



Short financial year
ANNUAL REPORT **2006**
of the OPEN Business Club AG

➤ By focusing on the “business people worldwide” target group, the company is able to offer tailored features, thereby making networking and contact management simpler. At present, 73 employees from 13 different countries work for the company, which has its headquarters in Hamburg, Germany, and offices in Beijing, China, and in Zurich, Switzerland. With its successful IPO in December 2006, OPEN Business Club AG as the first Web 2.0 company to go public is influencing the social networking trend amongst professionals on a sustained basis.

The XING Internet platform makes the professional and business network an active resource. For XING is far more than a directory of business contacts. With its advanced contact search and management tools, members on the platform can discover business and professional people, opportunities and customized offers. <

XING ><

	01.07.2006 - 31.12.2006 (period of 6 months)	01.07.2005 - 30.06.2006 (period of 12 months)
Members		
Number of registered members at the end of the period	1,694,043	1,170,627
of which Premium Members (number of paid memberships)	220,527	154,394
Results of operations in 000 €		
Sales revenues	6,377	5,994
EBITDA before non-recurring charges	1,438	-631
Net assets in 000 €		
Non-current assets	3,994	2,146
Current assets	46,978	7,793
Total assets	50,973	9,938
Equity	40,910	5,590
Equity ratio in %	80	56
Financial position in 000 €		
Cashflow from operating activities	3,880	1,734
Employees		
Number of employees at the end of the period	73	45

In the short financial year 2006 (July 1, 2006 to December 31, 2006), OPEN Business Club AG achieved an EBITDA before non-recurring charges of € 1,438 thousand. As a result of expenses for the IPO at the beginning of December 2006, EBITDA after non-recurring charges was € -1,219 thousand.

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Foreword by the Chairman of the Executive Board



**Ladies and gentlemen,
Dear shareholders, employees and XING members,**

You are now reading our Company's very first Annual Report. I am delighted to be able to provide you with a review of 2006, which proved to be a successful and eventful financial year, as well as an outlook on the future development of OPEN Business Club AG.

Successful rebranding, relaunch and IPO

The short financial year 2006 (July 1 to December 31, 2006) was an exceptional year for us in a positive sense: openBC was rebranded as XING. As the founder of the Company, it was an emotional moment for me when we were able to present the platform to our members, with its striking new brand profile and an interface fully tailored to our users' needs. The rebranding was preceded by a comprehensive development process. In technical terms, the smooth migration of 1.5 million member profiles and more than 42 million contacts was an unparalleled success: not one contact was lost.

Just one month later, we successfully completed the IPO which we had announced shortly beforehand, making us the first Web 2.0 company to be listed on the stock market. This milestone in our Company's history means that we can now measure our business performance in a challenging new environment.

Encouraging member growth and financial results

All of the relevant key figures show that OPEN Business Club AG is on a successful and profitable growth path. The number of members worldwide increased to 1.69 million in December 2006, with the number of paying Premium Members rising to over 220,000. No other social software provider can boast a similarly high proportion of paying customers. This high member growth was reflected in revenues: in the 2006 calendar year, openBC generated revenues amounting to €10.1 million, compared with €3.3 million in the previous year (January 1 to December 31, 2005). This constitutes growth of more than 200 percent. OPEN Business Club AG recorded revenues of €6.4 million in the short financial year 2006. The Company was able to further improve its underlying profitability as well as continuing on its growth path in the short financial year. EBITDA before non-recurring charges amounted to €1.4 million in the period under review, corresponding to an EBITDA margin before non-recurring charges of 23 percent. openBC recorded a net profit for the short financial year 2006 before non-recurring charges in the amount of €1.1 million. EBITDA after non-recurring charges includes costs relating to the IPO in December 2006 amounting to €2.7 million.

This means that we exceeded our own targets slightly, allowing us to look back on a successful financial year with a proven degree of growth potential for our Company's further development in 2007.

› Lars Hinrichs: “Around the world, contacts are becoming more and more important. Globalization, which was previously only an issue for large companies, is now affecting people at a personal level, too.”

Thanks to our exciting business environment and our healthy and motivated corporate culture, we were able to achieve our operating target for employee growth, doubling the number of employees in the 2006 calendar year without any difficulties.

Dynamic growth market

In terms of member activity, XING is already the global market leader. The active, high-quality community of XING users creates an added value for business people around the world that is irreplaceable, and hence immeasurable. Both online and offline, across all national, linguistic and sector boundaries: with XING, we are promoting business relationships based on trust.

We are active in the young, up-and-coming growth market of professional online networking. Within this environment, we benefit from three proven trends: the growing number of Internet users, which is forecast to rise from a good billion at present to just under two billion in 2011; the increasing willingness of Internet users to pay for high-quality content; and finally, the growing importance of contacts for business people.

In terms of the monetization of our member base, too, we are the market leader: 13 percent of all our members have paid Premium Memberships. In certain cities, such as Hamburg and Munich, the proportion of Premium Members rises just under 20 percent.

Further growth through international expansion

Our strategy for the coming months is clear: we have recorded profitable organic growth in the past, and intend to pursue this growth path through viral marketing, intensive customer retention measures and the continued development of the XING network's technological platform. With the proceeds from the IPO, the global XING brand and the expertise of our entire team, we will begin our process of global expansion with strategic acquisitions in Europe and the USA.

We intend to continue to follow our innovation strategy in the future, offering our users a product update every two weeks. We will intensify our international growth process. The number of XING members abroad is already increasing at a faster rate than in Germany. With locations in Hamburg, Zurich and Beijing and a team made up of 15 nationalities, we are in an excellent position to establish ourselves as the driving force in the global professional online networking market.

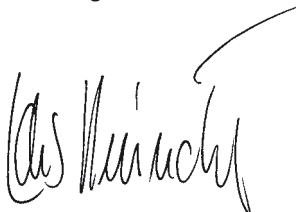
One team - one goal

Our IPO was made possible by the superb cooperation between the XING team, our existing shareholders including Wellington Partners, and the underwriters Deutsche Bank and Lehman Brothers. As the saying goes, you should never change a winning team, so we have retained Deutsche Bank and Lehman Brothers as designated sponsors. I would like to take this opportunity to thank the entire XING team for their remarkable commitment. I have been delighted by the high degree of motivation with which they have acted on behalf of XING to date, and which I hope they will continue to display in the future.

Finally, I would like to pay particular thanks to our members and shareholders for their confidence in us, as well as to our business partners and the Supervisory Board of OPEN Business Club AG.

We look forward to enjoying a successful future with you.

Hamburg, March 2007



Lars Hinrichs
Chairman
OPEN Business Club AG

Management



Maren Gintzburg

VP Member Relations

Maren Gintzburg is responsible for international Member Relations at OPEN Business Club AG, which supports XING members using the platform in 16 languages.

Eoghan Jennings

CFO

Eoghan Jennings is responsible for Finance, Legal, Human Resources and Investor Relations at OPEN Business Club AG.

Susan Kish

VP Network Advisory

Susan Kish heads the subsidiary company First Tuesday Zurich, which is specialized in organizing and staging seminars, congresses, workshops, think tanks and events for networks.

Lars Hinrichs

Chairman of the Executive Board

Lars Hinrichs founded the company in 2003 and has headed operations since that time, becoming CEO on the conversion of the company into a public corporation in October 2006.



Burkhard Leimbrock

VP International

Burkhard Leimbrock is responsible for the management and expansion of operations abroad and for coordinating existing regional management.

Julika Čapek

VP Finance

Julika Čapek is responsible for accounting, financial planning, financial controlling and the evaluation of company performance at OPEN Business Club AG.

Andreas Gehret

VP Engineering

Andreas Gehret is responsible for the development and operation of the XING platform.

Daniela Hinrichs

VP Corporate Communications

Daniela Hinrichs is the corporate spokesperson for OPEN Business Club AG and responsible for corporate communications and press relations work worldwide.

Report by the Supervisory Board

Dear shareholders,

The short financial year from July 1 to December 31, 2006, was dominated by the conversion of the Company's legal form, the rebranding and relaunch of its website, and the preparation and implementation of OPEN Business Club AG's initial public offering in December 2006.

Advising and monitoring the Company's management

The Supervisory Board closely followed the financial position and development of OPEN Business Club AG in the period under review. It performed the advisory and monitoring duties assigned to it by the law and the Articles of Association without exception. The Management Board regularly informed the Supervisory Board in a timely and comprehensive manner, both in writing and orally, of all material aspects of the Company's business development, important business transactions and the current earnings situation, including the risk situation and risk management. The Supervisory Board addressed the reports by the Management Board at its meetings and discussed them together with the Management Board. A total of six meetings were held in the short financial year under review. Between meetings, the Supervisory Board was kept informed of significant projects and transactions. Resolutions were adopted in writing where necessary. In addition, the members of the Supervisory Board and the Management Board met regularly to exchange information and for consultation purposes.

Key topics of discussion

The Supervisory Board's discussions focused on:

- revenue and earnings development and the net assets, financial position, and results of operation of the Group and its subsidiaries operating in Switzerland and China,
- corporate planning, including investment and human resources planning for the Group and its subsidiaries,
- the Group's strategic orientation,
- the further development of the risk early warning systems,
- the preparation and implementation of the IPO,
- the development of the economic environment in the markets in which OPEN Business Club AG operates, and
- the discussion and evaluation of transactions requiring approval.

Composition of the Supervisory Board and committees

The Supervisory Board of OPEN Business Club AG has three members. The members of the Supervisory Board of OPEN Business Club AG were appointed as part of the resolution to change the Company's legal form that was adopted by the shareholders of OPEN Business Club GmbH on July 19, 2006. All of the members of the Supervisory Board are former members of the Advisory Board of OPEN Business Club GmbH. At the constituent meeting of the Supervisory Board on August 22, 2006, Dr. Neil V. Sunderland was elected as the Chairman of the Supervisory Board, with Dr. Eric Archambeau elected as Deputy Chairman.

By way of a resolution adopted on November 3, 2006, the Supervisory Board established by-laws and created a Personnel Committee and an Audit Committee, neither of which have decision-making powers. The Personnel Committee is composed of Dr. Eric Archambeau and William Liao, while the Audit Committee is composed of Dr. Neil V. Sunderland and William Liao. The Personnel Committee is responsible for preparing Supervisory Board resolutions on the appointment or dismissal of members of the Management Board, the conclusion, termination, or amendment of contracts with members of the Management Board (corresponding to the duties of a Remuneration Committee), the conclusion of other legal transactions involving current or former members of the Management Board, the approval of ancillary activities by members of the Management Board, and the approval of contracts with members of the Supervisory Board. The Audit Committee is responsible for examining the documents used in preparing the single-entity and consolidated financial statements and interim financial statements, and for preparing Supervisory Board resolutions on the adoption of the single-entity financial statements and the approval of the consolidated financial statements, the proposal to the general shareholders' meeting on the appointment of the auditors, and the extension of the audit assignment to the auditors.

Declaration of compliance

The provisions of the German Corporate Governance Code were not discussed by the Supervisory Board during the period under review. However, the Management Board and the Supervisory Board discussed the provisions of the German Corporate Governance Code on February 1, 2007, on the basis of which they issued a declaration of compliance in accordance with section 161 of the German Stock Corporation Act for the first time and made this declaration permanently available to the Company's shareholders at corporate.xing.com.

Audit of the single-entity and consolidated financial statements

The annual financial statements of OPEN Business Club AG and the management report for the short financial year from July 1 to December 31, 2006 prepared by the Management Board in accordance with the provisions of the German Commercial Code and the consolidated financial statements and Group management report prepared in accordance with the International Financial Reporting Standards (IFRS), including the Company's bookkeeping system, were audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Hamburg, and issued with an unqualified audit opinion in each case.

The Supervisory Board took note of these audit reports in its own examination of the single-entity financial statements, management report, consolidated financial statements, and Group management report prepared by the Management Board. The Company's auditors participated in these discussions by telephone and reported on the key results of their audit.

The Supervisory Board concurred with the results of the audit by the auditors and, based on the final results of its own examination, did not raise any objections. The Supervisory Board approved the single-entity and consolidated financial statements prepared by the Management Board in its meeting on March 22, 2007; the annual financial statements have therefore been adopted.

Conclusion

The members of the Supervisory Board would like to thank the members of XING and the Company's shareholders for the confidence they have shown in OPEN Business Club AG. They would also like to thank the Management Board and all of the Company's employees for the expertise and personal commitment they have demonstrated in working towards the Company's success and the high degree of satisfaction among XING's members that has been achieved as a result.

Hamburg, March 22, 2007

A handwritten signature in black ink that reads "N. V. Sunderland". The signature is written in a cursive, flowing style.

Dr. Neil V. Sunderland
Chairman of the Supervisory Board

Members of the Supervisory Board



Dr. Neil V. Sunderland
Chairman
Switzerland



Dr. Eric Archambeau
Deputy Chairman
Belgium



William Liao
Switzerland

Corporate Governance

OPEN Business Club AG applies the principles of fairness, reliability and transparency to its corporate management. The aim of its corporate governance activities is to ensure the responsible management and control of the Company with a focus on long-term value growth. The core components of this approach are close, efficient cooperation between the Management Board and the Supervisory Board, the protection of shareholder interests, and open, transparent corporate communications. On February 26, 2002, the Commission for the German Corporate Governance Code established by the German Federal Ministry of Justice adopted the German Corporate Governance Code. The most recent amendments to the Code were resolved on June 2, 2005. On February 1, 2007, the Supervisory Board and Management Board of OPEN Business Club AG issued a declaration of compliance with the recommendations on the management and monitoring of listed companies, which are based on nationally and internationally accepted standards of proper, responsible corporate management. The declaration was published on the Company's website and is shown below:

Declaration by the Management Board and Supervisory Board of OPEN Business Club AG on the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act

Since the initial listing of its shares on December 7, 2006, OPEN Business Club AG has complied with the recommendations on corporate management and monitoring issued by the Commission for the German Corporate Governance Code established by the German Federal Government in the version dated June 12, 2006, as published in the official section of the electronic Bundesanzeiger by the German Federal Ministry of Justice, with the following exceptions:

3.8 - D&O insurance deductible

OPEN Business Club AG has taken out a D&O insurance policy for its executive bodies without agreeing a deductible. The Management Board and the Supervisory Board are of the opinion that agreeing a deductible for a D&O insurance policy is not an appropriate means of achieving the aims of the Code. Deductibles are generally covered by the members of the Management Board and the Supervisory Board as part of their own insurance, making the function of the deductible essentially redundant.

4.2.1 - Composition of the Management Board, allocation of areas of responsibility

In accordance with Article 7 of the Articles of Association, the Management Board of OPEN Business Club AG may be comprised of only one person. The Terms of Reference do not regulate the allocation of areas of responsibility and cooperation.

4.2.3 (3) - Stock options and comparable instruments

OPEN Business Club AG does not comply fully with the Code with regard to the terms and conditions of its stock options and comparable instruments. The possibility of limitation for extraordinary developments is not agreed upon as part of the stock option plan.

5.1.2 - Specification of an age limit for members of the Management Board

The Supervisory Board of OPEN Business Club AG has not specified an age limit for members of the Management Board. Any such age limit is imposed on a case-by-case basis when the members of the Management Board are appointed.

5.2 (2) - Chairmanship of committees by the Chairman of the Supervisory Board

The Chairman of the Supervisory Board of OPEN Business Club AG is not the Chairman of the Personnel Committee; however, he is the Chairman of the Audit Committee. The committees established by OPEN Business Club AG do not have any decision-making powers, but rather perform an advisory role.

5.4.1 - Specification of an age limit for members of the Supervisory Board

The Supervisory Board of OPEN Business Club AG has not stipulated an age limit for members of the Supervisory Board. Any such age limit is imposed on a case-by-case basis when the members of the Supervisory Board are appointed.

5.4.7 - Compensation of the members of the Supervisory Board

The chairmanship and membership of committees is not reflected separately in the compensation of the members of the Supervisory Board. In addition, the compensation of the members of the Supervisory Board does not contain any performance-related components. A long-term financial incentive is already provided to some extent by the direct or indirect ownership of a significant number of shares of the Company by members of the Supervisory Board.

7.1.4 - Publication of the results of associated companies

The Company publishes a list of third-party companies in which the Company holds a significant interest; this list contains the information required by law.

Hamburg, February 2007

A growth market **Online** **professional** **networking**


OPEN Business Club AG operates one of the world's leading professional networking platforms under the brand name XING.

A global trend towards online networking has been visible for a number of years, and the growing interest in Web 2.0 during recent months has given further impetus to this development.

Online networking is one of the central focuses of Web 2.0, where users increasingly create and edit Internet content themselves.

The interactive online nature of social networking Web sites typifies the Web 2.0 ethos: platforms enabling users to create content using a wide range of applications and data.

Social networking sites are thus following the Internet trend towards a greater degree of user-friendliness and a greater focus on social interaction and communication. They are moving away from standardized software and are concentrating more on services aimed at facilitating interaction and the flow of information between members.



Professional networking, a sub-segment of the online social networking market, has developed into a global phenomenon attracting millions of users around the world.



Professional networking platforms, a sub-segment of the online social networking market, are developing into a global phenomenon attracting millions of users around the world. Members of professional networking sites are generally well-educated professionals, on average older and more established in their careers than users of private social networking sites. As a result, such users take advantage of networking platforms primarily to search for new business opportunities and business partners, job openings, or qualified applicants for vacant positions.

Social networking still in its infancy

The potential offered by online social networking is highlighted in a number of studies. According to an analysis by the Computer Industry Almanac Inc., for example, the number of Internet users is expected to increase from 1.1 billion in 2006 to two billion in 2011. Furthermore, in contrast to just a few years ago, Internet users are now prepared to pay for high quality online services. A 2006 study by Global Industry Analysts forecasts an increase in the global market volume for paid online services and content, from €3.3 billion in 2006 to €7.2 billion in 2010. According to recent research by Booz Allen Hamilton, nearly 12.4 million people in Germany currently use interactive and participative applications such as online communities, blogs and contact sites. As a result, these platforms now form an integral part of everyday life for significant sections of the population. The users targeted by XING - categorized as "professionals" - are well-educated, business-oriented individuals from all sectors. In this target group's rapidly evolving business and working environment, the importance of contacts has steadily increased in recent years. In order to retain a competitive and professional advantage both now and in the future, companies as well as individual employees must be able to establish and maintain domestic and international business contacts.

OPEN Business Club AG is the first company in this young market to communicate successfully the benefits of professional online networking to its paying customers, thus establishing a successful, subscription-based business model. With just under 1.2 million members in Germany, Switzerland and Austria, XING is currently the clear leader in the German-speaking market.



€ 3.3 billion

Global presence a competitive advantage

Numerous well-established, intensively-used social networking sites already exist for children, teenagers and college students. Furthermore, this adolescent generation is expected to continue using networking sites once it reaches working age. In this context, professional networking platforms stand to gain from the fact that many users of general social networking sites will become users of professional networking sites as they grow older and their careers progress. Compared with sites aimed at specific age groups, the key economic benefit of professional networking sites is that they accompany their customers throughout their careers, and hence for most of their adult lives.

The decisive selection criteria for this extremely demanding customer group of new professional online networkers will include the quality and global reach of the platform as well as the level of member activity on the specific site. In an increasingly globalized business world, not only will contacts in general become more important, the value of being able to establish and maintain these types of contacts across national and continental borders will also increase. This international focus is set to become one of the decisive factors in the future growth of professional networking sites.



€ 7.2 billion

According to Global Industry Analysts, the global market for paid online services and content is set to grow by 21.1 percent annually, from €3.3 billion in 2006 to €7.2 billion in 2010.

Professional networking is a new, up-and-coming market in which most providers limit themselves to a single geographical region and language. By contrast, OPEN Business Club AG has always strived to achieve a global and localized presence. With its XING platform currently available in 16 languages, the company already operates a mature business model that enables it to offer a highly competitive choice for entrepreneurs, business people and academics. Between December 2005 and December 2006, the number of XING members based outside the German-speaking world increased considerably, by over 200 percent. This is due to the particularly high growth rates recorded immediately after the Company's entry into a new regional market. Finally, although the German-speaking market is relatively developed in comparison to other European or Asian regions, OPEN Business Club AG expects continued growth in Germany due to the high level of recognition enjoyed by XING at home.

XING –

A model for success

➤ The XING platform enables OPEN Business Club AG, founded in August 2003, to turn its professional and business network of approximately 1.7 million members into an actively-used resource.

The business network creates around 42 million global peer-to-peer connections across all industries.

Login

Benutzername

Passwort

Computer automatisch einloggen

kannt werden.

Global network supports local transactions

Thanks to its enhanced contact search and management functions, XING provides members with maximum convenience and practical benefits covering all aspects of business contacts, and these functions are being improved continuously. As well as maintaining and intensifying existing contacts, XING users can find new contacts quickly and easily. They can also expand their activities into new local, regional and international markets and initiate and conclude transactions online. In addition, XING provides valuable support to users seeking a new job or those looking for suitable applicants for a vacant position. Finally, members use the platform to exchange opinions and information. XING offers its members the added benefit of simple and efficient contact management tools. All member profiles feature an address book which is updated automatically when other users update their information.

These are the main reasons why more and more people are choosing to join XING. What's more, new members choose to subscribe to Premium Membership within an average of 150 days.

Tailored range of services ensures member activity and willingness to pay

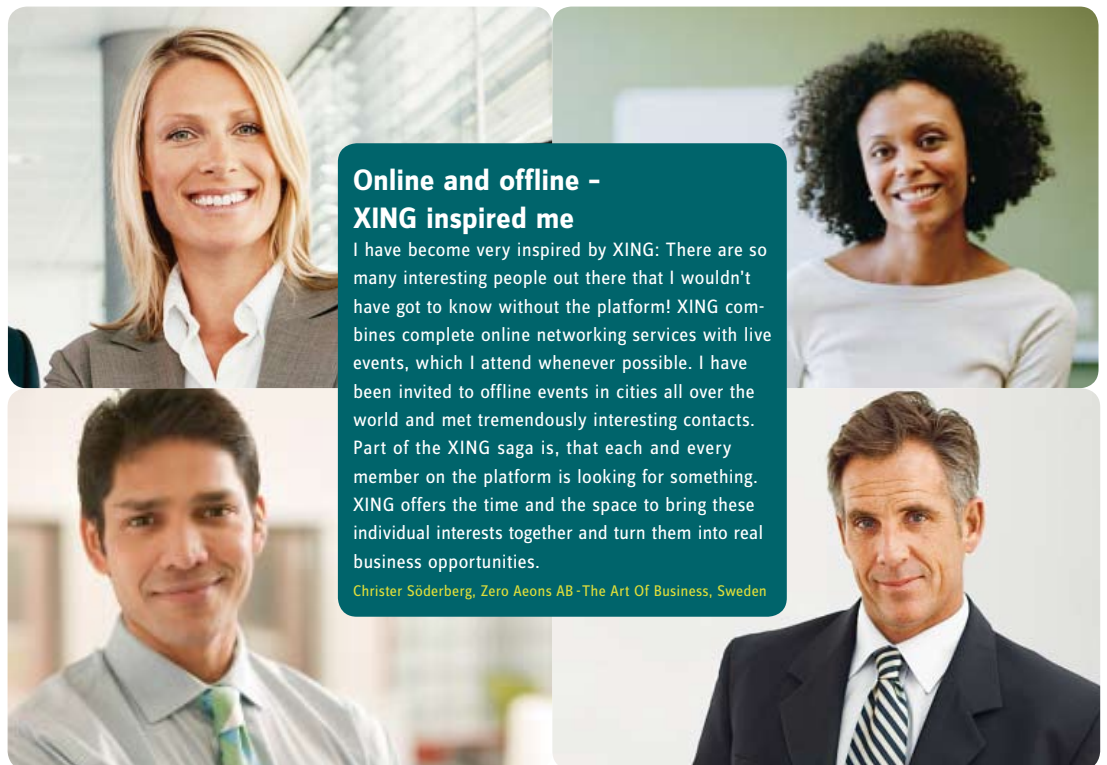
XING members can choose between a free basic membership and a fee-paying Premium Membership offering enhanced functions and search options along with discounts on exclusive products and services. More than 13 percent of members worldwide already use the fee-paying Premium Membership. In the German-speaking market, the proportion of Premium Members is 17 percent, rising to almost 19 percent in Hamburg and Frankfurt, and nearly reaching 20 percent in Düsseldorf. The proportion of paid members has steadily increased since the Company was founded, and OPEN Business Club AG's business model creates an optimum basis for further growth in the number of Premium Members. While 2.3 percent of customers decide to upgrade to Premium Membership within a month of registering with XING, this figure rises to 20 percent after 10 months and to almost one-third after 20 months.

Unlike many of its competitors, OPEN Business Club AG employs a business model that is entirely contribution-based, with the Company focusing on continuously improving the benefits of the platform to its Premium Members and delivering maximum value to them at all times. Since XING users receive tailor-made services instead of advertising, they are more active and use the services over a longer period of time than customers of advertising-based platforms. These factors are among XING's most important competitive advantages.

My last two clients found me via XING

As a media consultant I have benefited a lot from XING. My last two clients found me via the XING platform: One is a private media company who asked me to help them create their new radio station (three-year contract) and the second one is a software company which entrusted me to manage their communication (one-year contract). From my point of view the most interesting aspect of XING to me is its very human structure. It is all about people. What makes your invitations work? The quality of your relationship with your personal network. What makes people visit your page? The quality of your content. What makes people adding you as a contact? The quality of your offer. Yes, it is all about people... and their qualities.

Denis Florent, DENIS FLORENT MEDIA GROUP, France



Business success determined by customer benefit


The benefit that XING offers to professionals, entrepreneurs, specialists, and executives registered on the site is the key factor behind OPEN Business Club AG's success. In order to attract new customers and retain existing ones, a platform has to offer an impressive range of services tailored to members' needs. To this end, XING provides members with a variety of powerful tools for finding and managing contacts as well as communicating with other members.

When it comes to social networking, OPEN Business Club AG not only supports individual members; it also supports entire companies. In March 2006, the Company introduced Network Advisory to provide consulting services for institutions, organizations and companies seeking to establish, expand or maintain networking communities, such as alumni networks and special interest groups. In late 2006, OPEN Business Club AG entered into a cooperation agreement with IBM – a customer of the Company's recently acquired subsidiary, First Tuesday AG. The XING Premium Group, "The Greater IBM Connection", enables IBM to bring together former and current employees on a single network. XING expects this cooperation to lead to a growth in the number of new members.

Clients from India, Netherlands, Germany, Switzerland and Spain

Thanks to XING I have had the opportunity to do business with clients from India, Netherlands, Germany, Switzerland and Spain. All of them are members of XING! The features that XING provides made it possible for me to target potential clients. I'd also like to add that it's the members of XING that make the platform a success – inspite of geographical and cultural differences, XING has managed to bring together professionals in a very mutually beneficial and conducive way. XING's management is very open to hearing what the users want and that is one factor that makes XING so useful to anyone who uses it! Naina Redhu, aside, India





Leading global position assured by active and loyal members

In offering a broad range of services for finding, managing, updating and organizing contacts, for creating and maintaining online groups, and by offering unique PremiumWorld bonus features, OPEN Business Club AG has assured its own success for years to come. The large number of active members forms the foundation of a strong network and increases the opportunities for each individual member to forge beneficial new contacts. During the 2006 calendar year, the number of XING members increased by 149 percent to 1.7 million, while the number of Premium Members as of December 31, 2006 had increased to 221,000, up from 189,000 on September 30, 2006. This represents a Premium rate of 13%. In Frankfurt, 10.3 percent of all residents are already XING members, while the figures for Munich and Düsseldorf are 8.1 percent and 7.7 percent respectively. Most new members find their way to XING as a result of a low-cost, viral marketing model in which existing members recommend the platform to their personal contacts and invite them to join by e-mail, thus ensuring the platform's continued growth.

The high quality of XING is not solely attributable to the growing number of registered users. The platform's core strength is its active members who keep their profiles up to date and respond to personal messages and contact requests. In terms of user activity, XING is the global leader among the existing professional networking sites. A recent independent study by comScore Networks Inc. shows that the XING website is used far more intensively than those of its competitors, both in terms of the total period of use in minutes and the total number of pages visited. XING is also the global leader in the professional networking market with regard to the number of unique visitors, with roughly 60 percent of its basic members and 89 percent of its Premium Members visiting the Internet platform every month from July to December 2006. XING's subscription-based business model is also a positive factor in this context, as paying members are generally more active and more loyal, a fact that is reflected in the low average monthly cancellation rate of 1.9 percent.

Living by XING

Just three years ago, I took up the challenge to live in a foreign country (an American living in Germany) and I became a self-employed coach and trainer for personal development and communication. Three years ago, I didn't have any coaching or training clients. Today, my coaching and training business is picking up more speed than ever before, and I attribute a big part of that success to being a member of XING.

If anyone had asked me three years ago if I could get coaching clients from an online networking platform, I would have said, NO. Today, there is not one day that goes by that I don't tell someone about XING and what it can do for them and their business. XING has opened the door for me to provide services - not only in the country where I live (Germany), but also with requests coming from XING members who live and work as far away as China, Dubai and the USA. Only by being a member of such a large, international platform like XING has made this possible. Thanks!

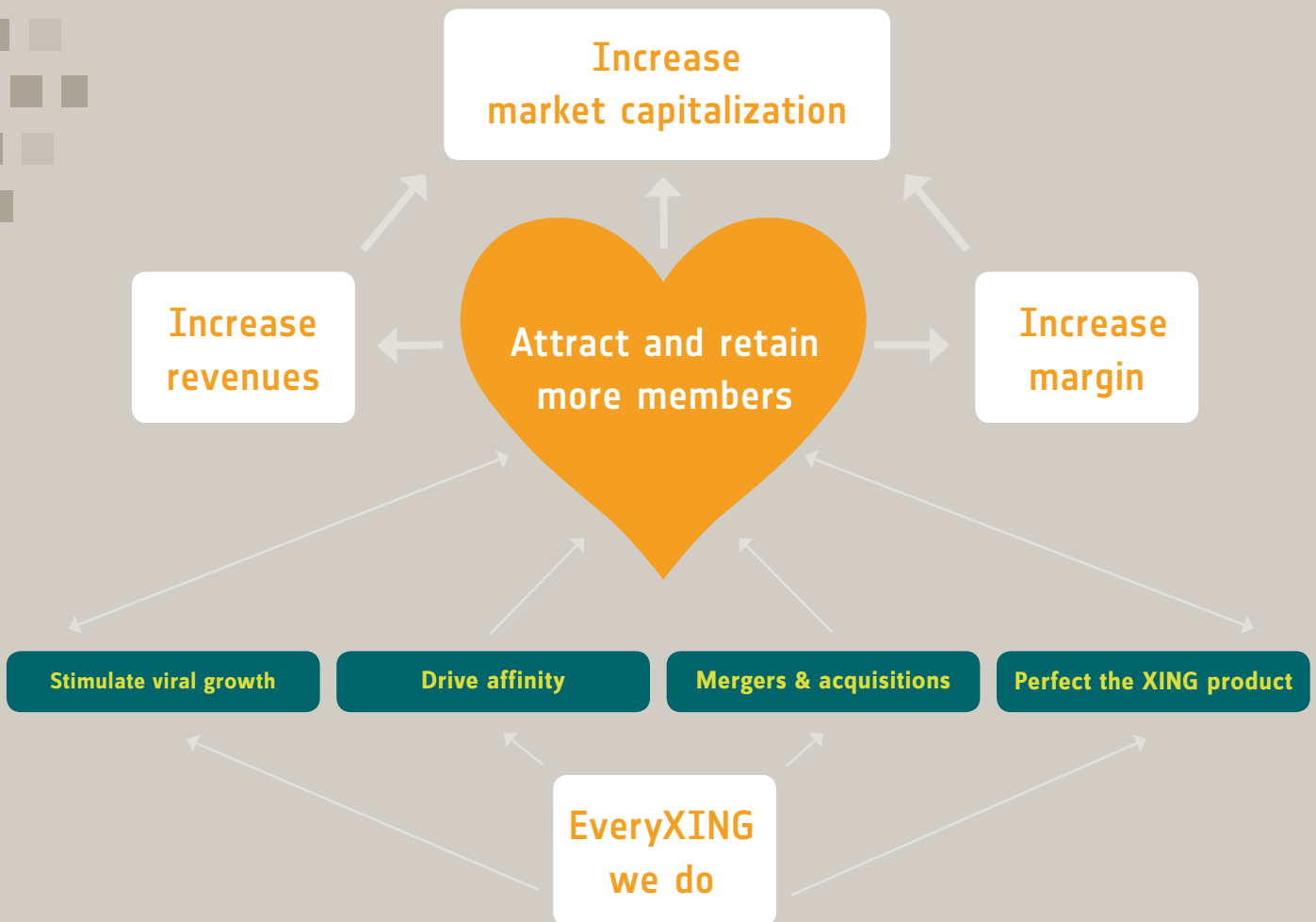
Peggy Stinson, Executive Management Company, Germany/USA



XING integrates know-how with know-who, helping members to do business faster and more efficiently by offering them access to new sales channels, contacts and jobs at the click of a mouse.



> XING presses ahead with growth



In comparison with other platforms, the high level of activity among XING members keeps data up to date, and ensures a brisk flow of information and communication. It also provides an optimal basis for ensuring that XING continues to meet the demands of new and existing users, as demonstrated by the profitable revenue growth recorded by OPEN Business Club AG. In the last quarter of 2006 alone, revenues increased by 28 percent in comparison to the previous quarter.

Following the successful IPO in December of last year, the Company will continue to pursue this growth path, bolstered with the necessary capital to press ahead with this strategy. In the future, OPEN Business Club AG will continue to position itself as the driving force in the professional online networking market. In this respect, the outlook for the Company is extremely promising. In addition to the attractive demographic structure of its members and the management team's established track record in the area of professional networking, the Company's highly scalable business model represents a key competitive advantage. By keeping marketing costs low, this strategy offers the possibility of gaining new members without an immediate proportionate increase in operating costs. Another decisive plus point is the Company's IT strategy, which was designed from the outset to be scalable, cost effective and reliable.

In light of the overall growth in Internet use and the increasing importance of online professional networking, OPEN Business Club AG's future growth will be driven by further expansion of its domestic and international member base. To this end, the Company will continue to deploy its tried and tested viral marketing concept in future. As it expands its network, the Company's growth will be accelerated by its focus on strategically selected cities and by the support it provides to companies and institutions in establishing their own networks on the XING platform. In addition to gaining new members, OPEN Business Club AG's second strategic objective is to increase user activity on the platform and to expand further the proportion of Premium Members by continuously improving the product and introducing special offers. This strategy will ensure further increases in profitability.

Four growth drivers for the future

The ability of OPEN Business Club AG to gain new members while retaining existing ones will be the key factor behind its continued profitable growth through increases in margins, revenues, and enterprise value. To achieve this objective, OPEN Business Club AG has identified four essential growth drivers: **viral growth, growth through affinity, mergers and acquisitions, and ongoing product improvements.**

Viral growth

To date, XING's viral marketing strategy based on the principle of word-of-mouth advertising has proved to be both effective and cost-effective. OPEN Business Club AG will continue to use this strategy as a way of raising public awareness of the XING brand and increasing the number of users without incurring any directly proportional increase in marketing costs. For this reason, supplements to viral marketing activities will be confined to targeted, profit-oriented marketing measures. As it expands into new geographical markets, OPEN Business Club AG will focus on strategically selected cities, including major economic centers around the world. The development of the Company's network to date shows that the number of new memberships in a target region increases rapidly once a certain number of members has been reached in a strategically important city in that region.

Growth through greater affinity

The establishment of alumni networks and internal company networks on the platform will also lead to further growth in member numbers, as these networks will attract large numbers of current students, employees and alumni to XING. Specialist subjects that can be discussed by members in the various sector- and topic-specific groups offer added potential for customer retention.

Targeted acquisitions

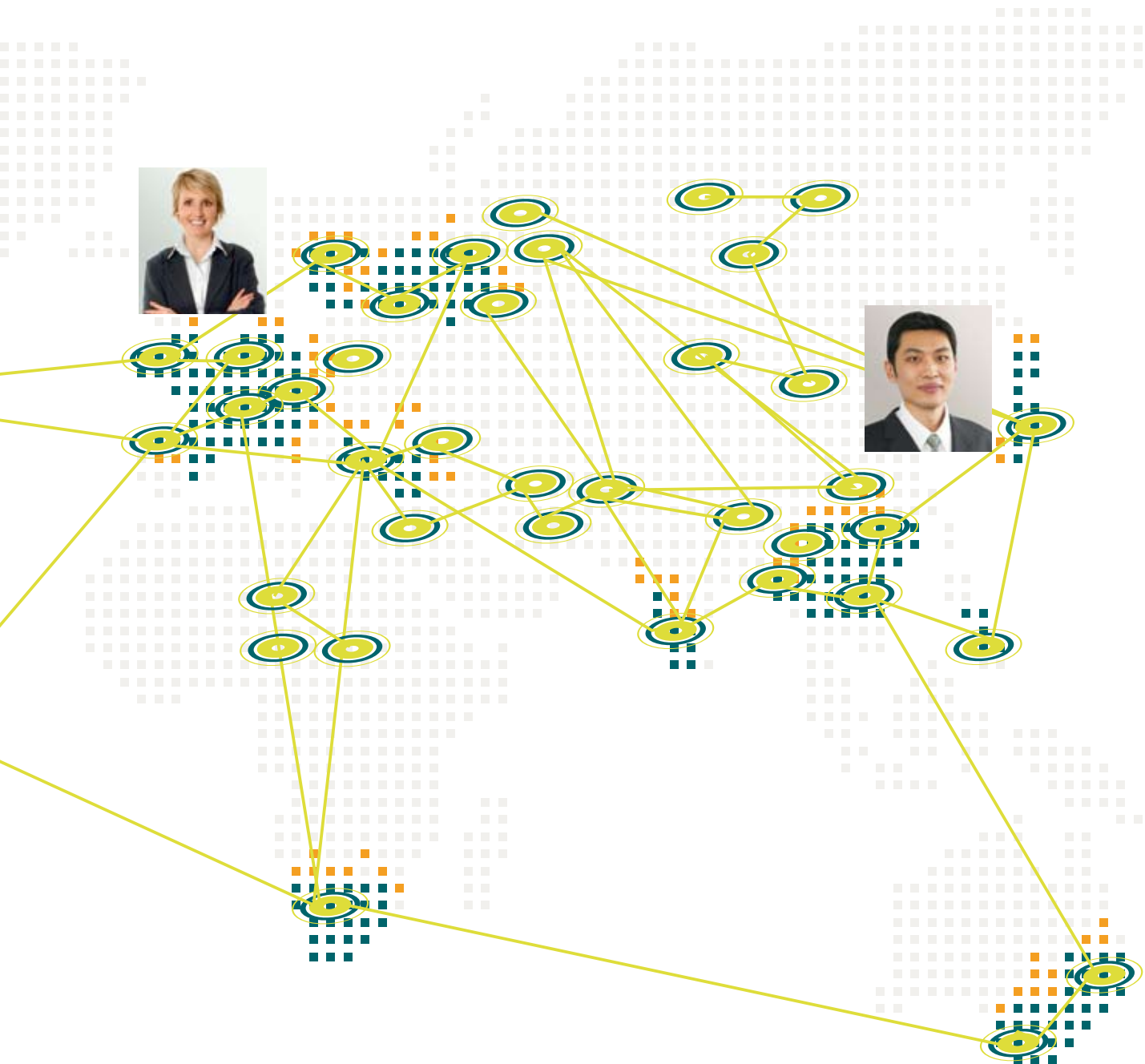
The targeted acquisition of networking platforms in Europe and America will also contribute to OPEN Business Club AG's future growth. In February 2006, the Company acquired First Tuesday Zurich, which specializes in developing executive networks and staging live networking events. OPEN Business Club AG is currently sounding out the online professional networking market and actively entering into negotiations with the aim of identifying suitable candidates for acquisition. In particular, this includes local networking websites, whose acquisition would provide additional members for the XING network and strengthen the Company's global market position, as well as allowing it to expand into previously untapped regions. In this way, OPEN Business Club AG will reinforce its position as the driving force in the market for professional online networking.



International expansion XING is understood by everyone, all around the world. The platform already supports 16 languages, and OPEN Business Club AG is expanding it on an ongoing basis by entering new regional markets.

Innovative ideas create an optimum product

The continued development of XING will also remain one of the Company's core objectives in the future, with the overriding aim being to increase the percentage of basic members who subsequently upgrade to Premium Membership. Member activity plays a key role in this process. As the number of members who actively use the platform increases, so does the likelihood of these members choosing to become Premium Members. This means that innovative functions aimed at improving usage intensity are a vital component of the Company's growth strategy. Examples of OPEN Business Club AG's commitment to product optimization include improvements to the user interface implemented in connection with the relaunch in November 2006 and new or optimized search options, exclusive PremiumWorld features and the Marketplace, an online forum for job advertisements and services set to be launched in the first half of 2007. As well as continuously improving the benefits provided by XING to its members, these measures support the Company's strategy of making its platform an indispensable part of doing business around the globe.



Key data

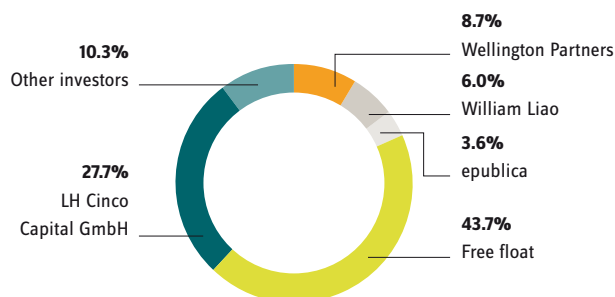
Trading symbol	O1BC
German Securities Code Number (WKN)	XNG888
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Market segment	Prime Standard
Stock exchanges	Berlin-Bremen, Düsseldorf, Frankfurt, Munich, Stuttgart

Key share data

2006

Number of shares	5,201,700
Closing price as of 31.12.2006	€ 30.65/XETRA
Market capitalization as of 31.12.2006	€ 159.4 million
Average daily trading volume (07.12. - 31.12.2006)	43,571 no-par value shares
Share price high (07.12. - 31.12.2006)	€ 32.80/XETRA
Share price low (07.12. - 31.12.2006)	€ 30.00/XETRA

Shareholder structure as of 31.12.2006



The openBC share

Successful IPO meets with enthusiastic response

OPEN Business Club AG has been listed in the Prime Standard segment of the Frankfurt Stock Exchange since December 7, 2006. The successful IPO was a key milestone in the Company's development. It has provided OPEN Business Club AG with the capital it needs to press ahead with its growth strategy and laid the foundations for the Company to position itself as the driving force in the professional online networking market. The first-ever Web 2.0 IPO enjoyed one of the most enthusiastic responses of 2006.

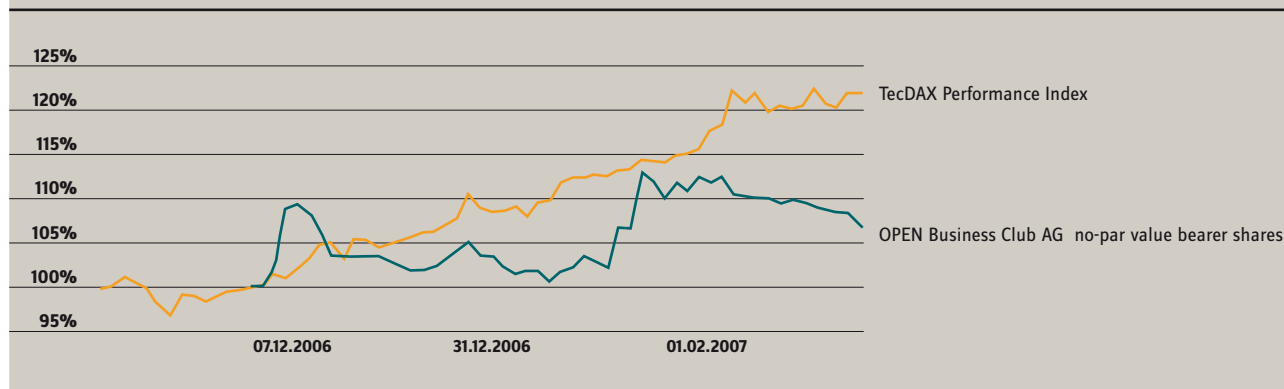
In the offer period from December 4 to 6, 2006, a total of 2,272,401 shares were offered at an issue price of €30.00 as part of a public offering in Germany and Switzerland and international private placements with institutional investors. The capital increase of 1,350,000 shares implemented in the course of the IPO generated net proceeds of around €37.3 million for OPEN Business Club AG.

During the seven-day management roadshow, which began on November 28, 2006, the Management Board visited more than 50 investors in Germany, the United Kingdom, Switzerland and the USA together with the underwriters, Deutsche Bank AG and Lehman Brothers.

92.1% of the shares offered for subscription were acquired by institutional investors in Germany and abroad, with the remaining 7.9% being placed with private investors. Interest among members of the XING platform was particularly high: 5.3% of the shares were issued to Premium Members, who were given preference in the placement process. A further 0.6% of the shares were issued to employees and partners of the Company, while 0.3% were acquired by members of the Company's executive bodies. Since December 21, 2006, the free float has amounted to 43.7%.

OPEN Business Club's shares are traded on the Berlin-Bremen, Dusseldorf, Frankfurt, Munich and Stuttgart stock exchanges, as well as via the XETRA system. The average daily trading volume for the period from December 7 to 31, 2006 was 43,571 shares.

Development of the share price since IPO at December 7, 2006 to February 28, 2007



Based on the closing price of € 30.65 in XETRA trading, the Company's market capitalization on December 31, 2006 was around € 159.4 million.

Share price development

Open Business Club AG's share price developed solidly between the initial listing on December 7, 2006 and the end of the year, recording growth of around 4% (€ 31.06) (as of December 31, 2006). During this period, the Company's shares reached a high of € 32.80 (December 13, 2006). The share price low was the issue price of € 30.00.

XING's share price developed with a higher degree of volatility than the TecDAX, which increased by around 7% in the same period.

In the extended period under review from January 1 to March 15, 2007, XING's share price initially fell in mid-January, then recorded steady growth to its all-time high of € 33.89 on January 24, 2007. However, XING's shares were affected by the overall market slump in the first half of March 2007, recording a closing price of € 29.70 on March 23, 2007.

Active capital market communications

OPEN Business Club AG adopted a policy of proactive dialog with capital market participants as part of its IPO in late 2006. In its investor relations activities, the Company aims to ensure an open and continuous exchange of information with institutional and private investors, securities analysts and the financial and business press.

Since its listing on the Frankfurt Stock Exchange, OPEN Business Club AG has continued to expand its activities in the area of investor relations. In order to further increase its investor base and promote the Company in the global capital market centers, the Management Board has already participated in selected investor conferences in Germany and abroad. In mid-February 2007, Deutsche Bank AG and Lehman Brothers started coverage of the Company's shares, and other high-profile banks have expressed an interest in informing their customers of the development of OPEN Business Club AG through the regular publication of company studies.

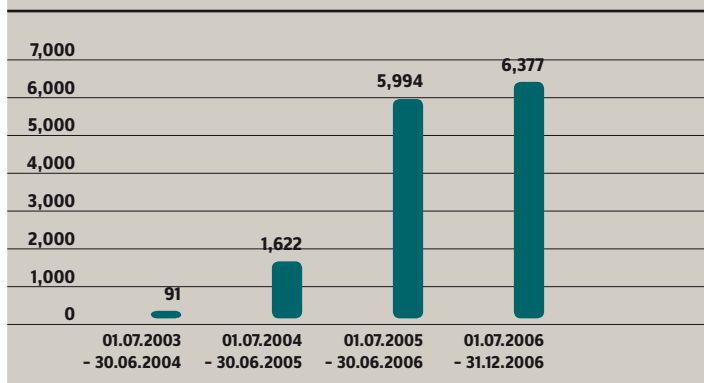
If you would like to receive additional information on the Company, please feel free to visit our website corporate.xing.com or call us directly. We are committed to providing you with the desired information at all times and as quickly as possible.

Management review

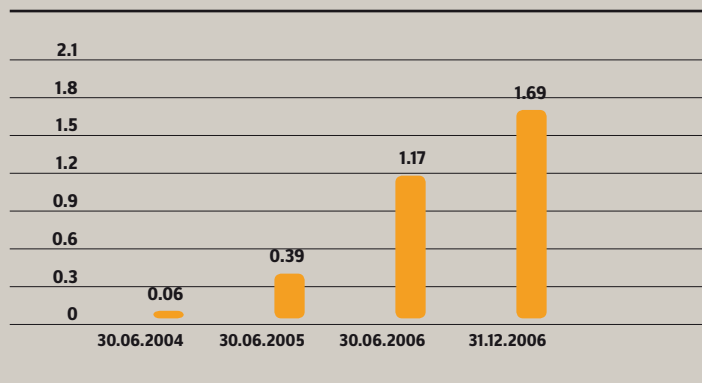
for the short financial year
from July 1 to December 31, 2006

- Page 31 Business and economic environment
- Page 36 Business development
- Page 41 Significant events after the balance sheet date
- Page 41 Net assets, financial position and results of operations
- Page 44 Risk report
- Page 47 Disclosures in accordance with section 315 (4) of the German Commercial Code
- Page 49 Report on expected developments

Sales revenues in 000 €



Members (number) in million



Business and economic environment

History and growth of openBC

OPEN Business Club AG (hereinafter also referred to as "openBC" or "the Company") operates a leading professional networking website under the brand name "XING". Since the start of its business activities in 2003, the Company has recorded strong growth in its membership figures. At June 30, 2004, there were around 0.06 million registered users. This figure had increased to 0.39 million a year later, and the platform had 1.17 million registered users by June 30, 2006. openBC grew its user numbers to 1.45 million as of September 30, 2006. The number of XING members at December 31, 2006 was 1.69 million.

This encouraging development in membership has been accompanied by steady growth in openBC's revenues. In the financial year ending June 30, 2004, the Company's total revenues (revenues from services and other operating income) amounted to €91 thousand. This increased to €1,622 thousand in the following year and €5,994 thousand in the financial year ending June 30, 2006. In the six-month short financial year ending December 31, 2006, the Company generated revenues of €6,377 thousand.

Members are offered a choice between a free "Basic Membership" and a paid "Premium Membership". As of December 31, 2006, 13% of all members were paid Premium Members. Premium Members generally pay an up-front monthly membership fee of €5.95 and can conclude their membership for a period of three months, one year or two years. In addition to more extensive search features, Premium Members receive access to advanced functions, such as the ability to send personal messages to other members, and exclusive discounts on a variety of products and services. openBC grants membership fee discounts to Premium Members who opt for a longer subscription period and who bring new Premium Members into the XING network (referrals). openBC generates the majority of its revenues from membership subscriptions. New members are primarily gained via viral marketing, i.e. personal recommendations, such as e-mails from existing members inviting colleagues and acquaintances to join the XING network.

XING supports 16 languages. People in 190 countries communicate via the platform. The average member age is 34. More than 29% of the platform's members are female.

The XING website

The XING platform enables members to find new business contacts, maintain and intensify existing relationships, expand their reach into new markets, and exchange opinions and information.

To become a member, users must register and create an individual profile containing personal information. Members are provided with an advanced and intuitive set of tools allowing them to invite their contacts to join their personal network within the platform and to search for and view other members' profiles. This allows them to identify potential contacts that may be relevant to their own area of professional activity and their business interests.

XING members can maintain their desired level of privacy by choosing which information in their profiles they wish to make accessible to other members. Privacy settings are highly customizable to each member's individual needs, allowing them to grant individual members or groups of members access to different levels of information.

The platform can be accessed at www.xing.com. For users of mobile access devices such as cell phones and PDAs (personal digital assistants), a special version of the website is available at mobile.xing.com.

The members of the XING network are particularly active: in the fourth quarter of the 2006 calendar year (October to December), an average of 57% of Basic Members and 89% of Premium Members visited the platform at least once a month. The high degree of customer satisfaction is also reflected in the low level of cancellations: in the short financial year under review, the average monthly churn rate was just 1.7%.

Business model

Subscription-based business model

OPEN Business Club AG has developed a successful, sustainable and scalable business model. Subscription fees from Premium Members are collected in advance, providing the Company with a steady revenue stream that is not subject to the fluctuations that are typical of advertising revenue. Subscription-based business models are not focused on expanding a large member base with the aim of generating revenues while offering free services. As a rule, subscription-based social networking websites start out small and collect subscription fees from members in advance. To allow them to compete with entirely free websites, subscription-based websites generally also offer a free version of their offering with only limited functionality.

The key advantages of subscription-based websites include the fact that paying members generally use the services provided more frequently and for a longer period of time than the customers of advertising-based websites.

Scalable business model and technology

openBC's business model and technical platform are both highly scalable. The technical infrastructure has been designed in such a way that new members can be added without this directly triggering a proportionate increase of the operating expenses. openBC's hardware architecture allows for a stable, reliable platform with easily expandable capacity. The Company's business model is also characterized by the low cost of acquiring new members; this is attributable to the use of effective viral marketing.

Strategy

Attracting new members

The Company's primary strategic objective is to increase the number of free and paid members in its network. In order to achieve this, openBC will continue to optimize its cost-effective viral marketing strategy and supplement it with in-house marketing measures. In expanding its network, the Company will initially focus on strategically selected cities.

Retaining existing members

The Company believes its responsiveness to members' questions and requirements to be a key factor in its long-term business success. Accordingly, the Company employs a dedicated member relations team consisting of 22 employees at its headquarters in Hamburg. openBC has also made support for live events one of the core elements of its customer service strategy. Live events are events organized by XING members and/or directly by openBC that allow members of the platform to meet and network. For some members, personal contact forms the main basis for networking via the platform.

Increasing member activity and the proportion of Premium Members

Active members are more likely to become and/or remain Premium Members. Accordingly, openBC seeks to increase overall member activity and the percentage of Basic Members who upgrade to paid Premium Membership by continually introducing new features and offers. Examples of this strategy include the "PremiumWorld" bonus program, which offers Premium Members special conditions with companies such as tour operators and financial service providers, or "Marketplace", an online marketplace for job advertisements and services which is scheduled to be launched in mid-2007. To accelerate the conversion from Basic to Premium Membership, openBC will adjust its pricing strategy in emerging economies to reflect regional differences in purchasing power.

Generating profitable growth

In order to ensure profitable growth, openBC intends to pursue its subscription-based business model and optimize its pricing strategy. The implementation of the strategic objectives described above is aimed at generating additional member growth with a view to continually improving the Company's profitability.

The Company expects expenses to decline as a proportion of revenues due to the economies of scale described above.

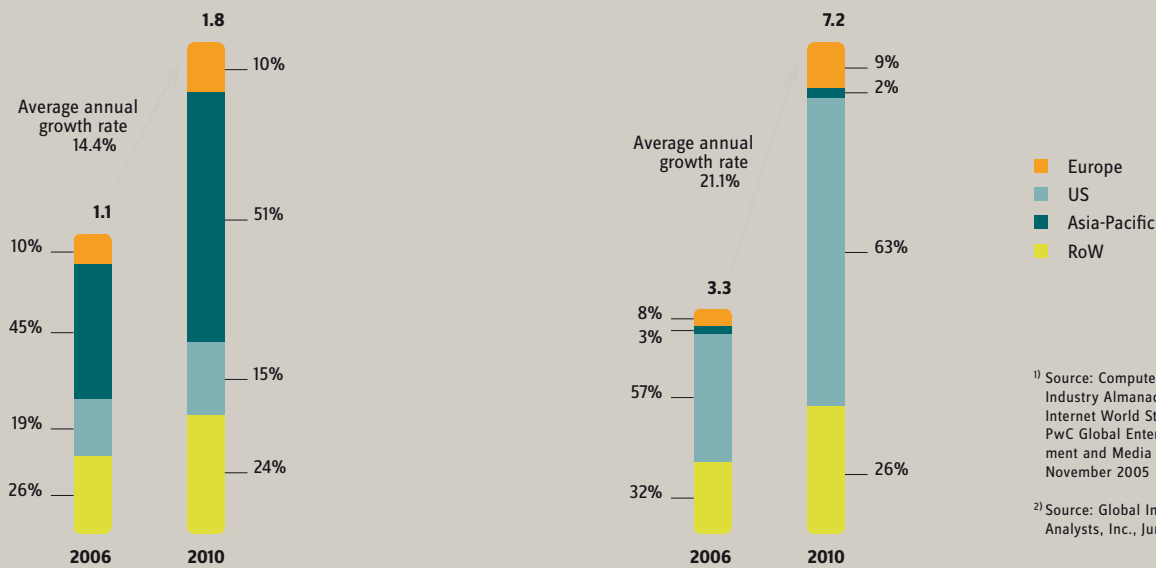
Monitoring the market for attractive acquisition targets

openBC monitors the market for local networking websites in Europe and the USA in order to identify attractive acquisition targets. The main objectives of any such acquisition would be to add new members to the XING network and to strengthen the Company's market position in specific countries, rather than to acquire software, human resources, hardware, or other resources.

Development of the website outside Germany

According to the results of the Media Metrix 2.0 Report published by comScore Networks, Inc. in December 2006 openBC is the clear market leader among professional networking websites in Germany, Austria, and Switzerland. Despite the intense competitive situation, openBC has succeeded in reinforcing and expanding its leading position throughout Europe. The Company is now focusing on a targeted expansion in its domestic market of Germany in order to achieve market leadership in other countries, too. The Company's international focus has allowed it to establish a network of members in more than 190 countries.

The 16 languages supported by XING include English, Spanish, French, German, Portuguese, Chinese, Russian, Finnish, Swedish, and Japanese. This multilingual user interface and communications system is a key factor in the Company's rapid international expansion. For example, OPEN Business Club AG established its presence on the strategically important and fast-growing Chinese market through a majority-owned joint venture formed in November 2005.



¹⁾ Source: Computer Industry Almanac Inc., Internet World Stats, PwC Global Entertainment and Media Outlook, November 2005

²⁾ Source: Global Industry Analysts, Inc., June 2006

All in all, the Company's multilingual platform, which can be accessed via both the XING.com domain and the previous openbc.com domain, the international composition of its member base and the scalability of its business model and technical infrastructure mean that it has a strong basis for further international expansion.

Macroeconomic and industry-specific environment

Economic situation

Economic developments in 2006 were encouraging, both in Germany and around the world. In addition to the positive macroeconomic development, the Internet is continuing to grow in importance. openBC, the operator of the XING platform, is benefiting from this trend. However, openBC does not believe that it is subject to any particular economic factors, and its business model is not especially dependent on economic developments.

The online professional networking market

openBC operates in the online professional networking market, a sub-segment of the online social networking market. Social networking websites have gained millions of users around the world. They enable users to create personal profiles in which they can describe themselves and their interests, as well as exchanging information and opinions in forums and postings, and finding and connecting with other users.

Social networking websites grow primarily through word-of-mouth referrals or e-mail invitations to join the network. Because these networks are based on their users' personal relationships, their value to each individual user increases as a function of the number of people the user "knows" on the network. As social networking websites largely consist of user-generated content, the content creation costs for operators are generally negligible.

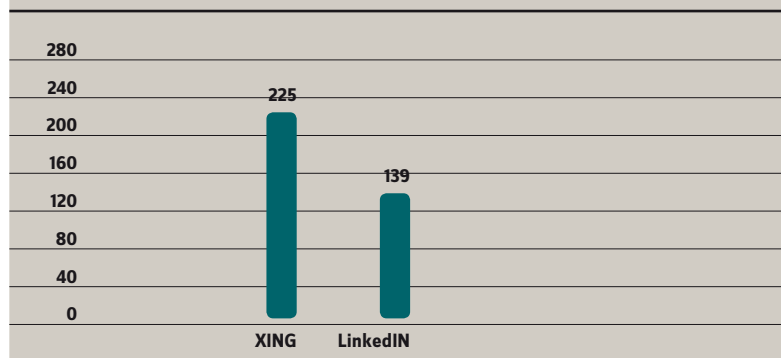
openBC believes that the online social networking market will benefit from an increase in Internet use. The success of subscription-based business models in the online social networking market will also depend on an increase in the willingness of users to pay for online services. According to a 2005 study, the number of Internet users is expected to increase from 1.1 billion in 2006 to 1.8 billion in 2010, corresponding to an average annual growth of 14.4% (Computer Industry Almanac Inc., "USA Leads Broadband Subscriber Top 15 Ranking - Worldwide Broadband Subscribers Will Top 215M in 2005", November 2005). According to a study published in June 2006, the volume of the global market for paid online services and content will increase from € 3.3 billion to € 7.2 billion in the same period, representing an average annual growth of 21.1% (Global Industry Analysts, Inc., "Online Paid Content - A Global Strategic Business Report", June 2006).

Competition

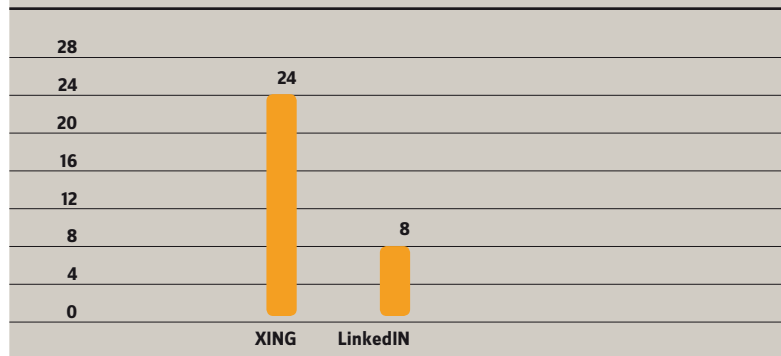
As visitor statistics for websites using secure socket layer (SSL) encryption show, the XING website is used significantly more intensively than the website of its closest competitor, LinkedIn. Although the latter currently has more registered users, the comScore Key Measures Report - MyMetric published in December 2006 shows that it only had 139 million page views in the fourth quarter of 2006, compared with 225 million for the XING website. According to this study, the XING website has also frequently recorded more unique visitors than LinkedIn in the recent past (number of individual users who visit a website, based on the number of requests from unique internet protocol addresses).

According to the Company's own analysis, an average of around 57% of Basic Members and 89% of Premium Members visited the XING platform monthly in the fourth quarter of 2006. The average session time of an openBC member on the website was around 24 minutes in December 2006, whereas the figure for the aforementioned competitor was only approximately 8 minutes (source: comScore Networks, December 2006).

Average page views in 4. quarter 2006 in million



Average minutes spent in 4. quarter 2006 in minutes



Business development

Developments in the short financial year 2006

IPO in December 2006

The initial public offering of OPEN Business Club AG in December 2006 was the western world's first Web 2.0 IPO. The Company is now listed in the Prime Standard of the Amtlicher Markt (Official Market) of the Frankfurt Stock Exchange. In the course of the IPO, a total of 2,272,401 shares were placed at a price of €30.00 each. The cash capital increase of 1,350,000 shares that was implemented as part of the IPO resulted in a cash inflow of €40.5 million for openBC. This will be used for investments in the Company's future growth, as well as for targeted acquisitions.

Launch of the "XING" brand

In November 2006, openBC successfully completed the launch of the "XING" brand, accompanied by a fully redesigned website. The "XING" brand reflects the Company's focus on international expansion, while the new design of the website is intended to further improve the user-friendliness and functionality of the platform.

Development of communities

The XING platform includes features and services aimed at facilitating the creation and management of online groups of members who share common interests or who belong to the same institution or organization (known as "communities"). These Groups are member-moderated forums dedicated to particular topics or areas of interest. Within a Group, members can share and discuss information by posting to a forum. Other members can then read and reply to these postings.

The Groups feature is available to both Basic and Premium members. As of December 31, 2006, openBC had around 5,000 Groups, with a total of roughly 470,000 members - 59% of all Premium Members and 23% of Basic Members - belonging to at least one Group. Some of these Groups have several thousand members and a share of Premium Members in excess of 50%.

The Company also offers Premium Groups which are only open to members who are affiliated with a particular institution or organization. These Groups were developed for large communities, such as companies, international organizations, or university alumni groups. Premium Groups provide members with an easy way of connecting with other members who belong to the same institution, thus creating stronger ties between the members of the Premium Group. At December 31, 2006, there were 34 Premium Groups with a total of around 109,000 members, including Accenture and the University of Hamburg.

In December 2006, the Company entered into an agreement with IBM Corp. on the creation and operation of a Premium Group for its alumni network. The contractual party is entitled to allocate a certain number of Premium Memberships every year at its own discretion and to purchase an additional number of one-year Premium Memberships at a slightly reduced bulk-rate price. The Company receives a one-time payment from IBM for the creation of the Premium Group on the XING Platform and annual fees for the operation of the Group and the related services.

Key operating figures

	2006 Q1	2006 Q2	2006 Q3	2006 Q4
Number of registered members at the end of the period	927,482	1,170,627	1,446,334	1,694,043
Growth (%)		26	24	17
of which Premium Members	125,028	154,394	188,889	220,527
Growth (%)		23	22	17
Premium Members as % of registered members (payer ratio)	13.5	13.2	13.1	13.0
Churn	4,400	7,164	7,592	11,971
% of average monthly churn rate	1.3	1.7	1.5	1.9
% of registered members active within the period (monthly average)	n. a.	n. a.	63	57
% of Premium Members active within the period (monthly average)	n. a.	n. a.	90	89
Average number of employees	36	46	55	70

Launch of "PremiumWorld"

In September 2006, openBC launched the "PremiumWorld" bonus program, which offers Premium Members exclusive benefits and discounts from cooperation partners, such as exclusive credit card terms and special conditions for travel services, travel insurance, car rental and bank accounts. "PremiumWorld" allows Premium Members to enjoy benefits and corporate rates that are usually only offered to large companies. The Company does not receive any commission or remuneration from the participating corporate partners, meaning that the benefit from the program is passed on to the members in full.

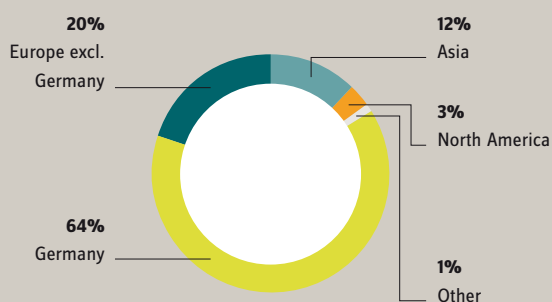
Development of membership numbers

The number of XING employees continued to increase steadily in the short financial year under review. XING had 1.69 million registered members at December 31, 2006 compared with around 1.45 million at September 30, 2006; this represents a quarter-on-quarter growth of 17%. The number of Premium Members also increased by 16.7% in the same period, from around 189,000 to more than 220,000. This means that paid memberships account for 13% of all memberships.

The monthly subscription fee for Premium Membership in Germany remained unchanged as against the previous year at €5.95. This fee includes statutory VAT, which was raised from 16% to 19% with effect from January 1, 2007. openBC has not passed this VAT increase onto its Premium Members, opting instead to maintain the existing conditions. Subscription fees from Premium Members account for the majority of openBC's revenues. In the six-month short financial year, the Company generated revenues of €6.4 million, while revenues for the 2006 pro forma calendar year as a whole amounted to €10.1 million. In the financial year ending June 30, 2006, openBC's revenues totaled €6.0 million.

The above chart provides an overview of the key operating figures for openBC in the 2006 calendar year.

Regional Membership as of 31.12.2006



Development of regional Membership in 2006

	2006 Q1	2006 Q2	2006 Q3	2006 Q4
Germany	68%	66%	64%	64%
Europe excl. Germany	22%	21%	20%	20%
Asia	6%	9%	12%	12%
North America	4%	4%	3%	3%
Other countries	1%	1%	1%	1%

Although the monthly churn rate increased slightly from 1.5% in the third quarter of 2006 to 1.9% in the fourth quarter, it remains at a consistently low level. This is due to the fact that there usually is a trend among members to reassess the platform along with their other memberships at the end of the year and in some cases to cancel them.

Member figures by region

In terms of the number of members, Germany remained the most important market for openBC last year with a share of 64%. The share of members in Europe (excluding Germany) is 20%, in Asia 12%, North America 3% and other countries 1%. The Company expects the figures for the regions outside Germany to increase over the coming months in line with the growth in the number of foreign members.

Product development

In the short financial year 2006, openBC continued to work on the further development of its website. In particular, in addition to its rebranding under the "XING" name, the following new functions were created:

- Premium Groups: Development of a new area of the XING platform allowing community managers from companies, universities and other organizations to bring their members together and manage them professionally; expanded offering for the integration of corporates, e.g. IBM.
- PremiumWorld: Development of a new feature for Premium Members, giving them benefits and discounts from selected partner companies. The offering includes business trips, communications services, media and financial services, among other things, and is tailored to the specific needs of the XING community.

Employee development

	30.06.2004	30.06.2005	30.06.2006	31.12.2006
Department / Function				
Products	0	0	3	9
Engineering	0	0	1	3
Member Relations	0	4	13	22
Business Development/Sales	0	4	8	4
Marketing	0	0	0	3
Communications	0	2	4	4
Finance & Administration	0	2	7	11
International	1	0	0	1
Projects	0	0	0	1
Network Advisory (Zurich)	0	0	5	8
Permanent contractors	0	2	4	7
Total	1	14	45	73

- Redesign: Complete overhaul of the openBC/XING website, including the related applications (mobile, plugins). The new XING brand is represented by a new, fresh layout that meets international standards. Improvements to the menu structure and the optimization of content presentation make the use of the site more intuitive and allow users to access the relevant content more quickly.

Expenses for the continued development of the Company's website amounted to €1,669 thousand in the short financial year 2006, compared with €1,326 thousand in the financial year ending June 30, 2006. Of this figure, €1,129 thousand (June 30, 2006: €788 thousand) was reported in the balance sheet under intangible assets. The remaining €540 thousand (June 30, 2006: €538 thousand) was recognized in income under other operating expenses.

Employees and management board

Employee development

The number of employees increased from 45 on June 30, 2006 to 73 on December 31, 2006. The above chart shows the breakdown and trend of employee figures at openBC. The figures relate to permanent employees, including permanent contractors, but not including the members of the Management Board.

The table highlights the increase in the number of employees in recent financial years. The key area of Member Relations in particular has become increasingly important, as the provision of close, personalized customer service to the members of the XING network can only be guaranteed by a team comprising a sufficient number of qualified employees.

In the short financial year 2006, openBC established additional business areas for the key functions of Product Management, Business Intelligence, Online Marketing and Community Relations.

Employee equity compensation program

On the basis of a resolution by the general shareholders' meeting of the Company in November 2006, contingent capital in the amount of up to €288,822.00 was created for the purposes of an employee equity compensation program. A total of 160,617 stock options were then granted to the Management Board and employees of openBC as part of the 2006 Stock Option Plan ("2006 SOP").

The Stock Option Plan grants the holders of options the right to subscribe for shares of the Company for a fixed term of five years. Each option grants the holder the right to subscribe for one share of the Company; shareholders' subscription rights are excluded. The main terms and conditions of the 2006 SOP can be summarized as follows:

- Under the 2006 SOP, stock options may only be granted to members of the Management Board of OPEN Business Club AG, members of the management of its subsidiaries, and selected senior managers, key employees and other employees of OPEN Business Club AG and its subsidiaries.
- The stock options grant the holder the right to subscribe for no-par value, voting bearer shares of OPEN Business Club AG. Each stock option grants the holder the right to subscribe for one share of OPEN Business Club AG in exchange for the payment of the exercise price. The terms and conditions of the options may permit the Company to satisfy the beneficiary's subscription rights by offering treasury shares or cash settlement instead of issuing new shares from contingent capital.
- The subscription rights attached to the stock options may only be exercised after the end of a lock-up period. The lock-up period is at least two years for 50% of the stock options granted, at least three years for a further 25% of the stock options granted, and at least four years for the remaining 25%. It starts on the day after the respective stock options are granted. The subscription rights may be exercised within a period of five years starting from the day on which the stock options are granted.

- The exercise price for one share of the Company is the arithmetic mean of the closing auction prices for the Company's shares in XETRA trading or a comparable successor system on the Frankfurt Stock Exchange during the last 20 trading days prior to the issue of the respective stock option, i.e., the date on which the Company or the bank that is commissioned to perform settlement on the Company's behalf receives the letter of subscription from the beneficiary. The exercise price for stock options granted prior to the start of trading in the Company's shares following its IPO corresponds to the purchase price at which the Company's shares were placed during its IPO.
- The subscription rights attached to the stock options may only be exercised if the closing auction price of the Company's shares in XETRA trading or a comparable successor system on the Frankfurt Stock Exchange outperforms the SDAX index or a comparable successor index for at least ten consecutive trading days within a period of one year prior to the exercise of the subscription rights.

Management Board of the Company and remuneration system for members of executive bodies

As of December 31, 2006, the Management Board of the Company was comprised of Lars Hinrichs (CEO, Chairman of the Management Board) and Eoghan Jennings (CFO, responsible for Finance, Legal, Human Resources and Investor Relations).

As Chairman of the Management Board, Lars Hinrichs receives a fixed annual remuneration of €150 thousand and a variable bonus of up to €25 thousand. Eoghan Jennings' employment contract provides for a fixed annual remuneration of €160 thousand and no variable remuneration. For the purposes of occupational pension provision, the Company makes contributions to the statutory health and nursing insurance plan and private life insurance and pension insurance policies. The benefits resulting from the payment of these insurance premiums by the Company are taken into account when calculating the total remuneration of the Management Board. The members of the Management Board also participate in the Company's stock option plan. At December 31, 2006, Lars Hinrichs held 17,333 stock options granted by the Company, while Eoghan Jennings held 13,841 stock options. Depending on the lock-up period of between two and four years, the fair value of each stock option at the grant date on December 6, 2006, was between €9.27 and €10.62. The total fair value of the stock options granted to

the members of the Management Board was €170 thousand for Lars Hinrichs and €135 thousand for Eoghan Jennings.

The members of the Supervisory Board receive an attendance fee of €1,666.00 per day of attendance of each Supervisory Board meeting. The Chairman of the Supervisory Board receives double this amount. In the short financial year under review, the remuneration paid to the Supervisory Board totaled €20 thousand (previous year: €0).

Significant events after the balance sheet date

There were no events after the balance sheet date which had a significant impact on openBC's net assets, financial position and results of operations.

Net assets, financial position and results of operations

Overview

In the 2006 pro forma calendar year, OPEN Business Club AG generated revenues of €10.1 million, compared with €3.3 million in the 2005 pro forma calendar year. This corresponds to a year-on-year increase of more than 200%. In the short financial year 2006, the Group recorded revenues of €6.4 million, of which €3.6 million was generated in the final quarter of the year.

In the short financial year 2006, OPEN Business Club AG achieved a further improvement in its earnings situation and pressed ahead with its profitable growth path. The Group's operating profit (EBITDA) before non-recurring charges for the reporting period July 1 to December 31, 2006 amounted to €1.4 million, corresponding to an EBITDA margin before non-recurring charges of 23%. The Group recorded a consolidated net profit before non-recurring charges of €1.1 million in the short financial year 2006.

This one-time effect relates in full to the costs recognized in income in conjunction with the IPO, which totaled €2,657 thousand. This figure is composed of the direct costs of the IPO in the amount of €1,231 thousand, which relate to the placement volume indirect costs in the amount of €1,082 thousand incurred both in relation to and above and beyond the IPO (e.g. for the transition to IFRS and the Company's conversion into a German stock corporation (Aktiengesellschaft)) and special bonuses paid to employees in the amount of €344 thousand. The following table shows the reconciliation of the EBITDA reported in the consolidated income statement and the EBITDA before non-recurring charges:

EBITDA before non-recurring charges

	31.12.2006 000 €	30.06.2006 000 €
EBITDA reported in income statement	-1,219	-631
of which costs relating to the IPO	2,657	0
EBITDA before non-recurring charges	1,438	-631

The reconciliation of consolidated net profit/loss is as follows:

Consolidated net profit/loss before non-recurring charges

	31.12.2006 000 €	30.06.2006 000 €
Consolidated net loss reported in income statement	-1,565	-779
of which costs relating to the IPO	2,657	0
Consolidated net profit/loss before non-recurring charges	1,092	-779

The Group's net assets, financial position and results of operations based on the present consolidated IFRS financial statements for the short financial year ending December 31, 2006 are discussed and analyzed in detail in the following section.

Results of operations

Revenues

In the six months from July 1 to December 31, 2006, openBC generated revenues in the amount of € 6,172 thousand. Revenues for the twelve-month period ending June 30, 2006 totaled € 5,983 thousand. openBC recorded service revenues of € 9,924 thousand for the 2006 calendar year as a whole, almost breaking the €10 million barrier for the first time. The following table illustrates the composition of openBC's service revenues:

Service revenues

	31.12.2006 000 €	30.06.2006 000 €
Premium Members (incl. Premium Groups)	5,858	5,740
Consulting & Event Organization	269	156
Other	45	87
Total	6,172	5,983

openBC currently generates the majority of its revenues from its Premium Membership product. The following table provides a breakdown of service revenues by geographical region for the short financial year under review:

Revenues by geographical region

	31.12.2006 000 €	30.06.2006 000 €
Germany	4,771	4,685
Rest of Europe	1,233	1,068
Asia	83	80
Americas	70	63
Other	15	87
Total	6,172	5,983

This means that the majority of the Group's service revenues were again generated from Premium Memberships in Germany, which accounted for 77% of the total (previous year: 78%).

Other operating income

Other operating income recorded in the period under review in the amount of €205 thousand relates primarily to income from the reversal of accruals for overtime and legal and consulting costs (€140 thousand). Other operating income in the previous year amounted to a negligible €11 thousand.

Personnel expenses and permanent contractors

The Company appointed new employees to reflect its substantial growth. During the short financial year from July 1, 2006 to December 31, 2006, the Group employed an average of 61 people (previous year: 31) in addition to the two members of the Management Board. At December 31, 2006, openBC had a total of 73 employees (previous year: 42). As in the previous year, the Company worked with a number of permanent contractors in addition to its own employees, particularly in the area of website development.

The increase in the number of employees and the establishment of individual teams for the various divisions resulted in an increase in personnel expenses from €1,673 thousand in the previous year to €2,806 thousand in the short financial year. This development was also driven by accumulated vacation and one time bonus payments in conjunction with the successful IPO and the related preparations.

Marketing expenses

After careful analysis, the Company stepped up its marketing activities in the period under review. Although openBC still considers the effects of viral marketing to be an important factor in its success, the Company intensified its domestic and international public relations in particular. As a result, marketing expenses increased from €486 thousand in the financial year ending June 30, 2006 to €620 thousand in the short financial year ending December 31, 2006.

Other operating expenses

The Company's IPO was a significant factor in the increase in other operating expenses to a total of €4,171 thousand (previous year: €4,467 thousand). Other operating expenses for the period under review include costs relating to the IPO in the amount of €2,313 thousand. Of this figure, €1,231 thousand is attributable to direct expenses, which were partially eliminated against capital reserves. The remaining €1,082 thousand relates to the indirect expenses incurred both in relation to and above and beyond the IPO,

such as legal and consulting costs relating to the transition to IFRS and the Company's conversion into a German stock corporation (Aktiengesellschaft).

Depreciation and amortization

Depreciation and amortization expense includes the amortization of intangible assets and the depreciation of tangible assets. Depreciation and amortization expense totaled € 431 thousand, compared with € 295 thousand in the previous year. At € 204 thousand (previous year: € 147 thousand), the amortization of self-developed software, which has been further optimized, represented the largest individual item. Investments in acquired software in the amount of € 215 thousand (previous year: € 126 thousand) also resulted in a further increase in amortization expense.

Interest income/expense

As in the previous year, the Company recorded net interest income, which totaled € 84 thousand (previous year: € 143 thousand); this was primarily due to the short-term investment of cash and cash equivalents.

Income tax result

openBC has not recorded any taxable profit since its formation. Deferred tax assets on existing tax loss carryforwards are only recognized to the extent that it was necessary to recognize deferred tax liabilities (e.g. due to the capitalization of development costs for self-developed software). At the balance sheet date, the Group had tax loss carryforwards in Germany amounting to approximately € 6.6 million (previous year: around € 1.5 million) and in Switzerland amounting to approximately € 0.5 million (previous year: around € 0.2 million) which it has not yet been able to recognize in the balance sheet.

As a result of the available tax loss carryforwards, the Group does not currently incur any expense in the form of tax payments. The income tax result in the short financial year was € 0, whereas tax income from deferred tax effects in the amount of € 4 thousand was recorded in the previous year.

Net assets

At the reporting date December 31, 2006, cash and cash equivalents in the amount of € 45,225 thousand accounted for 88.7% (previous year: 68.3%) of the Group's total assets, which amounted to € 50,973 thousand. The increase in cash and cash equivalents, from € 6,791 thousand at June 30, 2006 to € 45,225 thousand at December 31, 2006, is primarily attributable to the cash capital increase implemented in the course of the Company's IPO.

Other than cash and cash equivalents, self-developed software is the largest asset item, with a carrying amount of € 1,869 thousand (previous year: € 944 thousand). In the short financial year 2006, openBC continued to work on developing its platform, creating new functions and optimizing existing features.

Trade receivables in the amount of € 1,532 thousand (previous year: € 844 thousand) primarily relate to subscription fee receivables from Premium Members. The increase in trade receivables reflects the growth in revenues. Valuation adjustments on subscription fee receivables were negligible, amounting to € 20 thousand in the short financial year 2006 (previous year: € 0).

Financial position

Equity and liabilities

Since its formation, openBC has financed itself almost exclusively using internally generated funds (in the form of cash capital increases) and advance subscription fee payments from Premium Members, which are recognized as deferred income.

In the short financial year 2006, openBC increased the amount of leased IT hardware and software in the Group. As in the previous year, there were no liabilities to banks or other loans.

The equity ratio at December 31, 2006 was 80%, compared with 56% at June 30, 2006. This demonstrates that openBC has successfully laid the foundations for its future growth.

Net cash from operating activities

Net cash from operating activities amounted to €3,880 thousand in the short financial year 2006, as against €1,734 thousand in the financial year ending June 30, 2006. This was due to the increase in accruals and trade payables at the balance sheet date and, in particular, prepayments of subscription fees (increase in deferred income of €1,612 thousand). Changes in net working capital amounted to €2,529 at December 31, 2006 as against €1,800 thousand at June 30, 2006.

Net cash used in investing activities

As in the previous year, investing activities in the short financial year 2006 related primarily to the purchase of software and, in particular, the further development of the platform. After investments in the amount of €1,023 thousand in the financial year ending June 30, 2006, the Company invested €1,398 thousand in the purchase of intangible assets in the short financial year 2006, representing a further increase in expenditure on the optimization of self-developed software.

Investments in the purchase of fixed assets, which relate primarily to IT hardware (e.g. servers), amounted to €710 thousand compared with €457 thousand in the previous year.

Investments in other financial assets in the short financial year under review primarily related to long-term deposits for payment transaction systems and rental deposits. The amount reported in the previous year related to the acquisition of the consolidated companies First Tuesday AG, Zurich, Switzerland, and openBC China Ltd., Hong Kong, China, as well as loans extended in relation to these acquisitions.

Net cash from financing activities

As in the previous year, net cash from financing activities relates exclusively to cash capital increases. After deduction of the related costs, the Company recorded a net cash inflow of €36,833 thousand.

Overall assessment of the economic situation

The positive development of the Company's earnings situation after elimination of the one-time effect recorded in the short financial year 2006 serves to confirm openBC's expectation that the economies of scale are now starting to have an effect. With an equity ratio of 80% at December 31, 2006, openBC is primarily equity-financed, meaning that it is well equipped to cope with any negative developments that may occur. Furthermore, the Company's IPO in December 2006 resulted in a significant cash inflow. Together with the net cash from operating activities, this puts openBC in a position to finance its further growth from available funds.

Risk report

Overview

The Management Board does not currently believe that there are any risks that could endanger the continued existence of the Company. At the same time the permanent monitoring and management of risk is one of the Management Board's most important tasks. To this end, the Management Board has implemented the risk early warning system required by Article 91 (2) of the German Stock Corporation Act, and adapts this system on an ongoing basis to reflect current market trends and developments within the Company. The following section presents the risks that the Company currently considers to be of material importance.

Risks arising from openBC's subscription-based business model

openBC's business model is based on subscription fees from members who pay for access to the advanced features of the Company's website. These fees are the Company's main source of revenue, as it does not currently accept paid advertising.

Major competitors using an advertising-based business model may emerge in the future who are able to offer products and services free of charge that are similar to, or better than, those offered by the Company to its paying members. If advertising-based business models become successful in the professional networking market, the Company may be forced to reduce its subscription fees in order to sustain its membership and growth.

Even if the Company's subscription-based business model continues to be accepted by its members in German-speaking countries, it might be less successful in attracting new paying members and/or retaining existing paying members in other countries, particularly countries where Internet users are less willing to pay for services which advertising-based competitors offer free of charge.

Risks relating to openBC's regional markets

openBC's strategy is to expand further its business into major cities in various countries. Many of the regional markets for professional network services that openBC has identified as targets for future growth have only recently emerged, are still small, and may have characteristics to which openBC's business model and methods must first be adapted. In addition, openBC may be required to offer lower subscription fees in certain markets, such as emerging economies and countries where members are less willing to pay for web-based services.

Risks relating to competitors

openBC faces competition from companies offering similar services, and new competitors may continue to emerge in future. For example, one competitor recently announced plans to expand into the German market with a German-language version of its platform.

Competitors may be able to offer services that are superior to those offered by openBC.

In addition to facing competition from existing and emerging social networking companies, the Company may face increasing competition from other web-based companies with large user bases. Some search engines also offer services that are closely related to some of openBC's features, including web-based e-mail, address books and geographic mapping software, in addition to their advanced search tools. Furthermore, some search engine providers have also acquired or are in the process of acquiring social networking companies and platforms.

Many search engines and web-based service providers have longer operating histories, greater name recognition, larger customer bases, and significantly greater financial, technical, and marketing resources than openBC. These competitors may engage in more extensive product development, undertake more far-reaching marketing campaigns, adopt more aggressive pricing policies, and offer more attractive services to the employees, institutions and companies with which openBC has business relationships.

Security of openBC's network

Any breach of openBC's network security could cause interruptions to its operations, increase operating expenses and damage the Company's reputation. Advances in computing capabilities, new inventions or other developments could compromise or breach the technology used by openBC to protect the member data stored on its platform. Attacks on the openBC platform could result in the destruction or alteration of stored personal data or the use of such data for malicious or non-consensual purposes, including identity theft, credit card or other fraud, targeted advertising, and spam mails from companies unconnected to openBC.

In addition, members may exploit the personal data of other members that is available on XING by transferring it to third parties, such as advertisers or spam mailers. Similarly, advertisers and spam mailers may attempt to join XING in order to obtain other members' personal data. These activities could result in long-term damage to openBC's reputation and lead to openBC no longer being able to attract new members or retain existing members. openBC could be required to incur significant expense and use other resources in order to protect its platform from potential or existing security breaches.

openBC is permanently engaged in ensuring the security of its network through the ongoing development of its technology and the deployment of its own employees in the area of network security. The measures initiated to date have proven to be effective. At the same time, however, the possibility of future breaches to network security cannot be excluded.

Cooperation with external service providers

openBC is dependent on external service providers with specialized knowledge and technology to provide services that are crucial to its business activities. This includes the procurement, installation, development, maintenance, and servicing of hardware and software, data and voice communication services, server housing, payment processing, and text message delivery. With regard to certain key software, openBC currently relies primarily on a single service provider. External service providers may fail to perform their duties satisfactorily or may fail to do so in a timely manner. Alternatively, external service providers may decide to terminate their agreements with openBC or refuse to extend them on commercially reasonable terms.

openBC has entered into a long-term co-operation with some of its key suppliers, e.g. in the form of the equity interest in openBC held by a software development company. The Company remains in regular contact with its cooperation partners in order to allow it to initiate further developments in the respective areas at an early stage and to negotiate joint projects with sufficient lead time.

Risks relating to openBC's hardware and software

In order to perform services for its members, openBC is dependent on the use of automated processes, the reliability and efficiency of which are, in turn, dependent on the functionality and stability of the underlying technical infrastructure. The servers used by openBC and the related hardware and software are vital to the success of the Company's business, its reputation, and its attractiveness to customers. The possibility of service interruptions due to hardware failures and software errors cannot be completely excluded.

The Company's website and services could be materially impacted by failures or disruptions to its IT systems as a result of physical damage, power outages, system crashes, software problems, malware (such as viruses and worms), and malicious attacks (including denial of service attacks). In such cases, openBC's ability to provide its services could be interrupted.

Breaches of data protection and privacy law

Members provide the Company with extensive personal data, which is stored on openBC's servers in Germany. This data is accessible to members located both within and outside the European Union. In addition, openBC allows its members to transmit personal data worldwide. The collection, processing, and transfer of personal data and communications between members are subject to strict European and German data protection provisions and the data protection and privacy laws of other countries.

If openBC were to violate these statutory provisions on data protection, telecommunications secrecy or privacy, it could become the subject of investigations, data protection orders or claims for damages, including non-pecuniary damages. Under certain circumstances, criminal proceedings could even be initiated against openBC and its management.

Any breach of data protection and privacy law could have a material adverse effect on the Company's reputation and its ability to attract new members and retain existing members, and could even result in openBC's temporary or permanent inability to offer or perform some or all of its services in certain countries.

openBC charges specific employees with the task of monitoring adherence to data protection legislation. In addition, amendments to data protection provisions are identified on an ongoing basis in conjunction with the Company's legal advisors, and measures for monitoring and complying with these provisions reviewed and revised as necessary.

Financial risk

The default risk relating to subscription fee receivables from Premium Members is negligible due to the payment method used and the fact that there are no receivables from individual Premium Memberships in excess of €1 thousand. Liquidity risk is limited by the fact that openBC deposits its cash and cash equivalents only at banks with a strong credit rating and only invests in securities with high credit-worthiness and extensive liquidity.

Disclosures in accordance with section 315 (4) of the German Commercial Code

Subscribed capital

The subscribed capital of the Company is divided into 5,201,700 no-par value bearer shares.

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €1,925,850.00 in the period until October 31, 2011 by issuing up to 1,925,850 new no-par value bearer shares against cash and/or non-cash contributions. In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude fractions from shareholders' subscription rights and to exclude shareholders' subscription rights to the extent that this is necessary to ensure that the holders of warrants, convertible bonds or warrant-linked bonds issued by the Company or subordinate Group companies in Germany or abroad can be granted subscription rights for new shares to the extent that they would be entitled to if they exercised their options or conversion rights or the Company met its conversion obligations.

The share capital of the Company is contingently increased by €288,822.00 by issuing up to 288,822 new no-par value bearer shares (Contingent Capital I). Contingent Capital I serves to ensure that subscription rights can be satisfied for stock options issued by the Company in the period until October 31, 2011 as part of the 2006 Stock Option Plan on the basis of the authorization granted by the shareholders' meeting on November 3, 2006. The contingent capital increase will only be implemented to the extent that stock options are issued, the holders of these stock options exercise their subscription rights for shares of the Company, and the Company does not offer treasury shares or cash settlement in order to satisfy the respective subscription rights.

The share capital of the Company is contingently increased by a total of €1,540,680.00 by issuing up to 1,540,680 new no-par value bearer shares (Contingent Capital II). Contingent Capital II serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the shareholders' meeting on November 3, 2006.

Restrictions on the transferability of shares

As part of the IPO, the Company committed to the Underwriters that, without the prior written consent of the Underwriters, it would not

- announce or implement any capital increase from authorized capital,
- propose a resolution for a capital increase to the general shareholders' meeting,
- announce, implement, or propose to the general shareholders' meeting the issue of securities conveying conversion rights or options on shares of the Company, or
- enter into or fulfil any transaction that is economically equivalent to any of the actions listed above

for the first twelve months.

The shareholders selling shares as part of the IPO committed to the Underwriters that, without the prior written consent of the Underwriters, they would not

- pledge, sell, enter into option contracts on, or otherwise transfer or dispose of shares of the Company, or
- enter into any transaction (including swap transactions) that transfers to a third party, in whole or in part, the

economic risk of holding the shares, regardless of whether any such transaction is to be settled by the delivery of shares, payment in cash or by other consideration or

- initiate, vote in favor of or in any way support a capital increase of the Company, or
- enter into any transaction that is economically equivalent to any of the actions listed above

for the first six months after the delivery of the offered shares.

The restrictions set out above do not apply to transfers of shares by the Selling Shareholders to their relatives within the meaning of section 15 of the German Fiscal Code or to affiliated companies within the meaning of section 15 of the German Stock Corporation Act, or to transfers of shares by the Selling Shareholders (with the exception of Lars Hinrichs, LH Cinco Capital GmbH and William Liao) to other Selling Shareholders, provided that the respective acquirer commits in writing to the Underwriters that it shall be bound by the terms of the above restrictions. Transfers of shares to affiliated companies are subject to the additional condition that any such transfer must be reversed in the event that the company in question ceases to be an affiliated company of the respective Selling Shareholder.

Furthermore, the restrictions set out above do not apply to transfers of shares by the Selling Shareholders to members of the Management Board or employees of openBC (or companies holding such shares on behalf of members of the Management Board or employees of openBC) in connection with an employee equity compensation program, provided that such transfers of shares do not exceed, in the aggregate, 2.1% of the total share capital of the Company and that the respective acquirer commits in writing to the Underwriters that it shall be bound by the terms of the above restrictions.

Lars Hinrichs and the Selling Shareholders Daniela Hinrichs, William Liao and LH Cinco Capital GmbH, whose sole shareholder is Lars Hinrichs, issued a corresponding commitment for the first twelve months after the delivery of the offered shares.

Equity interests in excess of 10% of the voting rights of the Company

At December 31, 2006, LH Cinco Capital GmbH, Hamburg, whose sole shareholder is Lars Hinrichs, held 28.3% of the voting rights of the Company.

Appointment and dismissal of members of the Management Board

The appointment and dismissal of members of the Management Board of the Company is governed by the requirements set out in section 84 of the German Stock Corporation Act. The Company's Articles of Association do not contain any additional provisions on the appointment or dismissal of members of the Management Board.

Report on expected developments

openBC again recorded strong growth in the fourth quarter ending December 31, 2006. The Company attracted more than 248,000 new members to its XING platform, meaning that it had a total membership of around 1.69 million at December 31, 2006. In the same period, the number of Premium Members increased by more than 32,000 to a total in excess of 220,000. This growth in Premium Membership had a positive effect on revenues, which more than doubled to €3.6 million in the quarter ending December 31, 2006 as against €1.3 million in the previous year.

Expected economic conditions and industry trends

The ECB is forecasting robust economic growth for the euro zone, with an improvement of around 2.5% expected in 2007. The key growth drivers will include private consumption and investment. The healthy global economic growth rate and lower energy prices are also expected to have a positive effect.

According to estimates by the Institute for the World Economy (IfW), real GDP growth in Germany will remain unchanged as against the previous year at 2.7%, thus outstripping the European growth rate slightly. However, the forecasts for Germany are subject to a degree of uncertainty on account of the distortions due to the increase in sales tax. The sales tax increase could lead to a reduction in consumption in the first quarter costing around half a percentage point in growth terms, as some purchases of durable consumer goods and investments in residential real estate may have been brought forward to 2006. After this potential stagnation phase, however, the economy will pick up once again. The continued recovery of the employment market will lead to an upturn in consumer sentiment, while high capacity utilization, full order books and encouraging earnings prospects will stimulate investment on the part of companies. These trends will have a positive impact on business transactions, for which XING offers the ideal platform.

In 2006, the U.S. economy was dominated by the real estate market. A significant fall in investment in residential real estate led to a tangible slowdown in growth. Other investments and private consumption also developed more sluggishly. At the same time, there is some evidence of a soft landing for the U.S. economy: consumption is likely to be boosted by the robust employment situation and strong developments on the equity markets. Investors are benefiting from long-term interest rates that are at an all-time low, while exports are expected to benefit from sustained high demand from Europe and Asia, as well as the depreciation of the US dollar. Once the adjustments on the real estate market are complete, the economy is forecast to pick up pace towards the end of the year. According to estimates by market observers, the U.S. economy will grow at a rate of roughly 2.3% in 2007, compared with 3.3% in 2006. This means that openBC is in a strong position for its entry into the U.S. market.

Growing penetration of broadband Internet connections

In the Company's opinion, the online social networking market will benefit from the growth in Internet use. According to a study by Computer Industry Almanac Inc., the number of Internet users worldwide is expected to rise from 1.1 billion in 2006 to 1.8 billion in 2010. This corresponds to an average annual growth rate of 14.4%.

Regional differences in the market for paid online services

The success of subscription-based business models in the online social networking market depends on an increase in the willingness of users to pay for online services. According to estimates by Global Industry Analysts (June 2006), the market for paid online services and content will grow from €3.3 billion to €7.2 billion between 2006 and 2010. Developments in foreign markets, and in particular the key markets in Europe and Asia, will remain encouraging. With more than 222,000 Premium Members at December 31, 2006, openBC has positioned itself as the global leader among networking platforms with subscription-based business models.

Increased fluctuation on the employment market and growth in number of contractors

In an increasingly specialized and globalized employment market, the average time spent by an employee at a given company has decreased steadily over recent years. The number of contractors working on an independent, project-specific basis has also increased. openBC is benefiting from this global trend, as XING users can optimally implement their networking activities via the platform when looking for new jobs or contracts.

Internationalization of business contacts

The significant growth in the global trading of goods and services is leading to the internationalization of business contacts and the expansion of business networks. XING allows the global community to manage its business contacts across national borders, language barriers and time differences. This provides it with an excellent basis for sustained growth.

Convergence between social networking and other media

The convergence of the Internet and mobile telephony means that online applications will also become increasingly mobile. This includes the electronic management and use of contact data. openBC was the first social networking platform to offer mobile access to its services. The Company will continue to expand the competitive advantage it has created by making key functions available via mobile equipment.

Consolidation of the professional social networking market

The professional networking market is currently highly fragmented. Most websites are limited to one country or geographical region, and often to one language. openBC expects a consolidation process to take place. With 42 million peer-to-peer connections at the end of 2006, XING has established itself as a highly dynamic and closely networked platform in spite of the growing number of new market participants.

Consequences for corporate strategy

Expansion of leading position in the German-speaking market

In order to further expand its leading position in the German-speaking market, openBC will continue to pursue its strategy of market penetration in major cities. Key companies, such as DAX companies, will also be engaged as cooperation partners in future in order to secure a broad customer base for "PremiumWorld" and other services. In addition, openBC is committed to serving its domestic market with support for live events. Shortly after the XING platform went online, its members started to organize live events and meetings with each other, thus increasing their affinity to the XING network. In the meantime, the number of member-organized events has increased, with events being offered around the world. openBC plans to promote and take a more active role in supporting and initiating such events. The stimulation of viral growth in openBC's key markets remains its main strategy for achieving its growth targets. In some cities, the share of Premium Members has already broken through the 20% barrier, and it is only a matter of time before other cities develop in the same direction.

Pressing ahead with internationalization

The Company will expand its successful market position in the rest of Europe by acquiring selected companies with the same or a similar service range. Such acquisitions offer the possibility of gaining in-depth regional market expertise, thus allowing openBC to press ahead with its localization/internationalization strategy. Accordingly, the Company is currently focusing on the acquisition of local and regional market participants with a dominant position in their respective markets. In addition, the targeted expansion of PR activities in third countries will ensure that viral growth

is promoted in those markets. All in all, openBC is planning to increase the proportion of its total revenues attributable to markets outside Germany to more than 50% in the medium term.

Accelerating and encouraging the forthcoming market consolidation

With almost 1.7 million registered XING users, OpenBC is a leading player in the area of professional networking services. With respect to the forthcoming market consolidation, the Company will continue to observe the online professional networking market for attractive potential acquisitions. The main aim of any such acquisition would be to gain new members, strengthen the Company's market position in specific countries and generate additional services, and hence added value for our members. The particular benefit of this strategy is that a critical mass of users can be reached more quickly than would be the case via other acquisition channels.

At present, the Company is examining the acquisition of several companies that are active in this area. The ultimate objective of this analysis is the acquisition of one or more companies in the corresponding market environment. openBC expects the first revenue and earnings effects from this project to be generated in financial year 2007.

As the potential purchase prices for the Company's acquisition targets may fluctuate considerably depending on the size of the respective company, the impact of any such acquisitions on the Company's return on equity for the next two years cannot yet be quantified.

Whereas openBC will finance its customer acquisition in Germany from its cash flow, the net proceeds of the IPO in the amount of around €36.8 million will be used for the other three growth dimensions described above (expansion of German market leadership, ongoing internationalization and market consolidation).

Future product developments and improvements to the platform

Simplified registration and referral process

In order to gain new members, increase member activity and accelerate the conversion from Basic to Premium Membership, the Company has recently initiated a range of measures and launched a number of new features on its platform. A substantially simpler registration process will provide additional impetus for the number of registered members across all of its markets. Group functions will also be expanded in future in order to reinforce member affinity and membership growth. The aim of the expansion of the product range is to reach target groups that are inadequately served at present.

Planned new developments

The new "Marketplace" product will be launched in the first half of 2007. It will allow users to place and publish online classified advertisements for services, job vacancies and situations wanted. All members of the network will be able to view and search these advertisements. In 2007, openBC will also work towards the introduction of new features such as Profile 2.0, Address Book 2.0 and search functions, with the aim of creating tangible added value for XING members and driving ahead the viral growth in its membership base.

Increased settlement speed and security

openBC is performing development work with the aim of improving the performance of its software systems - particularly in terms of settlement speed and security - in order to ensure the long-term reliability of its transaction settlement processes. This only has an indirect impact on revenue development. The overall capacities of the hardware and software systems used by openBC in its everyday operations are oriented towards the expected future data volumes for the settlement of peak loads.

Future brand communications and marketing activities

Marketing

Viral growth is the key factor behind openBC's success. Among other things, this requires brand awareness in order to establish critical mass quickly. International growth is supported by both online and traditional marketing activities. One of the differences between openBC and its competitors - and a cornerstone for the success of communities in general - is the high degree of user activity. openBC will continue to stimulate this activity and leverage it in order to grow in new countries on the basis of the existing community.

Marketing to existing customers

The high degree of activity among XING members is demonstrated by the high response rate, among other things, which is used to enter into communications with existing customers. openBC will further optimize its marketing activities and expand them in the areas of activation, reactivation and upselling. In addition, existing contacts in countries around the world will be exploited in order to stimulate viral growth among the current customer base.

Search engine optimization

One of the reasons why members use XING's services is that they receive an Internet identity, the content and design of which they can determine themselves. XING members are also supported insofar as XING is constantly improving the visibility of its profiles and its service as a whole. One key measure in this respect is the optimization of pages for search engines, which is expected to result in significant growth in traffic.

Cooperative marketing

openBC enters into strong partnerships in Germany and abroad with the aim of offering added value to its members and allowing it to exploit favorable marketing opportunities (barter deals). For example, the Company has entered into a global product cooperation with IBM and media partnerships with BMW, Lenovo, Sixt, etc. for the purposes of PremiumWorld. Together with these partners, the XING platform offers its members exclusive price and product benefits. This strategy will be further expanded, particularly in the Company's activities outside Germany.

Events

Events serve as a link between the online community and the offline world. Since the formation of openBC, the Company has not only promoted such events itself, but its members have independently organized XING events around the world. This has helped to stimulate the networking concept in both "worlds". The Company's clear focus on events with its various partners helps to generate a particular value added for XING members.

Revenue growth

Stimulation of member activity and viral growth

Social networking websites primarily grow as a result of personal recommendations or e-mails inviting users to join the network. As such networks are based on the personal relationships between users, their value to each individual user in terms of the variety of available functions grows in line with the number of people that a user "knows" in the network. This is known as the "network effect". An increase in the number of invitations among members leads to growth in the level of activity on the website. This is underlined by the fact that XING has an impressive 42 million peer-to-peer connections.

Increase in the percentage of Basic Members who become Premium Members

Active members are more likely to become Premium Members than inactive members. Accordingly, the Company will strive to increase the activity of its member base as a whole, and hence the percentage of Basic Members who opt to pay for Premium Membership. openBC believes that both of these targets can be achieved by introducing new functions on the platform. Some of these functions will be available to all members, whereas selected features will only be available to Premium Members; this will have a positive effect on the conversion rate and the retention of existing Premium Members, as well as representing a new source of revenue.

Expected revenue and earnings development

openBC expects to continue to record substantial revenue growth due to a further increase in the number of new customers and the systematic expansion of its communications and marketing activities. The development of new services to be launched in the future, such as "Marketplace", will help to support this trend.

openBC will benefit from the scalability of its business model in future. This will steadily enable the Company to increase its EBITDA margin. However, the implementation of openBC's strategies is not aimed at achieving growth in membership at the expense of medium-term profitability, e.g. by spending excessive amounts on marketing or reducing Premium Membership fees significantly in order to gain new members. Instead, the Company is planning to pursue its subscription-based business model and optimize its pricing strategy in order to ensure profitable growth.

Net income is expected to increase significantly in the current year and beyond.

Employees and investment

Compared with the end of 2006, openBC expects an average increase of at least 50% in the number of employees from 2007.

The Company is planning to continue its investing activities at the same level as previously. It also intends to expand its platform by acquiring one or more companies operating in similar sectors, providing that the economic conditions are favorable. All investments made by openBC are implemented with a view to maintaining the scalability of its business model.

Opportunities presented by future development

openBC believes that opportunities will initially be provided by the growth in Internet use. Growth through viral marketing will also lead to an increase in membership figures in third countries that the Company has yet to develop to a significant extent, or at all. The Company will benefit to an above-average extent from the expected growth in customer demand for social networking services. Demand for applications for managing "digital identity" will also increase.

Strategic partnerships will also increase membership numbers and expand the Company's service range. New business models for these partnerships and the resulting growth will stimulate the growth and profitability of openBC due to the accompanying increase in membership figures.

We expect an above-average increase in the growth rates of the companies it acquires in future due to the XING platform's proven, successful user leadership in conjunction with the respective local management team's experience in the areas of member contact and marketing.

Summary of the expected development of the Company

In the next two financial years, openBC is planning to continue on the growth path it has pursued in recent years. The Company expects that the number of registered members and Premium Members will continue to increase significantly. This will result in further revenue growth. In addition to continued growth in its core market of Germany, openBC will endeavor actively and systematically to market its professional networking platform in selected cities and to generate growth through acquisitions. The constant development and optimization of the platform and the launch of new functions aimed at improving the attractiveness of Premium Membership and opening up new revenue sources will also enable further growth.

Hamburg, February 26, 2007



Lars Hinrichs
Chairman of
the Executive Board
OPEN Business Club AG



Eoghan Jennings
CFO
OPEN Business Club AG

Consolidated financial statements

for the short financial year
from July 1 to December 31, 2006

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Consolidated income statement for the short financial year from July 1 to December 31, 2006

	Note	01.07.2006 - 31.12.2006 000 €	01.07.2005 - 30.06.2006 000 €
Service revenues	1 ➤	6,172	5,983
Other operating income	2 ➤	205	11
Total revenues		6,377	5,994
Personnel expenses and permanent contractors	3 ➤	(2,806)	(1,673)
Marketing expenses	4 ➤	(620)	(486)
Other operating expenses	5 ➤	(4,171)	(4,467)
EBITDA		(1,219)	(631)
Depreciation and amortization	6 ➤	(431)	(295)
EBIT		(1,650)	(926)
Interest income/expense (net)	7 ➤	84	143
EBT		(1,566)	(783)
Income from income taxes	8 ➤	0	4
Net loss for the period		(1,566)	(779)
Attributable to:			
Equity holders of the parent		(1,565)	(779)
Minority interests	12 ➤	0	0
		(1,566)	(779)
Earnings per share (undiluted)	9 ➤	(0.39 €)	(0.22 €)
Earnings per share (diluted)	9 ➤	(0.38 €)	(0.22 €)

Consolidated balance sheet as of December 31, 2006

ASSETS	Note	31.12.2006 000 €	30.06.2006 000 €
Non-current assets			
Intangible assets			
Other intangible assets	10 >	202	187
Acquired software	10 >	297	139
Self-developed software	10 >	1,869	944
Goodwill	10 >	254	254
Fixed assets			
Technical equipment and machinery	10 >	12	20
IT hardware and other office equipment	10 >	971	384
Financial assets			
Investments	10 >	100	100
Other financial assets	10 >	289	118
		3,994	2,146
Current assets			
Receivables and other assets			
Trade receivables	11 >	1,532	844
Other assets	11 >	221	158
Cash and cash equivalents and short-term deposits	11 >	45,225	6,791
		46,978	7,793
		50,973	9,938

EQUITY AND LIABILITIES	Note	31.12.2006 000 €	30.06.2006 000 €
Equity			
Subscribed capital	12 >	5,202	52
Capital reserves	12 >	38,562	6,834
Other reserves	12 >	9	0
Retained earnings	12 >	(2,862)	(1,296)
		40,910	5,590
Minority interests	12 >	0	0
		40,910	5,590
Non-current liabilities			
Finance lease liabilities	13 >	393	12
Deferred income	13 >	500	199
		893	210
Current liabilities			
Finance lease liabilities	13 >	157	12
Trade payables	14 >	1,732	734
Accruals	14 >	2,877	436
Deferred income	14 >	4,160	2,850
Other liabilities	14 >	242	105
		9,169	4,138
		50,973	9,938

Consolidated cash flow statement for the short financial year from July 1 to December 31, 2006

	Note	01.07.2006 - 31.12.2006 000 €	01.07.2005 - 30.06.2006 000 €
Net loss for the period		(1,566)	(779)
Depreciation and amortization	6 >	431	295
Personnel expenses for stock option plan	3 >	45	0
Changes in accruals		2,440	422
Changes in deferred tax benefit	8 >	0	(4)
Changes in net working capital			
Changes in receivables and other assets		(752)	(486)
Changes in trade payables and other liabilities		1,671	404
Changes in deferred income		1,612	1,881
Cash flow from operating activities		3,880	1,734
Purchase of intangible assets	10 >	(1,398)	(1,023)
Purchase of fixed assets	10 >	(710)	(457)
Acquisition of consolidated companies (less cash and cash equivalents acquired)	10 >	0	(245)
Investments in other financial assets	10 >	(171)	(218)
Cash flow from investing activities		(2,280)	(1,942)
Capital increases	12 >	36,833	5,905
Cash flow from financing activities		36,833	5,905
Changes in cash and cash equivalents		38,434	5,697
Cash and cash equivalents at the beginning of the period		6,791	1,094
Cash and cash equivalents at the end of the period	11 >	45,225	6,791

Consolidated statement of changes in equity for the short financial year from July 1 to December 31, 2006

	Note	Attributable to equity holders		
		Subscribed capital 000 €	Capital reserves 000 €	Other reserves 000 €
At 01.07.2005		40	941	0
Foreign currency translation		0	0	0
Net loss for the period		0	0	0
Total income and expense for the period		0	0	0
Capital increases	12 >	12	5,896	0
Cost of raising capital	12 >	0	(3)	0
First-time consolidation of openBC China Ltd.		0	0	0
At 30.06.2006		52	6,834	0
Foreign currency translation		0	0	9
Net loss for the period		0	0	0
Total income and expense for the period		0	0	9
Capital increase from retained earnings	12 >	3,800	(3,800)	0
Cash capital increase	12 >	1,350	39,150	0
Cost of raising capital	12 >	0	(3,667)	0
Personnel expenses for stock option plan	3 >	0	45	0
At 31.12.2006		5,202	38,562	9

of the parent			
Retained earnings 000 €	Total 000 €	Minority interests 000 €	Total equity 000 €
(517)	464	0	464
0	0	0	0
(779)	(779)	0	(779)
(779)	(779)	0	(779)
0	5,908	0	5,908
0	(3)	0	(3)
0	0	0	0
(1,296)	5,589	0	5,590
0	9	0	9
(1,565)	(1,565)	0	(1,566)
(1,565)	(1,557)	0	(1,557)
0	0	0	0
0	40,500	0	40,500
0	(3,667)	0	(3,667)
0	45	0	45
(2,862)	40,910	0	40,910

Notes to the consolidated IFRS financial statements for the short financial year from July 1 to December 31, 2006

General Information

The Company was incorporated in Hamburg, Germany, as a German limited liability company by deed of incorporation dated August 12, 2003 under the name "OPEN Business Club GmbH" (hereinafter referred to as "openBC" or "the Company") and was entered in the commercial register on August 26, 2003.

The shareholders' meeting on July 19, 2006, passed a resolution to convert the Company into a German stock corporation (Aktiengesellschaft) with share capital of € 52,050.00 under the name "OPEN Business Club AG". This change in legal form was entered in the commercial register on October 16, 2006.

On December 7, 2006, the Company went public with an admission of a total of 5,201,700 shares to the Official Market (Amtlicher Markt) of the Frankfurt Stock Exchange. The IPO consisted of a public offering in Germany and Switzerland and international private placements in other jurisdictions.

openBC operates a leading professional networking website as measured by the global number of unique visitors to its platform. The international and multilingual internet-based networking and contact management platform is a "relationship engine" that enables users to find new business contacts and maintain existing ones, expand their reach into new markets, and exchange views and knowledge. openBC generates its revenues from membership subscriptions and currently keeps its platform free of paid advertising.

openBC's registered office is located at Gänsemarkt 43, 20354 Hamburg, Germany.

Basis of preparation

The consolidated financial statements of openBC and its subsidiaries ("the Group") for the financial year ending December 31, 2006 are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies all IFRSs that are required to be applied as of the balance sheet date to the extent that these standards have been adopted by the EU by the date of adoption of the consolidated financial statements by the Company's management.

The body of the IFRS consists of the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and its predecessor organization, to the extent that the IASB did not reject their application, and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor organization, to the extent that the IASB did not reject their application.

The requirements of the standards applied have been fulfilled and result in the presentation of a true and fair view of the net assets, financial position and results of operations of the Group.

The consolidated financial statements are presented in euros. All amounts are cited in and rounded to the nearest thousand euros (€ thousand) except when otherwise indicated.

The prior-period figures relate to the period from July 1, 2005 to June 30, 2006. The shareholders' meeting on November 3, 2006 resolved to change the financial year of the Company to the calendar year. Accordingly, the period under review is the short financial year from July 1, 2006 to December 31, 2006. This means that the figures for the period under review are only comparable to the prior-period figures to a limited extent.

Unlike the previous year, the consolidated income statement as of December 31, 2006 is presented before the consolidated balance sheet in order to reflect standard international practice. Accordingly, the disclosures on the consolidated income statement are also presented before the disclosures on the consolidated balance sheet within the notes to the consolidated financial statements for the financial year ending December 31, 2006.

The consolidated income statement is presented using the nature of expense method. EBITDA is defined as earnings before taxes, interest and other investment results and depreciation and amortization, EBIT is defined as earnings before taxes, interest and other investment results, and EBT is defined as earnings before taxes.

The consolidated financial statements are prepared on a historical cost basis with the exception of available-for-sale financial instruments, which are measured at fair value.

Accounting and valuation, as well as the disclosures and information concerning the IFRS consolidated financial statements for the financial year ending December 31, 2006, are based on the same accounting policies that were applied in preparing the annual financial statements as of June 30, 2006.

The accounting policies are based on the IFRS issued and adopted by the EU as of the date of adoption of the consolidated financial statements by the Company's management. This includes the adoption of the following standards:

- IFRS 2 - Share-based Payment;
- IFRS 3 - Business Combinations, IAS 36 (revised) - Impairment of Assets and IAS 38 (revised) - Intangible Assets;
- IFRS 4 - Insurance Contracts;
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations;
- IAS 1 - Presentation of Financial Statements;
- IAS 8 - Accounting Policies, Changes in Accounting Estimates, and Errors;
- IAS 10 - Events After the Balance Sheet Date;
- IAS 16 (revised) - Property, Plant and Equipment;
- IAS 17 - Leases;
- IAS 19 (revised) - Employee Benefits;
- IAS 21 (revised and amended) - The Effects of Changes in Foreign Exchange Rates;
- IAS 24 - Related Party Disclosures;
- IAS 27 - Consolidated and Separate Financial Statements in Accordance with IFRS;
- IAS 32 - Financial Instruments: Disclosure and Presentation;
- IAS 36 - Impairment of Assets;
- IAS 38 - Intangible Assets;
- IAS 39 (amended) - Financial Instruments: Recognition and Measurement;
- IFRIC 4 - Determining Whether an Arrangement Contains a Lease; and
- IFRIC 8 - Scope of IFRS 2.

The Group applied the following new standards and interpretations in the year under review. The application of these new IFRS standards and interpretations did not affect the net assets and financial position of the Group.

- IFRS 6 - Exploration for and Evaluation of Mineral Assets;
- IFRIC 5 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 9 - Reassessment of Embedded Derivatives

IFRS 7, which requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments, has not yet been applied. The Group had not yet fully assessed the impact of this statement as of the date of adoption of these consolidated financial statements.

In addition, the Group did not apply IAS 1 (revised) - Presentation of Financial statements, which has been published but has not yet come into force. The revised version of this standard introduces new disclosures aimed at allowing the readers of the financial statements to assess the Group's capital management objectives, methods and processes.

The consolidated financial statements and Group management report of OPEN Business Club AG were prepared by the Management Board on February 26, 2007 and submitted to the Supervisory Board of the Company for approval on March 20, 2007.

Basis of consolidation and business combinations

The consolidated financial statements include subsidiaries that are controlled by openBC. Control is presumed to exist when openBC owns, either directly or indirectly through its subsidiaries, more than half of the voting rights of a given entity, unless it can be clearly demonstrated that such ownership does not constitute control. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements comprise the financial statements of

- OPEN Business Club GmbH, Hamburg, the Group parent company,
- First Tuesday AG, Zurich, a wholly-owned Swiss subsidiary,
- openBC China Ltd., a company formed in Hong Kong, China, and
- openBC Network Technology (Beijing) Co. Ltd., Beijing, China (a wholly-owned subsidiary of openBC China Ltd.).

openBC acquired all of the shares of First Tuesday AG on February 3, 2006. The financial statements of First Tuesday AG have been prepared using the same accounting policies. The financial year of First Tuesday AG is the calendar year, i.e. January 1 to December 31.

openBC holds 55% of the shares of openBC China Ltd., meaning that this company is fully consolidated as of December 31, 2006. The company was consolidated for the first time with effect from June 30, 2006. The financial statements of openBC China Ltd. have been prepared using the same accounting policies. The company's financial year is the calendar year, i.e. January 1 to December 31.

openBC Network Technology (Beijing) Co. Ltd., which was included in the consolidated financial statements for the first time with effect from September 30, 2006, was formed on June 20, 2006 and started its business operations in September 2006. As openBC Network Technology (Beijing) Co. Ltd. was formed exclusively by cash contributions from openBC China Ltd., it was not necessary to allocate the purchase price to the fair values of the assets and liabilities acquired. Since starting its business operations, openBC Network Technology (Beijing) Co. Ltd. has recorded a loss of €88 thousand for the period to December 31, 2006. openBC Network Technology (Beijing) Co. Ltd. was formed to support openBC's growth in the Asian market. The business purpose of openBC Network Technology (Beijing) Co. Ltd. is identical to the business purpose of openBC. The company's financial year is the calendar year, i.e. January 1 to December 31.

All intragroup balances, transactions, income and expenses and all profits and losses resulting from intragroup transactions are eliminated in full.

Subsidiaries were fully consolidated from their acquisition date. The acquisition date is the date on which openBC obtained control over the respective subsidiary.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements requires the use of estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Although these estimates are based on the management's best knowledge, actual results may differ from these estimates.

The Group determines whether goodwill is impaired on an annual basis. This requires an estimate of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2006 was €254 thousand (previous year: €254 thousand).

Judgments are required with respect to the capitalization of development costs. The Company has performed these judgments on the basis of the information available up until the publication of these consolidated financial statements. The carrying amount of capitalized development costs at December 31, 2006 was €1,869 thousand (previous year: €944 thousand).

Foreign currency translation

The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency, and the items included in the financial statements of each entity are measured using that functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the balance sheet date. All exchange rate differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the applicable exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date on which the respective fair value was determined.

The functional currency of First Tuesday AG is the Swiss franc (CHF), the functional currency of openBC China Ltd. is the Hong Kong dollar (HKD), and the functional currency of openBC Network Technology (Beijing) Co. Ltd. is the Chinese Renminbi yuan (CNY). As of the reporting date, assets and liabilities are translated into the presentation currency of the Group at the applicable exchange rate at the balance sheet date. Income statement items are translated at the weighted average exchange rates for the period. Any exchange differences arising on currency translation are taken directly to a separate component of equity.

Summary of significant accounting policies

Expenditure for the acquisition of other intangible assets is capitalized and amortized on a straight-line basis over the expected useful lives of the respective assets. Amortization begins when the intangible asset becomes available for use.

In accordance with IAS 38 and SIC 32, intangible assets arising from software development expenditure on an individual project are recognized only when the Group can demonstrate the technical feasibility of completing the project such that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources for completion and the ability to measure reliably the expenditure during development. Following the initial recognition of development costs, a cost model is applied which requires the assets to be carried at cost less any accumulated amortization and accumulated impairment losses. Any capitalized expenditure is amortized on a straight-line basis over the expected useful life of six years. The fair value of development costs is tested for impairment annually when the asset is not yet in use and more frequently when evidence of impairment arises during the reporting year.

Intangible assets are tested for impairment whenever there is evidence that they may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at each financial year-end. If the estimated recoverable amount is lower than the carrying amount, an impairment loss corresponding to the difference between the recoverable amount and the carrying amount is recognized. If the reason for impairment ceases to exist, the impairment loss on intangible assets is reversed up to a maximum of the carrying amount if an impairment loss had not been recognized.

The Company accounts for acquisitions using the purchase method, which results in the recognition of goodwill. Goodwill acquired in a business combination is initially measured at cost, calculated as the cost of the business combination in excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Under IFRS, goodwill is not amortized over its useful life. The Company is required to test goodwill for impairment at least annually in the absence of any evidence of possible impairment, and immediately when such evidence arises.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the respective combination from the acquisition date. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. If the recoverable amount of the cash-generating unit is lower than the carrying amount, a corresponding impairment loss is recognized.

Fixed assets are carried at cost less accumulated straight-line depreciation over a useful life of between three (IT equipment) and 13 (office equipment) years and accumulated impairment losses. Residual carrying amounts, useful lives and amortization methods are reviewed at each year-end and adjusted as required.

Financial assets within the meaning of IAS 39 are classified into different categories. These assets are measured at fair value on initial recognition. For financial instruments measured at fair value, the related directly attributable transaction costs are expensed as incurred. After initial recognition, financial instruments classified as "available for sale" are measured at fair value, with gains or losses taken directly to equity. The fair value of investments that are actively traded on an organized financial market is determined by reference to quoted market bid prices at the close of business on the balance sheet date. If the fair value of an investment cannot be reliably determined, the investment is accounted for at amortized cost. Financial instruments classified as "Loans and receivables" and "Other liabilities" are measured at amortized cost subsequent to initial recognition. Impairment losses on financial assets are recognized through profit and loss; in the case of available-for-sale financial assets, this is the case if there is objective evidence that the asset is impaired. The Group does not currently hold any financial instruments classified as "at fair value through profit and loss" (including "held for trading") or "held to maturity".

A financial asset is derecognized if i) the rights to receive cash flows from the asset have expired; ii) the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full and without delay to a third party under a pass-through arrangement; or iii) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards incident to the asset, or (b) has neither transferred nor retained substantially all the risks and rewards incident to the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or it expires.

The fair values of financial assets and liabilities correspond to their carrying amounts.

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax assets and liabilities are recognized in the amount of the anticipated future tax burdens or tax relief in subsequent financial years, calculated on the basis of the tax regulations that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets resulting from tax loss carryforwards are capitalized to the extent that it is likely that future tax income will be available against which the respective tax loss carryforwards can be offset.

Deferred taxes must be calculated using the statutory tax rates applicable at the time when the temporary differences are likely to be reversed. The implications of changes in tax legislation for both deferred tax assets and deferred tax liabilities are recognized in the income statement during the period in which the respective change comes into effect. The tax rate of 40.4% (previous year: 40.4%) is comprised of the standard corporate income tax rate plus solidarity surcharge and an average applicable trade tax rate.

Deferred tax assets must be recognized when the tax base of an asset exceeds its carrying amount or the tax base of a liability falls below its carrying amount, provided that these differences are considered to be both temporary and tax-deductible.

Deferred tax liabilities must be recognized when the tax base of an asset falls below its carrying amount or the tax base of a liability exceeds its carrying amount, provided that these differences are considered to be both temporary and tax-deductible.

The computation of deferred tax assets for unutilized tax loss carryforwards is based on a foreseeable planning period. Deferred taxes for unutilized tax loss carryforwards are capitalized up to the amount of deferred tax liabilities.

Receivables and other assets are recognized and carried at their original invoice amount less an allowance for uncollectible amounts. Valuation allowances are charged on receivables if there is objective evidence that they are no longer collectible.

Current credit balances and cash in hand are recognized at their respective nominal amounts.

In accordance with IAS 32.35, equity transaction costs are deducted from equity (eliminated against capital reserves) less the associated income tax benefits that are likely to be realized.

Certain employees and senior managers of the Group receive share-based remuneration in the form of equity instruments (stock options). Expenses resulting from transactions involving these equity instruments are measured at the fair value of the equity instruments granted at the grant date. Fair values are determined by external third parties using recognized valuation models.

The expenses from the transactions are recognized over the period during which the conditions of performance are met, and result in a simultaneous increase in equity. This period only ends when the respective employee or senior manager becomes irrevocably entitled to subscribe for shares of the Company (i.e. the first date on which stock options can be exercised). The accumulated expenses at each balance sheet date up until the first date on which stock options can be exercised reflect the portion of the service period that has already occurred and the number of equity instruments that will subsequently be vested based on the Group's best estimate. The amount credited or charged to the income statement reflects the development of the expenses accumulated between the start and end of the reporting period. The dilutive effect of the outstanding stock options is recognized as an additional dilution when calculating earnings per share.

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to the ownership of the leased asset are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The Group applies a threshold of 75% when determining whether the term of a lease includes substantially all of the useful economic life of the leased asset. Lease payments are apportioned between finance interest and reduction of the lease liability in such a way as to achieve a constant rate of interest on the remaining balance of the liability. Finance interest is recognized directly in income.

Accruals are recognized when i) the Company has a present obligation as a result of a past event, ii) it is probable that an outflow of economic resources will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are defined as potential obligations that are subject to the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control. Obligations for which the probability of an outflow of resources is remote, or for which the outflow of resources cannot be reliably quantified, are consolidated in this item. In accordance with IAS 37, contingent liabilities are not recognized in the balance sheet.

Revenue from membership fees is recognized on a daily basis taking into account the proportionate length of the respective membership period at the balance sheet date. Any payments received in advance for periods after the balance sheet date are shown in the balance sheet as deferred income; the corresponding revenue is recognized in subsequent periods.

Revenue from events is recognized by reference to the stage of completion of the respective transaction at the balance sheet date, providing that the outcome of the transaction for the rendering of services can be reliably estimated. The outcome of the transaction can be reliably estimated if the amount of revenue can be reliably measured and it is probable that the economic benefit associated with the transaction will flow to the Company.

Trade payables and other liabilities are carried at their settlement amount.

Notes to the consolidated income statement

1 > Revenues

openBC's revenues mainly consist of subscription fees paid by its Premium Members. Since acquiring First Tuesday AG, the Group also derives revenues from the events organized by this subsidiary. The Group's revenues as of December 31, 2006 can be broken down as follows:

	31.12.2006 000 €	30.06.2006 000 €
Premium Members (incl. Premium Groups)	5,858	5,740
Advisory services/Event Organization	269	156
Other	45	87
Total	6,172	5,983

2 > Other operating income

The table below shows the significant items classified as other operating income:

	31.12.2006 000 €	30.06.2006 000 €
Income from reversal of accruals	140	4
Prior-period income	16	0
Income from exchange rate gains	12	0
Other	37	7
Total	205	11

3 > Personnel expenses and permanent contractors

The following table shows the components of personnel expenses, including expenses for permanent contractors:

	31.12.2006 000 €	30.06.2006 000 €
Wages, salaries and other remuneration	1,119	1,124
Permanent contractors	554	234
Accruals for vacation and overtime	458	137
Bonuses in relation to IPO	344	0
Social security contributions (employer's share)	267	161
Personnel expenses for stock option plan	45	0
Pension expenses (defined contribution plan)	17	13
Other	2	4
Total	2,806	1,673

Social security contributions include payments to the statutory pension fund in the amount of €111 thousand (previous year: € 80 thousand).

4 > Marketing expenses

Marketing expenses consist of the following items:

	31.12.2006 000 €	30.06.2006 000 €
International press	282	18
Advertising costs	224	51
Web design	28	25
Events	6	209
Other	80	183
Total	620	486

5 > Other operating expenses

The table below shows the significant items classified as other operating expenses:

	31.12.2006 000 €	30.06.2006 000 €
Directly attributable IPO costs not taken directly to equity	1,231	0
Legal, audit and bookkeeping costs	806	628
IT services, business services and services for new markets	772	1,813
Travelling, entertainment and other business expenses	251	393
Server leasing, housing and administration	240	379
Costs for the handling of payments	247	387
Brand development	0	249
Other expenses	624	618
Total	4,171	4,467

Other operating expenses include costs relating to the Company's IPO in the amount of €2,313 thousand. Of this figure, €1,231 thousand is attributable to direct expenses relating to the IPO, such as costs relating to the preparation of the prospectus to the extent this relates to the placement of shares. The remaining €1,082 thousand relates to the indirect expenses incurred both in relation to and above and beyond the IPO, such as legal and consulting costs relating to the transition to IFRS and the Company's conversion into a German stock corporation (Aktiengesellschaft).

6 > Depreciation and amortization

Depreciation and amortization expense is recognized on a straight-line basis over the expected useful life of the respective asset. It can be broken down as follows:

	31.12.2006 000 €	30.06.2006 000 €
Amortization of intangible assets		
Acquired software	57	25
Self-developed software	204	147
Other intangible assets	39	0
Depreciation of tangible assets	85	109
Depreciation of finance leases	46	14
Total	431	295

7 > Interest income/expense (net)

Net interest income is composed of the following items:

	31.12.2006 000 €	30.06.2006 000 €
Interest income	116	146
Interest expense	(32)	(3)
Total	84	143

8 > Income taxes

The income tax result is composed as follows:

	31.12.2006 000 €	30.06.2006 000 €
Taxes paid/owed	0	0
Deferred tax income	0	4
Total	0	4

The following table shows the composition of deferred taxes in the income statement broken down by the various types of temporary difference:

	31.12.2006 000 €	30.06.2006 000 €
Tax loss carryforwards	361	279
Capitalization of self-developed software	(374)	(259)
Reversal of global valuation allowances on receivables	13	(16)
Total	0	4

The following table shows the reconciliation of the expected tax result and the actual tax result:

	31.12.2006 000 €	30.06.2006 000 €
Earnings before income taxes (EBT)	(1,407)	(783)
Expected tax result (tax rate 40.38%)	568	316
Tax effects on		
non-capitalized deferred taxes on tax loss carryforwards	(518)	(275)
differences in foreign tax rates (Switzerland 21.32%)	(48)	(33)
non-tax-deductible expenses	(2)	(4)
Actual tax result	0	4

The theoretical tax rate is calculated as follows:

	31.12.2006 %	30.06.2006 %
Tax factor	5.00	5.00
Collection rate	470.00	470.00
Trade income tax rate incl. solidarity surcharge	26.38	26.38
Corporate income tax rate	19.03	19.03
Average tax rate	40.38	40.38

The deferred taxes recognized in the balance sheet are composed as follows:

	31.12.2006 000 €	30.06.2006 000 €
Tax loss carryforwards	760	399
Capitalization of self-developed software	(754)	(380)
Reversal of global valuation allowances on receivables	(6)	(19)
Total	0	0

Deferred tax assets and liabilities have been netted.

At December 31, 2006, the Group had tax loss carryforwards in Germany amounting to approximately €6.6 million (previous year: around €1.5 million) and in Switzerland amounting to approximately €0.5 million (previous year: around €0.2 million) that are available for an unlimited period for offsetting against the future taxable profit of openBC and First Tuesday AG respectively. Deferred tax assets relating to these losses have not been recognized in the balance sheet, as openBC has recorded losses since its formation and First Tuesday AG has not recorded any profits in recent years.

9 > Earnings per share

Earnings per share shows the proportion of net profit for a given period that is attributable to one share of the Company. It is calculated by dividing the consolidated net profit attributable to the shareholders of the parent company by the weighted number of outstanding shares. This key indicator is diluted by so-called potential shares (such as those arising from the stock options granted by openBC).

Prior to its conversion into a German stock corporation (Aktiengesellschaft), which became effective upon its entry in the commercial register on October 16, 2006, the Company did not have a fixed number of shares. For this reason, earnings per share is calculated on the assumption that each share has a notional interest in the Company's share capital of €1.00.

In calculating the amounts below, the numbers of shares in the periods prior to the capital increase from retained earnings on November 10, 2006, under which new shares were issued in a ratio of 1:73, have been adjusted by a factor of 74 in accordance with IAS 33 in order to ensure comparability.

The weighted average number of outstanding shares for the financial year ending June 30, 2006 is calculated as follows:

	No. of shares	No. of days	Weighted no. of shares
01.07.2005 - 13.11.2005 (GmbH share capital)	2,974,800	136	1,108,419
14.11.2005 - 30.06.2006 (GmbH share capital)	3,851,700	229	2,416,546
		365	3,524,965

The weighted average number of outstanding shares for the short financial year ending December 31, 2006 is calculated as follows:

	No. of shares	No. of days	Weighted no. of shares
01.07. - 15.10.2006 (GmbH share capital)	3,851,700	107	2,252,087
16.10. - 04.12.2006 (AG share capital)	3,851,700	49	1,031,330
05.12. - 31.12.2006 (AG share capital)	5,201,700	27	767,464
		183	4,050,881

Accordingly, undiluted earnings per share is calculated as follows:

	31.12.2006	30.06.2006
Consolidated net loss in €	(1,565,365.41)	(779,194.73)
Average number of shares	4,050,881	3,524,965
Undiluted earnings per share in €	(0.39)	(0.22)

The Company granted a total of 160,617 stock options to employees and senior managers of the Group with effect from December 6, 2006. Each stock option gives the owner the right to subscribe for one no-par value share.

The weighted average number of outstanding shares for the short financial year ending December 31, 2006 taking into account the potential dilutive effect of these stock options is calculated as follows:

	No. of shares	No. of days	Weighted no. of shares
01.07. - 15.10.2006 (GmbH share capital)	3,851,700	107	2,252,087
16.10. - 04.12.2006 (AG share capital)	3,851,700	49	1,031,330
05.12. - 31.12.2006 (AG share capital)	5,201,700	27	767,464
Weighted average number of shares		183	4,050,881
Stock options	160,617	25	21,942
			4,072,823

Accordingly, diluted earnings per share is calculated as follows:

	31.12.2006	30.06.2006
Consolidated net loss in €	(1,565,365.41)	(779,194.73)
Average number of shares	4,072,823	3,524,965
Diluted earnings per share in €	(0.38)	(0.22)

Notes to the consolidated balance sheet

10 » Non-current assets

At the balance sheet date, intangible assets consisted of trademark rights, customer relationships, acquired and self-developed software, and goodwill.

Trademark rights and customer relationships amounted to € 202 thousand at the balance sheet date (previous year: € 187 thousand). Acquired and self-developed software amounted to € 297 thousand (previous year: € 139 thousand) and € 1,869 thousand (previous year: € 944 thousand) respectively. The remaining useful life of the Company's self-developed website is 34 months. The Group expensed development costs in the amount of € 540 thousand (previous year: € 538 thousand). Capitalized self-developed software includes expenditure for the installation, design and development of openBC's website.

The following tables provide an overview of the development of intangible assets:

	Other intangible assets 000 €	Acquired software 000 €	Self-developed software 000 €	Goodwill 000 €	Total 000 €
Carrying amount					
At 01.07.2005	0	38	303	0	341
Additions	187	126	788	254	1,355
Amortization	0	(25)	(147)	0	(172)
At 30.06.2006	187	139	944	254	1,524
Additions	54	215	1,129	0	1,398
Amortization	(39)	(57)	(204)	0	(300)
At 31.12.2006	202	297	1,869	254	2,622
Acquisition/production cost					
At 01.07.2005	0	39	345	0	384
Additions	109	126	788	0	1,023
Additions (consolidation)	78	0	0	254	332
At 30.06.2006	187	165	1,133	254	1,739
Additions	54	215	1,129	0	1,398
At 31.12.2006	241	380	2,262	254	3,137
Amortization					
At 01.07.2005	0	1	42	0	43
Additions	0	25	147	0	172
At 30.06.2006	0	26	189	0	215
Additions	39	57	204	0	300
At 31.12.2006	39	83	393	0	515

The goodwill recognized as of December 31, 2006 resulted from the acquisition of the shares of First Tuesday AG (€ 236 thousand) and openBC China Ltd. (€ 18 thousand) in the previous year. The goodwill acquired as a result of the business combination has been allocated to the sole cash-generating unit, Premium Memberships, for the purposes of impairment testing. The recoverable amount of the Premium Memberships unit was determined on the basis of a value-in-use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied to the cash flow projection is 10.47% (previous year: 10.27%).

As of December 31, 2006, fixed assets consisted of technical equipment and machinery in the amount of € 12 thousand (previous year: € 20 thousand) and IT hardware and other operating and office equipment in the amount of € 970 thousand (previous year: € 384 thousand).

The following tables provide an overview of the development of fixed assets in the financial year ending December 31, 2006:

	Technical equipment and machinery	IT hardware and other office equipment	Total
	000 €	000 €	000 €
Carrying amount			
At 01.07.2005	34	31	65
Additions	0	462	462
Depreciation	(14)	(109)	(123)
At 30.06.2006	20	384	404
Additions	0	710	710
Depreciation	(8)	(124)	(132)
At 31.12.2006	12	971	982
Acquisition/production cost			
At 01.07.2005	37	50	87
Additions	0	456	456
Additions (consolidation)	0	5	5
At 30.06.2006	37	511	548
Additions	0	710	710
At 31.12.2006	37	1,221	1,258
Amortization			
At 01.07.2005	3	18	21
Additions	14	109	123
At 30.06.2006	17	127	144
Additions	8	124	132
At 31.12.2006	25	251	276

The carrying amount of leased fixed assets is € 533 thousand (previous year: € 19 thousand).

The Group's financial assets in the amount of €100 thousand relate to its strategic investment in 2.4% of the subscribed capital of Plazes AG, Zurich, Switzerland, which is carried at cost as its fair value cannot be reliably determined.

The Group's financial assets at the balance sheet date include long-term deposits for payment transaction systems and rental deposits. Other financial assets in the previous year included prepayments to related parties in the amount of €118 thousand; this amount was used to form openBC Network Technology (Beijing) Co. Ltd. in the short fiscal year under review.

11 > Current assets

As in the previous year, all of the trade receivables recognized by openBC at December 31, 2006 are due within one year. The following table shows the composition of other assets:

	31.12.2006 000 €	30.06.2006 000 €
Prepaid expenses	29	19
Short-term loans to employees	19	56
Other assets	173	83
Total	221	158

Short-term loans to employees can be terminated upon three months' notice and are interest-bearing at a rate of 6% p.a.

The item "Cash and cash equivalents and short-term deposits" consists of bank balances in the amount of €45,224 thousand (previous year: €4,827 thousand), shares in an open-ended real estate fund in the amount of €0 (previous year: €1,963 thousand) and cash in hand of €1 thousand (previous year: €1 thousand). The consolidated cash flow statement as of December 31, 2006 includes freely available cash and cash equivalents and short-term deposits.

12 > Equity and minority interests

The shareholders' meeting on July 19, 2006 resolved the conversion of the legal form of the Company into a German stock corporation (Aktiengesellschaft) with share capital of €52,050.00; this measure was entered in the commercial register on October 16, 2006. At the date on which the conversion was entered in the commercial register, the share capital was divided into 40,200 no-par value bearer shares and 11,850 preference shares. The general shareholders' meeting on November 3, 2006 resolved to convert the preference shares into ordinary no-par value bearer shares and to amend the Company's Articles of Association accordingly.

In addition, the general shareholders' meeting on November 3, 2006 resolved to increase the share capital of the Company by €3,799,650.00 from retained earnings in accordance with section 207 ff. of the German Stock Corporation Act, from €52,050.00 to €3,851,700.00, by converting a portion of the Company's capital reserves in the amount of €3,799,650.00. The capital increase was based on the Company's financial statements for the financial year ended June 30, 2006 and was implemented by issuing new no-par value bearer shares to shareholders at a ratio of 1:73; it was entered in the commercial register on November 10, 2006.

The ordinary shareholders' meeting on November 21, 2006 resolved to increase the share capital against cash contributions by €3,851,700.00, from €1,350,000.00 to €5,201,700.00, for the purposes of the Company's IPO. The shares were issued at a price of €30.00 per share. The share premium from the capital increase against cash contributions in the amount of €39,150,000.00 was appropriated to capital reserves. The capital increase was entered in the commercial register on December 5, 2006.

The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital in full or in part and on one or more occasions by a total of up to €1,925,850.00 in the period until October 31, 2011 by issuing up to 1,925,850 new no-par value bearer shares against cash and/or non-cash contributions. In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude fractions from shareholders' subscription rights and to exclude shareholders' subscription rights to the extent that this is necessary to ensure that the holders of warrants, convertible bonds or warrant-linked bonds issued by the Company or subordinate Group companies in Germany or abroad can be granted subscription rights for new shares to the extent that they would be entitled to if they exercised their options or conversion rights or the Company met its conversion obligations.

The Management Board is also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights if the issue price of the new shares is not significantly lower than the stock market price of the Company's existing shares of the same category and carrying the same rights within the meaning of section 203 (1) and (2) and section 186 (3) sentence 4 of the German Stock Corporation Act at the date on which the issue price is fixed by the Management Board and the shares issued in accordance with section 186 (3) sentence 4 of the German Stock Corporation Act do not, in total, exceed 10% of the available share capital at the date on which the authorization is registered or, if lower, at the issue date of the new shares. Shares issued with shareholders' subscription rights excluded on the basis of other authorizations in accordance with or within the meaning of 186 (3) sentence 4 of the German Stock Corporation Act must be counted towards this limit.

Shareholders' subscription rights shall be excluded in the case of capital increases against non-cash contributions, and in particular those implemented in connection with the acquisition of companies, participations or other assets. The Management Board is also authorized, with the approval of the Supervisory Board, to determine the further content of the rights carried by the shares and the terms and conditions of their issue.

The share capital of the Company is contingently increased by €288,822.00 by issuing up to 288,822 new no-par value bearer shares (Contingent Capital I). Contingent Capital I serves to ensure that subscription rights can be satisfied for stock options issued by the Company in the period until October 31, 2011 as part of the 2006 Stock Option Plan on the basis of the authorization granted by the shareholders' meeting on November 3, 2006. The contingent capital increase will only be implemented to the extent that stock options are issued, the holders of these stock options exercise their subscription rights for shares of the Company, and the Company does not offer treasury shares or cash settlement in order to satisfy the respective subscription rights.

Shares will be issued from contingent capital at the issue price resolved by the shareholders' meeting on November 3, 2006. The new shares will participate in profit from the start of the first financial year for which no resolution on the appropriation of net retained profit has been adopted by the shareholders' meeting by the date on which the respective subscription rights are exercised.

The share capital of the Company is contingently increased by a total of €1,540,680.00 by issuing up to 1,540,680 new no-par value bearer shares (Contingent Capital II). Contingent Capital II serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the shareholders' meeting on November 3, 2006. The new shares will be issued at the conversion or option price to be determined in accordance with this resolution.

The contingent capital increase will only be implemented to that extent that the owners of the bonds exercise their options or conversion rights. Provided they are created before the start of the general shareholders' meeting, the shares participate in profit from the start of the financial year in which they are created, otherwise, they will participate in profit from the start of the financial year in which they are created.

The minority interests disclosed in the consolidated balance sheet and the consolidated income statement relate to the interests held by other shareholders in the equity and net profit of openBC China Ltd.

13 › Non-current liabilities

The Group has entered into finance leases for several PCs and various servers. The term of these leases is between 30 and 60 months. The leases have terms of renewal but no purchase options or value maintenance clauses. They may be renewed for a period of six months in each case. The current portion of the lease liability at December 31, 2006 relates to the Company's repayment obligation for the next twelve months in the amount of €157 thousand (previous year: €12 thousand). The remaining portion of the obligation is reported in non-current liabilities, and amounts to an additional €393 thousand (previous year: €12 thousand).

Non-current deferred income relates to membership fees for future periods with a residual term of more than one year from the balance sheet date. At December 31, 2006, non-current deferred income amounted to €500 thousand (previous year: €199 thousand).

14 › Current liabilities

The table below shows the changes in accruals during the year under review:

	30.06.2006 000 €	Utilization 000 €	Reversal 000 €	Addition 000 €	31.12.2006 000 €
Legal, accounting and other consulting costs	274	134	140	779	779
Overtime, vacation and bonuses	137	137	0	603	603
Banking commission	0	0	0	477	477
Printing of offering circular	0	0	0	272	272
Other	25	25	0	746	746
	436	296	140	2,877	2,877

As in the previous year, all of the trade payables recognized by openBC at December 31, 2006 are due within one year.

Deferred income relates to membership fees for future periods. Membership fees for future periods with a residual term of less than twelve months are reported as current deferred income and amount to € 4,160 thousand (previous year: € 2,850 thousand).

Other liabilities are stated at their settlement amounts and are composed as follows:

	31.12.2006 000 €	30.06.2006 000 €
Liabilities from value added tax	87	42
Liabilities from wage and church tax	59	30
Liabilities from social security	13	0
Other	83	33
Total	242	105

Segment reporting

As the Group only has one product, Premium Membership, segment reporting only breaks down the Group's revenues by geographical segment. The allocation of expenses to geographical regions is not possible, as expenses, as well as assets and liabilities, are centralized and essentially relate to the same website that is used worldwide. The geographical allocation of revenues for the period under review is displayed in the table below:

	31.12.2006 000 €	30.06.2006 000 €
Germany	4,771	4,685
Rest of Europe	1,233	1,068
Asia	83	80
Americas	70	63
Other	15	87
Total	6,172	5,983

Consolidated cash flow statement

Cash and cash equivalents amounted to €45,225 thousand at December 31, 2006, consisting of cash and cash equivalents in Germany (€45,059 thousand; previous year: €6,694 thousand), Switzerland (€139 thousand; previous year: €96 thousand) and China (€27 thousand; previous year: €1 thousand).

The consolidated cash flow statement shows the development of the Company's cash and cash equivalents. The other cash flows included in the consolidated cash flow statement contained the following components in the period under review:

	31.12.2006 000 €	30.06.2006 000 €
Interest paid	(32)	(3)
Interest received	116	146
Taxes received and paid (net)	0	0

Other disclosures

Contingent liabilities and financial obligations

The Group has entered into operating leases for business premises, residential accommodation for its employees and a number of vehicles. These leases have an average term of between three and four years with no renewal option.

Future minimum lease payments under non-cancelable operating leases were composed as follows at December 31, 2006:

	31.12.2006 000 €	30.06.2006 000 €
Within one year	142	142
After one year but not more than five years	105	142
More than five years	0	0
	247	284

The Group expensed lease payments of €112 thousand (previous year: €107 thousand).

The Group has entered into finance leases for several PCs and various servers. The term of these leases is between 30 and 60 months. The leases have terms of renewal but no purchase options or value maintenance clauses. They may be renewed for a period of six months in each case.

Future minimum lease payments under finance leases were composed as follows at December 31, 2006:

	31.12.2006 Minimum payments 000 €	31.12.2006 Present value of payments 000 €	30.06.2006 Minimum payments 000 €	30.06.2006 Present value of payments 000 €
Within one year	195	157	13	12
After one year but not more than five years	563	393	20	12
Total minimum lease payments	758	550	33	24
Amounts representing finance charges	(208)	0	(9)	0
Present value of minimum lease payments	550	550	24	24

Financial risk management objectives and policies

The Group's principal financial instruments are the cash and cash equivalents and trade receivables resulting from its operating activities. As most of the Group's trade receivables and cash and cash equivalents are denominated in euros, there is no foreign currency risk. Credit risk is limited by the fact that the Group deposits cash and cash equivalents exclusively at banks with strong credit ratings, and that receivables from individual Premium Membership fees are restricted to a maximum of €1 thousand.

The Group finances itself primarily via prepayments by Premium members, which results in a positive cash flow from operating activities, as well as via equity financing. Cash and cash equivalents are held in the form of bank balances. This means that the Group is not exposed to any liquidity risk.

The Group does not hold any other financial instruments that could expose it to financial risk.

Disclosures on the stock option plan

On the basis of a resolution by the general shareholders' meeting of the Company in November 2006, contingent capital in the amount of up to €288,822.00 was created for the purposes of an employee equity compensation program. A total of 160,617 stock options were then granted to the Management Board and employees of openBC as part of the 2006 Stock Option Plan ("2006 SOP").

The Stock Option Plan grants the holders of options the right to subscribe for shares of the Company for a fixed term of five years. Each option grants the holder the right to subscribe for one share of the Company; shareholders' subscription rights are excluded. The main terms and conditions of the 2006 SOP can be summarized as follows:

- Under the 2006 SOP, stock options may only be granted to members of the Management Board of OPEN Business Club AG, members of the management of its subsidiaries, and selected senior managers, key employees and other employees of OPEN Business Club AG and its subsidiaries.

- The stock options grant the holder the right to subscribe for no-par value, voting bearer shares of OPEN Business Club AG. Each stock option grants the holder the right to subscribe for one share of OPEN Business Club AG in exchange for the payment of the exercise price. The terms and conditions of the options may permit the Company to satisfy the beneficiary's subscription rights by offering treasury shares or cash settlement instead of issuing new shares from contingent capital.
- The subscription rights attached to the stock options may only be exercised after the end of a lock-up period. The lock-up period is at least two years for 50% of the stock options granted, at least three years for a further 25% of the stock options granted, and at least four years for the remaining 25%. It starts on the day after the respective stock options are granted. The subscription rights may be exercised within a period of five years starting from the day on which the stock options are granted.
- The exercise price for one share of the Company is the arithmetic mean of the closing auction prices for the Company's shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange during the last 20 trading days prior to the issue of the respective stock option (i.e. the date on which the Company or the bank that is commissioned to perform settlement on the Company's behalf receives the letter of subscription from the beneficiary). In derogation from this, the exercise price for stock options granted prior to the start of trading in the Company's shares following its IPO corresponds to the purchase price at which the Company's shares were placed during its IPO.
- The subscription rights attached to the stock options may only be exercised if the closing auction price of the Company's shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange outperforms the SDAX index (or a comparable successor index) for at least ten consecutive trading days within a period of one year prior to the exercise of the subscription rights.

The share-based remuneration recognized as an expense in the income statement as of December 31, 2006 amounted to € 45 thousand (previous year: € 0).

The weighted average exercise price is € 30.00, corresponding to the purchase price at which the Company's shares were placed during its IPO.

The weighted average term of the outstanding share options as of December 31, 2006 was 2.7 years (previous year: 0 years).

The weighted average fair value of the outstanding share options as of December 31, 2006 was € 9.78 (previous year: € 0).

These calculations at the balance sheet date were based on the parameters shown in the following table:

		31.12.2006
Annual fluctuation in employees holding stock options	%	5.0
Expected term of options (in years)		3.5 - 4.5
Expected dividend yield	%	0.0
Risk-free interest rate	%	3.9
Share price on December 6, 2006	€	30.00
Exercise price	€	30.00
Expected share price volatility	%	35.0
Expected volatility of the underlying share index	%	14.6
Expected correlation between share index and share price	%	35.0

The expected share price volatility used is that of the average historical volatility of comparable shares in the period between December 6, 2005 and December 6, 2006. The expected volatility was rounded to five percentage points.

The expected volatility of the underlying share index is based on the assumption that conclusions can be drawn on the basis of historical volatility in respect to the future trend, although the actual volatility which occurs may vary from the assumptions made.

Related party disclosures

In the financial year ending June 30, 2006, openBC made an advance payment to its joint venture partner I Zhong Investment Ltd., Hong Kong, China, in the legal form of a loan in the amount of €450 thousand with an interest rate of 5.5% p.a. The loan was extended in order to expand the business activities in China of its joint venture, openBC China Ltd, Hong Kong. The loan is an advance which is only required to be repaid to the extent that the funds are not used for the Group's business purposes in accordance with the directions issued by the Group. In financial year 2006, I Zhong Investment Ltd. recorded expenses of €332 thousand for business development activities performed in accordance with the corresponding Group directions. The remaining advance in the amount of €118 thousand as of June 30, 2006 was used by I Zhong Investment Ltd. to form openBC China Limited and its subsidiary openBC Network Technology (Beijing) Co. Ltd. I Zhong Investments Ltd. has therefore met its obligations under the terms of the advance.

Dr. Neil Sunderland, the Chairman of the Supervisory Board, holds 100% of the subscribed capital of Adinvest AG, Zumikon, Switzerland, which has a nominal interest of €500 in the subscribed capital of openBC. Adinvest AG provided consulting services amounting to €216 thousand to openBC in the year under review (previous year: €9 thousand).

William Liao, a member of the Supervisory Board of openBC, provided services amounting to €72 thousand in the year under review (previous year: €155 thousand) via his employer, Mandarin Consulting Ltd., which performs consulting services for openBC in the areas of business development and corporate strategy planning.

epublica GmbH, Hamburg, which developed the software for the openBC platform, provided services amounting to €757 thousand to openBC in the year under review (previous year: €1,021 thousand). In accordance with the notification submitted to openBC on December 15, 2006 in accordance with section 21 of the German Securities Trading Act, epublica GmbH held 3.23% of the voting rights of the Company as of December 31, 2006.

Number of employees

During the short financial year from July 1 to December 1, 2006, the Group employed an average of 61 people (previous year: 31) in addition to the two members of the Management Board. At December 31, the Group had a total of 66 permanent employees (previous year: 42).

Members of the Supervisory Board

The members of the Supervisory Board of the Company in the year under review were as follows:

Dr. Neil Vernon Sunderland, investment advisor, Chairman, Zumikon, Switzerland

Memberships of other supervisory boards/executive bodies:

- Chairman of the Advisory Board and CEO of Adinvest AG, Zumikon, Switzerland, and Adinvest Holding AG, Zumikon, Switzerland,
- Chairman of the Board of ACL Asia Limited, Hong Kong,
- Member of the Advisory Board of Terra Firma Capital Partners, London, UK, and Cycleon BV, Amsterdam, Netherlands,
- Advisor, Montreux Equity Partners, Menlo Park, USA,
- Member of the Advisory Board of Elsevier Holdings SA, Neuchâtel, Switzerland, Elsevier Finance SA, Neuchâtel, Switzerland, and Elsevier Properties SA, Neuchâtel, Switzerland,
- Chairman of the Board of EuroClick LLC, Santa Monica, USA,
- Deputy Chairman of the Supervisory Board of Quadriga Worldwide Limited, London, UK,
- Member of the Supervisory Board of Tagworld Inc., Santa Monica, USA,
- Deputy Chairman of the Advisory Board of 3T Supplies AG, Schwyz, Switzerland,
- Member of the Supervisory Board of Aminotech AS, Oslo, Norway,
- Member of the Advisory Board of Lapar AG, Fribourg, Arbon, Switzerland (until 2006), and
- Member of the Advisory Board of Returnity BV, Soest, Netherlands (until 2006).

Eric Archambeau, investment advisor, Deputy Chairman, Brussels, Belgium

Memberships of other supervisory boards/executive bodies:

- Member of the Board of BridgeCo Inc., Los Angeles, USA, KIKA Medical Inc., Boston, USA, and Price Minister S.A., Paris, France,
- Member of the Board of Industrial Origami Inc., San Francisco, USA.

William Liao, entrepreneur, Weissbad, Switzerland

No memberships of other supervisory boards/executive bodies

Dr. Neil Vernon Sunderland, Dr. Eric Archambeau and William Liao were members of the Advisory Board of OPEN Business Club GmbH from its creation in 2005. The Advisory Board was replaced by the Supervisory Board as part of the Company's conversion into a German stock corporation (Aktiengesellschaft). For each Supervisory Board meeting in which they participate, the members of the Supervisory Board receive remuneration in the amount of €1,666.00 per day. The Chairman of the Supervisory Board receives twice this amount. In the short financial year under review, the total remuneration of the Supervisory Board was €20 thousand (previous year: €0).

Members of the Management Board

The members appointed to the Management Board for the past financial year were:

- Lars Hinrichs, Chairman of the Management Board, Hamburg
No memberships of other supervisory boards/executive bodies
- Eoghan Jennings, Chief Financial Officer, Hamburg
No memberships of other supervisory boards/executive bodies

Lars Hinrichs receives fixed annual remuneration of €150 thousand and a variable bonus of up to €25 thousand. Eoghan Jennings' employment contract provides for fixed annual remuneration of €160 thousand and no variable remuneration. In the short financial year under review, Lars Hinrichs received remuneration of €63 thousand (previous year: €100 thousand) and Eoghan Jennings received remuneration of €61 thousand (previous year: €90 thousand). The members of the Management Board also participate in the Company's stock option plan. At December 31, 2006, Lars Hinrichs held 17,333 stock options granted by the Company, while Eoghan Jennings held 13,841 stock options. Depending on the lock-up period of between two and four years, the fair value of each stock option at the grant date on December 6, 2006 was between €9.27 and €10.62. The total fair value of the stock options granted to the members of the Management Board was €170 thousand for Lars Hinrichs and €135 thousand for Eoghan Jennings.

Auditor's fees

In the short financial year 2006, expenses of €254 thousand were recognized for the audit of the single-entity and consolidated financial statements for the financial year ending December 31, 2006 and for previous years. The fees for other assurance services amounted to €311 thousand. Insurance premiums for other assurance services were oncharged in the amount of €481 thousand.

Consolidated financial statements

As the parent company, OPEN Business Club AG has prepared consolidated financial statements in accordance with the International Financial Reporting Standards for the financial year ending December 31, 2006. These consolidated financial statements are filed with the Hamburg Local Court under HRB 98807.

Notifications received in accordance with section 21 of the German Securities Trading Act

On December 12, 2006, cominvest Asset Management GmbH, Frankfurt/Main, notified the Company that its interest in the voting rights of the Company had exceeded the threshold of 5% on December 11, 2006 and now amounted to 7.72%.

On December 13, 2006 Deutsche Bank AG, Frankfurt/Main, notified the Company that the interest in the voting rights of the Company held by its subsidiary DWS Invest GmbH, Frankfurt/Main, had exceeded the threshold of 5% on December 7, 2006 and now amounted to 7.95%.

On December 15, 2006, epublica GmbH, Hamburg, notified the Company that it held more than 5% of the voting rights of the Company on December 5, 2006, the date on which the Company's shares were first admitted to trading on an organized market, and that its interest in the Company's voting rights at this date was 8.07%. Its interest in the voting rights of the Company fell below the threshold of 5% on December 11, 2006 and amounted to 3.23% at the notification date.

On December 15/19, 2006, Willam Liao notified the Company that he held more than 5% of the voting rights of the Company on December 5, 2006, the date on which the Company's shares were first admitted to trading on an organized market, and that his interest in the voting rights of the Company at this date was 9.44%.

On December 19, 2006, LH Cinco Capital GmbH, Hamburg, notified the Company that it held more than 25% of the voting rights of the Company on December 5, 2006, the date on which the Company's shares were first admitted to trading on an organized market, and that its interest in the voting rights of the Company at this date was 28.33%.

On December 19, 2006, Mr. Lars Hinrichs notified the Company that he held more than 25% of the voting rights of the Company on December 5, 2006, the date on which the Company's shares were first admitted to trading on an organized market, that his interest in the voting rights of the Company at this date was 28.34%, and that 28.33% of the voting rights of the Company were allocable to him in accordance with section 22 (1) sentence 1 no. 1 of the German Securities Trading Act.

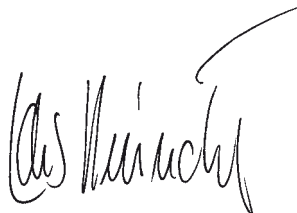
Declaration of Compliance with the German Corporate Governance Code

The Declaration of Compliance required in accordance with section 161 of the German Stock Corporation Act has been submitted and made publicly available to the Company's shareholders.

Significant events after the balance sheet date

There were no events after the balance sheet date which had a significant impact on openBC's net assets, financial position and results of operations.

Hamburg, February 26, 2007



Lars Hinrichs
Chairman of
the Executive Board
OPEN Business Club AG



Eoghan Jennings
CFO
OPEN Business Club AG

Auditors' report

We have audited the consolidated financial statements prepared by OPEN Business Club AG, Hamburg, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the abbreviated fiscal year from July 1, 2006 to December 31, 2006. The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB („Handelsgesetzbuch“: German Commercial Code) 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 Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 determination 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 European Union, the additional requirements of German commercial law pursuant to Sec. 315a (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 2, 2007

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed Jöns
Wirtschaftsprüfer
(German Public Auditor)

signed Möbus
Wirtschaftsprüfer
(German Public Auditor)

Financial calendar

Date	Event
March 29, 2007	Publication of results for the short financial year 2006 (01.07.2006 - 31.12.2006) Press and analysts conference in Frankfurt am Main
June 13, 2007	Annual general meeting in Hamburg
May 22, 2007	Publication of results for the first quarter of financial year 2007
August 21, 2007	Publication of results for the first half year of financial year 2007
November 20, 2007	Publication of results for the first nine months of financial year 2007

Masthead

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Photos of Management and Supervisory Board

Holde Schneider, Hamburg

Concept and Design

HGB Hamburger Geschäftsberichte GmbH & Co. KG

