

2007

SIX MONTH REPORT 2007 SECOND QUARTER

artnet ag

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artnet AG

Interim Group Management Report for the Second Quarter 2007

artnet AG is a holding-company whose shares are listed at the Frankfurt Stock Exchange. artnet AG's principal holding is its wholly owned subsidiary, Artnet Worldwide Corp., a New York corporation founded in 1989. artnet AG ("the Company") and Artnet Worldwide Corp. ("Artnet Corp.", collectively, "the artnet Group or Group") operate under the trade name "artnet."

Sales Increased 36% and Net Profit 43%

Artnet sales rose by 36% to EUR 5.4 million as of the first six months of the year as compared to EUR 3.9 million in the same period a year ago. The strongest growth in Euros occurred within the Price Database Product which grew by EUR 563,000 or 36% as compared to the prior year. The artnet Group launched the 20th Century design database during 2006 which has helped increase the Price Database subscriptions as did the Sotheby's marketing cooperation and the general growth in the art market throughout the first six months of the year. Subscriptions to the Price Database have grown from over 8,800 subscribers at the end of 2006 to over 10,700 subscribers at the end of the second quarter 2007.

Additionally, banner advertising has continued to expand during the second quarter of 2007 with an increase of 92% to EUR 913,000 from EUR 475,000. The increase is the result of growth in the number of website page views and unique visitors as well as an increase in national brand advertising on the website.

With revenues rising and the Group's cost of revenues decreasing (as a percentage of revenue), net profit increased by 43% to EUR 1,383,000 as compared with EUR 971,000 in the first half year of 2006. The cost of revenue (as a percentage of revenue) decreased from 21% in the first half of 2006 to 18% in the first six months of 2007. The decrease is primarily the result of new Price Database customers whose addition to revenue does not generate an equal addition to cost. Product deve-

lopment increased as a percentage of revenue from 6% to 8%. The increase is in line with our goals of enhancing the functionality of the website as well as bringing new products to market.

Cash flow and Capital Expenditures

Artnet's operating cash flow was EUR 1,274,000 as of June 30, 2007 as compared to 884,000 as of June 30, 2006. The growth is the result of an increase in net profit and non-cash expenses including depreciation and non cash compensation offset by significant prepayments made by the Company at the end of 2006 and the beginning of 2007 related to the website network infrastructure. Additionally, the Company experienced a growth in the accounts receivable related to increased sales as compared with June 30, 2006.

The cash flow from investing activities of EUR 488,000 in the first six months of 2007 shows our continued commitment to invest in the enhancement of our website as well as in capital expenditures which continue to maintain our current infrastructure.

The cash flows used for financing activities represented loan repayments made to shareholders. The outstanding amount of the loan was paid down in full during the first quarter of 2007.

Asset position

The balance sheet total amounted to EUR 6,328,000 at June 30, 2007 as compared to EUR 4,684,000 at December 31, 2006, which represents an increase of 35%. Bank balances were EUR 3,148,000 at the end of the second quarter 2007 up from EUR 2,434,000 as of December 31, 2006 which represents an increase of EUR 714,000. The artnet Group invested heavily in the first and second quarter for both product development and prepayments for website network infrastructure. The cash investment policy for the Group is conservative and based on short term investments. Accordingly, the cash is invested nightly in an overnight sweep account which is re-deposited every morning. This allows all cash to be liquid and ready for use. Based on the average outstanding shares of 5,552,986, liquidity per share amounted to EUR .57 in the first six months of 2007 as compared to .44 at December 31, 2006.

Trade accounts receivable increased from EUR 692,000 to EUR 1,098,000 due mainly to the increase in sales.

The level of total current liabilities increased by EUR 260,000 from EUR 2.25 million at December 31, 2006 to EUR 2.51 million as of June 30, 2007. The primary component of total current liabilities is deferred revenue. Deferred revenue represents customers payments for sales contracts in advance of the service provided. These prepaid amounts are recognized as revenue as the service is provided which is generally over a period of one year. The increase in total current liabilities is the result of continued growth in sales contracts which has increased the deferred revenue, offset by the repayment of shareholder loans and a reduction in accounts payable and current income tax liabilities.

The artnet Group currently finances all projects on an internal basis. The group companies hold no commitments from banks as of June 30, 2007.

Artnet Group's consolidated equity reached EUR 3,821,000 at the end of the second quarter 2007 as compared to EUR 2,432,000 at the end of 2006. The considerable growth is a direct result of the net profit in 2007.

artnet's Price Database is an intangible asset that has been built through the process of gathering auction information throughout the last ten years. This is a substantial asset to the Group; however, it may not be recognized on the balance sheet as an intangible asset because of the accounting rules. artnet believes if it were an intangible asset on the balance sheet, it would significantly increase the assets.

Other Information

Business Information

artnet AG is a holding-company whose shares are listed in the Prime Standard of the Frankfurt Stock Exchange. artnet AG's principal holding is its wholly owned subsidiary, Artnet Worldwide Corp., a New York corporation founded in 1989. artnet AG ("the Company") and Artnet Worldwide Corp. ("Artnet Corp.", collectively, "the artnet Group or Group") operate under the trade name "artnet."

artnet provides web-based services to fine art professionals all over the world, improving industry communications and bringing transparency with up to the minute pricing information. The vehicles here are two:

(1) The "galleries" network, comprised of over 1,700 dealers and auctioneers and over 100,000 artworks in inventory, represents the world's largest market overview commanding over 1.3 million unique visitors a month. Dealers routinely sell works advertised on the network, and, just as significantly, they are able to post a "wanted to buy" to acquire works from other dealers and private collectors. The Gallery Network has the largest network of galleries currently on the web. The Company is positioning itself for international expansion into areas such as China where the art market growth has exceeded the overall average. We have also made significant inroads in attracting more galleries specializing in decorative arts and in 20th Century design.

(2) With approximately 3.5 million auction records, artnet's Price Database is widely subscribed by appraisers, dealers, auctioneers, financiers, and private and government (including the IRS and FBI) institutions. But, most important, it provides an illustrated "blue book" for private collectors with which they can appraise the works they own and measure opportunities at auction or in the dealer market. Dealers and auctioneers, in their turn, use artnet "comps" (comparables sales from artnet's Price Database) to sell important works of art. In fact, the Company is involved in a program with Sotheby' where all fine art lots in their New York sales posted on sothebys.com are linked to a branded artnet "sales history."

The Price Database is the only database providing images of artworks along with the auction prices. The Company believes the speed and reliability of the website and the vast amounts of information which have been collected over the years has created a formidable barrier to competition. Although there are other Companies offering services similar to artnet, they lag far behind artnet in terms of information and technology.

Currency translation

Currency translation in the statement of operations is based on the average exchange rate for the period ending June 30, 2007 and 2006, respectively. For 2007, the average rate was .753 euros/dollar as compared to .8141 euros/dollar in 2006. This represented an 8% change in the average currency rate. Currency translation for the balance sheet is based on the exchange rate at the end of the period. As of June 30, 2007, the rate was .743 euros/dollar as compared to .758 at December 31, 2006, thus representing an exchange differential of 2%. artnet is subject to exchange rate fluctuations as it invoices in Euros, Dollars and British Pounds but conducts most of its business in the United States. The Group works to reduce its exposure to exchange rate differences by collecting payments from European customers in Euros or local currency and paying vendors throughout Europe with these cash funds in the same currency.

Employees

As of June 30, 2007, the artnet Group had 68 full time employees as compared to 46 as of June 30, 2006. Additionally, the Group had fifteen sales and other consultants as compared to eight in the prior year and fourteen part-time employees as compared to thirteen at June 30, 2006.

artnet employee stock option plan

The employees of artnet held 308,250 stock options as of June 30, 2007, of which 210,250 were exercisable. Of these 308,250 stock options the management of Artnet Worldwide Corp. held 166,000 as of June 30, 2007, of which 156,000 were exercisable.

artnet Treasury Stock

artnet held 78,081 treasury shares of stock representing 1.4 % of the common stock as of June 30, 2007 and December 31, 2006.

Risks of the future development

The Company holds the view that the risk structure has not changed since December 31, 2006.

Outlook

The first six months of the year have shown encouraging progress and we are optimistic for fiscal year 2007. The art market has seen positive growth in the first half of 2007 and is expected to continue throughout the rest of the year. We believe the growth in the art market will continue to have a direct positive impact on the artnet Group.

artnet has continued to grow in both gallery network and advertising revenue. Second and third tier auctioneers have been posting lots successfully in the Gallery Network for 18 months, and effective June 2007, Sotheby's Christies, and Phillips have begun posting lots in the Gallery Network as well. Our continued success in this endeavor is expected to have a positive impact on revenues, and is anticipated to help us speed the launch of our own online auctions. Additionally, we are anticipating further growth in the Price Database due to expansion of the Sotheby's marketing cooperation into the European market and continued growth in the decorative art market and 20th Century design. Finally, the Art Basel/artnet collaboration in June was a great success and has brought further recognition to the website in the United States and Europe.

We are continuing to invest into new products such as the online auctions and the re-launch of the website both scheduled for 2007. The cost related to these products will be one-time events and therefore may cause our profit as a percentage of revenue to decrease slightly in 2007 but since the costs will not recur, we anticipate a rebound in 2008.

Berlin, July 27, 2007



The CEO
Hans Neuendorf

artnet AG Consolidated Balance Sheet

As of June 30, 2007 and December 31, 2006

	30.06.2007	31.12.2006	30.06.2007	31.12.2006
	Consolidated	Consolidated	Consolidated	Consolidated
	USD	USD	EURO	EURO
CURRENT ASSETS				
Cash and cash equivalents	4,237,386	3,211,637	3,148,378	2,434,421
Accounts receivable-net	1,477,797	912,604	1,098,003	691,754
Prepays and other current assets	535,855	324,000	398,140	245,592
Total current assets	6,251,038	4,448,241	4,644,521	3,371,767
NONCURRENT ASSETS				
Property and Equipment	403,831	234,979	300,046	178,114
Intangible assets	509,048	198,833	378,223	150,715
Security deposit	173,120	143,409	128,628	108,704
Due from shareholder	283,412	258,086	210,575	195,629
Deferred tax asset	896,192	896,192	665,871	679,314
Total noncurrent assets	2,265,603	1,731,499	1,683,343	1,312,476
TOTAL ASSETS	8,516,641	6,179,740	6,327,864	4,684,243
LIABILITIES AND SHAREHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	424,254	435,368	315,221	330,009
Accrued expenses	808,437	810,075	600,669	614,037
Provisions	139,464	139,464	103,622	105,714
Current income tax liabilities	-	104,974	-	79,570
Due to shareholder	-	33,843	-	25,653
Deferred revenue	2,002,283	1,447,589	1,487,696	1,097,272
TOTAL LIABILITIES	3,374,438	2,971,313	2,507,208	2,252,255
SHAREHOLDERS' EQUITY				
Common stock	5,941,512	5,941,512	5,631,067	5,631,067
Treasury stock	(269,241)	(269,241)	(264,425)	(264,425)
Additional paid-in capital	51,453,733	51,392,016	50,287,353	50,240,899
Accumulated deficit	(53,752,141)	(56,875,538)	(52,962,508)	(55,451,948)
Current net profit	1,837,230	3,123,397	1,382,882	2,489,440
Foreign currency translation adjustment	(68,890)	(103,719)	(253,713)	(213,045)
TOTAL SHAREHOLDERS' EQUITY	5,142,203	3,208,427	3,820,656	2,431,988
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,516,641	6,179,740	6,327,864	4,684,243

artnet AG Consolidated Income Statement

For the 1st half ended June 30, 2007 and 2006 and for the 2nd quarter ended June 30, 2007 and 2006

	For the 1st half ended June 30, 2007 and 2006				For the 2nd quarter ended June 30, 2007 and 2006			
	30.06.2007	30.06.2006	30.06.2007	30.06.2006	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidate	Consolidated
	USD	USD	EURO	EURO	USD	USD	EURO	EURO
Revenue								
Online Gallery Network	2,884,367	2,241,870	2,171,063	1,825,084	1,511,488	1,139,619	1,137,697	927,752
Price Database	2,811,952	1,907,885	2,116,556	1,553,250	1,461,334	1,001,190	1,099,946	815,060
Advertising	1,213,209	583,937	913,182	475,377	769,611	302,457	579,286	246,227
Other Products	237,432	110,844	178,715	90,177	123,324	63,129	92,826	51,391
Total revenue	7,146,960	4,844,536	5,379,516	3,943,888	3,865,757	2,506,395	2,909,755	2,040,430
Cost of Net Revenues	1,269,968	1,020,210	955,905	830,543	698,333	525,689	525,635	427,958
Gross profit	5,876,992	3,824,326	4,423,611	3,113,345	3,167,424	1,980,706	2,384,120	1,612,472
Other operating expenses								
Selling and Marketing	1,013,722	678,704	763,029	552,526	531,032	364,406	399,708	296,659
General and Administrative	2,420,660	1,643,767	1,822,031	1,338,174	1,310,561	834,980	986,459	679,748
Product Development	583,636	290,851	439,303	236,779	329,899	156,612	248,315	127,496
Non-cash Compensation	61,717	14,027	46,454	11,419	37,926	7,176	28,547	5,842
Total other operating expenses	4,079,735	2,627,349	3,070,817	2,138,898	2,209,418	1,363,174	1,663,029	1,109,745
Profit from operations	1,797,257	1,196,977	1,352,794	974,447	958,006	617,532	721,091	502,727
Interest Expense	110	(6,281)	83	(5,113)	441	853	332	694
Interest Income	62,838	15,035	47,298	12,240	33,700	12,308	25,366	10,020
Other Income	16,700	6,517	12,570	5,305	11,937	4,406	8,985	3,587
Profit Prior to tax provision	1,876,905	1,212,248	1,412,745	986,879	1,004,084	635,099	755,774	517,028
Tax Provision	(39,675)	(19,900)	(29,863)	(16,200)	(19,135)	(10,600)	(1,746)	(8,629)
Net Profit	1,837,230	1,192,348	1,382,882	970,679	984,949	624,499	754,028	508,399
Earnings Per Share								
Net Profit per basic share	0,33	0,21	0,25	0,17	0,18	0,11	0,14	0,09
Net Profit per diluted share	0,32	0,21	0,24	0,17	0,17	0,11	0,13	0,09
Weighted Average Shares								
Basic	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986	5,552,986
Diluted	5,727,986	5,658,986	5,727,986	5,658,986	5,727,986	5,658,986	5,727,986	5,658,986

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

For the Half Year Periods Ended June 30, 2007 and June 30, 2006

	Common Stock						Total
	Shares Issued	Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Foreign Currency Translation	
BALANCE – December 31, 2005	5,631,067	5,941,512	51,334,420	(269,241)	(56,875,538)	(8,152)	123,001
Net Profit					1,192,348		1,192,348
Foreign Currency Translation						(13,008)	(13,008)
Non-cash Compensation			14,027				14,027
BALANCE – June 30, 2006	5,631,067	5,941,512	51,348,447	(269,241)	(55,683,190)	(21,160)	1,316,368
BALANCE – December 31, 2006	5,631,067	5,941,512	51,392,016	(269,241)	(53,752,141)	(103,719)	3,208,427
Net Profit					1,837,230		1,837,230
Foreign Currency Translation						34,829	34,829
Non-cash Compensation			61,717				61,717
BALANCE – June 30, 2007	5,631,067	5,941,512	51,453,733	(269,241)	(51,914,911)	(68,890)	5,142,203

artnet AG Statement of Changes in Shareholder's Equity (Euro)

For the Half Year Periods Ended June 30, 2007 and June 30, 2006

	Common Stock						Total
	Shares Issued	Amount	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Foreign Currency Translation	
BALANCE – December 31, 2005	5,631,067	5,631,067	50,194,993	(264,425)	(55,451,948)	(5,826)	103,861
Net Profit					970,679		970,679
Foreign Currency Translation						(36,946)	(36,946)
Non-cash Compensation			11,419				11,419
BALANCE – June 30, 2006	5,631,067	5,631,067	50,206,412	(264,425)	(54,481,269)	(42,772)	1,049,013
BALANCE – December 31, 2006	5,631,067	5,631,067	50,240,899	(264,425)	(52,962,508)	(213,045)	2,431,988
Net Profit					1,382,882		1,382,882
Foreign Currency Translation						(40,668)	(40,668)
Non-cash Compensation			46,454				46,454
BALANCE – June 30, 2007	5,631,067	5,631,067	50,287,353	(264,425)	(51,579,626)	(253,713)	3,820,656

artnet AG Consolidated Cash Flow Statement

For the 1st Half Ended June 30, 2007 and 2006

	1st half ended 30.06.2007 Consolidated USD	1st half ended 30.06.2006 Consolidated USD	1st half ended 30.06.2007 Consolidated EURO	1st half ended 30.06.2006 Consolidated EURO
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit	1,837,230	1,192,348	1,382,882	970,679
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:				
Depreciation and amortization	144,169	96,635	108,516	78,670
Provision for doubtful accounts	61,419	21,946	46,230	17,866
Non-cash compensation	61,717	14,027	46,454	11,419
Income tax payments	(104,974)	-	(79,570)	-
Changes in operating assets and liabilities:				
Accounts receivable	(626,612)	(237,754)	(471,651)	(159,722)
Prepaid and other current assets	(211,855)	(77,489)	(152,548)	(56,272)
Security deposits	(29,711)	-	(19,924)	8,798
Accounts payable	(11,114)	(296,455)	(10,917)	(253,705)
Provisions	-	-	(976)	-
Accrued expenses and tax liabilities	(1,638)	26,779	(1,233)	(12,959)
Change in foreign currency translation adjustment	32,134	(20,634)	36,016	69,676
Deferred Revenue	554,694	327,956	390,424	209,632
TOTAL ADJUSTMENTS	(131,771)	(144,989)	(109,179)	(86,597)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,705,459	1,047,359	1,273,703	884,082
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(230,628)	(79,413)	(173,594)	(64,648)
Purchase of intangible assets	(392,608)	(54,839)	(295,516)	(44,644)
Receivables from shareholder, advance	(25,326)	(25,326)	(18,817)	(20,183)
NET CASH USED IN INVESTING ACTIVITIES	(648,562)	(159,578)	(487,927)	(129,475)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan Payments to Shareholders	(33,843)	(59,681)	(25,653)	(55,360)
NET CASH USED IN FINANCING ACTIVITIES	(33,843)	(59,681)	(25,653)	(55,360)
Effects of exchange rate changes on cash	2,695	7,626	(46,166)	(89,087)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,025,749	835,726	713,957	610,160
CASH – Beginning	3,211,637	1,175,379	2,434,421	992,490
CASH – Ending	4,237,386	2,011,105	3,148,378	1,602,650

Notes

to the Six Months Report 2007

Consolidated interim Financial Statements

Corporate Information

artnet AG (hereinafter referred to as "artnet AG" or "the Company") is a publicly traded corporation headquartered in Berlin, Germany. The address of its registered office is Mauerstraße 83/84, 10117 Berlin. artnet AG was incorporated under the laws of Germany in 1998.

artnet AG has one wholly owned subsidiary, Artnet Worldwide Corporation, ("Artnet Corp") which is located in New York, USA. Together artnet AG and Artnet Corp. are referred to as the Group or artnet Group.

The Group's business is to provide art collectors, galleries, publishers, auction houses and art enthusiasts a website where individuals can research artists, view art related news and find artworks that are currently available at art galleries around the world.

Basis of Presentation

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

The same accounting and valuation methods have been applied to these interim reports as to the most recent annual financial statements. A detailed description of the accounting policies is published in the notes to the annual consolidated financial statements of our annual report 2006.

The Management of the Company is satisfied that the consolidated interim financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for the interim period. Results of the periods ended June 30, 2007, are not necessarily indicative for future results. The interim financial statements as of June 30, 2007 and the interim management report have not been audited in accordance with § 317 of the HGB or reviewed by an auditor.

Reporting Period

The accounts represented in this report are for the time frame January 1 through June 30, 2007 and 2006, respectively. The income statement also includes comparative information for the 2nd quarter from April 1 to June 30, 2007 and 2006, respectively.

Currency

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

The currency of the primary economic environment in which artnet operates is US Dollars. For convenience purposes, especially of our US-investors, the consolidated interim financial statements are also presented in US-Dollar.

Basis of Consolidation

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

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

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

Changes in Shareholders equity

The movements in the Consolidated Shareholders' equity are shown in the statement of changes in the shareholders equity section of the consolidated interim financial statements.

Treasury Shares

As of June 30, 2007 and 2006 artnet AG held 78,081 of its own shares, representing 1.4 % of common stock.

Income Taxes

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

Revenue by geographical area

The following table provides an analysis of the Group's interim revenue by geographical market:

	Period ended 6/30/2007	Period ended 6/30/2006
Revenue	EURO	EURO
United States	3,440,783	2,463,733
Europe	1,683,011	1,244,035
Rest of World	255,722	236,120
Total	5,379,516	3,943,888

Segment reporting

Due to its relatively small size, the artnet Group is not organized in different operating divisions. All products share a common platform and use the Group's resources on a common basis. Therefore, no segmentation in operating segments is provided.

Earnings per share

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

Diluted earnings per share are calculated in the same manner as basic earnings per share with the exception that the average number of shares outstanding increases by adding the potential number of shares from stock option conversions. The calculation of earnings per share is based on the following data:

	Period ended 6/30/2007	Period ended 6/30/2006
	EURO	EURO
Numerator (Earnings):		
Net profit retained for equity shareholders	1,382,882	970,679
Denominator (Number of shares):		
Weighted average number of ordinary shares used to calculate basic earnings per share	5,552,986	5,552,986
Effect of potential shares: Stock options	175,000	106,000
Weighted average number of ordinary shares used to calculate dilutive earnings per share	5,727,986	5,658,986

Employees

At June 30, 2007, there were 68 full time employees as compared with 46 in same period a year ago. Additionally, the Group employed fourteen part-time employees as compared to thirteen in the year ago period and fifteen sales and other consultants as compared to eight as of June 30, 2006.

Accounting estimates and judgments

The preparation of the Group's consolidated interim 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 interim financial position and results of operations. Actual results may differ from these estimates.

Notifications in accordance with § 21 of the securities trading act

Artis Technology 2X Ltd., headquartered in San Francisco, USA, has informed us that the proportion of its voting rights in our company exceeded the 5% voting right limit on March 1, 2007, in accordance with § 21, para. 1 of the Securities Trading Act, and now amounts to 5.03%.

Artis Capital Management, LLC, headquartered in San Francisco, USA, has informed us that the proportion of its voting rights in our company exceeded the 10% voting right limit on May 23 2006 in accordance with § 21, para. 1 of the Securities Trading Act, and now amounts to 10.39%.

Report on post-balance sheet events

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

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, July 27, 2007



Chief Executive Officer
Hans Neuendorf