporate Governance Code. Together with the Board of Directors, in a resolution passed by circulating the voting papers on December 21 and 22, 2010, the Supervisory Board resolved to issue the declaration of conformity within the meaning of Section 161 of the AktG made permanently accessible to shareholders on artnet AG's website on December 30, 2010.

The annual financial statements (HGB) and consolidated financial statements (IFRS) prepared by the Board of Directors were audited together with the management report and the group management report by the auditing firm Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg. The auditors came to the conclusion that both the annual financial statements (HGB) and also the consolidated financial statements in accordance with the provisions of IFRS present a true and fair view of the financial position and results of operations for the financial year, and issued an unqualified auditors' opinion in each case for the audited financial statements.

The annual financial statements prepared by the Board of Directors for artnet AG as of December 31, 2010 and the consolidated financial statements for financial year 2010 were presented for review to the Supervisory Board, together with the management reports. After completing their audit, the auditors participated in the Supervisory Board's meeting to discuss the financial statements and reported on the results of their audit. The Supervisory Board concurred with the results of the audit.

The Supervisory Board reviewed the annual financial statements and consolidated financial statements of artnet AG and the associated management reports. Having completed the examination, no objections were raised by the Supervisory Board.

The Supervisory Board approved the annual financial statements for artnet AG prepared by the Board of Directors in the version audited by Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, with a resolution on March 23, 2011. The annual financial statements as of December 31, 2010 are thus adopted. The consolidated financial statements as of December 31, 2010 were also approved by the Supervisory Board by way of a resolution on March 23, 2011.

The Supervisory Board would like to thank the Board of Directors and all of the company's employees for their work in the past year.

Naples, FL, March 23, 2011



John Hushon  
Chairman of the Supervisory Board

## Corporate Governance Report

artnet attaches great importance to corporate governance. artnet AG complies with the recommendations of the German Corporate Governance Code in the current version dated May 26, 2010 with the exception of the recommendations in No. 3.8 para. 3, No. 4.2.1 sent. 1, No. 5.1.2 para. 2 sent. 3, No. 5.1.3, No. 5.3.1, No. 5.3.2, No. 5.3.3, No. 5.4.1 para. 2 (age limit for members of the Supervisory Board) and No. 5.4.6 para. 2 sentence 1.

The Board of Directors and Supervisory Boards of artnet AG have adopted the declaration of conformity with the code detailed at the end of this report. It is published online at [www.artnet.de](http://www.artnet.de).

## 1 Supervisory Board

According to the German *Aktiengesetz*, artnet AG has a dual-pronged management and control structure, comprising a sole member of the Board of Directors and the three-person Supervisory Board. Management and control functions are strictly split in the dual management system. It is not legally permissible to simultaneously work for the Board of Directors and the Supervisory Board. The tasks and responsibilities of these two bodies are clearly legally defined in each case.

The Supervisory Board monitors and advises the Board of Directors in conducting the business. The Supervisory Board discusses the business growth and forecasts as well as the strategy and its implementation at regular intervals. In addition, the Supervisory Board adopts the annual financial statements and appoints the members of the Board of Directors. The Supervisory Board has defined approval requirements by the Supervisory Board for transactions of fundamental importance. These include decisions or activities that have a fundamental impact on the company's financial position or results of operations. The Board of Directors provides the Supervisory Board with regular, up-to-the-minute, comprehensive information on all of the issues of relevance to the company with regard to forecasting, business growth, risks, and risk management.

The members of the Supervisory Board are independent in their decision-making and are not subject to instructions or specifications by third parties. In addition, consulting, service and certain other agreements between artnet and the members of its Supervisory Board have to be approved by the Supervisory Board.

According to Item 5.4.1 of the Code, the Supervisory Board shall specify concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.

At the meeting on February 7, 2011 and in view of Item 5.4.1 of the Code, the Supervisory Board resolved the following objectives for its composition:

- Consideration of the international activities of the enterprise: The Supervisory Board will pay attention to ensure that the Supervisory Board has a sufficient number of members with many years of international experience or many years' experience in the USA, the country in which the artnet Group performs most of its business activities.
- Avoidance of potential conflicts of interest: Potential conflicts of interest are avoided in the Supervisory Board's election proposals to the General Meeting. The Supervisory Board does not include any former members of the Board of Directors or managing directors. In addition, when proposing

candidates to the General Meeting, attention is paid to ensure that the respective candidate does not hold a management position or a position in the supervisory bodies of competitors, suppliers, lenders or customers, in order to avoid conflicts of interest from the very outset. If any conflicts of interest result during the period of office of a member of the Supervisory Board, the affected member of the Supervisory Board must disclose this to the Supervisory Board, addressed to the Chairman, and if there are material, non-temporary conflicts of interest they must resign from their office.

- Definition of an age limit: The Supervisory Board considers a provision of this nature to be inappropriate because general age limits would unduly limit the shareholders' discretionary powers when selecting members of the Supervisory Board.
- Consideration of diversity: The Supervisory Board's diversity is reflected in the various professional careers and activities of the members of the Supervisory Board. Female candidates must be given suitable consideration if they hold the same qualifications and are equally suitable. The Supervisory Board aims to have at least one female candidate proposed for election at the next Supervisory Board election in 2014.

The implementation status for the objectives detailed above regarding the composition of the Supervisory Board is as follows: The objectives with regard to "Consideration of the international activities of the enterprise" and "avoidance of potential conflicts of interest" have been put in place. The Supervisory Board is not pursuing the objective of "Defining an age limit"; as a result, together with the Board of Directors, it has declared that it will not follow this recommendation. The Supervisory Board believes that it has implemented the objective of "Consideration of diversity" to a great extent. However, there are not any female members of the Supervisory Board at present; as a result this objective has not yet been implemented.

## 2 Board of Directors

The Board of Directors is responsible for the company's management. It must follow the company's interests and undertakes to increase the sustained enterprise value. It is responsible for the company's strategic orientation in agreement with the Supervisory Board. The Board of Directors cooperates closely with the Supervisory Board.

The Board of Directors ensures that statutory provisions are upheld and that there is suitable risk management and risk control at the company.

## 3 Directors' dealings transactions and shareholdings of Managing and Supervisory Board members

During the past financial year, members of the company's Board of Directors and Supervisory Board or other executives who regularly have access to the company's insider information and who are authorized to make

material entrepreneurial decisions, and certain persons closely related to these persons, made the following purchases or sales of more than EUR 5,000 during the calendar year:

Trade date	April 1, 2010
Name	Hannes von Goesseln
Function	Member of the Supervisory Board
Name of financial instrument	Shares
ISIN	DE 006909500
Type of transaction	Purchase
Number	1,070
Price	EUR 4.8130
Trade date	April 6, 2010
Name	Hannes von Goesseln
Function	Member of the Supervisory Board
Name of financial instrument	Shares
ISIN	DE 006909500
Type of transaction	Purchase
Number	1,050
Price	EUR 4.8325
Trade date	May 3, 2010
Name	Hannes von Goesseln
Function	Member of the Supervisory Board
Name of financial instrument	Shares
ISIN	DE 006909500
Type of transaction	Purchase
Number	1,000
Price	EUR 4.9526
Trade date	July 15, 2010
Name	Hannes von Goesseln
Function	Member of the Supervisory Board
Name of financial instrument	Shares
ISIN	DE 006909500
Type of transaction	Purchase
Number	1,000
Price	EUR 5.0726

On February 7, 2011, the Board of Directors and Supervisory Board held 1,516,909 or 26.94 % of the shares or financial instruments based thereupon.

Members of the		
Board of Directors	Galerie Neuendorf AG	1,461,635 Shares
Supervisory Board	John Hushon	49,054 Shares
	Hannes von Goesseln	6,220 Shares

#### 4 Stock option plan

The company's 2009 stock option plan comprises 560,000 ordinary shares with a theoretical value of EUR 1.00 per share. Subscription rights for up to 30,000 shares can be issued to the members of the company's Board of Directors, subscription rights for up to 240,000 shares to members of the management of affiliated companies, subscription rights for up to 10,000 shares to employees of the company, and subscription rights for up to 280,000 shares to employees of affiliated companies.

The price to be paid for one share of artnet when exercising the subscription rights corresponds to the average closing price of shares of the company in XETRA trading on the regulated market (Prime Standard) of Deutsche Börse AG, or, if this price has not been determined, in on-floor trading during the ten stock market days prior to the respective allocation date for the subscription rights. The exercise price corresponds to at least the proportionate amount of the subscribed shares to the share capital. The options may not be exercised for a period of two years. In order for the subscription rights to be exercised, the closing price of shares of artnet AG in XETRA trading on the regulated market (Prime Standard) of Deutsche Börse AG in the period between the subscription rights being issued and exercised is at least 10% higher than the exercise price on at least one stock market day during the term of the subscription rights. Options may only be exercised in groups of at least 1,000 options.

#### 5 Relationships with shareholders

artnet AG reports to its shareholders four times each financial year on business growth and on the group companies' financial position and results of operations. The Annual General Meeting is held during the first eight months of each financial year. The General Meeting resolves on issues including the appropriation of profits, the ratification of the Management and Supervisory Boards and the election of the auditor. Changes to the articles of incorporation and capitalization activities are resolved exclusively by the General Meeting.

#### 6 Declaration of conformity with the German Corporate Governance Code

The Board of Directors and Supervisory Board resolved the following declaration within the meaning of Section 161 of the AktG by circulating the voting papers on November 20 and 21, 2009:

artnet AG's Management and Supervisory Boards make the following declaration within the meaning of Section 161 of the AktG:

— that the recommendations of the Government Commission of the "German Corporate Governance Code" as amended on May 26, 2010—published in the electronic Federal Gazette (*Bundesanzeiger*) on July 2, 2010—are

generally complied with. The following recommendations are not applied:

**1. No. 3.8 para. 3 “A similar deductible must be agreed upon in any D&O policy for the Supervisory Board.”**

artnet AG does not believe that the due care and diligence that the members of its Supervisory Board exercise in discharging their duties could be increased further by agreeing a deductible. For this reason, artnet AG does not intend to change existing D&O insurance policies that do not provide for such a deductible.

**2. No. 4.2.1 sent. 1 “The Board of Directors shall comprise several persons and have a Chairman or Spokesman.”**

Since its constitution, the Board of Directors of artnet AG has comprised one person. By contrast, the Board of the subsidiary Artnet Worldwide Corp. in New York, which is responsible for operations within the Group, comprises several persons. Given the relatively low management effort and expense at artnet AG and to avoid unnecessary expenditure, the Company currently does not see any need to increase the size of its Management Board.

**3. No. 5.4.7 para. 2 sent. 3 “An age limit for members of the Board of Directors shall be specified.”**

artnet AG considers a provision of this nature to be inappropriate because general age limits would unduly limit the Supervisory Board's discretionary powers when selecting members of the Board of Directors.

**4. No. 5.1.3 “The Supervisory Board shall issue Terms of Reference.”**

The Supervisory Board of artnet AG comprises only three members. Previous experience of the cooperation of these members shows that Terms of Reference are not necessary.

**5. No. 5.3.1, No. 5.3.2, and No. 5.3.3:** In these sections, the Code recommends that the Supervisory Board form committees, an Audit Committee and a Nomination Committee.

As the Supervisory Board of artnet AG comprises only three members, it does not make sense to form committees. The tasks envisaged for the Audit Committee and the Nomination Committee are undertaken jointly by the Supervisory Board as a whole.

**6. No. 5.4.1 para. 2: “The Supervisory Board shall specify concrete objectives regarding its composition which, while considering the specifics of the enterprise, take into account ... an age limit to be specified for the members of the Supervisory Board...”**

artnet AG considers a provision of this nature to be inappropriate because general age limits would unduly limit the shareholders' discretionary powers when selecting members of the Supervisory Board.

7. No. 5.4.6 para. 2 sent. 1: "Members of the Supervisory Board shall receive fixed as well as performance-related compensation."

The articles of incorporation of artnet AG do not provide for performance-related compensation for the members of the Supervisory Board. Following a lengthy debate, the Board of Directors and the Supervisory Board reached the conclusion that performance-related compensation of Supervisory Board members is not consistent with the duties of the Supervisory Board, whose primary objective is to oversee the Board of Directors.

— that the recommendations of the Government Commission of the "German Corporate Governance Code" as amended on June 8, 2009 — published in the electronic Federal Gazette (*Bundesanzeiger*) on August 5, 2009 — have generally been complied with since the last Declaration of Conformity dated April 30, 2010. The recommendations from No. 3.8 para. 2 sent. 2, No. 4.2.1, No. 5.1.2 para. 2 sent. 3, No. 5.1.3, No. 5.3.1, No. 5.3.2, No. 5.3.3, No. 5.4.6 para. 2 sent. 1 and No. 7.1.2 sent. 4 were not applied.

Berlin, December 30, 2010



The Board of Directors



The Supervisory Board

## 7 Remuneration Report

This remuneration report is geared to the Code's recommendations. It summarizes the principles that are applied when defining remuneration for artnet AG's Board of Directors and discusses the amount and structure of the income of the Board of Directors. In addition, it also describes the principles behind and amount of remuneration for the Supervisory Board. In addition, the remuneration report also includes information, which is also a component of the notes to the consolidated financial statements within the meaning of Section 314 of the HGB and the group management report within the meaning of Section 315 of the HGB and thus the audit by the auditors of the consolidated financial statements.

### a) Remuneration Received by the Board of Directors

The Supervisory Board is responsible for defining the remuneration of the Board of Directors. Remuneration for the Board of Directors of artnet AG is defined based on the company's size and activities, its economic and financial position, and the amount and structure of management board remuneration at comparable companies in Germany and abroad. The remuneration is measured such that it is competitive on the international market for highly qualified managers and that it provides an incentive for successful work. In financial year 2011, the remuneration of the Board of Directors comprises

fixed basic remuneration, a short-term incentive, and a long-term variable incentive.

The individual key items of the Board of Directors remuneration are as follows:

**Fixed basic remuneration:** The fixed basic remuneration is paid monthly as a salary.

**Short-term variable incentive:** In addition to the fixed basic remuneration, the Board of Directors receives a short-term variable remuneration component. The amount of the variable bonus is at the company's discretion, which is represented by the Supervisory Board. The following rules apply when determining the short-term incentive: In the event that the company's financial result in the previous financial year roughly corresponds to the budget, the short-term incentive corresponds to half of the fixed basic remuneration. In the event that the target is less than 100% met, but more than 80% met, the company should reduce the short-term incentive. If the target is 80% met or less, the short-term incentive is not paid. If the target is exceeded, the short-term incentive is to be increased. The short-term incentive is capped at 150% of the fixed basic remuneration.

**Long-term variable incentive:** The long-term incentive is based on the growth in the cash and cash equivalents in the consolidated cash flow statement in U.S. dollars in the period from January 1, 2010 and December 31, 2012. When determining the change in cash and cash equivalents, the difference between the amount of the cash and cash equivalents in the consolidated cash flow statement as of December 31, 2012 and those in the consolidated cash flow statement as of January 1, 2010 applies. If the target is 100% met, the long-term incentive totals 30% of the fixed basic remuneration. In the event that the target is less than 100% met, but more than 50% met, the company should reduce the long-term incentive proportionately. If the target is 50% met or less, the long-term incentive is not paid. If the target is exceeded, the long-term incentive is to be increased proportionately. The long-term incentive is capped at 90% of the fixed basic remuneration. Advance payments are made for the long-term incentive in 2011 and 2012 depending on the changes in cash and cash equivalents. Increasing or decreasing the amount of the advance payments by up to 20% is at the company's discretion. In the event of overpayment, the Board of Directors must replay the excess amount.

The company provides the Board of Directors with a company car (upper range), which can also be used privately. Income tax payable on the non-cash benefits from this use of the car is borne by the Board of Directors.

The General Meeting on July 14, 2010 approved the remuneration system described above for remuneration for the member of the Board of Directors. In financial year 2010 the fixed cash remuneration for the sole member of

the Board of Directors Hans Neuendorf totaled EUR 366,864 including the non-cash benefits from the private use of his company car and the short-term incentive of EUR 130,000. The company made an advance payment of EUR 25,000 for the long-term incentive.

In the event of premature termination of the employment relationship, the contract for the member of the Board of Directors do not contain any express promise of a severance payment. A severance payment may, however, ensue from a severance agreement concluded on an individual basis.

b) Remuneration of the Supervisory Board

The General Meeting defines the Supervisory Board's remuneration based on a proposal by the Board of Directors and Supervisory Board. This is regulated by the articles of incorporation and, for fiscal year 2010, also by the resolution by the General Meeting on July 14, 2010.

Remuneration for members of the Supervisory Board is based on the company's size, the Supervisory Board members' tasks and responsibilities and on the company's economic situation and performance.

Members of the Supervisory Board receive fixed remuneration each year. The Chairman of the Supervisory Board receives EUR 40,000, the Deputy Chairman receives EUR 30,000, and the third member of the Supervisory Board receives EUR 20,000.

New York, February 7, 2011

artnet AG



The Board of Directors



The Supervisory Board

## Responsibility Statement

To the best of knowledge, and in accordance with the applicable reporting principles, the following consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the artnet Group. The Group Management Report includes a fair review of the development and performance of the business, as well as, the position of the Group, along with a description of the principal opportunities and risks attributed to the expected Group development. “

Berlin, March , 2011

A handwritten signature in black ink, appearing to read "Neuendorf".

The CEO  
Hans Neuendorf

# artnet AG, Berlin Group Management Report 2010

## 1 Economic Environment

### Global Economic Situation

Late in 2010, the economy saw an upswing fueled by revived consumer demand and a gradually improving job market. The housing market remained weak in the United States.

According to CitiGroup Global Markets, global growth is expected to be approximately 3.7% in 2011. Growth is anticipated to remain uneven with the widening gap between emerging market growth and industrial countries. The United States is expecting a growth rate of 3.4%, which is anticipated to outpace the eurozone growth by 1.4% in 2011. The eurozone is anticipating a large divergence between the fiscally weak countries and Germany. The ECB is likely to keep interest rates intact with anticipated modest rate hikes in the latter half of 2011 or early 2012.

### Art Market Development—A “Feast or Famine” Scenario

The secondary market (resale) at auction saw marked improvement in 2010. In fact, Christie's announced their highest annual sales total (GBP 3.3 billion vs. GBP 2.1 billion 2009) in their 245-year history. Sotheby's first nine months results (year-end results unavailable as of this writing) support a 63% increase in revenues, albeit over 2009, which year saw precipitous declines for both houses (65% for Sotheby's).

Bidders from the resurgent financial sector fueled sales for trophy lots, the most celebrated of which was Amedeo Modigliani's *Nu assis sur un divan*, a record at USD 69 million in Sotheby's New York Impressionist and Modern Evening Sale.

Offsetting, 2010 gallery sales of fine and decorative arts languished as housing projects and re-sales hit historical lows.

## 2 Business Organization, Strategy and Development

### The artnet Group-Organization

artnet AG is a holding company listed on the “Regulierter 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 (“artnet” or “the Company”) and Artnet Worldwide Corp. (“Artnet Corp.”, collectively, “the artnet Group” or “the Group”) operate under the trade name “artnet.”

Artnet Corp. has two wholly-owned subsidiaries: artnet UK Ltd. and artnet France sarl. artnet UK Ltd. provides sales and client support in the United Kingdom. artnet France sarl maintains the content of the French artnet domain under [www.artnet.fr](http://www.artnet.fr), where it publishes an online magazine in French, conducts sales and provides customer service.

With a 2010 average of 1.8 million unique monthly visitors on its three domains [www.artnet.com](http://www.artnet.com), [www.artnet.de](http://www.artnet.de), and [www.artnet.fr](http://www.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 the value of artworks, artists, their galleries, price developments, exhibitions, news, and reviews.

As of December 31, 2010, **artnet Galleries** represents 2,100 of the world's most prestigious art galleries and auction houses on five continents. Members of **artnet Galleries** are indexed by specialty and location, and represent an aggregate 173,000 works in inventory from 37,000 artists. Besides all forms of contemporary and classic fine art, **artnet Galleries** also offers decorative art and design objects from the 1<sup>st</sup> century BC to present.

The **artnet Price Database**, including the **artnet Price Database Fine Art and Design** and the **artnet Price Database Decorative Art**, is an updated archive of over 5.5 million illustrated auction records from over 550 of the world's top auction houses, giving price transparency to an otherwise secretive market. **artnet Price Database** subscribers 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 by appraisers, dealers, auctioneers, financiers, as well as private and government institutions, including the IRS and FBI. Most importantly, it provides an illustrated "blue book" for private collectors to use to appraise the works they own, and measure opportunities at auction or in the dealer market. Dealers and auctioneers also use comparable sales from the **artnet Price Database Fine Art and Design**, to support the sale of important works of art. In an exclusive partnership with Sotheby's, artnet comparables are posted on [sothebys.com](http://sothebys.com) for sales throughout the United States and Europe.

A derivative of the **artnet 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.

With the **artnet Auctions**, artnet has developed from an information provider to a transaction platform with an integrated information supply, and with that artnet is underlining its central position in the art market. The main advantage for buyers and sellers on **artnet Auctions** is the fast turnaround, which can be a few weeks, compared to the six months or a year required by the brick-and-mortar art auction houses. **artnet Auctions** routinely sees works by blue chip modern and contemporary artists sell in the five- and six-figure range.

**artnet Monographs** represent 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 and can be viewed free of charge on the artnet website.

### Corporate Goals, Strategies, and Management Opportunities

The artnet management team takes a goal-oriented approach to managing and monitoring the strategic objectives for the Group. Once a year the Supervisory Board and the Directors set specific goals for revenue, operating results, product development, and product launches. In 2010 the Group achieved its goal of growing the **artnet** Auctions revenue by over 100% to EUR 1,951,000 a 139% increase as compared to EUR 815,000 in 2009. Additionally, in December 2010, the Group launched a price increase to the **artnet** Price Database product, which was also a strategic goal set for 2010. In 2011, artnet will continue to focus on the growth of the **artnet** Auctions with an emphasis on selling higher-value lots and reaching a larger audience. Additionally, artnet plans to launch the **artnet** Market Analyst product in 2011. The public is familiar with price trends represented by graphs and charts and we believe art advisory services, banks, insurance companies, family offices, and all other market participants will want to purchase a new and highly sophisticated suite of indices utilizing a new “strings comparables” methodology.

The Group also believes that the overall globalization of the art market and increased use of the Internet for art information and purchases presents a unique opportunity. As global trade expands and the number of multi-national companies grows, artnet is positioned to leverage this trend through its online platform, which is available in three languages and accessible online in all countries worldwide

### Business Development

During the year ended December 31, 2010 the Company's revenue increased 12% in Euro terms to EUR 13,673,000 (USD 18,109,000) from EUR 12,219,000 (USD 16,989,000) in 2009.

**artnet** Galleries, **artnet** Price Database Fine Art and Design, **artnet** Price Database Decorative Art, and **artnet** Auctions generate approximately eighty-six percent of the artnet revenue. Widely subscribed, and information-based, the **artnet** Price Database Fine Art and Design and the **artnet** Price Database Decorative Art provide reliable, up-to-the-minute price information, while the **artnet** Galleries signals the availability of inventory worldwide, market conditions notwithstanding. **artnet** Auctions effects transactions in real time with inventory sourced primarily from **artnet** Galleries members. While it is a relatively new product, producing only 14% of our gross revenues, it is the fastest growing segment with revenue increasing EUR 139% (USD 128%) to EUR 1,951,000 (USD 2,584,000) for the year ended December 31, 2010 from EUR 815,000 (USD 1,133,000) in the same period 2009.

As of March 1<sup>st</sup>, 2010 the **artnet** Auctions' buyers' premium increased from 10% to 15%. The majority of the revenue growth however relates to increased sales as well as an increase in the average lot price as compared to the same period last year. Significantly, it is the last 19 months transition to a “buyer's market” that has enabled our specialists to garner consignments

at realistic reserves. We believe **artnet Auctions** offer irresistible benefits to consignors and buyers alike, and that artnet will soon build significant share-of-market over our brick-and-mortar competitors.

**artnet Galleries** revenues were higher by EUR 23,000, (lower in USD (309,000) or EUR 0% (USD (4%))). There were fewer gallery memberships in 2010 as compared to the same period in 2009. The Group plans to offer a new plan to the **artnet Galleries** members in 2011, which is anticipated to increase revenue for this product in the coming year.

**artnet Price Database Fine Art and Design** and **artnet Price Database Decorative Art** revenue increased by EUR 225,000, (USD 6,000) or EUR 5% (USD 0%). In December 2010, the Group implemented a price increase to this product along with new product offerings. The changes to the pricing and new product offering are anticipated to increase revenue in 2011.

**artnet Advertising** increased in EUR 3%, decreased in USD (2%). However, as compared to December 2009, the Group has attracted an increased amount of national advertisers such as Bottega Veneta, Bulgari, and Starwood luxury residences.

### 3 Results of Operations, Financial Position, and Net Assets

#### Earnings

Loss from operations decreased by EUR 303,000, (USD 423,000) to EUR (27,000) (USD (36,000)) from EUR (330,000), (USD (459,000)) in the same period, 2009. The revenue for the period increased by EUR 1,454,000 (USD 1,120,000) primarily due to the increase in the **artnet Auctions** revenue. The increase in revenue was partially offset by additional costs incurred by the Group for product development related to enhancements of existing products as well as the development and launch of the new **artnet iPhone App**, which allows on the go access to **artnet Auctions**, **artnet Artists A-Z**, and the three **artnet Magazines**. The application is anticipated to increase user activity. Additionally, the Group engaged Simon Kucher & Partners to perform a global review of pricing of its products and services. The Group has also continued its brand strategy implementation which has resulted in higher consulting costs than in the prior year. Depreciation also increased EUR 140,000 (USD 141,000), which is attributable to the launch of the **artnet Price Database Decorative Art** product, as well as equipment that was purchased during 2009 and 2010 to support network infrastructure.

Net profit increased by EUR 620,000 (USD 853,000) to EUR 153,000 (USD 203,000) in 2010 from EUR (467,000) (USD (650,000)) in 2009. The increase is due to the release of a tax liability in artnet AG in the amount of EUR 275,000 as well as interest related to the tax liability in the amount of EUR 60,000 for the years 2001 to 2004. artnet AG was informed that the German government would not be pursuing the assessment. Other income/(expense) in the amount of EUR (193,000) (USD (256,000)) primarily resulting from currency exchange rate differences as well as nonrefundable VAT payments, which were accrued during 2010.

Diluted earnings per share were EUR 0.03, (USD 0.04) compared to EUR (0.08) (USD (0.12)) in the same period in 2009.

#### Currency Conversion

Currency conversion in the consolidated statement of comprehensive income is based on the average exchange rate for the period ending December 31, 2010 and 2009, respectively. For the year ended 2010, the average rate was 0.755 euros/U.S. dollar compared to 0.719 euros/U.S. dollar for the year ended 2009. This represents a 5% 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 December 31, 2010, the rate was 0.755 euros / U.S. dollar compared to 0.698 on December 31, 2009, thus representing an 8% increase.

artnet is subject to exchange rate fluctuations because it invoices in euros, U.S. dollars and British pounds sterling, 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 sterling and paying vendors in the same currency with these cash funds.

#### Financial Position

Group operating cash flow was EUR 651,000 as of December 31, 2010 as compared to EUR (180,000) as of December 31, 2009. Operating cash flow was positively impacted due to a higher net profit as compared to the prior year. In addition, accounts payable increased as compared to the prior year 2009.

Group investing cash flow was EUR (172,000) as of December 31, 2010 as compared to EUR (470,000) as of December 31, 2009. The prior year's investing cash flow was to a greater extent affected by investments in new products. In 2010, additional hardware and software were purchased to enhance the network infrastructure. In some cases, equipment was purchased through finance leases.

The cash flow for financing activities was EUR (132,000) as of December 31, 2010 and EUR (68,000) as of December 31, 2009. The amounts represent payments towards finance leases.

In total, the cash balance increased from EUR 2,191,000 (USD 3,140,000) on December 31, 2009 to EUR 2,698,000 (USD 3,575,000) on December 31, 2010. 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 0.49 (USD 0.64) on December 31, 2010 compared to EUR 0.39 (USD 0.57) on December 31, 2009.

#### Asset Position

The balance sheet total was EUR 7,111,000, (USD 9,424,000) on December 31, 2010 compared to EUR 6,574,000 (USD 9,422,000) on December 31, 2009,

representing an increase of 8%, (USD 0%).

Trade accounts receivable increased EUR 190,000, (USD 150,000) to EUR 1,131,000, (USD 1,499,000). The increase is primarily due to increased credit card transactions that had not settled at the end of 2010.

Fixed assets decreased by EUR (365,000) (USD (684,000)) to EUR 1,480,000 (USD 1,961,000). The Group's fixed assets are primarily in USD. The decrease is the result of continuing depreciation and amortization from prior periods offset by hardware and software purchases for the network infrastructure.

Total current liabilities decreased by EUR (87,000) (USD (416,000)) from EUR 2,787,000, (USD 3,994,000) at December 31, 2009 to EUR 2,700,000, (USD 3,578,000). During the third quarter of 2010 the company was notified by the German government that they would not pursue a tax assessment from 2001 to 2004. The Group subsequently released the liability related to the assessment which decreased the current liabilities. The decrease was partially offset by an increase in current finance lease obligations from EUR 96,000 in 2009 to EUR 152,000 in 2010. The company entered into a new finance lease in 2010 in order to purchase hardware and software related to the network infrastructure.

artnet Group's consolidated equity was EUR 4,315,000, (USD 5,718,000) on December 31, 2010 compared to EUR 3,665,000, (USD 5,253,000) on December 31, 2009.

**artnet Price Database Fine Art and Design** is an intangible asset that has been developed by gathering auction information over the last twenty 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 December 31, 2010 there were 105 full time employees as compared with 99 in the previous year. Additionally, the Group employed 13 part-time employees in 2010 as compared to 11 in the previous year and 13 sales and other consultants as compared to 12 in 2009.

Personnel costs were EUR 6,835,000 (USD 9,052,000) compared to EUR 6,431,000 (USD 8,945,000) in 2009. The increase is primarily the result of an increase in auctions and product development staff as compared to 2009.

### Research and Development

The artnet website is the foundation for all of our products. It is crucial to stay updated with current technology and to develop new products that enhance the users' experiences. Our developers use code based on Microsoft technology enabling them to adapt current applications to changing customer requirements. In 2009, the Product Development team launched the **artnet Price Database Decorative Art** which is comprised of furniture, porcelain, silver, glass, and all other artistic objects that have a practical ap-

plication. This includes objects from many different historical periods. Additionally, the team launched the redesign of the **artnet** Auctions pages, which allows users to better view the images of the artworks available in the online auctions. In 2010, the team launched the **artnet** iPhone App, which allows on the go access to **artnet** Auctions, **artnet** Artists A-Z, and the three **artnet** Magazines. The application is anticipated to increase user activity.

#### **4 Disclosure of Takeover Provisions (Reporting in Accordance with § 315, Par. 4 of the German Commercial Code)**

##### **Composition of capital stock**

The fully-paid capital stock of artnet AG remains unchanged at EUR 5,631,067 on December 31, 2010 and is divided into 5,631,067 no-par value, individual bearer shares with a calculated value of EUR 1.00 each.

##### **Voting limits or assignment limits**

Voting limits or limits regarding the assignment of these shares do not exist.

##### **Direct or indirect share holdings exceeding 10 % of the voting rights**

Holdings which exceed 10 % of the voting rights in artnet AG are held by

1. Galerie Neuendorf AG, Berlin with 25.96 %
2. Artis Capital Management LLC, San Francisco, CA, USA with 10.39 %.

##### **Shareholders with privileges**

There are no shareholders with privileges.

##### **Voting rights monitoring in the event of employee holdings**

Any employees with holdings in artnet AG are obliged to exercise their control rights in a direct manner.

##### **Appointment and dismissal of members of the Executive Board, amendments to the Articles of Association**

Members of the Executive Board are appointed and dismissed in accordance with §§ 84, 85 of the German Stock Corporation Act. Amendments to the Articles of Association shall be made in accordance with §§ 133, 179 of the Stock Corporation Act.

##### **Authorization of the Executive Board to issue and repurchase shares**

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 2010 and 2009 no common shares were issued under this Authorized Capital.

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 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 subsidiaries (Conditional Capital 2009/I). The conditional capital increase serves to grant options to members of the Board of Directors of artnet AG, members of management of affiliated companies (§ 15 of the

German Stock Corporation Act), employees of artnet AG, and employees of affiliated companies, which the Shareholders' Meeting on July 15, 2009 authorized the Board of Directors to issue.

The new shares shall carry dividend rights from the beginning of the fiscal year in which they are created through the exercise of subscription rights. The conditional capital increase will only be implemented to the extent that the subscription rights are exercised.

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.

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 71a 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

## 5 Remuneration Report

This remuneration report is geared to the recommendations of the German Corporate Governance Code. It summarizes the principles that are applied when defining remuneration for artnet AG's Board of Directors and discusses the amount and structure of the income of the Board of Directors. In addition, it also describes the principles behind and the amount of remuneration for the Supervisory Board. In addition, the remuneration report also includes information, which is also a component of the notes to the consolidated financial statements within the meaning of Section 314 of the HGB and the group management report within the meaning of Section 315 of the HGB.

### a) Remuneration of the Board of Directors

The Supervisory Board is responsible for defining the remuneration of the Board of Directors. Remuneration for the Board of Directors of artnet AG is defined based on the company's size and activities, its economic and financial position and the amount and structure of management board remuneration at comparable companies in Germany and abroad. The remuneration is measured such that it is competitive on the international market for highly qualified managers and that it provides an incentive for successful work. In fiscal year 2010, the remuneration of the Board of Directors comprises fixed basic remuneration, a short-term incentive and a long-term variable incentive.

The individual key items of the Board of Directors remuneration are as follows:

**Fixed basic remuneration:** The fixed basic remuneration is paid monthly as a salary.

**Short-term variable incentive:** In addition to the fixed basic remuneration, the Board of Directors receives a short-term variable remuneration component. The amount of the variable bonus is at the company's discretion, which is represented by the Supervisory Board. The following rules apply when determining the short-term incentive: In the event that the company's financial result in the previous fiscal year roughly corresponds to the budget, the short-term incentive corresponds to half of the fixed basic remuneration. In the event that the target is less than 100% met, but more than 80% met, the company should reduce the short-term incentive. If the target is 80% met or less, the short-term incentive is not paid. If the target is exceeded, the short-term incentive is to be increased. The short-term incentive is capped at 150% of the fixed basic remuneration.

**Long-term variable incentive:** The long-term variable incentive is based on the growth in the cash and cash equivalents in the consolidated cash flow statement in U.S. dollars in the period from January 1, 2010 and December 31, 2012. When determining the change in cash and cash equivalents, the difference between the amount of the cash and cash equivalents in the consolidated cash flow statement as of December 31, 2012 and those in the consolidated cash flow statement as of January 1, 2010 applies. If the target is 100% met, the long-term variable incentive totals 30% of the fixed basic remuneration. In the event that the target is less than 100% met, but more than 50% met, the company should reduce the long-term variable incentive proportionately. If the target is 50% met or less, the long-term incentive is not paid. If the target is exceeded, the long-term variable incentive is to be increased proportionately. The long-term incentive is capped at 90% of the fixed basic remuneration. Advance payments are made for the long-term variable incentive in 2011 and 2012 depending on the changes in cash and cash equivalents. Increasing or decreasing the amount of the advance payments by up to 20% is at the company's discretion. In the event of overpayment, the Board of Directors must repay the excess amount.

The company provides the Board of Directors with a company car (upper range), which can also be used privately. Income tax payable on the non-cash benefits from this use of the car is borne by the Board of Directors.

The General Meeting on July 14, 2010 approved the remuneration system described above for remuneration for the member of the Board of Directors. In fiscal year 2010, the fixed cash remuneration for the sole member of the Board of Directors Hans Neuendorf totaled EUR 364,554 including the non-cash benefits from the private use of his company car and the short-term incentive of EUR 155,000.

In the event of premature termination of the employment relationship, the contract for the member of the Board of Directors does not contain any express promise of a severance payment. A severance payment may, however, ensue from a severance agreement concluded on an individual basis.

**b) Remuneration of the Supervisory Board**

The General Meeting defines the Supervisory Board's remuneration based on a proposal by the Management and Supervisory Boards. This is regulated by the articles of incorporation and, for fiscal year 2010, also by the resolution by the General Meeting on July 14, 2010.

Remuneration for members of the Supervisory Board is based on the company's size, the Supervisory Board members' tasks and responsibilities and on the company's economic situation and performance.

Members of the Supervisory Board receive fixed remuneration each year. The Chairman of the Supervisory Board receives EUR 40,000, the Deputy Chairman receives EUR 30,000 and the third member of the Supervisory Board receives EUR 20,000.

## 7 Risk Report

### Reporting in Accordance with § 315, Par. 2 No. 5 of the German Commercial Code

#### Accounting related Internal Control System

The Board of Directors has set up an internal control system for the organizational, technical, and commercial workflows in the Group. A key component is the segregation of duties, which aims to ensure that executory (e.g., sales), booking (e.g., financial accounting) and administrative (e.g., IT administration) activities do not stem from a single source. The four eyes principle ensures that no major process goes uncontrolled

#### Risk Management

The artnet Group has implemented a risk management system in order to identify and monitor the Group's operating and financial risks and decrease the impact of unexpected events. The risk management systems major elements are

- 1) the financial systems in which both the progress and the actual results of the operations are monitored and reported on a monthly basis;
- 2) the IT infrastructure systems that support the website;
- 3) the project management system, which tracks the progress of technology projects; and
- 4) the website traffic tracking system which tracks key areas of website traffic.

The risk management system ensures that critical information is reported directly to the Group's management.

#### Early Warning System Ensures that Potential Risks are Identified

The artnet Group uses a principally spreadsheet-based management and control system to measure, monitor and control business growth, and risks. This system is mostly based on data from financial accounting. The existing risks are documented and assigned to responsibility levels within the artnet

Group as part of a risk inventory and the resulting risk management system. This shows that the existing risk potential is observed in good time and, if possible, suitable activities to limit risks are put in place. The risk management system includes regular internal reporting on the course of business and current market developments and customer relationships as well as a uniform group forecasting and budgeting process, which deals with factors including operational risks and changes in the business environment. This process is supported by regular analyses of the market and competition.

#### Dealing With Major Potential Risks

Operating management is directly responsible for the early recognition, control and communication of risks. As a result the artnet Group can react as quickly and extensively as possible to risks that may potentially occur. In so doing, risk policy is geared towards pursuing sustainable growth and creating economic value while avoiding managing inappropriate risks.

The Group has identified the following key risks:

#### External Risks

##### Art Market Economic Trends

artnet is affected by fluctuations in the art market. The art market is influenced by conditions in the domestic and global economies. In 2010, certain data showed signs of improvement in both the global economy and the art market as compare to 2009, which saw a strong decline in consumer confidence and therefore a steady decline in the art market. In light of the latest economic developments, there can be no assurance that these improvements will be broad based and sustainable and it is unclear how they will affect the art market in the near future.

#### Operating Risks

##### IT System Infrastructure

Any interruption in the function of the website could reduce current revenues and profits of artnet, and possibly reduce those in the future. Frequent or persistent interruptions in service could cause current or potential users to believe that the Group's systems are unreliable. This could adversely affect the corporate image and reputation of artnet. These interruptions increase the burden on the IT Department, which, in turn, delays the introduction of new features and services. Although the Group's systems have been designed to reduce downtime in the event of outages or catastrophic occurrences, they remain vulnerable to damage or interruption from floods, fires, power loss, telecommunication failures, terrorist attacks, computer viruses, and other disasters. The artnet website servers are located in a secured facility.

##### Product Development

The future success of artnet will depend on the Group's ability to adapt to

rapidly changing technologies and evolving industry standards. The Group plans to continue to improve the performance, features, and reliability of the website, as well as launch new products benefitting current and potential customers of artnet. The Group observes market trends and focuses on product development. To this end, artnet has expanded its development team in the past years. These increases in staffing will allow artnet to meet the growing demands of our customers, as well as, increase growth potential with new product launches.

#### Traffic to the Website

Traffic is important to the artnet website. A decrease in traffic would significantly impact sales for all product lines. artnet monitors traffic on a daily, weekly, and monthly basis in order to ensure traffic is within expectations. Additionally, in order to increase traffic, the Group requires a greater financial commitment to advertising and marketing. To the extent possible, artnet monitors the increased traffic and website product sales against costs in order to minimize spending risk.

#### Legal Risks

##### Trademark and Legal Rights

artnet protects itself through the trademark of the artnet name in the Groups key market areas in particular, the United States, Germany, France, and the European Union. Trademark infringements are costly and are subject to reviews from national authorities which could result in a negative outcome for the Group. Additionally, the Group must defend itself against copyright and other legal claims, which could also result in a negative outcome for the Group.

##### Protection of Customer Data

artnet stores customer data in compliance with all current laws and regulations. However, if a third party were to succeed in bypassing the artnet security measures and obtain customer information, artnet could be liable for any damages incurred.

#### Financial Risks

##### Foreign Currency Fluctuations, Credit Risk, and Liquidity Risk

artnet conducts a portion of its business outside the United States, thereby facing exposure to adverse movements in currency exchange rates. As exchange rates vary, net sales and other operating costs, when calculated, may differ substantially from expectations. artnet does not currently hedge against such currency risks, however, the group companies accept payments from clients and pay vendors using euros and British pounds sterling. This aids in reducing the foreign currency exchange risk.

With the exception of adverse currency fluctuations, the artnet Group currently faces no other significant financial risks.

artnet has no significant concentration of credit risk because the exposure

is averaged over a large number of customers including individuals and entities dealing in the fine art market. Nevertheless, the economic downturn worldwide could negatively influence the solvency of the Group's customers, leading to an increase in the average credit period or at worst, leading to an increase in customers' default. This would negatively affect the Group's earnings, as well as its financial position. artnet tries to counter such risks by agreeing upfront payments with customers whenever this is possible.

artnet has no significant interest bearing debt and has a sufficient amount of cash at its disposition so that the Group faces no material liquidity or interest risk.

Due to the relatively small financial risks in the business, artnet has not used any derivative financial instruments to further hedge or control these risks.

#### Other Risks

##### Key Employees

The market for skilled and motivated managers is highly competitive. The relatively small size of artnet makes it vulnerable to the negative impact of the loss of a key employee. The Group's performance can be affected by such a loss. artnet counters such personnel risks by offering a stock option incentive plan to its key employees, as well as, a shared knowledge system within departments.

There is the possibility that the above list does not outline all risks to which artnet is exposed. Unrecognized and unreported risks could arise causing negative effects on business performance. The Group continues to monitor its environment and review the effectiveness of the risk management systems. Despite continuous adjustments to the risk management system, it is not possible to entirely quantify the probability of risks occurring or their financial impact.

## 7 Subsequent Events

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

## 8 Outlook

The U.S. market, which drives nearly 60% of artnet revenues, is anticipated to grow slightly in the coming year with a decrease in the jobless rate to 9%. Certainly, this year has seen a significant improvement in the financial sector, which, in turn, spurred sales at the top of the market. Also, early indications are that sales at auction houses and art fairs are significantly ahead of same period a year ago. Offsetting, lackluster housing starts and re-sales continue to dampen the market for design and decorative objects via galleries, architects, and decorators. Overall, galleries business is decidedly soft.

We would stress, however, that our *artnet Auctions* product offers the most significant short- and long-term growth opportunity as we continue to push for higher value lots, both from dealers and private collectors. At the same time we are reaching an expanding pool of buyers with targeted marketing initiatives. The goal for 2011 is to achieve a growth in auction sales and commissions, with an eye towards improving margins.

Additionally, the Group implemented a price increase for the *artnet Price Database Fine Art and Design* product after completing a global review of pricing with the help of Simon Kucher & Partners, a leading firm specialized in product pricing. It is our expectation that the price increase will lead to increased revenue in 2011 for this product and margins will increase.

In summation, we feel confident that 2011 will see a profit with improved revenue growth in each product line and that 2012 will see a continuation of this trend.

Berlin, March 18, 2011



The CEO  
Hans Neuendorf

## artnet AG Consolidated Statement of Financial Position

As of December 31, 2010, and December 31, 2009

	Notes	12/31/2010 Consolidated USD	12/31/2009 Consolidated USD	12/31/2010 Consolidated EUR	12/31/2009 Consolidated EUR
<b>Current assets</b>					
Cash and cash equivalents	3	3,575,208	3,140,219	2,697,852	2,190,931
Accounts receivable-net	4	1,498,519	1,348,631	1,130,782	940,940
Prepays and other current assets	5	601,324	601,536	453,759	419,692
<b>Total current assets</b>		<b>5,675,051</b>	<b>5,090,386</b>	<b>4,282,393</b>	<b>3,551,563</b>
<b>Noncurrent assets</b>					
Property and equipment	6	941,838	1,208,490	710,711	843,163
Intangible assets	7	1,019,034	1,436,413	768,963	1,002,185
Security deposit		298,468	298,400	225,224	208,194
Deferred tax asset	8	1,489,129	1,388,665	1,123,697	968,872
<b>Total noncurrent assets</b>		<b>3,748,469</b>	<b>4,331,968</b>	<b>2,828,595</b>	<b>3,022,414</b>
<b>Total assets</b>		<b>9,423,520</b>	<b>9,422,354</b>	<b>7,110,988</b>	<b>6,573,977</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Accounts payable	9	425,236	295,060	320,883	205,863
Accrued expenses and other liabilities	10	1,301,710	1,474,062	982,270	1,028,451
Current income tax liabilities	8	0	409,380	0	285,626
Finance lease obligation	11	201,197	137,411	151,823	95,872
Deferred revenue	12	1,649,360	1,678,269	1,244,607	1,170,929
<b>Total current liabilities</b>		<b>3,577,503</b>	<b>3,994,182</b>	<b>2,699,583</b>	<b>2,786,741</b>
<b>Long term liabilities</b>					
Long term portion of finance lease	11	128,384	175,432	96,879	122,399
<b>Total liabilities</b>		<b>3,705,887</b>	<b>4,169,614</b>	<b>2,796,462</b>	<b>2,909,140</b>
<b>Shareholders' equity</b>					
Common stock	13	5,941,512	5,941,512	5,631,067	5,631,067
Treasury stock	13	[269,241]	[269,241]	[264,425]	[264,425]
Additional paid-in capital		51,833,659	51,695,464	50,559,842	50,455,505
Accumulated deficit		(52,030,497)	(51,380,953)	(51,667,124)	(51,199,973)
Current net profit/(loss)		202,521	(649,544)	152,905	(467,151)
Foreign currency translation		39,679	(84,498)	(97,739)	(490,186)
<b>Total shareholders' equity</b>		<b>5,717,633</b>	<b>5,252,740</b>	<b>4,314,526</b>	<b>3,664,837</b>
<b>Total liabilities and shareholders' equity</b>		<b>9,423,520</b>	<b>9,422,354</b>	<b>7,110,988</b>	<b>6,573,977</b>

## artnet AG Consolidated Statement of Comprehensive Income

For the Year Ended December 31, 2010 and 2009

	Notes	01/01– 12/31/2010	01/01– 12/31/2009	01/01– 12/31/2010	01/01– 12/31/2009
		Consolidated USD	Consolidated USD	Consolidated EUR	Consolidated EUR
<b>Revenue</b>					
artnet Galleries		6,856,163	7,165,076	5,176,403	5,153,123
artnet Price Database		6,145,267	6,139,034	4,639,677	4,415,194
artnet Auctions		2,584,373	1,133,229	1,951,202	815,018
artnet Advertising		2,063,259	2,109,333	1,557,761	1,517,032
Other artnet products		460,315	442,345	347,538	318,135
<b>Total revenue</b>	22	<b>18,109,377</b>	<b>16,989,017</b>	<b>13,672,581</b>	<b>12,218,502</b>
Cost of sales		6,553,211	6,420,690	4,947,674	4,617,760
<b>Gross profit</b>		<b>11,556,166</b>	<b>10,568,327</b>	<b>8,724,907</b>	<b>7,600,742</b>
<b>Other operating expenses</b>					
Selling and marketing		4,063,803	4,133,394	3,068,171	2,972,737
General and administrative		4,570,013	4,578,869	3,450,360	3,293,123
Product development		2,820,202	2,295,455	2,129,253	1,650,891
Non-cash compensation	16	138,195	19,668	104,337	14,145
<b>Total other operating expenses</b>		<b>11,592,213</b>	<b>11,027,386</b>	<b>8,752,121</b>	<b>7,930,896</b>
<b>Profit/(loss) from operations</b>	20	<b>(36,047)</b>	<b>(459,059)</b>	<b>(27,214)</b>	<b>(330,154)</b>
Interest expense	20	(13,414)	(34,113)	(10,128)	(24,534)
Interest income	20	92,664	16,020	69,962,00	11,522
Other income/(expense)	20	(256,176)	(226,995)	(193,413)	(163,255)
<b>Profit/(loss) prior to tax provision</b>		<b>(212,973)</b>	<b>(704,147)</b>	<b>(160,793)</b>	<b>(506,421)</b>
Income taxes	8	415,494	54,603	313,698	39,270
<b>Net profit/(loss)</b>	19	<b>202,521</b>	<b>(649,544)</b>	<b>152,905</b>	<b>(467,151)</b>
<b>Other comprehensive income/(loss)</b>					
Exchange differences on translating foreign operations		124,177	(36,519)	392,447	(81,784)
<b>Total comprehensive income/(loss)</b>		<b>326,698</b>	<b>(686,063)</b>	<b>545,352</b>	<b>(548,935)</b>
<b>Earnings per share</b>					
Net profit/(loss) per basic share	19	0.04	(0.12)	0.03	(0.08)
Net profit/(loss) per diluted share	19	0.04	(0.12)	0.03	(0.08)
<b>Weighted average shares</b>					
Basic shares	19	5,552,986	5,552,986	5,552,986	5,552,986
Diluted shares	19	5,556,986	5,552,986	5,556,986	5,552,986

## artnet AG Consolidated Statement of Changes in Shareholder's Equity (USD)

For the Year Ended December 31, 2010 and 2009

	Common stock					Foreign currency-translation	
	Shares issued	Amount	Additional paid-in capital	Treasury stock	Acumulated deficit		Total
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/(loss)					[649,544]	[36,519]	[686,063]
Non-cash compensation			19,688				19,688
Balance—December 31, 2009	5,631,067	5,941,512	51,695,464	[269,241]	[52,030,497]	[84,498]	5,252,740
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/(loss)					202,521	124,177	326,698
Non-cash compensation			138,195				138,195
Balance—December 31, 2010	5,631,067	5,941,512	51,833,659	[269,241]	[51,827,976]	39,679	5,717,633

## artnet AG Consolidated Statement of Changes in Shareholder's Equity (EUR)

For the Year Ended December 31, 2010 and 2009

	Common stock					Foreign currency-translation	
	Shares issued	Amount	Additional paid-in capital	Treasury stock	Acumulated deficit		Total
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/(loss)					[467,151]	[81,784]	[548,935]
Non-cash compensation			14,145				14,145
Balance—December 31, 2009	5,631,067	5,631,067	50,455,505	[264,425]	[51,667,124]	(490,186)	3,664,837
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/(loss)					152,905	392,447	545,352
Non-cash compensation			104,337				104,337
Balance—December 31, 2009	5,631,067	5,631,067	50,559,842	[264,425]	[51,514,219]	[97,739]	4,314,526

## artnet AG Consolidated Statement of Cash Flows

For the Year Ended December 31, 2010 and 2009

		01/01– 12/31/2010	01/01– 12/31/2009	01/01– 12/31/2010	01/01– 12/31/2009
	Notes	Consolidated USD	Consolidated USD	Consolidated EUR	Consolidated EUR
<b>Cash flows from operating activities</b>					
Net profit/(loss)	19	202,521	(649,544)	152,905	(467,151)
<b>Adjustments to reconcile net profit to net cash provided by/(used in) operating activities:</b>					
Depreciation and amortization	20	1,103,661	963,299	833,264	692,805
Provision for doubtful accounts	4	156,267	534,699	117,982	378,155
Deferred income taxes	8	(100,464)	13,940	(75,810)	10,025
Non-cash compensation	16	138,195	19,668	104,337	14,145
Other non-cash transactions		186,518	(65,745)	88,829	(34,801)
<b>Changes in operating assets and liabilities:</b>					
Accounts receivable		(306,155)	(192,712)	(231,147)	(138,598)
Prepaid and other current assets		212	(100,650)	160	(72,387)
Security deposits		(68)	(9,425)	(51)	(6,778)
Accounts payable		130,176	(403,081)	98,283	(289,896)
Accrued expenses and tax liabilities		(581,732)	(2,295)	(415,752)	(6,546)
Deferred revenue		(28,909)	(371,861)	(21,826)	(259,447)
<b>Total adjustments</b>		<b>697,701</b>	<b>385,837</b>	<b>498,269</b>	<b>286,677</b>
<b>Net cash provided by/(used in) operating activities</b>		<b>900,222</b>	<b>(263,707)</b>	<b>651,174</b>	<b>(180,474)</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	6,11	(92,393)	(197,970)	(69,833)	(142,380)
Purchase and development of intangible assets	7	(135,851)	(456,173)	(102,568)	(328,080)
<b>Net cash used in investing activities</b>		<b>(228,244)</b>	<b>(654,143)</b>	<b>(172,401)</b>	<b>(470,460)</b>
<b>Cash flows from financing activities</b>					
Repayment of financial lease	6,11	(174,648)	(94,117)	(131,783)	(67,689)
<b>Net cash used in financing activities</b>		<b>(174,648)</b>	<b>(94,117)</b>	<b>(131,783)</b>	<b>(67,689)</b>
Effects of exchange rate changes on cash		(62,341)	29,226	159,931	(15,686)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>434,989</b>	<b>(982,741)</b>	<b>506,921</b>	<b>(734,309)</b>
Cash–beginning		3,140,219	4,122,960	2,190,931	2,925,240
<b>Cash–ending</b>		<b>3,575,208</b>	<b>3,140,219</b>	<b>2,697,852</b>	<b>2,190,931</b>
<b>Supplemental disclosures of cash flow information</b>					
Income taxes paid		(48,230)	68,541	(36,414)	49,295
Interest paid		(13,414)	(10,287)	(10,128)	(7,398)
Interest received		647	16,015	488	11,518

## Notes to the Consolidated Financial Statements 2010

### 1 Corporate Information and Statement of Compliance

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

artnet AG holds 100 % of the shares in Artnet Worldwide Corp. ("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 the latter's wholly owned subsidiaries are referred to as "the artnet Group" or "the Group."

The Group's business is to provide art collectors, galleries, publishers, auction houses, and art enthusiasts with a website where individuals can research artists and art prices, find artworks that are currently available at art galleries around the world, view art related news, and buy and sell art on *artnet Auctions*, a special platform for transactions.

Applying § 315a of the German Commercial Code (HGB), accompanying consolidated financial statements as at December 31, 2011, financial statements for the parent and subsidiary companies were prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations of the International Accounting Standards Board (IASB) effective within the EU.

The consolidated financial statements were authorized for issuance by the CEO on March 18, 2011.

### 2 Summary of Significant Accounting Policies

#### Basis of Accounting and Reporting Currency

Amounts included in the consolidated financial statements and notes to the consolidated financial statements are stated as required by German law in euros (EUR), unless otherwise noted. The reporting currency is euro.

Due to rounding, amounts presented may not add up precisely.

The currency of the primary economic environment in which the group operates is U.S. dollars. For convenience purposes, especially of our U.S. investors, the consolidated statement of financial position, statement of comprehensive income, cash flow statement, and statement of changes in equity are also presented in U.S. dollar. The consolidated financial statements have been prepared on a historical cost basis. The balance sheet date is December 31, 2010. The principal accounting policies adopted are set out below.

#### 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 of Artnet Corp. artnet UK Ltd. conducts sales and provides customer support 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. artnet France sarl maintains the content on the French artnet domain under [www.artnet.fr](http://www.artnet.fr), publishes an online magazine in French, conducts sales, and provides customer service for Artnet Corp. in France.

All significant inter-company transactions, balances, income, and expenses are eliminated in full-on consolidation.

#### **Reporting Period**

The consolidated financial statements were prepared for the reporting period January 1 through December 31, 2010. The financial year for all Group companies coincides with the calendar year.

#### **Revenue Recognition**

Revenue for services is recognized when services are rendered, the amount of revenue can be measured reliably, and collection of the related receivable is reasonably successful. Revenue for contracts where service has not yet been provided are deferred and recorded as revenue when the service is performed.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business, net of discounts, and other sales-related taxes.

#### **Financial assets**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The artnet Group's financial assets are cash and cash equivalents, accounts receivable, and rent security deposits. These financial assets are classified to the category 'loans and receivables.'

#### **Cash and cash equivalents**

The Company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

#### **Accounts Receivable**

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Accounts receivable are recorded at the invoiced amount and do not bear interest. Accounts receivable include credit card transactions which have settled but cash has not yet been received. The accounts receivable balance is shown net of allowance for doubtful accounts. The allowance for doubtful accounts involves significant management judgment and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis. Actual results could differ from those estimates.

#### **Property and Equipment**

Property and equipment are valued at historical cost minus accumulated depreciation. The artnet Group computes depreciation and amortization using the straight-line method. Computer equipment, furniture and fixtures, and office equipment are depreciated over an estimated useful life of three to seven years. Leasehold improvements are amortized over the lesser of the term of the related lease or its estimated useful life, which is up to 10 years. Maintenance expenses that neither enhance the value of an asset nor prolong the useful life are expensed as incurred.

### Intangible Assets Including Website Development Costs

Intangible assets are comprised of purchased software and website development costs. Intangible assets are recorded at historical cost and amortized on a straight-line basis over their estimated useful life of three years. All intangible assets have a finite useful life. Costs related to the research, planning, and post-implementation phases of the Group's websites, such as minor enhancements and maintenance, development efforts are expensed as incurred. Direct costs incurred in the development phase are capitalized, if the product or process is technically and commercially feasible, there is a market for the result of the website development, the attributable expenditure can be measured reliably, and the Group has sufficient resources to complete development. The market condition is substantiated as only expenditures related to those development projects are capitalized if they are expected to generate future revenues.

### Impairment

The Group reviews property plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, tangible and intangible assets as well as intangible assets not yet available for use are subject to an annual impairment test. Recoverability of assets is measured by the comparison of the carrying amount of the asset to the recoverable amount, which is the higher of the asset's value in use and its fair value less costs to sell. Where the asset does not generate cash flows that are independent from other assets, the impairment test is not performed at an individual asset level; instead, it is performed at the level of the cash-generating unit to which the asset belongs. If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately. The asset's value in use, either at an independent level or a cash-generating unit level, is measured by discounting the asset's estimated future cash flows. If there is an indication that the reasons which caused the impairment loss no longer exist, then the Group will assess the need to reverse all or a portion of the impairment not to exceed the original carrying amount.

### Income Taxes and Deferred Taxes

The current tax expense is based on the results for the year of the individual consolidated company as adjusted for items which are non-taxable or non-deductible. It is calculated using rates that have been enacted as at the balance sheet date.

Deferred taxes are recognized under the asset and liability method in respect of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and tax loss or tax credit carryforwards can be utilized.

Deferred tax assets and liabilities are measured using enacted or substantially enacted statutory tax rates for the years in which the differences are expected to reverse.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The recognition of deferred tax assets on tax loss carryforwards is based on a three-year budget.

### Foreign Currency Conversion and Transactions

The currency of the primary economic environment in which the artnet Group operates is U.S. dollar, which is the functional currency of the operating subsidiary Artnet Corp. Transactions in currencies other than U.S. 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 reconverted at the rates prevailing on the balance sheet date. Gains and losses from foreign currency transactions are recognized as other income/expense.

For 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 converted at the average exchange rates for the period. The accumulated gains and losses resulting from conversion are recorded as a separate component of the group equity.

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

	USD to EUR		USD to GBP	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Current rate year end	0.755	0.698	0.647	0.628
Average rate for the year	0.755	0.719	0.648	0.641

### Financial Liabilities

The artnet Group measures financial liabilities at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

### Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money. Within the 2010 consolidated financial statements 2010 no provisions are disclosed.

### Leasing

#### Group as Lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they occur.

Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the term of the lease. Benefits received

and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

#### Group as Lessor

Rental income from operating leases is recognized in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

#### Retirement Benefit Costs

Artnet Corp. offers a defined contribution benefit plan, which qualifies under Section 401(k) of the Internal Revenue Code. Payments made by Artnet Corp. are charged as an expense.

#### Share Based Payments

Artnet AG provided equity settled share based payments to executive management and to certain employees of Artnet Corp. The equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date less the fair value of any consideration received at grant date is expensed over the vesting period based on the estimated amount of shares that will eventually vest. The fair value of the equity settled share based payments is measured using the Binomial-model.

#### Treasury Stock

Company-held shares are reported at cost in a separate equity line-item.

#### New or Revised Standards and Interpretations effective in the Current Period

The Group has not applied any Standard or Interpretation for the first time in fiscal year 2010 leading to any changes.

The following new or revised standards and interpretations, which became mandatory in fiscal year 2010, did not have any or any significant impact on the consolidated financial statements of the company:

	Standards (IFRS) or interpretations (IFRIC)	Compulsory application in the EU	Adoption by EU Commission
IFRS 1*	First-time adoption of IFRS	1/1/2010	6/23/2010
IFRS 2*	Share-based payments	1/1/2010	3/23/2010
IFRS 3, IAS 27	Business combinations and consolidated and separate financial statements	7/1/2009	6/3/2009
IAS 39*	Financial instruments: recognition and measurement—Eligible hedged items	7/1/2009	6/3/2009
	Various improvements to IFRS	1/1/2010	3/23/2010
IFRIC 12	Service concession arrangements	1/1/2010	3/25/2009
IFRIC 15	Agreements for the construction of real estate	1/1/2010	7/22/2009
IFRIC 16	Hedges of a net investment in a foreign operation	7/1/2009	6/4/2009
IFRIC 17	Distribution of non-cash assets to owners	11/1/2009	11/26/2009
IFRIC 18	Transfers of assets from customers	11/1/2009	11/27/2009

\*Amendments

#### New or Revised Standards and Interpretations not yet applied

The following standards, interpretations, and amendments, which are not yet mandatory as of December 31, 2010 or have even not been endorsed by the EU, have not been applied. Unless otherwise stated, the Group does not assume that the application of these standards will have a significant impact on the presentation of the consolidated financial statements.

	Standards (IFRS) or interpretations (IFRIC)	Compulsory application in the EU	Adoption by EU Commission
IAS 12*	Recovery of underlying assets	1/1/2012	—
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	—	
IFRS 7*	Improved disclosures on financial instruments	1/1/2011	—
IFRS 9	Financial instruments	1/1/2013	-
IFRS 1*/	Limited exemption from comparative IFRS 7		
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

#### Use of Estimates

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 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.

#### 3 Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and bank balances. Cash and bank balances are stated at fair value.

Restricted cash amounts to EUR 12,247 and EUR 13,883 as of December 31, 2010 and 2009.

#### 4 Accounts Receivable

Net accounts receivable consist of the following:

	12/31/2010	12/31/2009
	EUR	EUR
Gross accounts receivable	1,390,148	1,147,145
Less: Allowance for doubtful accounts	(259,366)	(206,205)
<b>Net accounts receivable</b>	<b>1,130,782</b>	<b>940,940</b>

The average credit period for the accounts receivable are 28 days compared to 29 days in 2009. All accounts receivable are due within one year.

There is no concentration of credit risk with respect to accounts receivable, as the Group has a large number of relatively small customers. Trade receivables are rated at fair value.

Aging of past due but not impaired:

	12/31/2010	12/31/2009
	EUR	EUR
Overdue but not impaired receivables		
Between 0 and 60 days	907,854	728,635
Carrying amounts of impaired receivables		
Overdue between 61 and 90 days	86,401	89,915
Overdue more than 90 days	136,527	122,390
	222,928	212,305
<b>Net accounts receivable</b>	<b>1,130,782</b>	<b>940,940</b>

The allowance for doubtful accounts is the Group's best estimate of the amount of probable credit losses in the Group companies' existing accounts receivable. Accounts receivable past due less than 60 days are not provided for. Accounts receivable past due more than 60 days are provided for on a grading scale based on the age of the individual receivable with allowances between 10% and 90% of nominal value. The Group does not hold any collateral for accounts receivable balances.

The movements in the allowance for doubtful accounts were as follows:

	Year ended	Year ended
	12/31/2010	12/31/2009
	EUR	EUR
Balance at the beginning of the year	206,205	183,977
Bad debt expense of the year	117,982	170,468
Amounts written off as uncollectible	(79,662)	(149,274)
Exchange differences	14,841	1,034
<b>Balance at the end of the year</b>	<b>259,366</b>	<b>206,205</b>

Receivables are denominated in the following currencies:

	12/31/2010	12/31/2009
	EUR	EUR
USD	997,528	793,183
EUR	278,604	248,284
GBP	114,016	105,678
<b>Gross accounts receivable</b>	<b>1,390,148</b>	<b>1,147,145</b>

## 5 Prepaid and other Current Assets

Other current assets consist primarily of VAT tax refund claims amounting to EUR 354,314 (2009: EUR 347,659) and of prepaid amounts for software contracts, amounting to EUR 32,410 in 2010 and EUR 33,884 in 2009.

## 6 Property and Equipment

Changes in property and equipment in the 2010 and 2009 financial years were as follows:

	Computer and equipment	Furnitures and fixtures	Leasehold improvement	Total costs
	EUR	EUR	EUR	EUR
<b>Cost</b>				
On December 31, 2008	913,893	319,132	116,372	1,349,397
Exchange differences	(38,386)	(34,232)	(3,279)	(75,897)
Additions	253,589	35,480	0	289,069
On December 31, 2009	1,129,096	320,380	113,093	1,562,569
Exchange differences	86,439	18,357	8,289	113,085
Additions	210,405	3,848	0	214,253
<b>On December 31, 2010</b>	<b>1,425,940</b>	<b>342,585</b>	<b>121,382</b>	<b>1,889,907</b>
<b>Depreciation</b>				
On December 31, 2008	325,608	67,671	46,839	440,118
Exchange differences	(36,509)	(19,335)	(6,501)	(62,345)
Charge for the year	270,520	41,916	29,197	341,633
On December 31, 2009	559,619	90,252	69,535	719,406
Exchange differences	32,754	5,988	5,473	44,215
Charge for the year	346,557	45,392	23,626	415,575
<b>On December 31, 2010</b>	<b>938,930</b>	<b>141,632</b>	<b>98,634</b>	<b>1,179,196</b>
<b>Net book value</b>				
<b>On December 31, 2009</b>	<b>569,477</b>	<b>230,128</b>	<b>43,558</b>	<b>843,163</b>
<b>On December 31, 2010</b>	<b>487,010</b>	<b>200,953</b>	<b>22,748</b>	<b>710,711</b>

Computer and equipment include servers used under the terms of a finance lease with a carrying amount of EUR 248,702 (12/31/2009: EUR 218,271).

Depreciation expense of property plant and equipment is included in Cost of sales. As of December 31, 2010, the Group had no significant contractual commitments for purchases of property and equipment.

## 7 Intangible Assets

Movements in intangible assets in the 2010 and 2009 financial years were as follows:

	Website development	Software	Total
	costs	costs	costs
	EUR	EUR	EUR
<b>Cost</b>			
On December 31, 2008	2,010,799	355,988	2,366,787
Exchange rate differences	(56,549)	7,815	(48,734)
Additions	265,236	62,844	328,080
On December 31, 2009	2,219,486	426,647	2,646,133
Exchange rate differences	181,801	34,777	216,578
Additions	11,672	90,896	102,568
<b>On December 31, 2010</b>	<b>2,412,959</b>	<b>552,320</b>	<b>2,965,279</b>
<b>Amortization</b>			
On December 31, 2008	1,012,111	312,760	1,324,871
Exchange rate differences	(29,699)	(2,396)	(32,095)
Charge for the year	311,909	39,263	351,172
<b>On December 31, 2009</b>	<b>1,294,321</b>	<b>349,627</b>	<b>1,643,948</b>

Exchange rate differences	105,383	29,296	134,679
Charge for the year	302,331	115,358	417,689
<b>On December 31, 2010</b>	<b>1,702,035</b>	<b>494,281</b>	<b>2,196,316</b>
<b>Net book value</b>			
<b>On December 31, 2009</b>	<b>925,165</b>	<b>77,020</b>	<b>1,002,185</b>
<b>On December 31, 2010</b>	<b>710,924</b>	<b>58,039</b>	<b>768,963</b>

As of December 31, 2010, website development costs include *artnet Market Analyst*, which is still in progress and scheduled to launch in 2011. The *artnet Market Analyst* is a suite of indices, which utilizes a new "strings" comparable methodology. The capitalized costs for *artnet Market Analyst* are EUR 519,542 in 2010 as compared to EUR 469,580 in 2009. Internal costs (salaries) have been capitalized in the amount of EUR 11,672 in 2010 and EUR 93,696 in 2009 towards this project. Amortization will begin once the project is launched in 2011.

Amortization expense on intangible assets is included in Cost of Sales. As of December 31, 2010, the Group had no significant contractual commitments for purchases of intangible assets.

## 8 Taxes and Deferred Taxes

### Income tax expense/(benefit)

Income tax expense/(benefit) consists of the following:

	2010	2009
	EUR	EUR
<b>Current income taxes</b>		
U.S. federal and state corporation tax and subsidiary tax	37,278	74,140
Tax refund belonging to prior years	(275,126)	(123,435)
U.S. dividend withholding tax	0	
<b>Total current income taxes</b>	<b>(237,848)</b>	<b>(49,295)</b>
<b>Deferred taxes</b>		
Tax loss carryforwards	(350,889)	139,034
Temporary differences	275,039	(129,009)
	(75,850)	10,025
<b>Total income taxes</b>	<b>(313,698)</b>	<b>(39,270)</b>

Due to its tax loss carryforwards, Artnet Corp. only has to pay the alternative minimum corporation tax.

The tax refund in 2009 resulted from a reimbursement of U.S. dividend withholding tax for the years 2007 and 2008. In 2010, artnet AG reversed a prior year income tax expense and corresponding interest expense on an outstanding tax liability as a result of the German government's decisions to not pursue a tax audit for the years 2001 to 2004.

### Deferred tax asset

At the balance sheet 12/31/2010, date Artnet Corp. has total tax loss carryforwards of EUR 21.9 million (USD 29.0 million) available for offset against future profits. As of 12/31/2009 these tax loss carryforwards amounted to EUR 21.5 million (USD 30.9 million). A deferred tax asset of EUR 1,087,741 (12/31/2009: EUR 681,462) is recognized in the financial statements for the existing tax loss carryforwards of Artnet Corp. The tax rate used is 43% (2009: 43%) and represents the average income tax rate of Artnet Corp. The subsidiary has generated positive, taxable earnings in the preceding fiscal years and has already utilized part of its tax loss carryforwards. The recognition of de-

ferred tax assets on tax loss carryforwards is based on a three-year budget. Tax loss carryforwards can be used over a period of 20 years, therefore tax loss carryforwards of Artnet Corp. will begin to expire in 2018 in the amount EUR 2.1 million (USD 2.8 million). The remaining unused tax loss carryforwards of Artnet Corp. will expire in subsequent years.

artnet AG has, in addition, tax loss carryforwards in the total amount of 28.7 million for corporate income tax as well as for trade tax (12/31/2009: EUR 28.7 million). Based on the German tax law these tax loss carryforwards cannot be utilized due to the organizational structure of the artnet Group.

In total, deferred taxes recognized relate to the following balance sheet items:

	Deferred tax assets	Deferred tax assets
	12/31/2010	12/31/2009
	EUR	EUR
Tax loss carryforwards	1,087,741	681,462
Fixed assets	(173,574)	148,805
Accounts receivables	122,261	89,428
Accrued expenses and other liabilities	87,269	49,177
	<b>1,123,697</b>	<b>968,872</b>

#### Tax Rate Reconciliation

The following table reconciles the expected income tax expense/(income) to the income tax expense presented in the financial statements. The tax rate used of 43% (2009: 43%) is the average income tax rate of the operating Group company Artnet Corp., because Artnet Corp. generates the taxable income of the Group companies.

	2010	2009
	TEUR	TEUR
Loss or profit before income taxes	(161)	(506)
Expected income tax expense—Tax rate 43%	(69)	(218)
Non-deductible expenses and other effects	[76]	11
Income tax expense/(income)—Prior years	(275)	(123)
Reduction of current tax expenses due to benefit arising from U.S.-tax loss carryforwards	(445)	(318)
Unused German tax loss carry-forwards and tax rate differences	551	609
<b>Income tax expense / (tax income) as presented on the consolidated statement of comprehensive income</b>	<b>(314)</b>	<b>(39)</b>

#### 9 Accounts Payable

Accounts payable is principally comprised of amounts outstanding for ongoing costs. The average credit period taken for accounts payable is 30 days. The carrying amount of accounts payable approximates their fair value.

The carrying amount of the Group's payables is denominated in the following currencies:

	12/31/2010	12/31/2009
	EUR	EUR
USD	238,934	121,621
EUR	72,746	79,383
GBP	9,203	4,859
<b>Total accounts payable</b>	<b>320,883</b>	<b>205,863</b>

## 10 Accruals and Other Liabilities

Accruals and other liabilities consist of the following for the years presented:

	12/31/2010	12/31/2009
	EUR	EUR
Bonus and termination payments	435,290	422,185
Outstanding invoices	167,532	273,319
Accrued vacation	120,124	96,833
401(k) payable	68,088	58,689
Commission to sales consultants	80,663	56,859
Other	110,573	120,566
<b>Total</b>	<b>982,270</b>	<b>1,028,451</b>

## 11 Liabilities from Finance Lease

In December 2008, August 2009, September 2009, and July 2010, Artnet Corp. entered into three-year finance lease arrangements. At the end of each lease term, the Artnet Corp. has a purchase option. Liabilities from finance leasing are recognized at the present value of future lease payments by applying the implicit interest rate of the finance lease arrangement. The leased assets are servers and other computer equipment. The minimum lease payments are reconciled to the present value as follows:

12/31/2010	Total	< 1 Year	> 1-3 Years
Liability (in EUR)	248,702	151,823	96,879
Interest (in EUR)	22,148	14,378	7,770
<b>Total (in EUR)</b>	<b>270,850</b>	<b>166,201</b>	<b>104,649</b>

12/31/2009	Total	< 1 Year	> 1-3 Years
Liability (in EUR)	218,271	95,872	122,399
Interest (in EUR)	20,876	9,624	11,252
<b>Total (in EUR)</b>	<b>239,147</b>	<b>105,496</b>	<b>133,651</b>

Liabilities from finance lease are shown at fair value.

## 12 Deferred Revenue

Customers pay before year's end for certain contracts in advance of the service provided. The prepaid amounts are recognized as revenue when artnet provides the service. The amount of deferred revenue is EUR 1,244,607 in 2010 and EUR 1,170,929 in 2009.

## 13 Share Capital

	12/31/2010	12/31/2009
Authorized ordinary shares at no-par value (calculated value EUR 1.00 per share)	5,631,067	5,631,067
Issued and fully paid ordinary shares at no-par value (calculated value EUR 1.00 per share)	5,552,986	5,552,986
Treasury shares at no-par value	78,081	78,081

artnet AG has one class of ordinary bearer shares, which carry no right to fixed income.

#### 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 2010 and 2009 no common shares were issued under the Authorized Capital 2004/I and 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.

#### Conditional Capital

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 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.

#### Treasury Shares

As of December 31, 2010 and 2009 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.

### 14 Capital Risk Management

The capital structure of the artnet Group consists of current liabilities and equity attributable to shareholders of the parent, mainly comprising issued capital, additional paid-in capital and accumulated deficit. Additionally, in December of 2010 and 2009, Artnet Corp. entered into various finance lease arrangements, which will require payments over the next three years. All other business activities are currently financed by the cash balance and the operating cash flows.

#### Foreign Currency Fluctuations, Credit Risk and Liquidity Risk

artnet conducts a portion of its business outside of the United States, thereby facing exposure to adverse movements in currency exchange rates. As exchange rates vary, net sales and other operating costs, when calculated, may differ substantially from expectations. artnet does not currently hedge against such currency risks; however, the group companies accept payments from clients and pay vendors using euros and British pounds sterling. This aids in reducing the foreign currency exchange risk.

With the exception of adverse currency fluctuations, the artnet Group currently faces no other significant financial risks.

artnet has no significant concentration of credit risk because the exposure is averaged over a large number of customers including individuals and entities dealing in

the fine art market. Nevertheless, the economic downturn worldwide could negatively influence the solvency of the Group's customers, leading to an increase in the average credit period or at worst, leading to an increase in customers' default. This would negatively affect the Group's earnings, as well as its financial position. artnet tries to counter such risks by agreeing upfront payments with customers whenever this is possible.

artnet has no significant interest bearing debt and has a sufficient amount of cash at its disposition so that the Group faces no material liquidity or interest risk.

Due to the relatively small financial risks in the business, artnet has not used any derivative financial instruments to further hedge or control these risks.

## 15 Financial Instruments and Risks Arising from Financial Instruments

### Categories of Financial Instruments

The artnet Group's financial assets are cash and cash equivalents, accounts receivable and rent security deposits. These financial assets are classified to the category "loans and receivables."

The Group's financial liabilities are accounts payable, other liabilities and liabilities arising from finance leases. Accounts payable and other liabilities are measured at amortized cost. Liabilities arising from finance leases are measured with their present value in accordance with IAS 17.

No financial assets or financial liabilities were designated at fair value through profit or loss.

In the business years 2010 and 2009 the artnet Group has not used any derivative financial instruments.

The following table summarizes the categorization of financial instruments with their carrying amounts and fair values:

	Book value 12/31/2010 EUR	Fair value 12/31/2010 EUR	Book value 12/31/2009 EUR	Fair value 12/31/2009 EUR
<b>Financial assets</b>				
Cash and cash equivalents	2,697,852	2,697,852	2,190,931	2,190,931
<b>Loans and receivables</b>				
Accounts receivable	1,130,782	1,130,782	940,940	940,940
Receivables due from related parties	0	0	0	0
Rent security deposits	225,224	225,224	208,194	208,194
	<b>1,356,006</b>	<b>1,356,006</b>	<b>1,149,134</b>	<b>1,149,134</b>
	<b>4,053,858</b>	<b>4,053,858</b>	<b>3,340,065</b>	<b>3,340,065</b>
<b>Financial liabilities</b>				
<b>Liabilities at amortized costs</b>				
Accounts payable	320,883	320,883	205,863	205,863
Other liabilities	794,059	794,059	689,883	689,883
	<b>1,114,942</b>	<b>1,114,942</b>	<b>895,746</b>	<b>895,746</b>
<b>Finance lease obligation</b>				
	<b>248,702</b>	<b>248,702</b>	<b>218,271</b>	<b>218,271</b>
	<b>1,363,644</b>	<b>1,363,644</b>	<b>1,114,017</b>	<b>1,114,017</b>

The carrying amounts of the financial assets and liabilities approximate their fair values.

The following table shows the net result arising from financial assets and liabilities:

	Net result 2010	Net result 2009
	EUR	EUR
Financial assets	(214,943)	(335,945)
Financial liabilities	(10,128)	(7,398)
<b>Totals</b>	<b>(225,071)</b>	<b>(343,343)</b>

The components of the net result are interest income and expenses, gains or losses from exchange rate differences, as well as, bad debt expense for doubtful accounts and write-offs.

#### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The financial assets represent the artnet Group's maximum exposure to credit risk.

The Group's credit risk is primarily attributable to its accounts receivable. The amount presented in the balance sheet is net of allowances for doubtful accounts, estimated by management based on the aging of the receivable portfolio as well as customer payment trends.

The artnet Group has no significant concentration of credit risk, with exposure spread over its large number of customers.

#### Liquidity Risk and Interest Rate Risk

The Group faces no material liquidity risk and interest rate risk. The Group companies face several interest-bearing finance leases in the amount of EUR 248,702 (2009: EUR 218,271). The remaining current liabilities and accrued expenses have a remaining term of less than one year.

The gross cash flows arising from financial liabilities are shown in the following table:

EUR	Carrying Amount	Gross Cash Flow	Gross Cash Flow	
			< 1 Year	> 1 Year
	12/31/2010	Total		
Liabilities at amortized costs	1,114,942	1,114,942	1,114,942	0
Finance lease obligation	248,702	270,850	166,201	104,649
EUR	Carrying Amount	Gross Cash Flow	Gross Cash Flow	Gross Cash Flow
			< 1 Year	> 1 Year
	12/31/2009	Total		
Liabilities at amortized costs	895,746	895,746	895,746	0
Finance lease obligation	218,271	239,147	105,496	133,651

#### Market Risks—Foreign Currency Risk

Market risks are mainly relevant in the form of foreign currency exchange risks for the Group companies as most of the revenues are generated in U.S. dollars but a certain amount of the costs of the Group companies have to be paid in euros. The artnet Group controls these currency exchange risks by invoicing its European customers in euros and using these cash payments to fulfill its obligations in the foreign currency. Besides the U.S. dollar—euro exchange rate risk the artnet Group is also exposed to the U.S. dollar—British pound sterling exchange rate risk but on a smaller scale.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in other currencies as the U.S. dollar at the reporting date are as follows:

	Monetary assets		Monetary liabilities	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Foreign currency	TEUR	TEUR	TEUR	TEUR
EUR	885	757	73	79
GBP	281	266	9	5

The following table details the Group's sensitivity to a 10% increase and decrease of the U.S. dollar against the euro and the British pound sterling. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the U.S. dollar strengthens or weakens 10% against the other currency.

USD to	EUR	EUR	GBP	GBP
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
	TEUR	TEUR	TEUR	TEUR
<b>+ 10%</b>				
Profit/(loss)	(40)	(27)	(22)	(22)
Equity	(34)	(35)	0	0
<b>- 10%</b>				
Profit/(loss)	49	33	27	27
Equity	42	43	0	0

## 16 Share-Based Payments

### Stock Option Plan

Conditional Capital 2009/I serves as the basis for the stock option plan also resolved by the Shareholders' Meeting on July 15, 2009 (2009 stock option plan), comprising 560,000 shares of common stock with a nominal value of EUR 1.00 each. Of this amount, up to 290,000 shares are available for the granting of options to employees of the Company and affiliated entities; up to 240,000 shares are available for the granting of rights to the members of management of entities affiliated with artnet AG and up to 30,000 shares are available for issue to the Board of Directors.

In the year 2009, corporate management and employees of the subsidiary Artnet Corp. were granted options from the 2009 stock option plan, in return for which they forfeited all previously granted rights that had not expired by the grant date. All options that management and employees forfeited were already vested at the grant date of the new options.

The number of outstanding options changed in the year under report as follows:

	2010		2009	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding, beginning of period	193,907	4.66	280,750	3.79
Granted	130,000	5.13	193,907	4.66
Expired			(80,750)	7.17
Forfeited			(200,000)	2.41
Outstanding, end of period	323,907	4.85	193,907	4.66
Exerciseable, end of period	0	—	0	—

The options outstanding on December 31, 2010 had a weighted average remaining contract term of 9.14 years (December 31, 2009: 9.9 years). The exercise price granted was 5.13 and 4.66 in 2010 and 2009 respectively. Of the 323,907 options outstanding, 129,160 were granted to the management of Artnet Corp.

The fair value of the stock options was calculated for the grant date on the basis of the binomial model and the following assumptions:

	Options		
	granted 2010	granted 2009	forfeited 2009
<b>Number of options granted</b>	<b>130,000</b>	<b>193,907</b>	<b>200,000</b>
Share price on grant date [EUR]	5.03	5.02	5.02
Weighted average exercise price [EUR]	5.13	4.66	2.41
Weighted average performance target (share price in EUR)	5.64	5.13	2.65
Expected weighted average term of the options [years]	10.00	10.00	3.64
Risk free interest rate [%]	1.27	3.40	2.50
Expected average volatility [%]	55.00	70.00	70.00
Expected dividend yield [%]	0.00	0.00	0.00
Fair value of one option at grant or waiver date [EUR]	3.18	3.89	3.73
<b>Total fair value of options [EUR]</b>	<b>413,400</b>	<b>754,298</b>	<b>745,500</b>

Expected volatility was determined based on the weekly changes in XETRA share prices. The expected term of the options issued in 2010 and 2009 corresponds to the contractual term of the options. The contractual remaining term was reported for the options forfeited in 2009.

The exercise price corresponds to the average stock exchange quotation of the artnet shares over the last ten bank working days preceding the grant date.

The options can be exercised for the first time at the end of two years beginning at midnight on the option allotment date and then up until the end of their term; they expire ten years after the grant date. Rights may not be exercised in the period from two weeks before the end of the quarter until the end of the first trading day after publication of the quarterly results and also not in the period from two weeks before the end of the fiscal year until the end of the first trading day after publication of the results for the past fiscal year.

The plan also sets out that rights may only be exercised if the closing market price determined before the date of the planned exercise of the option exceeds the exercise price by at least ten percent. If this performance target has been reached on one occasion, the options can be exercised during the exercise periods independently of the further performance of the artnet share price over their term.

EUR 104,337 was spent on share-based payment in the fiscal year 2010 and EUR 14,145 in 2009. In 2009 the Company accounted for the granting of options with simultaneous forfeiture by employees of their previous options as a "replacement." Over the two-year waiting period, the amount by which the fair value of the options granted exceeds the fair value of the options forfeited by employees is allocated as an expense.

## 17 Personnel Expenses

The consolidated statement of comprehensive income includes the following personnel expenses for the financial years presented per expense category:

	2010	2009
<b>Personnel expenses per cost category</b>	EUR	EUR
Cost of sales	3,088,707	2,680,713
Selling and marketing	1,438,232	1,512,204
General administrative	1,272,249	1,268,130
Product development	1,035,373	969,446
<b>Total personnel costs</b>	<b>6,834,561</b>	<b>6,430,493</b>

The total personnel costs include social security expenses of EUR 739,017 and EUR 711,220 and 401(k) expenses of EUR 68,466 and EUR 62,010 as of December 31, 2010 and 2009 respectively.

As of December 31, 2010 there were 105 full time employees as compared with 99 in the previous year. Additionally, the Group employed 13 part-time employees in 2010 as compared to 11 in the previous year and 13 sales and other consultants as compared to 12 in 2009.

The average number of employees in fiscal years 2010 and 2009 was 105 in both years. The employees were engaged in the following activities:

	12/31/2010	12/31/2009
Cost of sales	65	66
Selling and marketing	16	16
General and administrative	11	11
Product development	13	12
<b>Total</b>	<b>105</b>	<b>105</b>

## 18 Defined Contribution Plans

The subsidiary Artnet Corp. has a savings plan, which qualifies under Section 401(k) of the Internal Revenue Code of the USA for all qualifying employees. The assets of the plan are held separately from those of Artnet Corp. in funds under control of trustees. Participating employees may contribute up to 100% of their annual salary but not more than statutory limits. Artnet Corp. has a discretionary matching contribution each year. In the years ended December 31, 2010 and 2009, the matching contributions were EUR 68,466 and EUR 62,010, respectively.

## 19 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:

	2010	2009
	EUR	EUR
<b>Numerator (earnings):</b>		
Net result for the year retained for equity shareholders	152,905	(467,151)
<b>Denominator (number of shares):</b>		
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	4,000	0
Weighted average number of ordinary shares used to calculate dilutive earnings per share	5,556,986	5,686,986

The weighted average exercise price (EUR 4.85) is less than the average share price in 2010 (EUR 4.91). In consequence, there are 4,000 diluted shares.

## 20 Additional Disclosures to the Statement of Comprehensive Income

### Profit/(Loss) from Operations

Profit/(loss) from operations has been arrived at after charging:

	2010 EUR	2009 EUR
Depreciation and amortization	833,264	692,805
Personnel expenses	6,834,561	6,430,493

Amortization of intangible assets was booked in the amount of EUR 417,689 in 2010 and EUR 351,172 in 2009.

Depreciation and Amortization are presented in the consolidated statement of comprehensive income as part of cost of sales.

### Other Income and Expense

In 2010 the Group recognized expense from exchange rate differences in the amount of EUR 97,449 and VAT payments in the amount of EUR 129,483. The Group also obtained wage continuation by the German government in the amount of EUR 33,519. In 2009, the Group recognized income from exchange rate differences in the amount of EUR 30,692 offset by other non-operating expense amounting to EUR 207,686 resulting from the write-off of the receivable due from related parties.

### Interest Income and Interest Expense

Interest income is interest earned on short term cash investments. In 2010, interest income also included EUR 60,210 related to the reversal of a prior year accrual for interest expense. During 2010 the Group was notified by the German government that it would not pursue a tax assessment from 2001–2004. The Group subsequently wrote down the interest expense it had accrued related to the tax liability.

Interest expense is interest paid for finance lease obligations.

## 21 Segment Reporting

With the implementation of IFRS 8 "Operating Segments" the artnet Group reviewed its business units. The Group reports on the operating segments in the same way it reports operating segment information to the management and Supervisory Board. The Group has identified four different segments, which differ in regards in their products and are managed separately. The four 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 as well as sales generated from the products *artnet Market Alert*, *artnet Market Reports*, and *artnet Monographs*.
- The *artnet Auctions* segment provides an online platform to buy and sell artworks.
- The *artnet Advertising* segment produces banner and national advertising on the website.

The French, German, and American *artnet Magazines* are primarily a marketing tool supporting the Groups business activities. Therefore, revenues and expenses related to the magazines are allocated to the Groups reportable segments. Expenses are presented in the "Selling and Marketing" line.

Segment performance is evaluated based on profit or loss before taxes. Not directly attributable expenses are allocated to the reportable segments. During the second quarter of 2010, the Group undertook a review of the allocation method used for each product. The Group decided to use a blended allocation that is weighted based on headcount and revenue as opposed to the previous allocation method, which used headcount only. This allocation method has been used for both 2009 and 2010 for comparative purposes.

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					
Year ending December 31, 2010	arnt Galleries	arnt Price Database	arnt Auctions	arnt Advertising	Total
Revenue	5,176,402	4,987,215	1,951,202	1,557,762	13,672,581
Cost of sales	1,745,808	1,654,838	1,259,167	287,861	4,947,674
Gross profit/(loss)	3,430,594	3,332,377	692,035	1,269,901	8,724,907
<b>Other operating expenses</b>					
Selling and marketing	1,396,176	687,163	414,424	570,408	3,068,171
General and administrative	1,334,316	1,169,945	547,537	398,562	3,450,360
Product development	713,019	653,860	549,394	212,980	2,129,253
Non cash compensation	39,448	36,176	16,930	11,783	104,337
Total other operating expense	3,482,959	2,547,144	1,528,285	1,193,733	8,752,121
<b>Profit/(loss) from operations</b>	(52,365)	785,233	(836,250)	76,168	(27,214)
Interest income/(expense) and other income/(expense)	(50,504)	(46,314)	(21,675)	(15,086)	(133,579)
<b>Profit/(loss) prior to tax provision</b>	(102,869)	738,919	(857,925)	61,082	(160,793)

EUR					
Year ending December 31, 2009	arnt Galleries	arnt Price Database	arnt Auctions	arnt Advertising	Total
Revenue	5,153,123	4,733,329	815,018	1,517,032	12,218,502
Cost of sales	1,731,779	1,714,809	891,081	280,091	4,617,760
Gross profit/(loss)	3,421,344	3,018,520	(76,063)	1,236,941	7,600,742
<b>Other operating expenses</b>					
Selling and marketing	1,348,724	756,056	484,732	383,225	2,972,737
General and administrative	1,362,931	1,167,825	355,258	407,109	3,293,123
Product development	528,932	470,031	493,935	157,993	1,650,891
Non cash compensation	5,756	5,114	1,556	1,719	14,145
Total other operating expense	3,246,343	2,399,026	1,335,481	950,046	7,930,896
<b>Profit/(loss) from operations</b>	175,001	619,494	(1,411,544)	286,895	(330,154)
Interest income/(expense) and other income/(expense)	(71,721)	(63,735)	(19,388)	(21,423)	(176,267)
<b>Profit/(loss) prior to tax provision</b>	103,280	555,759	(1,430,932)	265,472	(506,421)

The reportable segments contain primarily the following non-cash transactions: artnet also expensed EUR 104,337 in 2010 and EUR 14,145 in 2009 for non-cash compensation based on the stock option plan.

<b>EUR</b>					
<b>Year ending December 31, 2010</b>	<b>artnet Galleries</b>	<b>artnet Price Database</b>	<b>artnet Auctions</b>	<b>artnet Advertising</b>	<b>Total</b>
Depreciation and amortization	315,045	288,906	135,208	94,105	833,264
Provision for and write-offs of doubtful debts	44,607	40,906	19,144	13,325	117,982

<b>EUR</b>					
<b>Year ending December 31, 2009</b>	<b>artnet Galleries</b>	<b>artnet Price Database</b>	<b>artnet Auctions</b>	<b>artnet Advertising</b>	<b>Total</b>
Depreciation and amortization	272,549	232,644	81,405	106,207	692,805
Provision for and write-offs of doubtful debts	148,766	126,984	44,433	57,972	378,155

## 22 Information about Geographical Area

The Group's operations are primarily located in the USA represented by the subsidiary Artnet Corp. The following table provides an analysis of the Group's revenue by geographical market:

	<b>2010</b>	<b>2009</b>
<b>Revenue</b>	<b>EUR</b>	<b>EUR</b>
United States	8,062,606	7,016,713
Europe	4,566,475	4,308,548
Asia, South America, Australia, Canada	1,043,500	893,241
<b>Total</b>	<b>13,672,581</b>	<b>12,218,502</b>

### Assets by Geographical Area

The following is an analysis of the carrying amount of the assets of the Group, and additions to property and equipment and intangible assets, analyzed by the geographical area in which the assets are located.

	<b>Carrying amount of segment assets</b>		<b>Additions to fixed assets</b>	
	<b>12/31/2010</b>	<b>12/31/2009</b>	<b>2010</b>	<b>2009</b>
	<b>Consolidated</b>	<b>Consolidated</b>	<b>Consolidated</b>	<b>Consolidated</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
USA	6,461,173	5,915,649	294,563	549,555
Germany	478,237	496,014	16,156	66,930
UK	31,047	18,819	0	0
France	140,531	143,495	6,102	664
<b>Total</b>	<b>7,110,988</b>	<b>6,573,977</b>	<b>316,821</b>	<b>617,149</b>

The segment results and liabilities of the Group are not allocated by geographical area, as this is not possible in a meaningful way.

The depreciation and amortization expenses of the Group companies apply to fixed assets in the USA in the amount of EUR 778,353 (2009: EUR 633,074), France in the amount of EUR 5,523 (2009: EUR 5,682) and to fixed assets in Germany in the amount of EUR 49,388 (2009: EUR 54,049).

## 23 Operating Lease Arrangements and Other Commitments

Artnet Corp. leases its New York office facilities under non-cancelable operating lease terms that continue up to March 31, 2012. Beginning January 1, 2009 Artnet Corp. subleased parts of its office facilities to a subtenant through March 31, 2012.

artnet AG leases its Berlin office under a non-cancelable operating lease continuing through November 30, 2013. Starting on June 15, 2008 artnet France sarl leases its Paris office under an operating lease with a minimum term of three years. For the offices in Berlin and Paris the Group has the option to prolong the lease term by up to 6 years. artnet UK Ltd. leases its London office under an operate lease, which is cancelable at short notice. Future minimum rental payments required as of December 31, 2010 and 2009 are as follows:

	2010	2009
	EUR	EUR
<b>Lease Payments</b>		
Less than one year	579,633	431,387
Between two and five years	237,187	551,296
	<b>816,820</b>	<b>982,683</b>
<b>Proceeds from sublease</b>		
Less than one year	65,536	60,740
Between two and five years	16,841	78,470
	<b>82,377</b>	<b>139,210</b>
<b>Total</b>	<b>734,443</b>	<b>843,473</b>

Rent expenses for the Group offset by proceeds from the sublease amounted to EUR 570,894 and EUR 535,066 for the years ending December 31, 2010 and 2009, respectively. Proceeds from the sublease amounted to EUR 59,249 and EUR 51,497 in 2010 and 2009, respectively.

#### 24 Fees of Statutory Auditor

Auditor's fees for the audit of the statutory financial statements of the Company and the consolidated financial statements amounted to EUR 55,000 (including out of pocket expenses) and EUR 48,200 in 2010 and 2009, respectively. In addition, the Company recorded EUR 5,275 and EUR 12,600 for tax advisory services by the auditor and EUR 16,150 and EUR 22,200 for other services. All fees are recognized as expenses in 2010 and 2009, respectively.

#### 25 Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All transactions with related parties are made on terms equivalent to those that prevail at arm's length.

##### Executive Board

Hans Neuendorf is CEO of artnet AG and a director of Artnet Corp.

In the fiscal years 2010 and 2009, Mr. Neuendorf received the following remuneration from artnet AG:

	2010	2009
	EUR	EUR
<b>Fixed salary</b>		
Value of additional benefits (car usage)	356,250	330,000
	<b>8,302</b>	<b>8,248</b>
<b>Fixed remuneration components</b>	<b>364,552</b>	<b>338,248</b>
Bonus (variable compensation)	155,000	190,000
<b>Total</b>	<b>519,552</b>	<b>528,248</b>

Mr. Neuendorf or companies controlled by him own 1,461,635 shares of artnet AG. Galerie Neuendorf AG sold artworks through the *artnet Auctions* platform and paid sellers premium fees to Artnet Corp. in the amount of EUR 1,397 in 2010 and EUR 990 in 2009.

#### Supervisory Board

John D. Hushon, Naples, Florida, *Chairman*

Dr. Christian Dohm, Munich, *Vice Chairman*

Hannes von Goesseln, Berlin (new member as of April 21, 2009)

Klaus-Jochen, Schaeffer, Hamburg (retired member as of April 8, 2009)

The supervisory board members' remuneration in the fiscal years 2010 and 2009 amounted as follows:

	2010	2009
	EUR	EUR
John D. Hushon	40,000	33,750
Dr. Christian Dohm	30,000	25,313
Hannes von Goesseln	20,000	12,656
Klaus-Jochen Schaeffer	0	4,219
	<b>90,000</b>	<b>75,938</b>

Mr. Hushon holds 49,054 shares of artnet AG and Mr. von Goesseln holds 6,220 shares of artnet AG.

Mr. Von Goesseln purchased works through the artnet Auction platform and paid buyers' premium fees in the amount of EUR 490 in 2010 to Artnet Corp.

The Remuneration Report outlines the principles used for determining the compensation of the Supervisory Board of artnet AG. In addition, the report describes the policies and levels of compensation paid to Supervisory Board members. The Remuneration Report is presented within the Corporate Governance Report, included in this Annual Report for fiscal year 2010.

#### Other Related Party Transactions

Jacob Pabst, a related person to Mr. Neuendorf, is working as Chief Information Officer for Artnet Corp. The salary is EUR 219,868 and EUR 169,182 as of December 31, 2010 and 2009. Additionally, he was given 40,000 stock options on June 10, 2010. The fair value of the stock based compensation amounted to EUR 127,200. In 2010, the expense related to the stock options amounted to EUR 29,371 and is included in the line item non cash compensation.

In 2010 and 2009, Caroline Neuendorf was paid commissions for the sale of *artnet Monographs* in the amount of EUR 3,200 and EUR 800, respectively.

Loans due to Artnet Corp. from artnet AG, artnet France sarl, and artnet UK Ltd. amounted to EUR 1,283,650, EUR 48,884, and EUR 1,732, respectively. These inter-company loans are eliminated in consolidation.

#### 26 Accounting Estimates and Judgments

The preparation of the Group's consolidated financial statements requires management estimates and assumptions that affect reported amounts and related disclosures. All estimates and assumptions are made to the best of management's knowledge and belief in order to fairly present the Group's financial position and results of operations. Especially the following accounting policies are significantly impacted by management's estimates and judgments.

#### Deferred Income Taxes

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of the management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The amount of deferred tax assets could be reduced if projected future taxable profits are lowered.

#### Capitalized Costs of Website Development

Capitalized website development costs relate to new products, which the Company anticipates will produce revenue in the future. These costs include consulting fees and salaries. The revenue projections for these new products are based on management's best estimates but actual results could vary from projections.

### 27 Notifications in Accordance with § 21 of the Securities Trading Act

Mr. Oliver Schmidt, Düsseldorf, has informed us within the meaning of Section 26(1) of the WpHG on March 8, 2010, that his voting rights in our company has exceeded the notification threshold of 3% on March 8, 2010, and that on this date he held 3.02% (170,000 voting rights) of the total voting rights.

Pursuant to §15a of the German Securities Trading Act, artnet was notified on April 7, 2010 that Hannes von Goesseln, a Supervisory Board member, purchased 1,150 shares at an average price of EUR 4.8325 on April 6, 2010.

Pursuant to §15a of the German Securities Trading Act, artnet was notified on April 7, 2010 that Hannes von Goesseln, a Supervisory Board member, purchased 1,070 shares at an average price of EUR 4.813 on April 1, 2010.

Pursuant to §15a of the German Securities Trading Act, artnet was notified on May 6, 2010 that Hannes von Goesseln, a Supervisory Board member, purchased 1,000 shares at an average price of EUR 4.9526 on May 3, 2010.

Schaeffer Immobilien GmbH, Hamburg, Germany, informed us within the meaning of Section 21 (1) WpHG on June 01, 2010 that its share of the voting rights in our company fell short of the threshold of 10% of the voting rights on May 27, 2010 and on this date such amounts to 8.52% (480,000 voting rights) of the total voting rights (5,631,067).

Pursuant to §15a of the German Securities Trading Act, artnet was notified on July 19, 2010 that Hannes von Goesseln, a Supervisory Board member, purchased 1,000 shares at an average price of EUR 5.0726 on July 15, 2010.

### 28 Report on Post-Balance Sheet Events

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

### 29 Declaration of Conformity with the German Corporate Governance Code in Accordance with Art. 161 of the German Stock Corporation Act

On December 30, 2010, the Executive Board and the Supervisory Board of artnet AG issued the declaration of conformity with the recommendations of the German Corporate Governance Code as amended on June 18, 2009, in accordance with Art. 161 of the Stock Corporation Act (AktG). The declaration is posted on the website of the Company.

Berlin, March 18, 2011

Chief Executive Officer  
Hans Neuendorf

## Translation of the Independent Auditor's Report

We have audited the consolidated financial statements prepared by artnet AG, Berlin comprising the balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, to December 31, 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and generally accepted German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*—IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determinations of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report.

We believe that our audit provides a reasonable basis for our opinion.  
Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirement of German commercial law pursuant to § 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 21, 2011

Ebner Stoltz Mönning Bachem GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Thomas Götze  
Wirtschaftsprüfer  
(German Certified Public Auditor)

Elmar Meier  
Wirtschaftsprüfer  
(German Certified Public Auditor)

**artnet AG**

Supervisory Board  
 John Hushon, *Chairman*  
 Dr. Christian Dohm, *Deputy Chairman*  
 Hannes von Goesseln  
 Board of Management  
 Hans Neuendorf, *CEO*

**Artnet Worldwide Corp.**

Hans Neuendorf, *CEO*  
 B. William Fine, *President*

**artnet France sarl**

Hans Neuendorf, *Gérant*  
 Gina Kehayoff, *Directrice Générale*

**Addresses**

artnet AG  
 Oranienstrasse 164  
 10969 Berlin  
 Germany  
 info@artnet.de  
 Tel. +49 (0)30 20 91 78 0  
 Fax +49 (0)30 20 91 78 29

Artnet Worldwide Corp.  
 61 Broadway, 23<sup>rd</sup> Floor  
 New York, NY 10006  
 USA  
 info@artnet.com  
 Tel. +1-212-497-9700  
 Fax +1-212-497-9707

artnet France sarl  
 5, rue du Chevalier de Saint George  
 75008 Paris  
 France  
 info@artnet.fr  
 Tel. +33 (0)1 42 86 67 10  
 Fax +33 (0)1 42 86 10 16

artnet UK Ltd.  
 Morrell House  
 98 Curtain Road  
 London EC2A 3AF  
 United Kingdom  
 info@artnet.co.uk  
 Tel. +44 (0)20 7729 0824  
 Fax +44 (0)20 7033 9077

**Investor Relations**

You can find information for investors  
 and the annual financial statements  
 at [www.artnet.de/ir](http://www.artnet.de/ir).  
 If you have further queries, please  
 send an e-mail to [ir@artnet.com](mailto: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  
<http://www.artnet.com/about/pressreleases.asp?A=14>.

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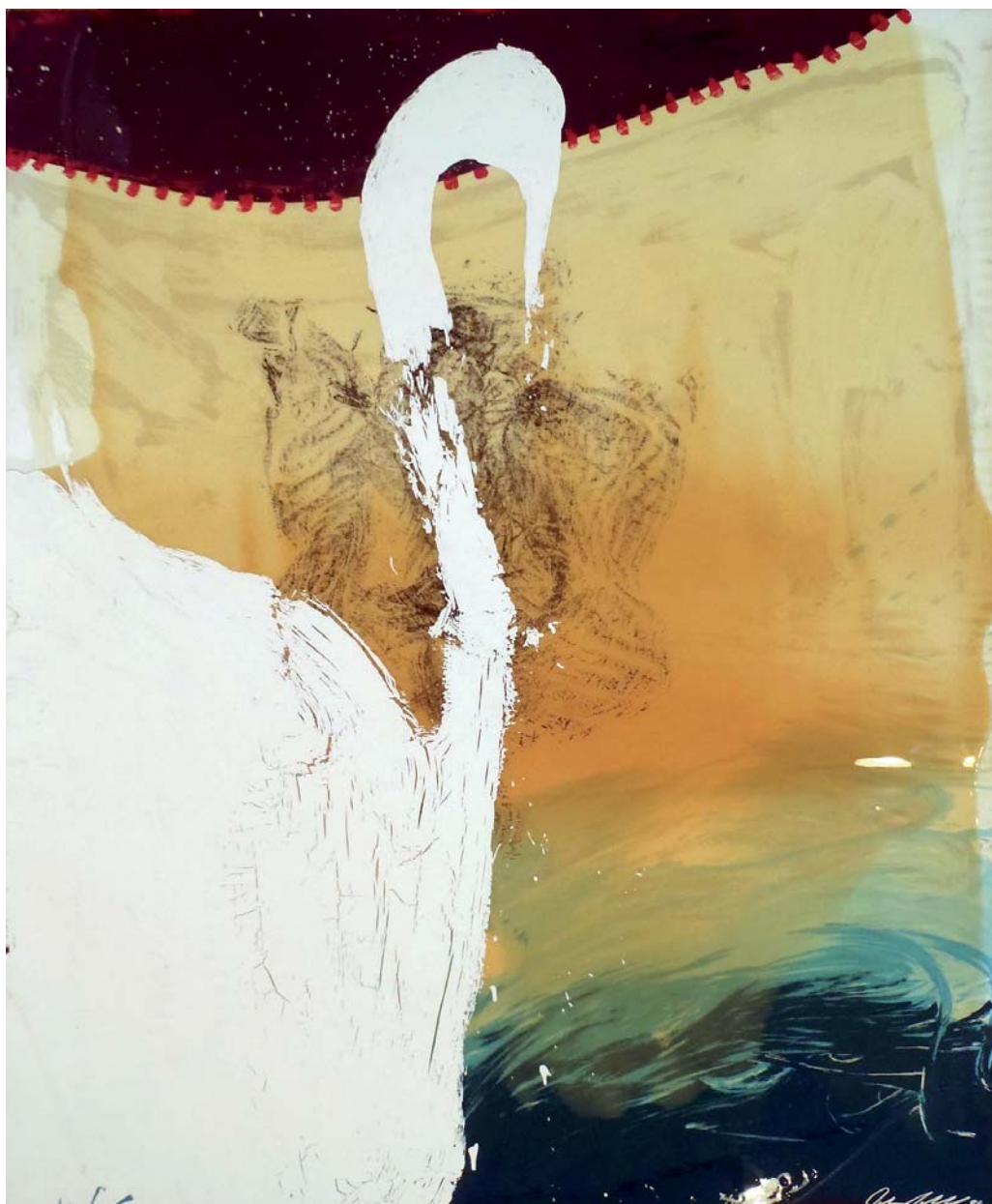
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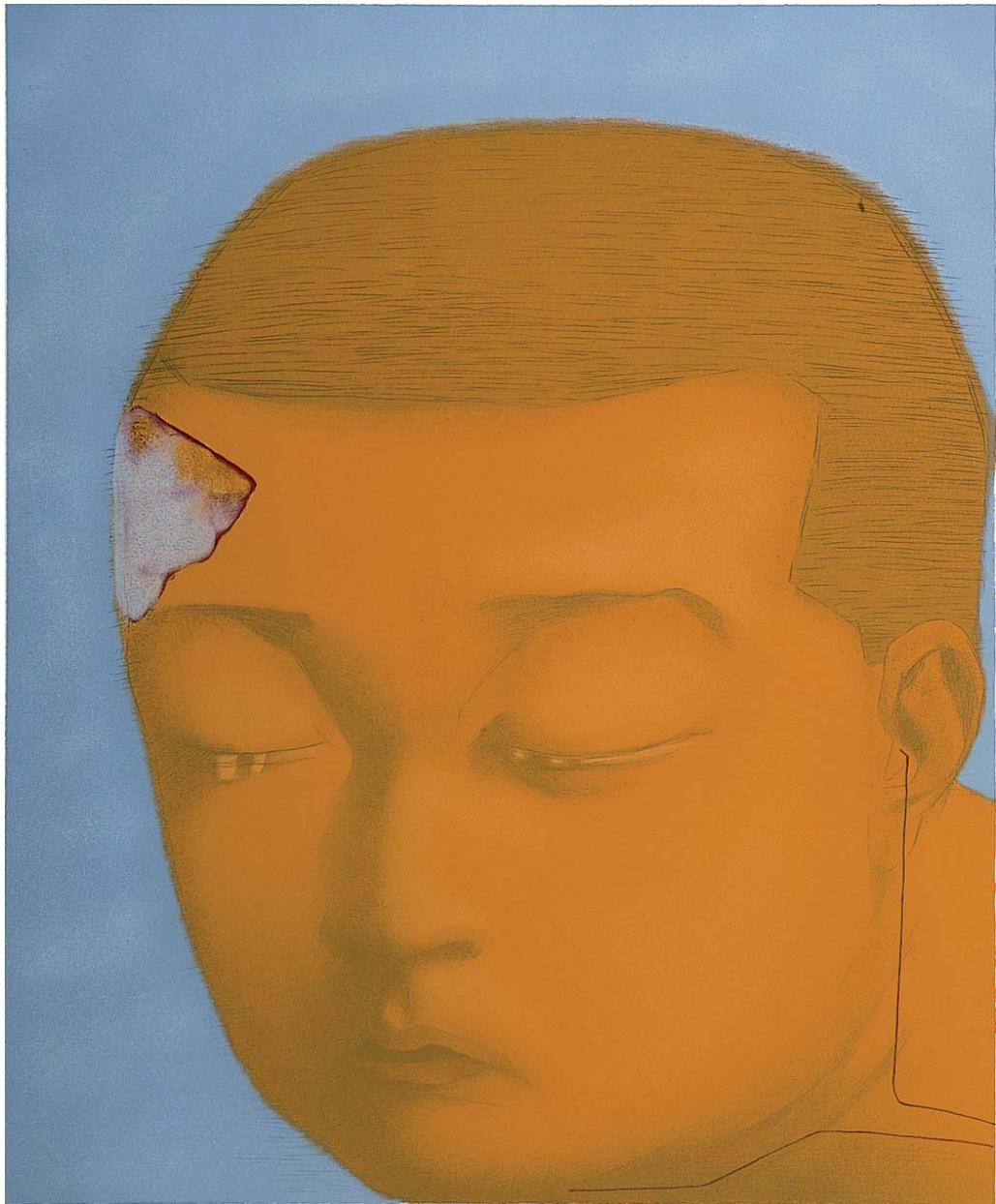
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Julian Schnabel  
*Roy*, 1998  
Screen Print  
45 x 36 in.  
Edition of 90, signed

Estimate USD 4,000–5,000  
End Time October 19, 2010  
Sold on artnet Auctions For **USD 5,750** (Premium)



© Kwai Po Collection, Hong Kong, Courtesy ArtChina Gallery, Hamburg

Zhang Xiaogang  
*Fantasy*, 2002  
Lithograph  
30 x 25 in.  
Edition of 199, signed

Estimate USD 3,500–4,500  
End Time November 23, 2010  
Sold on artnet Auctions For **USD 4,255** (Premium)



**Mel Ramos**  
*Coca-Cola*, 1972  
Lithograph  
30.9 x 25 in.  
Edition of 2,500, signed

Estimate USD 1,500–2,500  
End Time March 16, 2010  
Sold on artnet Auctions For **USD 1,898** (Premium)

**artnet® auctions** 24/7 For Galleries and Collectors