Annual Report 2011

XING

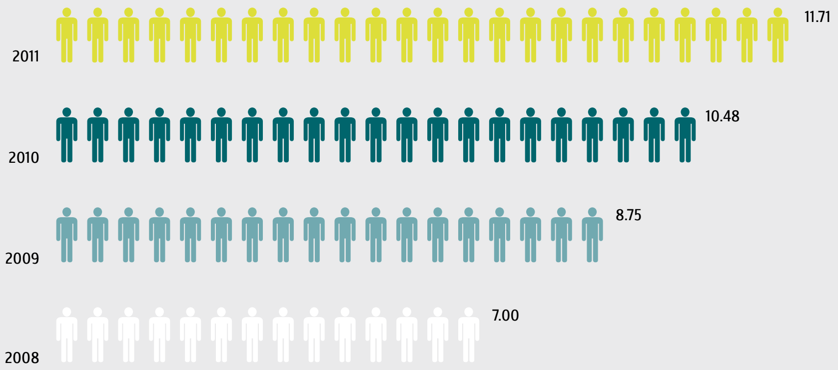
XING – A GOOD CONTACT IS ALWAYS CLOSE BY

ABOUT XING

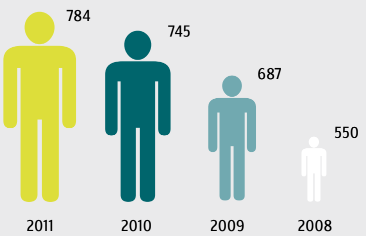
› XING is the social network for business professionals. More than 11 million members worldwide use XING to boost their business, job, and career (thereof 5 million in the German speaking world). XING is a platform where professionals from all kinds of different industries can meet up, find jobs, colleagues, new assignments, cooperation partners, experts and generate business ideas. Members can meet and exchange views in over 50 thousand specialist groups, while also getting together at networking events. The platform is operated by XING AG, which was founded in Hamburg, Germany, in 2003, has been publicly listed since 2006, and listed on the TecDAX since September 2011. In December 2010, XING acquired amiando AG, a Munich-based company and Europe´s leading provider of online event management and ticketing.

KEY FIGURES

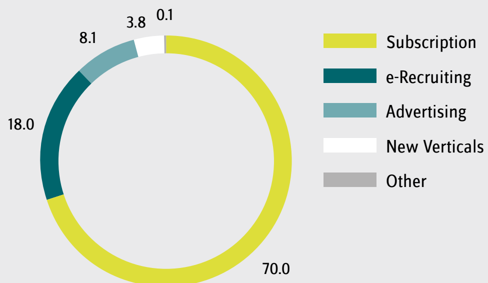
XING members
in millions



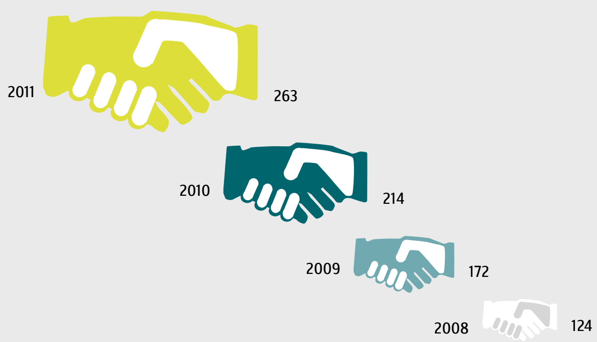
XING subscribers
in thousands



Revenues by business line 2011
in %



Number of contacts between members
in millions



Revenue
in € million

2011	2010	2009	2008
66.2	54.3	45.1	35.3

XING – A GOOD CONTACT IS ALWAYS CLOSE BY

› The trend towards professional networking continues unabated. Many aspects of our working environment are made more efficient in this way. Companies are easily able to find suitable service providers and freelance staff. Members who wish to further their career in a structured manner are able to use XING to look behind the scenes of interesting companies. Because, precisely in times of shortages of specialist staff, companies are able to set out their advantages as an employer and actively search for contact with tomorrow's employees and service providers. However, there is also plenty of room for personal networking. At the events organized locally by XING representatives, more than 5.3 million members in the German-speaking world are able to strengthen existing contacts and establish new contacts. XING the professional network.

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Dr. Stefan Groß-Selbeck
Chief Executive Officer
(CEO)

Jens Pape
Chief Technological Officer
(CTO)

Ingo Chu
Chief Financial Officer
(CFO)

Dr. Helmut Becker
Chief Commercial Officer
(CCO)

LETTER FROM THE EXECUTIVE BOARD

Dear shareholders,

2011 was a good year for XING! We are pleased to have achieved new records in terms of revenues and EBITDA, to have proposed the first-ever regular dividend payment since the special distribution of funds decided upon in May 2011, and also to have reached many important milestones in the development of our platform.

We are particularly satisfied with the positive dynamics of our member growth. Interest in XING is considerable and our platform draws hundreds of thousands of new members every year. In the past financial year alone for example, more than 800 thousand people in the German-speaking (D-A-CH) region opted to register for membership on www.xing.com. This is again a higher increase than previous year (730 thousand), demonstrating in unequivocal terms that the trend towards professional networking continues unabated. This comes as no surprise either, as members' presence on XING makes their everyday working life more effective. Our 12 million users (5.3 million in D-A-CH) create contacts with one another without barriers, exchange with one another and systematically build up a professional online reputation for themselves. Companies too are increasingly recognising the benefit of Social Media when it comes to managing contacts with business professionals on XING – e.g. to generate publicity for their services and products, or to find candidates for vacant job posts.

Thanks to our market-leading position and to the fact that our products are tailored to the needs of our target groups, we have achieved significant increases in revenues across all business divisions. Overall, the consolidated result rose by more than 20 percent to €66.2 million. Our operating result (EBITDA) increased by as much as 33 percent to €22.2 million. This entailed an EBITBA margin of 34 percent, 3 percentage points above the equivalent figure for the previous year.

Due to the fact that we firmly believe in substantial future growth potential, particularly in our German-speaking core markets, we have decided as of the end of the year to fully concentrate on our domestic markets once again and to desist from making use of international market entries in Spain and Turkey. As a consequence of this, the annual impairment test has resulted in a need for value adjustment of €14.4 million. This accounting value adjustment does not affect liquidity but does impact negatively on the consolidated income statement under IFRS standards. The adjusted consolidated earnings amounted to €9.4 million, constituting a 31 percent increase over the result 2010.

Initiation of dividend payments and listing in the TecDAX

Consistently good results, the high profitability of our business and the confidence that we can continue in this vein in the years to come were all factors that motivated us to put forward a proposal to the Supervisory Board suggesting a dividend payment. After the annual general meeting in June 2012, a first-ever payment of €0.56 per share or approximately €3 million in total shall be made to our shareholders. In this way, our shareholders can participate directly in the very positive development of XING AG.

The good earnings situation and the positive market conditions for shares in our sector have given strong impetus to the XING share over the past quarters. This meant that we were able to climb several places in the TecDAX ranking until, as a consequence of this, Deutsche Börse made the decision to list our share as of September 19 in the TecDAX, the largest index for technology stocks. This makes XING the first social network to have its share listed in the TecDAX.

Product innovations open up new opportunities for growth

On the product side, we have also achieved some important milestones over the past financial year. Our teams worked for many months during the first half of the year on a new platform structure and a new design. The result is clear to see. In June 2011, we unveiled an entirely revised information architecture including a comprehensive redesign. The news from a user's own network now forms the focus throughout all areas of the platform. The design has been reduced to the bare essentials. As a result, the main navigation now comprises just five areas: My Network, Jobs and Careers, Groups, Events and Companies. A new XING bar can now be found on the left-hand side of all pages and contains those functions that relate personally to members such as messages and privacy settings. In September, we then extended the entry field of the "What's new in my network" feed on the start page to include three functions: message, link and job ad.

The ongoing technological development of our platform will play an even greater role in the future. As of the turn of the year 2011/2012 we had already began implementation of numerous innovations such as XING Beta Labs, Freelancer Marketplace, the XING Survey Tool, "Mobile" cooperations and the planned opening of the platform for third-party providers (API). These developments bring ample opportunities to boost the activity of the community further, to identify new potential for monetisation and to expand market penetration significantly. This potential is considerable. The penetration rate of professional networks in the D-A-CH region still only lay as per the end of 2011 at around 5 percent. In other European countries, professional networks have already achieved figures equivalent to 15 percent of the entire population. Our activities in the current financial year will fall into three key areas in line with this potential:

1. A drive in member growth in the D-A-CH region and an increase in activity,

2. A rise in the level and speed of innovation,

3. Expansion of vertical business units with strong growth potential.

With these aims in mind, XING AG has had a good start to the new year. We would like to take this opportunity to thank our customers, employees and shareholders.

We very much look forward to involving you in our future course of development.

Hamburg, March 2012

The Executive Board

XING – A GOOD CONTACT IS ALWAYS CLOSE BY

Recruitment with XING: Establish contact now with tomorrow's specialists

› Suitable specialists are rare in many sectors – and this situation is becoming increasingly exacerbated as a result of demographic change. At the same time, more and more companies are now reliant on specialists. Irrespective of whether you are looking for freelance project staff or highly qualified full-time staff: It is worthwhile for companies to use XING for maintaining contacts with qualified specialists and to enhance their profile as attractive employers.

Economic and social conditions have undergone far-reaching change as a result of technological developments, the global accessibility of information and world-wide competition. Economic structures are moving away from industrial production and are moving in the direction of knowledge-based production. All this means that companies are requiring more and more specialists – particularly for specific projects.

At the same time, a young generation which is very active in social media platforms is now embarking on a professional career. As shown by a survey carried out by Pricewaterhouse-Coopers, 50 percent of under-25 year old users enter their own contents in social networks. Experts expect that, due to the emergence of "digital natives", the intensity with which social networks are used in Germany will also increase among older generations. These developments are having a significant impact on the work of HR executives.

In the field of staff recruitment, the issues of "social media" and "shortage of specialists" will be some of the top trends in 2012: More and more companies are using social networks in order to publish job advertisements, to actively search for candidates and to obtain information about applicants who have been identified.

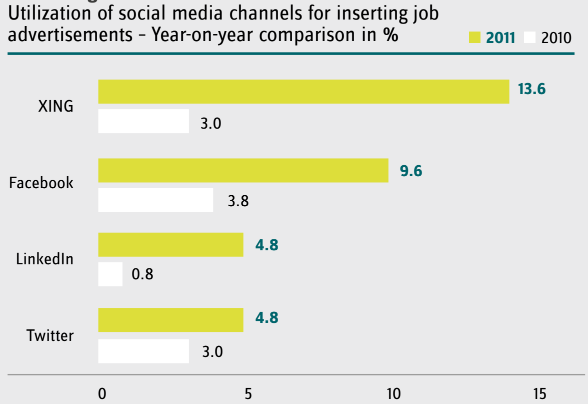
For all three areas of application, XING has been and continues to be the medium which is used most frequently by major German companies, according to the study "Recruiting Trends 2012" of the Universities of Bamberg and Frankfurt am Main. On the other hand, young executives nowadays have new expectations with regard to their future employers. They wish to obtain an authentic picture of their potential new working environment before submitting an application, and also wish to exchange information with the companies. These opportunities can be found on XING.

In this context, our "e-Recruiting" activities are developing very dynamically: More than 90 thousand HR executives and headhunters already use our platform to access profiles which are always up-to-date; 5.3 million alone in the German-speaking world. Moreover, XING offers its group of customers with staff requirements a wide range of instruments – such as the company profile, the insertion of job advertisements or groups, for identifying suitable candidates at an early stage and maintaining contact with such candidates.

XING Profiles in the German-speaking world end of 2011:

5.3 million

Recruiting trends 2012:
Utilization of social media channels for inserting job advertisements – Year-on-year comparison in %



Source: Recruiting Trends 2012, Otto-Friedrich-Universität Bamberg, Goethe-Universität Frankfurt am Main, Monster Worldwide Deutschland GmbH

Employer branding with XING company profile

In the XING company profile, companies provide information to potential candidates concerning issues relating to their employer branding as well as contact methods and contacts in the Personnel department. Many companies also use the profile to announce news which is relevant for careers of potential candidates, such as events and job vacancies. It is frequently the case that small companies in particular do not have the possibility of setting up their own career website – for such companies, the XING company profile is an attractive opportunity for boosting their employer branding. The profile can also be activated for search engines such as Google and others.

New feedback channel for companies

Since December 2011, XING has created a new interaction option in the company profile: Comments can now be entered in relation to contributions in the PLUS profile. In this way, XING provides companies with an additional dialog channel with their target groups. At the end of 2011, more than 80 thousand companies had established their own profile on XING.

Authentic look behind the scenes: Integration of kununu staff assessments

Applicants are interested particularly in the corporate culture, and consider that social media in particular are the best source of obtaining such information. For this reason, since 2011, we have also been offering our corporate clients the opportunity of displaying the kununu staff assessments in their profile. The assessments are entered by current and former members of staff as well as applicants. They provide interested parties with a very specific idea of the benefits of an employer, for instance by way of the categories "Feelgood" and "Career Factor", "Application Process" as well as "Corporate Culture".

CAMPUS – job advertisement forum for young professionals

With the job advertisement forum "CAMPUS", XING placed the emphasis on young professionals in the financial year 2011. For companies in Germany, Austria and Switzerland, we have created an opportunity for your future employees to draw attention to themselves while they are still studying. The "CAMPUS" job advertisement forum is free-of-charge for recruitment professionals: It has been specifically designed for searching for students and trainees. More than 395 thousand students of all disciplines are registered on XING.

XING Jobs – Job exchange in the professional network

Personnel professionals use the job exchange XING Jobs in order to search for new employees. In this exchange, a link is established between job vacancies and suitable candidates: Every job advertisement is compared with the member profiles and potential candidates are proposed in the news on the homepage and also in the newsletter. In this way, companies are also able to reach candidates who are not actively searching for a job – a significant recruiting opportunity particularly in times of shortages of specialists.

Further upgrade to the XING Recruiter membership

XING offers a separate membership form to personnel executives for optimum recruiting. Special search filters, detailed candidate information in the search results as well as an overview with the candidate status facilitate the search for suitable candidates. Because online searches for candidates frequently focus on a specific region, we have created the additional option in 2011 of carrying out a practical search within a specific region or on the basis of a postcode.

The benefits of the XING network are fully utilized by recruiters in that they are able to identify interesting candidates on a timely basis – for instance by way of a search or membership in one of the more than 50 thousand XING groups, and they are also able to stay in contact with them. Many companies operate their own groups for employees and alumni – for instance IBM with "The Greater IBM Connection in Germany" with more than 10 thousand members. For its process engineering segment, the machine and installation engineer GEA has set up a group specifically for pooling potential candidates who wish to stay in contact with the company in the long term.

Students registered with XING:

395 thousand

"SUCCESSFUL RECRUITING ON XING IS THE BEST WAY OF ENTERING INTO GENUINE DIALOG WITH HIGHLY QUALIFIED CANDIDATES."

Dr. Margrit Bielmeier
Director Social Recruiting Services of XING AG

Many companies are planning to join social recruiting – what do they have to take into consideration, and how does employer branding work on XING? Dr. Margrit Bielmeier, Director Social Recruiting Services at XING AG, explains what should always be considered:

"The personnel market in general has been a buyers' market for the past two to three years. The desirable candidates determine the direction to be taken. And indeed, this has been expected as a result of demographic developments. In certain sectors, specialists are already in short supply – in these cases, companies have to apply for good candidates. When companies approach a qualified member on XING, they have to be aware that their career offer is competing with many other very attractive proposals. And a XING member who receives so many offers in this way will respond only to a very individual approach. And indeed, companies have to convince the candidates of their qualities as an employer.

Successful recruiting on XING therefore is not a short-term measure, and instead it is the best way of entering into genuine dialog with highly qualified candidates, to offer them maximum transparency as an employer and also to establish more confidence and loyalty with every contact. Their willingness to change can be enhanced by way of tangible benefits. A candidate who is convinced in this way will also recommend jobs offered by this employer in his own network.

In my opinion, the work environment will develop to a greater extent in the direction of project work in the course of the next few years. Companies will then also require support for recruiting good project employees. With its Freelancer Project Exchange, XING has already taken a step in this direction.

Employer branding and recruiting merge with each other in the social media. In virtual space, potential candidates learn at first hand about what is said in relation to an employer. The recipe of successful companies therefore has to be: Establish trust by way of a presence, authenticity and transparency. Employer branding on XING works if a company can be reached via a company profile "PLUS", because many candidates search very actively for an employer on XING. Company employees also become brand Ambassadors when they write in XING groups and make progress with specific issues. It is the responsibility of every employee to represent the trust and messages of his employer in a credible manner and to ensure that this trust is made tangible."

"THE SECRET OF SUCCESSFUL COMPANIES IS: ESTABLISH TRUST BY WAY OF PRESENCE, AUTHENTICITY AND TRANSPARENCY."

Through modern professional life via the XING network

› Our members use XING every day in different ways for their career development. The process starts with looking for an apprentice position, practical experience or a project. In the course of their career, our members then systematically build up their online reputation and maintain their professional contacts with XING. Because many jobs are already filled by way of existing relationships, membership is a specific benefit for our users.

The way we work is constantly chaning. According to the Institut für Arbeitsmarkt und Berufsforschung (IAB) – the institution for the labor market and career research, the number of freelance staff and part-time employees has increased in recent years. In addition, almost every second position in 2011 was filled under the terms of a temporary contract – this is also a considerable increase in a ten-year comparison. The younger generation which is now entering the labor market is also undergoing a change in values: For this younger generation, the work-life-balance is important, and more flexibility is demanded.

As a result of these trends, phases of fixed employment and freelance activity in the professional life of an individual will alternate more frequently. A functioning professional network is essential for this purpose. In the modern world of work, it is also essential for one's own core skills and project experience to be presented in a professional manner in an online profile.

Whether looking for a permanent job or an interesting project in the freelancer project exchange – anybody who maintains his online reputation on XING and has established a good network will benefit from that: This is because personal contact is beneficial. Every fourth person recruited in a company can be traced back to such a contact, as established by the IAB in a survey carried out among 15 thousand companies. This is an important method of filling positions particularly for small companies. Another result: This method of recruiting is also the most promising. In approximately two out of three attempts to recruit staff via a personal contact, the job vacancy was actually filled. And this is the reason why more and more professionals maintain their professional contacts via XING. We are accordingly a clear leader with regard to the use of professional online networks in Germany.

Showing professional presence

Surveys show that our users obtain information on XING mainly in relation to professional issues, and also wish to build up their online-reputation via this network. As we have extensively restructured the information architecture on the platform in mid-2011, the XING profile with its activity overview has become a further key aspect in this respect. Users who regularly publish topics emphasize their competence in their specialist area. This is a key tool for job-seekers and freelancers: Because more than half of managing directors and personnel executives in Germany use the Internet to obtain information about applicants – mainly in search engines and in professional social networks.

You are found on XING

For users who are currently not actively looking for a new job, it is also interesting to know where there are job vacancies in their sector. XING shows them to its members: As "News from your network". XING compares the respective profile with the job offers, which means that the information has a high matching success rate.

On the other hand, anybody who is actively looking for a new professional challenge has been able to access an extended range of services on XING Jobs since August 2011. Results of Kimeta are now shown on this platform – the job search engine with the most up-to-date job offers in Germany. The advantage: Kimeta does not only search the traditional job portals; it also searches the career sites of companies.

The professional network frequently provides valuable tips for your own career. Accordingly, a forsa survey confirms that approximately every third person who is active in professional networks has already received a valuable specialist tip in this respect. Approximately every fifth person has obtained a job or established contact with a new business partner via the contact with his community.

Managing directors and personnel executives who use the Internet to obtain information about applicants in Germany:

Source: BITKOM

>52%

Approximately every fifth person has already found a job or a new business partner via the contact with his community.

Source: forsa survey among 1,011 specialists and senior executives/freelancers

“NETWORKING IS ABSOLUTELY ESSENTIAL FOR PEOPLE WANTING TO MAKE A SUCCESSFUL START TO THEIR CAREER. THE EARLIER YOU CONNECT WITH EMPLOYERS, THE BETTER ARE YOUR PROFESSIONAL PROSPECTS.”

Stefan Schmidt-Grell
Director Marketing XING AG

Job advertisement forum “CAMPUS” for starting your career

And if you are just about to embark on your career, you will also find something suitable: XING offers the more than 395 thousand students from various disciplines the opportunity, to find practical experience, or a job or a company for their dissertation via the job advertisement platform “CAMPUS”. These job advertisements are compared with the CVs and the interests of members and are displayed in the event of matches.

XING even more attractive for freelancers

A project exchange has been introduced on the new innovation platform Beta Labs specifically for freelance members and single-traders – of whom there are more than one million in the XING network. This is where clients put their projects out to tender and receive applications from qualified specialists. Similar to the advertisements on XING Jobs, orders which have been put out to tender are matched against profiles and are presented to suitable members. 2,500 members used the function in the Beta phase shortly after the start in December 2011.

Professional networking and sales complement each other

Many members use XING for business client sales. XING introduced the sales membership at the end of 2011 specifically for this target group. This means that the processes of acquiring and maintaining customers have become even more simple in the reputable and professional XING environment.

More interaction in the XING network

Last year, we worked extensively on further optimizing professional interaction. As a result of the introduction of more interaction features, the popular homepage function “News from your network” now provides the following actions: Message, link, job offer and survey. This is where contents are shared with professional contacts, and comments and recommendations given. Greater focus has now been placed on interaction with the network in all platform areas – professional networking is thus possible at all times.

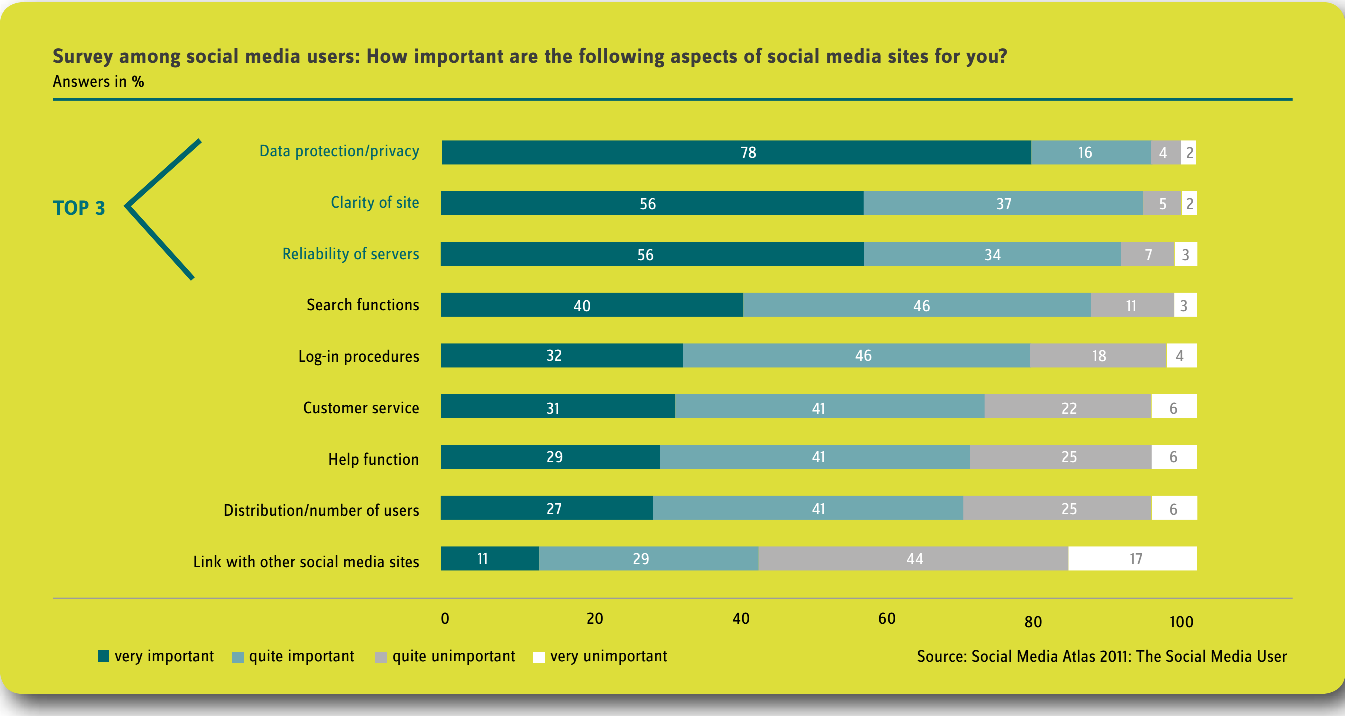
Meeting point for freelancers and clients

For freelancers

This is where you will find attractive invitations to tender and where you can gain orders

For clients

This is where you put your projects out to tender and select the right partners on the basis of the offers which are submitted.



XING has leading position in terms of data protection

Confidence in the security of personal data is an aspect which is very important for German users. The Digital Life study carried out by the Institute for Market Research and Opinion Research TNS Infratest shows that, in a comparison with 60 countries, Germans place the greatest emphasis on safeguarding their private data in the network. This is also confirmed by the Social Media Atlas 2011 of the IMWF Institut für Management und Wirtschaftsforschung: 94 percent of persons surveyed in Germany consider that this social media aspect is important; around three quarters are satisfied with XING with regard to the criteria data protection and privacy – this means that XING takes the leading position in the network ranking.

Share of mobile XING traffic is rising

Social media are one of the reasons behind the increasing presence of smart phones. Social networks are already among the most popular Internet applications for mobile use. This is confirmed by a study carried out by PricewaterhouseCoopers, whereby the trend is being driven mainly by the users younger than 35. Experts are expecting that the mobile use of online networks will expand into other age groups.

XING reported strong growth in mobile traffic last year – it now accounts for more than 20 percent of all XING traffic. With the iPhone, Windows Phone 7 and the mobile web app as well as the Android application, we serve the main mobile channels for our users. Around 20 developers are ensuring that XING users can also constantly enjoy new mobile access and interaction features.

All business is local

› In the era of globalization, knowledge of local customs is becoming more and more important for business and professional success. The German-speaking world, one of the largest and most significant economic areas in the world, is the core market of XING. This is where we have our roots, and we are the clear number one, because we offer our users what they are looking for: An extensive social media network in which a good contact is always close by.

We are living in a globalized world. Nevertheless, localization continues to be a necessity and is becoming a competitive advantage: Customers have local preferences and connections, and this is the basis of their decisions. From a consumer point of view: All business is local. In the virtual world, there is also evidence of a constant increase in the number of search queries with a local reference.

In 2011, XING has confirmed its role as the number one in the German-speaking world with stronger member growth. The XING community in Germany, Austria and Switzerland now has 5.3 million members. They regularly use the Internet platform in their everyday business lives, and meet at XING events in the real world. The economic centers of Düsseldorf, Frankfurt, Hamburg and Munich are the main regions of particularly intense activity in Germany.

A representative nation-wide forsa survey confirms that 82 percent of specialists and senior executives as well as freelancers network with their professional contacts mainly in Germany, Austria and Switzerland. This means that a professional network is mostly maintained in the user's own regional environment. Anybody who needs new employees and service providers or who would like to meet new business partners will generally carry out a local search.

Personal contact creates trust

Only a strong local network can create the conditions for the close relations which are essential for business co-operation. Therefore XING has focused on meetings in real life as well as personal contact of members with each other right from the very beginning. Under the Ambassador program, 92 Ambassadors are active in Germany, Austria and Switzerland; they hold events, and act as local confidants, experts and event organizers. Last year alone, 59,667 participants attended 1,922 events.

Social networks and event management complement each other. The PricewaterhouseCooper study Social Media Germany shows that 23 percent of the users covered by the survey use their favorite network in order to identify and attend events. With the complete integration of the event functions of its subsidiary amiando, XING has simplified management of such events for the professional user group to an even greater extent.

Xpert program promotes networking within sectors

The Ambassador program comprises not only regional but also sector-specific groups. Xpert Ambassadors are recognized representatives of their specialist area. They promote networking within the sector at various functions, including official XING events.

Specialists and senior executives as well as freelancers who maintain their network mainly in Germany, Austria and Switzerland:

Source: forsa survey carried out among 1,011 specialists and senior executives/freelancers

82%

Thorsten Hahn,
founder of Bankingclub Online

"FOR ME, PERSONAL OFFLINE MEETINGS IN THE REAL WORLD ARE EXTREMELY IMPORTANT. MY ACTUAL NETWORK CONSISTS OF PEOPLE WHO I KNOW PERSONALLY."

Bankingclub Online is the largest online forum for employees of banks, insurance companies and financial service providers. The Ambassador Group is presented by its founder Thorsten Hahn. He has been a XING member since March 2004 and, since August 2004, has been operating the Banking Group with more than 55 thousand members. He considers that virtual networking is no substitute for personal meetings in the real world. Trust cannot be established without genuine offline contact, says Thorsten Hahn in discussions with XING.

Does the offline component also have a role in the online world?

Hahn: "For me, personal meetings in the real world are extremely important. My actual network consists of people who I know in person. Services such as XING provide a great opportunity to enable me to first establish online contact with many people. However, I then invite them to attend events or look where they are going and then try to get to know them in person in the near future. In my Ambassador network, we work in the entire German-speaking region from Zürich to Hamburg – we are sector-oriented and hold events in the German-speaking part of Europe."

How easily can trust be created in the virtual world?

Hahn: "Whenever I add content in social networks, forums or in the Internet, I leave a trace of my reputation behind me. Trust can only arise when the overall picture is right – however, the virtual component alone is not sufficient for this purpose. No trust can be created without genuine offline contact!"

What role does the local component play in a sector which is as international as the banking sector?

Hahn: "The local area of banks in particular of course requires real contacts in the real world. Retail banking accounts for a considerable part of overall banking business. The savings banks and co-operative banks, which together account for 50 percent of the market in Germany, are indeed based on retail business and have only a regional base."

In your opinion, how does networking work best?

Hahn: "In my opinion, there must not be any conditions attached to networking. Contact in social networks should initially commence in the form of an exchange of information, it should initially be a personal contact right through to offline contact, and should not start directly with an attempt to acquire business. The way to start networking is: Get to know other people, establish contact, see what the other persons are doing and identify where I can provide them with information and benefits."

REPORT OF THE SUPERVISORY BOARD

Simon Guild | Dr. Neil V. Sunderland, Chairman | Jean-Paul Schmetz | Dr. Jörg Lübcke | Fritz Oidtmann | Dr. Johannes Meier

Dear shareholders,

The Supervisory Board closely monitored XING AG's successful development during 2011 and exercised the duties that it are required by law and Articles of Association with great diligence. To this end, the Supervisory Board provided consultation to the Executive Board in managerial decisions affecting the future of the fast-growing Company, as well as monitoring the management of ongoing operations. The Supervisory Board also dealt with personnel changes to both the Supervisory Board and Executive Board.

Change in the Supervisory Board and Executive Board

On January 31, 2011, Michael Otto resigned from his post as Chief Technical Officer. Mr. Otto was responsible for project management, technological development and new features on the XING platform. Over the last seven years, Mr. Otto has made a significant contribution to XING's technological development and, after the Company acquired parts of epublica GmbH, successfully oversaw the integration of the transferred employees during the past two years. His successor, Jens Pape, assumed his duties on March 1, 2011. The Supervisory Board would like to thank Mr. Otto for his excellent work and his contribution in terms of the epublica GmbH integration.

As of the end of the 2011 AGM held on May 26, 2011, Dr. Andreas Meyer-Landrut resigned from the Supervisory Board. He was appointed by the Hamburg district court as the successor to Dr. Eric Archambeau, who resigned from the Supervisory Board on November 26, 2010.

The AGM on May 26, 2011 decided to increase the number of Supervisory Board members from three to six. Dr. Jörg Lübcke, Dr. Johannes Meier, Simon Guild and Jean-Paul Schmetz were all proposed to be checked by the shareholders at the AGM as new members of the Supervisory Board. Dr. Neil Sunderland's tenure ended as of the end of the 2011 AGM and, as was the case with Fritz Oidtmann, both chose to stand for re-election. All of the candidates put forwarded by the Supervisory Board were elected to the Company's Supervisory Board. Each member's tenure will run until the end of the AGM governing the 2015 financial year.

Key areas of monitoring and advice

The Executive Board provides the Supervisory Board with regular, prompt and comprehensive reports, in writing and also orally, concerning the development of the Company, business activities, investment plans, and personnel planning. The Supervisory Board is also deeply involved in strategic and organizational decision processes that go beyond standard monitoring activities.

A total of seven Supervisory Board meetings were held over the past financial year. All of the current members of the Supervisory Board attended the Supervisory Board meetings. A number of telephone conferences and written resolutions also took place involving all of the Supervisory Board members. The Supervisory Board was timely involved in all major decisions that were of vital importance for the Company.

In detail the Supervisory Board has dealt with the following issues:

The annual financial statements, the management report, the consolidated financial statements and the Group management report for the 2010 financial year were discussed at the accounts meeting of the Supervisory Board held on March 29, 2011. The auditors explained the financial statements, while the Executive Board reported on the measures and findings resulting from the monitoring and review of the internal risk management and compliance system. A new stock program for employees was also discussed. The other resolutions related to the recommendation of auditor for the 2011 financial year as well as the suggestions of the Supervisory Board regarding the election of members of the Supervisory Board in the AGM.

At the meeting held on March 30, 2011, the Supervisory Board discussed the items to appear on the AGM agenda on May 26, 2011.

On May 25, 2011, the Supervisory Board received a report on the planned relaunch of the platform, the current corporate strategy, privacy policy and data protection.

The first-ever Supervisory Board meeting with six members was held in July 2011. Dr. Neil Sunderland was appointed Chairman of the Supervisory Board and Fritz Oidtmann Vice Chairman of the Supervisory Board. The Supervisory Board also unanimously formed an Audit Committee, a Personnel Committee and a Nomination Committee which consist of the following members:

The Audit Committee consists of Dr. Neil Sunderland (Chairman), Simon Guild and Dr. Jörg Lübcke.

The Personnel Committee consists of Fritz Oidtmann (Chairman), Dr. Neil Sunderland and Dr. Johannes Meier.

The Nomination Committee consists of Dr. Neil Sunderland (Chairman), Simon Guild and Dr. Jörg Lübcke.

The Supervisory Board also agreed on new rules of procedure as well as the further strategy alignment.

At this meeting, the Supervisory Board also unanimously approved the "housing agreement" with TelecityGroup Germany GmbH for the Company's new data center.

In September 2011, the Supervisory Board met to discuss planned changes to the Company's Product division. The Executive Board reported on the individual points of the corporate strategy and changes within the organization. In October 2011, a follow-up meeting was held to discuss the corporate strategy, organizational changes and the product and marketing strategy.

In November 2011, the Supervisory Board met to discuss the planned budget for 2012.

Another Supervisory Board meeting was held in January 2012 which was used to discuss the IT architecture and advertising topics.

Report from the committees

In July 2011, the Supervisory Board formed an Audit Committee, a Personnel Committee and a Nomination Committee. During the previous financial year the Audit Committee met in September and November, mainly to discuss measures to prevent business risks and issues in preparation of the 2011 annual financial statements. A further three meetings were also held in February and March 2012 in connection with the 2011 annual financial statements. The Personnel Committee met in July and November 2011 as well as in January 2012 to discuss changes to an Executive Board contract, to assess the remuneration system, to review the Executive Board's qualitative goals for 2011 and set such goals for 2012. The Nomination Committee did not hold any meetings during the 2011 financial year.

Corporate Governance

As per point 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board provide information on Corporate Governance at XING in the Corporate Governance report. In February 2011, the Executive Board and Supervisory Board submitted the annual statement of compliance, which is included in the Corporate Governance report. XING AG complies with most of the recommendations and is committed to good Corporate Governance as an integral part of management. There were no conflicts of interest affecting members of the Supervisory Board during the year under review.

Audit of the annual financial statements and consolidated financial statements 2011

The annual financial statements for the financial year 2011, which were prepared by the Executive Board in accordance with the rules of the German Commercial Code (Handelsgesetzbuch -HGB) and the management report of XING AG have been audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Hamburg, who issued an unqualified auditor's opinion. This also applies to the consolidated financial statements and consolidated management report of XING AG for the financial year 2011, which were prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to section 315a HGB for which an unqualified auditor's opinion was issued by the auditor.

The annual financial statements and the consolidated financial statement, including the Group management report and the management report, as well as the audit reports of the auditor and the profit appropriation proposal of the Executive Board were submitted to the Supervisory Board prior to the Audit Committee's meeting on March 27, 2011, and the Supervisory Board's meeting on March 28, 2012, for them to be audited and extensively discussed. The auditors attended the deliberations on the submitted documents in the Supervisory Board and reported on the main results of their audits. They were available to the Supervisory Board at all times in order to answer questions and provide information. In connection with the audit of the financial statements, the Supervisory Board and the Audit Commitee also discussed the accounting policy and financial planning of the Executive Board.

Following the definitive result of its own audit, the Supervisory Board did not have any reservations with regard to the submitted annual financial statements, the management report as well as the consolidated financial statements and the Group management report and, following its own audit, approved the result of the auditor concerning the audit of the financial statements and the consolidated financial statements as well as the management report and Group management report of XING AG during its meeting on March 28, 2012.

The Supervisory Board has approved the annual financial statements and management report prepared by the Executive Board and the consolidated financial statements and Group management report of XING AG. The annual financial statements and management report of XING have thus been adopted.

The Supervisory Board has conducted a thorough audit of and considered all of the arguments in connection with the Executive Board's profit appropriation proposal. Based there on, for the first time ever, the Supervisory Board will suggest paying out a regular dividend of €3 million or €0.56 per share at the next AGM to be held on June 14, 2012.

Closing remarks

The Supervisory Board would like to thank all of XING's members and its shareholders for the trust they have vested in the Company. The Supervisory Board would also like to thank former Supervisory Board member Dr. Andreas Meyer-Landrut, the Executive Board and the XING employees for all the hard work they have put in. Together they have made 2011 a successful financial year.

Hamburg, March 28, 2012

Dr. Neil V. Sunderland
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

The aim of Corporate Governance is to ensure the responsible management and control of companies with a focus on sustainable value growth. A key requirement to this end is a close and efficient working relationship between the Executive Board and the Supervisory Board, consideration for shareholder interests, and an open and transparent corporate communication culture. As a public company, XING AG adheres to the recommendations and guidelines set out in the German Corporate Governance Code ("Code") and follows most of these recommendations. The Code is aimed at making German rules for corporate governance transparent for investors in order to boost trust in German companies and German business management.

Corporate Governance at XING

Good and transparent Corporate Governance forms an integral part of the success of the Company. We set particular emphasis on a close and efficient working relationship between the Executive Board and the Supervisory Board, open communication, and active ongoing risk management. Orderly accounting and auditing are also key aspects for corporate management aimed at ensuring sustained corporate success. Only by adhering to these practices trusting relations with the public and, in particular, employees and business partners can be created and maintained in the long term.

All current information regarding Corporate Governance at XING can also be found in the Investor Relations section of our website. Besides the latest and current declaration of compliance, the past declarations of compliance from previous years are also available there. The latest version of our statement of compliance was published on February 16 and can also be found in this report. It also contains the reason why the Executive Board and Supervisory Board do not and did not adhere to five of the recommendations and guidelines set out in the German Corporate Governance Code (Code).

Statement of the Executive Board and Supervisory Board of XING AG in accordance with section 161 AktG

Declaration of the Executive Board and Supervisory Board of XING AG on the recommendations of the "government commission corporate governance code pursuant to article 161 of the stock corporation act (AktG)

Since the last declaration of compliance was submitted, XING AG has complied and will comply with the recommendations of the "Government Commission Corporate Governance Code" in the version dated May 26, 2010, with the following exceptions:

3.8 (3) – D&O insurance deductible for Supervisory Board members

XING AG has taken out a D&O insurance for its Supervisory Board that does not include a deductible. The Executive Board and Supervisory Board take the view that a D&O insurance deductible does not constitute an adequate means of achieving the Code's objectives. Deductibles of this kind are usually insured by the Board members themselves, so that the actual purpose of the deductible is nullified.

4.2.3 (4) and (5) – Settlement cap for members of the Executive Board

The Code stipulates that contracts for Executive Board members must specify that settlement payments including bonuses to Board members in the event of a premature cessation of duties be capped at a maximum amount of twice the annual remuneration to said Executive Board member, except in cases of good cause (settlement cap), and that said payments be made for a term equal to or lesser than the remaining term of contract.

In one case, XING AG did not agree upon settlement caps in its Executive Board contracts. A settlement cap could not be enforced during contractual negotiations as it is at odds with the basic understanding of a regular Executive Board member contract, which is agreed upon for the duration of the term and cannot be terminated without good cause.

In this case, the Supervisory Board deliberately decided against offering a reduced contractual term in order to ensure management continuity over a longer period of time. In the case of a premature, amicable termination of the Executive Board member contract and when concluding new Executive Board contracts, the Company will endeavor to accommodate the fundamental idea behind the recommendation.

Furthermore, the Code stipulates that a settlement due to premature cessation of Executive Board duties due to a change of control should not exceed three times the annual remuneration. One current Executive Board member contract stipulates that in the event of a change of control under certain conditions, remuneration be paid at the contractual amount for the remainder of the term of contract or at least for a term of 1.5 years, whichever is greater. The same Executive Board member contract stipulates that in the event of a change of control, a cash payment be made to the Executive Board member at the amount of issued but not yet exercised stock options. This is aimed at excluding conflicts of interest in the event of an impending change of control. In certain situations, these agreements could lead to the recommended settlement cap being exceeded. The Supervisory Board was of the opinion, in view of the specified term of appointment of the Executive Board member, that compliance with the cap recommended by the Code is therefore unnecessary and that this cap shall be subject to individual rescission negotiations as and when appropriate.

5.3 – Formation of Supervisory Board committees

XING AG's Supervisory Board did not form any committees such as an Audit Committee (point 5.3.2 of the Code) or Nomination Committee (point 5.3.3 of the Code) as of May 2011 because the Supervisory Board only consisted of three members up until that date. As of May 2011, the Supervisory Board was expanded to a total of six members. At its inaugural meeting, the newly formed Supervisory Board then created the committees recommended by the Code along with a Personnel Committee.

5.4.1 (2) and (3) – Composition of the Supervisory Board

The Supervisory Board has not specified concrete objectives regarding its composition which, whilst considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation (point 5.4.1 (2) of the Code). Should the objectives of point 5.4.1 (2) of the Code not be specified, they will not be taken into consideration when nominating suitable Supervisory Board candidates and the objectives and status of implementation will not be published in the Corporate Governance report (point 5.4.1 (3) of the Code). In the past, the Supervisory Board has already taken expertise into consideration along with an age limit, internationality, potential conflicts of interest, and diversity, and intends to do so in future.

5.4.6 (1) and (2) – Compensation of Supervisory Board members

The Vice Chairman of the Supervisory Board and the Chairman and members of committees have not been and will not be considered individually with regard to compensation of Supervisory Board members. As commensurate basic compensation is granted, both the Executive Board and Supervisory Board believe separate compensation to be unnecessary. The compensation of Supervisory Board members has not and does not contain performance-related compensation components. In the interest of enhancing the necessary independent function of the Supervisory Board, both the Executive Board and Supervisory Board wish to avoid financial incentives connected with short-term success of the Company.

Hamburg, February 2012

The Supervisory Board   The Executive Board

Management and control structure

As a German joint stock corporation (Aktiengesellschaft), XING AG is subject to German stock companies law and thus has a two-fold management and control structure with four members of the Executive Board and six members of the Supervisory Board. The Supervisory Board advises and monitors the Executive Board in its business activities. The AGM is the third body that involves the XING AG shareholders when it comes to fundamental decisions regarding the Company. These three bodies, i.e. the Executive Board, Supervisory Board, and AGM, are equally charged with upholding the best interests of both the shareholders and the Company itself.

Executive Board

The Executive Board manages the Company according to joint stock corporation law and its rules of procedure with the aim of bringing about long-term value growth for shareholders. In consultation with the Supervisory Board, the Executive Board defines and develops the strategic alignment of XING AG. As Chief Executive Officer (CEO), Dr. Stefan Gross-Selbeck is responsible for the Product, Corporate Communications, Strategy & Corporate Development and HR divisions as well as the Company's subsidiaries. As Chief Financial Officer (CFO), Ingo Chu is responsible for the areas of Accounting, Controlling, Investor Relations, Legal and Business Intelligence. In his capacity as Chief Commercial Officer (CCO), Dr. Helmut Becker oversees Strategic Business Development, Marketing, Advertising, Customer Management, Sales, Community and the Company's activities in Austria and Switzerland. Since taking up his duties as Chief Technology Officer (CTO) on March 1, 2011, Jens Pape is responsible for Engineering, Quality Assurance, Data Centers, IT Support, and Project Management. Jens Pape succeeds Michael Otto, who left the Company after seven years on January 31, 2011, with the aim of seeking a new challenge. Irrespective of their responsibilities within the Company, the members of the Executive Board bear joint responsibility for management of the entire Company.

Supervisory Board

According to joint stock corporation law and its ruls of procedure the Supervisory Board monitors and advises the Executive Board to ensure that it manages the company in an orderly fashion. The Supervisory Board appoints members of the Executive Board. Key business decisions put forward by the Executive Board require approval by the Supervisory Board. The Supervisory Board currently has six members (2010: three members). As of the end of the 2011 AGM held on May 26, 2011, Dr. Andreas Meyer-Landrut gave up his seat on the Supervisory Board. Dr. Jörg Lübcke, Dr. Johannes Meier, Simon Guild and Jean-Paul Schmetz were all elected members of the Supervisory Board.

The Company has taken out a D&O insurance (professional liability insurance) for the Executive Board and Supervisory Board, as well as managers of the Group companies, that does not include a deductible.

Supervisory Board chairmanship and committees

The first-ever Supervisory Board meeting with six members was held in July 2011. Dr. Neil Sunderland was appointed Chairman of the Supervisory Board and Fritz Oidtmann Vice Chairman of the Supervisory Board. The Supervisory Board also unanimously formed an Audit Committee, a Personnel Committee and a Nomination Committee as follows:

The Audit Committee consists of Dr. Neil Sunderland (Chairman), Simon Guild and Dr. Jörg Lübcke.

The Personnel Committee consists of Fritz Oidtmann (Chairman), Dr. Neil Sunderland and Dr. Johannes Meier.

The Nomination Committee consists of Dr. Neil Sunderland (Chairman), Simon Guild and Dr. Jörg Lübcke.

The Supervisory Board is bound by rules of procedure, which in particular includes a list of transactions requiring the Supervisory Board's approval. The committees prepare the Supervisory Board's decisions for the issues assigned to them unless, by way of exception, said decisions have been assigned to the committees.

The report of the Supervisory Board contains a summary of the type and scope of the Supervisory Board's duties during the 2011 financial year.

Opportunity and risk management

Comprehensive Corporate Governance also includes active and continuous opportunity and risk management. Permanent monitoring and management of risk is one of the key duties of every public company. For this purpose, the Company has implemented the early risk-recognition system required in accordance with Section 91 (2) AktG and continuously develops it within the context of current market and company developments. The Group auditors inspected and confirmed the functionality of the system. Detailed information about this topic is available in the risk report and forecast. Information about the Group accounting process is available in the notes to the financial statements.

Transparency

Via the Internet, shareholders and potential investors are able to obtain up-to-date information concerning current developments of the Group and of the product. All press and ad-hoc releases of XING AG are published on the website of the Company. The Articles of Association of the Company as well as the Annual Report, the interim reports and investor presentations are published on the website: http://corporate.xing.com/english/investor-relations/. The Company holds continuous and regular dialog with the capital market by way of conference calls, roadshows within Germany and abroad, as well as participation in investor conferences. Furthermore, interested investors can also learn more through the XING AG corporate blog (www.blog.xing.com) or by following the Company on Twitter (www.twitter.com/xing_ir).

Directors' dealings and shares held by the Executive Board and the Supervisory Board

Pursuant to section 15a WpHG, the members of the XING AG Executive Board, Supervisory Board and related parties are required to immediately disclose stock transactions involving XING AG or financial instruments in connection with XING AG. The Company shall publish such transactions as soon as it has been informed.

The Executive Board did not hold any XING shares as of December 31, 2011. Information regarding Executive Board compensation is set out in the compensation report. The mandates of the members of the Executive Board and of the Supervisory Board are listed in the notes. Relations with related parties are detailed in the notes to the consolidated financial statements.

A total of four transactions requiring notification (directors' dealings) were performed by the members of the Executive Board and Supervisory Board. Three of these notifications were related to exercising stock options as described in the compensation report. One of the notifications is related to Adinvest AG as Dr. Neil Sunderland (Chairman of the XING AG Supervisory Board) is the company's CEO. This and all of the other transactions requiring notification are listed on the Company's Investor Relations site under Corporate Governance/Directors' Dealings.

COMPENSATION REPORT

The following compensation report follows the German Act regarding the Appropriateness of the Management Board's Remuneration (VorstAG), the recommendations of the German Corporate Governance Code and the regulations of GAS 17 adopted by the German Accounting Standards Committee (reporting on the compensation of members of executive bodies). It contains disclosures which form part of the notes or management report in accordance with the requirements of the International Financial Reporting Standards (IFRS). It is thus an integral part of the certified annual financial statements.

Compensation of the Executive Board

The structure of the compensation system is regularly reviewed by the Supervisory Board. As recommended by the German Corporate Governance Code, the compensation of Executive Board members consists of fixed and variable components. The overall compensation and the individual compensation components are all in correlation with the responsibilities of the respective member of the Executive Board, his personal contribution, the overall contribution of the Executive Board as a whole and the financial situation of XING AG.

The compensation components which are not performance-related consist of a fixed payment. The variable components consist of variable emoluments and stock options as compensation components as a long-term incentive. They are assessed against performance targets, which in turn are set based on parameters taken from the consolidated financial statements and are also measured against benchmarks.

An overview of Executive Board compensation for the 2011 financial year is broken down in the following table. Compensation for FY 2010 is indicated in brackets.

The Supervisory Board approved the following Executive Board bonuses for their duties in 2011: Dr. Stefan Gross-Selbeck €213 thousand, Dr. Helmut Becker €150 thousand, Ingo Chu €99 thousand, Jens Pape €103 thousand.

The stock options for Executive Board members were issued in accordance with the conditions agreed upon by the XING AG Annual General Meeting on November 3, 2006, May 21, 2008, May 28, 2009, and May 27, 2010, when the Stock Option Plans 2006, 2008, 2009 and 2010 were created (please see the Notes to the Consolidated Financial Statements for more information).

Members of the Executive Board in € thousand	**Fixed**	**Variable**	**Stock options***	**Total**
Dr. Stefan Gross-Selbeck CEO	335 [325]	213 [194]	561 [321]	1,109 [840]
Dr. Helmut Becker	233 [226]	150 [133]	0 [64]	383 [423]
Ingo Chu	211 [211]	99 [87]	0 [0]	310 [298]
Jens Pape (since March 1, 2011)	192 [0]	103 [0]	243 [0]	538 [0]
Michael Otto (until January 31, 2011)	16 [190]	4 [77]	0 [0]	20 [267]

* The stock option values displayed above are purely for calculation purposes based on the issued options and the fair value per option. The respective Executive Board members only receive such proceeds when they exercise options (see the "Options exercising" table).

The Executive Board members are participate in various stock option programs as follows:

As of the closing date, Dr. Stefan Gross-Selbeck held 172,608. In total he was granted 200,000 stock options, 50,000 of which were granted to him in January 2009, 50,000 in February 2009, 50,000 in April 2010, and 50,000 in January 2011. The fair values of the respective options at the time of granting were as follows, depending on the vesting period:

1. 50,000 stock options granted in January 2009 as part of an individual agreement at a strike price of €26.23. The strike prices was reduced on the basis of the special distribution of funds paid out in February 2012. The fair value is between €5.88 and €5.92 per option right, which equates to a total fair value of €296 thousand. The exercise profit is limited to €35 per option.

2. 50,000 stock options were granted in February 2009 as part of the 2008 Stock Option Plan at a strike price of €30.27. In August 2011, the strike price was reduced based on the special distribution of funds paid out in February 2012. The fair value is between €5.83 and €5.86 per option right, which equates to a total fair value of €293 thousand. The exercise profit is limited to €35 per option.

3. 50,000 stock options were granted in April 2010 as part of the 2009 Stock Option Plan at a strike price of €27.55. The strike price was reduced based on the special distribution of funds paid out in February 2012. The fair value is between €6.36 and €6.46 per option right, which equates to a total fair value of €321 thousand. The exercise profit is limited to €35 per option.

4. 50,000 stock options granted in January 2011 as part of an individual agreement at a strike price of €26.23. The strike price was reduced based on the special distribution of funds paid out in February 2012. The fair value is between €11.10 and €11.34 per option right, which equates to a total fair value of €561 thousand. The exercise profit is limited to €35 per option.

Ingo Chu was granted 25,000 stock options as part of the Stock Option Plan 2009, which he took up in August 2009. The options were issued at a strike price of €27.80 per share, and in August 2011, the strike price was reduced based on the special distribution of funds paid out in February 2012. Depending on the length of the vesting period, the fair value for these options was between €9.38 and €10.77 at the time they were issued. The total fair value of these options when issued was €248 thousand.

At the beginning of his tenure in September 2009, Dr. Helmut Becker was granted a total of 50,000 virtual stock options. In November 2009, 28,000 virtual stock options were converted into real stock options at the terms set out in the 2006 stock option program at a strike price of €33.16. In August 2011, the strike price was reduced on the basis of the special distribution of funds paid out in February 2012. Depending on the length of the vesting period, the fair value for these options was between €6.63 and €6.65 at the time they were issued. The total value of these options when issued was €186 thousand. In May 2010, another 22,000 virtual stock options were converted into real stock options at the terms set out in the 2009 stock option program at a strike price of €32.76 which then reduced on the basis of the special distribution of funds paid out in February 2012. Depending on the length of the vesting period, the fair value for these options was between €5.07 and €5.48 at the time they were issued. The total fair value of these options when issued was €115 thousand. The conversion led to a reduction of €21 thousand in the fair value of the stock options.

As of December 1, 2010, Dr. Becker received another 10,000 stock options at a strike price of €32.87 per option based on the 2010 stock option program. The strike price was reduced in August 2011 on the basis of the planned special distribution of funds. The fair value for these options was €8.45. The total fair value of these options when issued was €64 thousand. The exercise profit for stock options granted to Dr. Becker is limited to €35 per option. Dr. Becker also will receive a compensatory payment of €4.52 in cash for each excercised option in this tranche as they were issued late and the strike price on the date of issue was €4.52 higher per option than on the issue date originally agreed. The fair value of this compensatory payment amounted to €19 thousand.

Name	Number of options	Stock option program	Strike price as per options terms
Dr. Stefan Gross-Selbeck	100,000	Individual agreement	€26.23*
	50,000	2008	€26.50*
	50,000	2009	€23.78*
Ingo Chu	25,000	2009	€24.03*
Dr. Helmut Becker	28,000	2006	€29.39*
	22,000	2009	€28.99*
	10,000	2010	€29.10*
Jens Pape	40,000	2010	€37.46*

* Strike price adjusted due to special distribution of funds (record date: August 1, 2011).

In March 2011, Jens Pape acquired 40,000 stock options at a strike price of €41.23 per option based on the 2010 stock option program. The strice price was reduced to € 37.47 in August 2011 on the basis of the special distribution of funds paid out in February 2012. The fair value for these options was €6.07. The total fair value of these options when issued was €243 thousand. The exercise profit for stock options granted to Mr. Pape is limited to €35 per option.

Options exercising

During the financial year under review, Dr. Gross-Selbeck and Dr. Becker both exercised some of their stock options. In June 2011, Dr. Gross-Selbeck exercised 25,000 options from his individual agreement and achieved gross revenues of €646 thousand. In December 2011, he exercised another 2,392 options from the 2008 stock option program and achieved gross revenues of €64 thousand. Dr. Becker exercised 4,000 options from the 2006 stock option program in December 2011 and achieved gross revenues of €85 thousand. The table below provides an overview of the exercised options. Reports on transactions by persons with managerial functions (directors' dealings) in accordance with Section 15a WpHG are published under the heading Directors' Dealings via dgap, and can also be found in the notes to the consolidated financial statements and can also be retrieved from the website of XING AG under Investor Relations.

Date	Name	Stock option program	Price/price difference in €*	Quantity	Revenues in € (gross)
June 6, 2011	Dr. Stefan Gross-Selbeck	Individual agreement	25,705*	25,000	642,625.00
December 5, 2011	Dr. Stefan Gross-Selbeck	2008 stock option program	26,770*	2,392	64,033.84
December 6, 2011	Dr. Helmut Becker	2006 stock option program	21,230*	4,000	84,920.00

* Difference between issue and sale price.

Premature termination of activity

In the event of the death of CEO Dr. Stefan Gross-Selbeck, Ingo Chu, Jens Pape or Dr. Helmut Becker during the term of each Executive Board member contract, the Company is obliged to pay the monthly basic salary for the month of death and the following three months to the heirs of the deceased Board member.

As of December 31, 2011, with the exception of one agreement, all Executive Board contracts contain severance payment caps for instances in which the employment agreement is terminated prematurely without a compelling reason and in the event of a change of control in accordance with the recommendations of line 4.2.3 of the German Corporate Governance Code.

Supervisory Board

Supervisory Board compensation was revised by the Annual General Meeting in May 2010 based on a proposal by the Executive Board and Supervisory Board, and is detailed accordingly in the Articles of Incorporation.

The members of the Supervisory Board receive fixed compensation of €40,000 for each full financial year in which they serve on the Supervisory Board. The Chairman of the Supervisory Board receives twice the amount of the fixed compensation.

The Vice Chairman of the Supervisory Board and the Chairman and members of committees will not be considered individually with regard to compensation of Supervisory Board members. As the number of committee meetings and instances in which the Vice Chairman has represented the chairman have been very few in the past and since a commensurate basic compensation is received, both the Executive Board and Supervisory Board believe separate compensation to be unnecessary. Members of the Supervisory Board do not receive any performance-related compensation components. This in intended enhance the necessary independent function of the Supervisory Board and avoid financial incentives connected with short-term success of the Company.

In the financial year 2011, the lawyers office DLA Piper, whose partner Dr. Andreas Meyer-Landrut stepped down from the Supervisory Board on May 26, 2011, paid a figure of € 249,107.05 (net) up to and including May 26, 2011 for personal services rendered by the partner outside his mandate on the Supervisory Board and services of other lawyers of the lawyers office on the basis of a consultancy agreement approved by the Supervisory Board in accordance with Section 114 AktG.

An overview of Supervisory Board compensation for the 2011 financial year is broken down in the following table. Compensation for FY 2010 is indicated in brackets.

An overview of Supervisory Board compensation for the 2011 financial year is broken down in the following table. Compensation for FY 2010 is indicated in brackets.

Members of the Supervisory Board in € thousand	**Total compensation**
Dr. Neil V. Sunderland Chairman of the Supervisory Board	80 [80]
Fritz Oidtmann Deputy Chairman of the Supervisory Board	40 [38]
Dr. Andreas Meyer-Landrut (until May 26, 2011)	16 [4]
Dr. Johannes Meier (since May 26, 2011)	24 [0]
Dr. Jörg Lübcke (since May 26, 2011)	24 [0]
Jean-Paul Schmetz (since May 26, 2011)	24 [0]
Simon Guild (since May 26, 2011)	24 [0]
Total	**232** **[160]**

XING SHARE

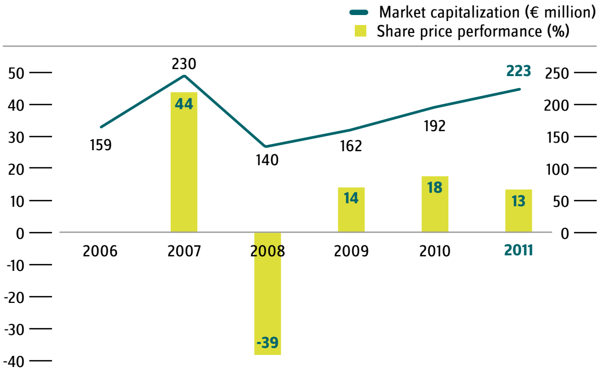
Basic data about the XING share	
Shares outstanding as of Dec 31, 2011	5,426,321
Share capital in €	5,426,321.00
Share type	Registered shares
IPO	Dec 7, 2006
WKN /ISIN	XNG888 / DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparancy level	Prime Standard
Index	TecDAX since September 19, 2011
Sector	Software

Key data on the XING share	2011	2010	2009	2008	2007
XETRA closing price on Dec 31	€41.05	€36.35	€30.80	€27.00	€44.21
High	€63.00	€36.75	€37.50	€45.55	€50.79
Low	€36.95	€26.50	€24.25	€23.59	€26.00
Market capitalization as of Dec 31	€223m	€192m	€176m	€140m	€230m
Average trading volume per day (XETRA)	22,540	9,619	10,851	7,472	10,854
TecDax ranking					
based on orderbook turnover	25	35	32	35	58
based on freefloat market cap	25	44	33	37	49
Earnings per share (undiluted)	€1.73*	€1.37	€(0.33)	€1.41	€1.10
Shares outstanding	5,426,321	5,291,996	5,271,773	5,272,447	5,201,700
Special distribution per share	€3.76				

* Adjusted for the one-time effect of amortizing the market entry cost in Spain and Turkey in an amount of €14.4 million.

In December 2011, XING AG celebrated five years of being listed on the German stock exchange. A lot has changed at XING since then as a single business division (Subscriptions) has now grown into four. Since 2007, three other divisions with strong growth (“e-Recruiting”, “Advertising” and “New Verticals” (events)) have been introduced, meaning that XING AG now has a much more solid and broad revenue base. In this regard, revenues have increased more than six-fold since 2006, while the member base grew from 1.7 million in December 2006 to 11.7 million as of the end of 2011. Interest in the XING share has grown significantly, both in Germany and other countries. Investors who have held shares since the IPO have seen their stock grow by 34 percent, whereas the TecDAX experiencing a drop of 8 percent during the same period.

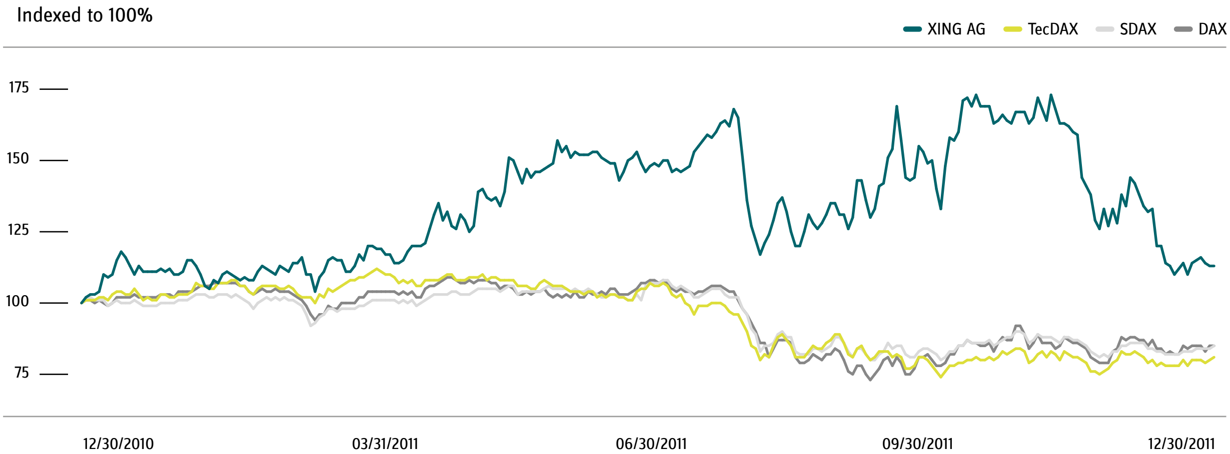
Market capitalization and share price performance



The 2011 financial year was quite volatile for the XING AG share, but it grew by 13 percent overall compared to the previous year. This was a vivid contrast to the general indexes which reported losses of 15 to 19 percent. During the first half of the year, the XING share experienced positive growth following a roadshow in the U.S. Since August 2, the XING share traded at an ex-dividend rate following the special distribution of funds of €3.76 agreed on at the AGM in May 2011.

During the second half of the year, the worldwide stock markets experienced increased pressure due to fears of a global recession and the impact of the European debt crisis. Talk of a financial transaction tax also dampened the mood among investors, resulting in August 2011 being one of the worst trading months ever seen by the DAX. The XING share was also affected by this, but has already recovered from any losses by mid-August. German indexes remained subdued while the XING share grew rapidly and almost reached the record level achieved during the first half of the year due to the Company's positive H1 results presented in August and recommendations to buy put forward by an analyst. Nevertheless, this excellent trading rate could not be sustained until the end of the year. Unsurprisingly, cashing in on profits also played its part with the share trading at a much higher value of €41.05 (December 2010: €36.35) as of December 30, 2011.

Comparison of share price performance (from December 30, 2010 to December 30, 2011)



Share price of XING shares on December 30, 2010 € 36.35 = 100%.

TecDAX listing

The XING AG share was added to the TecDAX index on September 19, 2011, almost five years after the Company's IPO on the Frankfurt stock exchange. The TecDAX tracks the performance of the 30 largest listed German companies from the technology sector. Two factors are generally key to being listed on the TecDAX – free-float market capitalization and the average daily number of shares traded in the last 12 months. At the end of 2010, XING was ranked 35th and 44th respectively. During the course of 2011, our ranking improved to 27th and 30th respectively as a result of three factors:

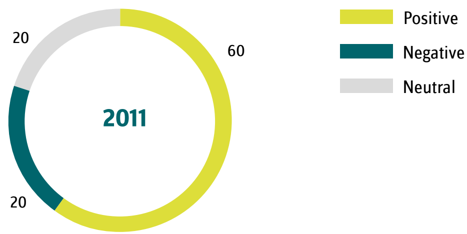
1. An increase in roadshow activities in the U.S.
2. Sustained positive financials
3. The market maker change

At the end of 2011 we were ranked 26th in terms of free float market capitalization and 24th when it comes to order-book turnover. Market capitalization amounted to €223 million at the end of December 2011.

Rising interest on the capital market

At the time of publication of this report in March 2012, a total of ten analysts (2010: six) had the XING AG share on their observation list. During the second half of 2011, Commerzbank from Frankfurt, Germany, and Jefferies from London, UK, started monitoring the XING share while two other banks started covering the share during Q1 2012 – Warburg Research from Hamburg, Germany, and Macquarie Research from Frankfurt, Germany. 60 percent of analysts recommend buying. The following link provides an overview of the latest recommendation information http://corporate.xing.com/english/investor-relations/shares/analysts/.

Analyst recommendations for the XING share (as of March 28, 2012) in %



Broker	Analyst	Recommendation	Price target
Commerzbank	Heike Pauls	Buy	€68.00
Close Brothers	Marcus Silbe	Buy	€60.00
Deutsche Bank	Benjamin Kohnke	Hold	€58.00
DZ Bank	Joeri Sels	Buy	€57.00
HSBC	Christopher Johnen	Outperform	€54.00
Hauck & Aufhäuser	Sascha Berresch	Buy	€52.00
Jefferies	David Reynolds	Underperform	€32.00
Macquarie	Marcus Sander	Buy	€64.50
Montega	Alexander Braun	Sell	€39.00
Warburg Research	Jochen Reichert	Hold	€53.00

AGM held in May 2011

XING AG's AGM was held at the Hamburg-Schnelsen fashion center in Hamburg, Germany, on May 26, 2011, and was attended by approximately 60 shareholders who accounted for 75 percent (2010: 54 percent) of the Company's capital. During the AGM, the decision was taken to expand the number of Supervisory Board members from three to six. As a result, Dr. Jörg Lübcke, Simon Guild, Dr. Johannes Meier and Jean-Paul Schmetz were all elected as new members, and the tenures of Dr. Neil Sunderland and Fritz Oidtmann were both extended.

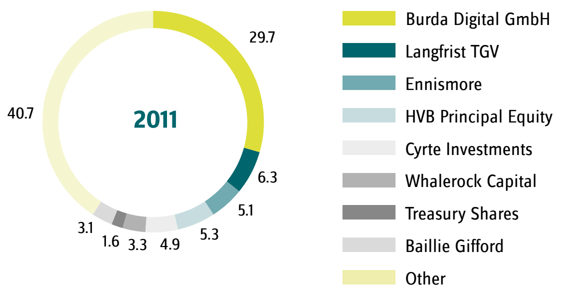
With a majority of 99.9 percent of the capital present, the shareholders approved the proposal put forward by the Supervisory and Executive Boards to pay out a special distribution of funds amounting to €20 million. This sum, which equates to €3.76 per share, was paid out on February 7, 2012, to anyone in possession of XING shares on August 1, 2011.

The AGM for the 2011 financial year will be held at the Handwerkskammer zu Hamburg on June 14, 2012.

Proposal of first-ever dividend payment for 2011

Upon publication of its provisional figures for the 2011 financial year, the XING AG Executive Board agreed to put forward a proposal to the Supervisory Board suggesting the Company's first-ever dividend payment of €0.56 per share to the XING AG shareholders. This shall be decided on at the AGM to be held on June 14, 2012, and is aimed at involving shareholders regularly and more directly in the Company's success.

Shareholder structure (as of: March 20, 2012)
in %



Shareholder structure

At the time of publication of this report, XING AG had a highly diversified shareholder structure. Of the 5,426,321 shares issued, around 66 percent are held in Germany (including Burda Digital). Targeted roadshow activities allowed us to attract a number of new investors in places such as New York and Boston. This led to a 26 percent rise in shares held by international investors, which took the total foreign investor share to 34 percent as of December 31, 2011. Thanks to increased interest and active communication with existing and potential investors, the number of shareholders rose by more than 44 percent during the period under review.

Investor Relations activity

The Executive Board and Investor Relations team stepped up their contact to new and existing investors during 2011 by presenting XING AG to a number of potential investors at conferences both in Germany and abroad. In addition, the Executive Board and Investor Relations team visited existing and potential shareholders in the form of roadshows aimed at presenting the current situation along with the Company's potential for growth. Within the scope of this, the team made regular visits to investors in New York, Boston, London, Frankfurt, Geneva, Zurich and Edinburgh. These activities are set to be ramped up with visits to Paris, Munich, Luxembourg, Vienna and Stuttgart in the current year. For an overview of roadshow events, please refer to our financial calendar http://corporate.xing.com/english/investor-relations/financial-calendar/.

Sources of information for investors

Not all that long ago, capital market information was communicated almost entirely via three channels: corporate websites, mailings, and personal meetings with investors. This is now changing thanks to technical innovation and new communication media that have arisen over the last two years. As a social network we are naturally driven towards technological development and continually pursue modern communication channels. We intensively use the available media to broaden our range and growth potential, and of course to attract more investors to XING. At the same time, companies are now able to interact with the general public thanks to new forms of communication such as Twitter, facebook and corporate blogs. In the same way, such channels promote dialog between companies (in this case our Investor Relations department) and existing and potential investors. This of course boosts both the quality and quantity of feedback within the capital market. We consider shareholder feedback to be a vital part of future communication and investor relations. To this end, we conduct regular perception analyses and take analyst and shareholder feedback into account so that we can continue to improve dialog on and with the capital market.

XING AG social media communication
http://corporate.xing.com/deutsch/investor-relations/
(XING AG Investor Relations site)
http://blog.xing.com
(XING AG corporate blog is available in four languages)
https://www.xing.com/net/pri1a41bcx/Anlegerforum_XING_Aktie
(German-language group for XING investors)
Twitter: xing_ir
(information and news related to the capital markets)
Twitter: xing_de
(topics and news related to the Company in general - German only)
Twitter: xing_com
(corporate information and news in English)
Slideshare: http://www.slideshare.net/patmoeller
Youtube: http://www.youtube.com/user/XINGcom?gl=DE
Facebook: https://www.facebook.com/XING

The XING AG Investor Relations department is happy to take questions and comments:

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Key figures

		2011	2010	2009	2008	2007
Turnover[1]	in € million	66.2	54.3	45.1	35.3	19.6
EBITDA	in € million	22.2	16.7	11.8	12.2	6.9
EBITDA margin	in %	34	31	26	34	35
Net loss/net profit	in € million	9.4[2]	7.2	-1.7	7.3	5.6
Cash flow from operating activities	in € million	13.9	22.4	14.1	17.7	8.9
Earnings per share (diluted)	in €	1.73	1.37	-0.33	1.41	1.07
Equity	in € million	42.6	61.2	52.7	52.3	46.0
Members	in millions	11.71	10.48	8.75	7.00	4.83
thereof Premium Members	in thousands	784	745	687	550	362
Number of contacts between members	in millions	263	214	172	124	76
Employees		456	306	265	174	109

[1] incl. other operating income

[2] Adjusted for the one-time effect of amortizing the market entry cost in Spain and Turkey in an amount of €14.4 million.

Key Facts 2011

22 percent revenue growth

33 percent EBITDA growth

1.2 million new members

Financial information

for the financial year from January 1 to December 31, 2011

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GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2011

Business and general conditions

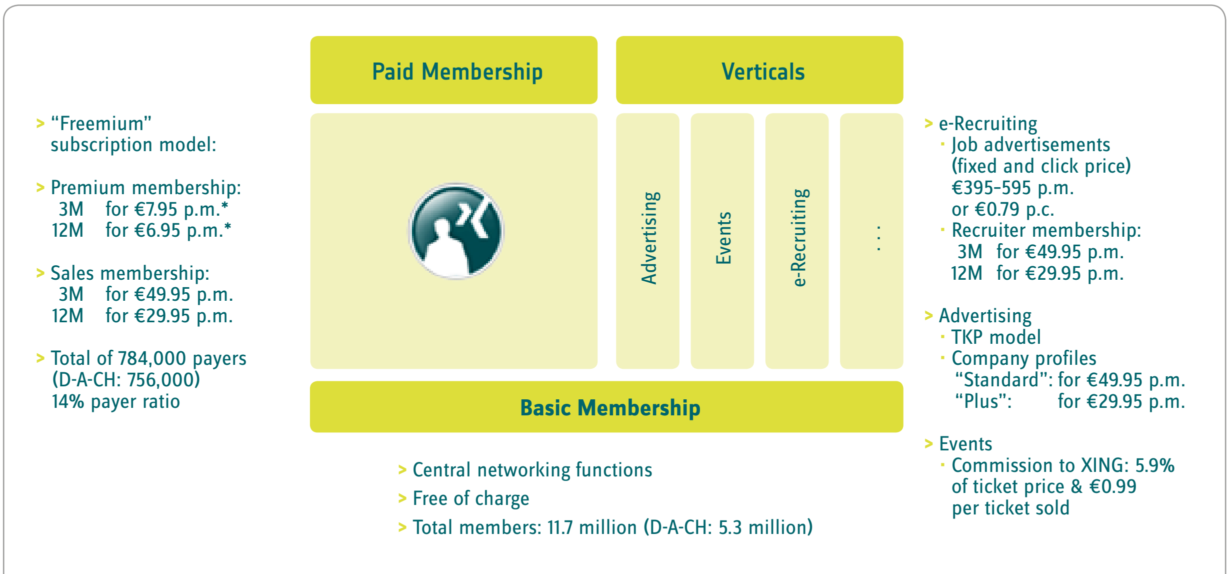
Organization structure

In the last year under review, XING AG held a direct stake in five companies and an indirect stake in six indirect companies within the XING Group. All eleven of these companies are fully consolidated in the consolidated financial statements. XING and amiando only hold small stakes in two companies, which are not consolidated in the consolidated financial statements.

One major change to the Group's organizational structure was amiando AG, Munich, Germany, and XING Events GmbH (formerly known as Kronen tausend615 GmbH), Hamburg, Germany, merge to form amiando GmbH, Hamburg, Germany. In December 2010, XING Events GmbH (formerly known as Kronen tausend615 GmbH), Hamburg, Germany, acquired a 100 percent stake in amiando AG, Munich, Germany. Both of these companies were merged to form amiando GmbH, headquartered in Hamburg, Germany, effective as of January 1, 2011 (the shares were transferred on January 5, 2011). On December 31, 2011, XING AG held a 100 percent stake in amiando GmbH, Hamburg, Germany.

In February 2011, openBC Network Technology (Beijing) Co. Ltd. in Beijing, China, was liquidated. On December 31, 2011, XING Hong Kong Ltd., Hong Kong, China, no longer held a stake in the company.

[1] Company has been liquidated in 2011, final liquidation within commercial register still open.



* The prices are applicable for all new members since April 2011 (for the initial term, a discount of 20% is granted; the contracts are then automatically extended on the basis of the above pricing).

Key locations

XING AG is headquartered in Hamburg, Germany, where 367 of the Group's 456 employees were based as of December 31, 2011. Following the acquisition of amiando AG, the Company also has an office with 68 employees based in Munich, Germany, as of December 31, 2011. The Barcelona office was redeployed and is now only used for developers (20 as of December 31, 2011). The Company also has one employee in Switzerland.

Business model and strategy

The XING business model

Subscriptions

Since it was founded, XING AG has changed considerably and also diversified its business model. "Subscriptions" remain the revenue source which generates the most revenues, as has been the case since the platform was launched in 2003. "Subscriptions" consist of paid Premium membership and Sales membership, the latter having been launched in November 2011. Premium membership is available in two alternative terms. Three-month membership costs €7.95 per month while twelve-month membership costs €6.95. Member subscriptions are generally received in advance. There are many reasons for becoming a Premium member:

1. Premium members can see who visited their profile and how the visitor accessed the profile.
2. Premium members have access to advanced search features.
3. Premium members can send up to 20 messages a day to non-contacts.

Premium members also enjoy a number of other benefits: An ad-free profile, 300 search results rather than 15, up to 20 search alerts, and the option to add documents, CVs etc. to their profile.

The Sales membership was introduced in November 2011 and is aimed specifically at sales professionals. This membership provides members who often use XING for sales activities with features to simplify and accelerate their sales processes. As well as conventional Premium features, Sales members can perform targeted searches that can be narrowed down even more using special filters to identify potential clients. Sales activities can also be managed even better than before as contacts and leads can be assigned a customizable sales status such as "Quote submitted", "Initial contact made" or "Appointment made". They can also manage potential business partners without being connected with one another as they can send up to 50 messages a day to non-contacts and see information about people such as shared contacts, previous contact, etc. in the search results list (max. 1 thousand search results). As is the case with Premium membership, the Sales membership is available in two terms: Three-month membership costs €49.95 per month while twelve-month membership costs €29.95 per month.

"e-Recruiting"

Conventional recruiting activities are no longer enough to find the best candidates. A lot of recruiters and companies on the search for talent have been using XING for several years to fill their vacancies. Managers generally see XING as offering the largest and most widespread database of experts and executives in the German-speaking world, making it an ideal platform for recruiters and business professionals to find and get in touch with one another. In the last few years, the Company established a number of recruiter options in its business line "e-Recruiting" that are sold either online by going to www.xing.com or via the German sales team. This includes the conventional method of posting job ads on www.xing.com/jobs or assuming a more active candidate search role by means of the Recruiter membership.

XING Jobs has two billing methods: Either a performance-based method based on a pay-per-click model (€0.79 per click on an ad) or the conventional fixed-price model (from €395 per ad) with a predefined term of 30 days.

The Recruiter membership offers companies a target-group-specific product to help them quickly identify and efficiently manage suitable candidates. People with Recruiter membership can create up to 50 job alerts as opposed to 20 with a Premium membership, while recruiters can send up to 75 messages a day to non-contacts (Premium: 20) and view up to 1 thousand candidates in their search results (Premium: 300). Recruiter membership is available in three alternative terms: Three-month membership costs €49.95 per month, six-month membership costs €39.95 per month, and twelve-month membership costs €29.95.

"Advertising"

"Advertising" can be split into two main divisions:

1. Advertising & Partnerships
2. Company Profiles

The Advertising & Partnerships team is largely charged with selling advertising space on www.xing.com. Advertising on XING is only shown to basic members. Advertisers also have access to conventional forms of advertising based on the CPM (cost-per-mille) model, meaning that they can post super banners, logout page ads, activity stream headline ads, wallpaper ads, or advertise in the weekly newsletter.

The Company also generates revenues from the "Top Deals" section where companies can advertise special deals for XING members such as discounted flights, car rental, hotel rooms, etc. XING offers a number of different packages which cost partners low five digit sums.

Since the fourth quarter of 2009, XING AG has also offered Company Profiles, which give businesses an opportunity to establish their very own profile. Here, business customers can choose between a free basic profile, a standard profile for €24.90 per month, or a plus profile for €129 per month. Standard profiles stand out from basic profiles on account of the improved presentation options, including up to four representatives/contacts at the company and three keywords to make it easier for people to find them on www.xing.com. There's also an option to include employee reviews from kununu.com (German language only). Plus profiles offer up to ten representatives/contacts, five keywords, individual designs in the form of linkable graphics, and company updates with a follower feature and entry in followers' activity streams.

"New Verticals" (events)

The acquisition of amiando AG, Munich, Germany, was announced in December 2010 and allows XING AG to diversify further and tailor to the much sought-after one-stop events service that covers the entire process from registration, ticketing to billing. XING charges 5.9 percent of the attendance fee (ticket price) plus a fee of €0.99 for every ticket sold.

Strategy

The XING AG platform (www.xing.com) is the largest and most active (344 million visits in 2011) business community in German-speaking countries where more than 800 thousand (previous year: 729 thousand, +10 percent) experts and executives chose to sign up to XING and create a professional profile and get in touch with other people, to educate themselves or to boost their career. This growth is an indicator of the success generated by XING's strategy, the basis of which is a product that is being continually developed and optimized with innovative features. XING sets itself apart by forging both online and offline relations. To this end, XING is the only professional network with a network of Ambassadors in German-speaking countries – one of the largest and strongest economic regions in the world – who organize a number of offline events allowing members to get to know one another in person. The platform's event tool also provides members with the opportunity to invite people to their own events, which shows that innovation and real-life networking are strategic cornerstones for member growth.

Based on the growing number of members, the Company intends to drive revenues both in terms of paid memberships and vertical revenue sources. When it comes to paid memberships, Premium membership growth will be driven along with higher priced special memberships. In terms of vertical sources of income, revenues are to be grown by driving product- and sales-based development of existing verticals and, in the mid-term, by creating entirely New Verticals.

During the previous financial year, the Company reached a number of key strategic milestones. XING AG is growing in all areas of the business, as can be seen in the member growth acceleration over the previous year. The introduction of the Sales membership was an expansion to the "premium model", and the creation of additional teams and investments in developing the verticals business line have both led to a strong increase in growth rates.

Business networks in D-A-CH currently have a penetration rate of just 5 percent of the total population, whereas in other European countries this figure stands at 15 percent.

In order to maximize this potential, XING AG will focus on the following areas in the 2012 financial year:

1. Member growth in D-A-CH and drive activity
2. Increase the level and pace of innovation
3. Expand the growing verticals

Business development

General and industry-specific conditions

General business climate

The German economy enjoyed strong growth during the period under review. The GDP growth rate of 3.0 percent failed to reach the figure for 2010 (3.7 percent), but remained well above the average European GDP of 1.6 percent. This is largely attributable to the industrial sector, which saw well-filled order books, and the fact that many private households made major investments during 2011. Nevertheless, a decline in growth has been forecast for 2012.

Record number of people in employment in 2011 – The number of people in employment in Germany rose to 41.1 million in 2011, the highest level ever recorded. The number of unemployed also dropped to 5.7 percent, the lowest level seen since 1991. This therefore gave rise to discussions regarding a shortage of skilled workers. XING AG has more than five million experts and executives registered in D-A-CH, putting it in an ideal position to offer products to companies looking for ways to recruit the best talent. If members are contacted by companies they feel more motivated into keeping their XING profile up to date and playing a more active part on the XING platform.

Continued increase in number of Internet users in Germany – More than 60 million people in Germany use the Internet, which equates to around 75 percent of the total population (source: D21 initiative) and represents a further increase during the period under review. Social networks have seen an even faster increase in penetration during the same period. According to a BITKOM study, in 2011 every second person in Germany had a social network account. XING, the leading online business network in German-speaking countries, is also benefitting from this trend.

Online recruiting gaining in popularity – A BITKOM study showed that around 33 percent of all recruiters currently have job ads posted on social networks. In 2009, just 12 percent of all recruiters posted job ads on social networks, making social media recruiting the fastest growing sector for of recruiting.

Gross advertising volume saw strong growth in 2011 – XING AG's business line "Advertising" also benefited from the positive economic situation in Germany in 2011. According to the Circle of Online Marketers (OVK), "conventional online advertising" saw growth of 20 percent. More than 44 percent of all Internet users have become increasingly aware of interesting products, services and ideas as a result of advertising.

Major events and business development in the Group

XING AG can look back on an eventful year in 2011. One such highlight was the addition of the XING share to the TecDAX index by Deutsche Börse. The TecDAX, where the share has been listed since September 19, 2011, tracks the performance of the 30 largest, and most liquid German companies from the technology sector.

Four new Supervisory Board members were elected at the AGM held in May 2011: Dr. Johannes Meier, Chief Executive Officer at European Climate Foundation and Managing Director at Xi GmbH, Dr. Jörg Lübcke, Managing Director at Burda Digital GmbH, entrepreneur Simon Guild, and Jean-Paul Schmetz, Managing Director at 10betterpages GmbH. The tenures of Dr. Neil Sunderland and Fritz Oidtmann were both extended. As agreed, Dr. Andreas Meyer-Landrut retired from the Supervisory Board in May but continues to support XING AG as a legal consultant.

In March 2011, Jens Pape joined the XING AG Executive Board as Chief Technical Officer, succeeding Michael Otto.

The AGM also agreed to pay out a special distribution of funds from reserves on February 7, 2012. The special distribution of funds amounted to €20 million, which equates to a payout per share of €3.76.

Cooperations

In February 2011, XING started the technological integration of its subsidiary amiando into its website. This allows XING members to organize events from start to finish using the amiando software, from registration services for to billing and on to entry management. XING also offers paid events in the form of its "Events PLUS" feature.

In February 2011 XING also entered into a cooperation with kununu, a German platform allowing employees to rate and review their current employer. Within the scope of this cooperation, XING incorporates kununu reviews (German only) into its "STANDARD" and "PLUS" Company Profiles.

In August 2011, XING AG entered into a cooperation with kimeta GmbH, operator of the kimeta jobs portal (German language only). When XING members from Germany and Austria search for jobs on XING they also can see vacancies posted on kimeta.

Product development and innovation

XING AG continued to optimize its product development processes during 2011 with agile software development allowing a greater degree of flexibility and efficiency. Product development was split into core and vertical in order to concentrate on key basic areas of the platform without neglecting the Company's verticals. This led to ongoing development of the platform during 2011, which also included the launch of comment and filter options for the "What's new in your network" feed in March. This means that XING members can now comment on status updates, event attendances, group posts, news and a range of other activities they or their contacts have posted. Entries can also be "liked" or shared with their own network. Each user now also has an activity tab in their profile.

In June 2011, XING redesigned its platform and revamped its information architecture, as a result of which entries in the "What's new in your network" feed are now more prominent across the entire platform. The design was reduced to the essentials, meaning that the main navigation bar now has just five entries: My Network, Jobs and Careers, Groups, Events and Companies. The sidebar on the left of every page contains personal features such as messages and privacy settings.

Since September 2011, the input field in the "What's new in your network" feed allows you to add a message, link or job ad. The MINI job ad was also launched at the same time and is aimed at small businesses and freelancers.

In October 2011, XING launched its "CAMPUS" job ad enabling recruiters in D-A-CH a free channel to look for students, apprentices and interns. As is the case with every type of job ad on XING, "CAMPUS" ads are matched with member profiles and a list of potential candidates is offered. There are currently over 395 thousand students from German-speaking countries registered on XING.

In November 2011, XING AG launched its new Sales membership that offers highly active, sales-based XING users with an opportunity to simplify and speed up their sales processes. As well as conventional Premium features, Sales members can perform targeted searches that can be narrowed down even more using special filters to identify potential clients. In November, XING also added a number of new features to its Recruiter membership, including the "candidate overview" where suitable member profiles can be bookmarked and sorted. The Recruiter also offers a number of advanced search and filter options.

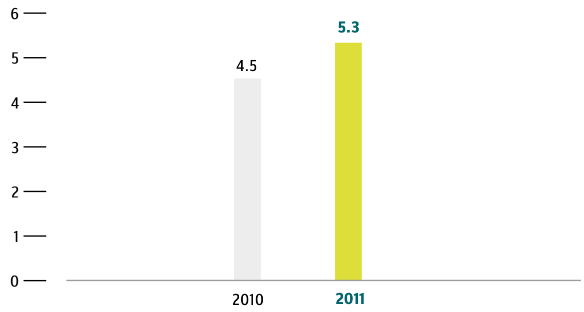
XING AG continued to develop its mobile applications during the 2011 financial year. XING offers solutions for the most important mobile channels: an iPhone app, an Android app, a BlackBerry app, and a mobile web app which was launched in spring 2011, "touch.xing.com". In April 2011, a highly sought-after feature was introduced that allows XING contacts to be synchronized with the user's phone address book. At the end of June 2011, XING also introduced a Windows Phone 7 app. Since August 2011, users of the XING iPhone and Android app have been able to access their network news in full and even add comments and share posts. Visits to XING via mobile devices almost doubled during 2011 and accounted for around 20 percent of total visits.

In December 2011, the XING developers set up a test platform for new features called Beta Labs that allows people to sign up and test beta-features before they're released to the general public. Two beta-features were launched together with the Beta Labs section itself, the Freelancer Marketplace and a Poll tool.

XING AG will continue to use both tried-and-tested Perl technology as well as the innovative web development framework Ruby on Rails. Specialist architecture teams ensure future-proof architecture and the latest technology in terms of frontend development and platform application structure.

Membership growth D-A-CH region

in millions



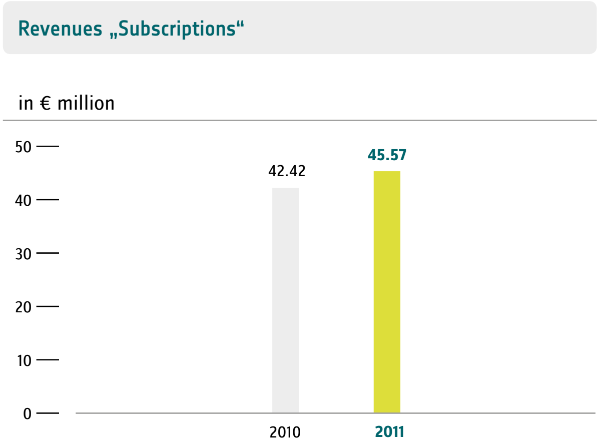
Results of operations in the XING Group

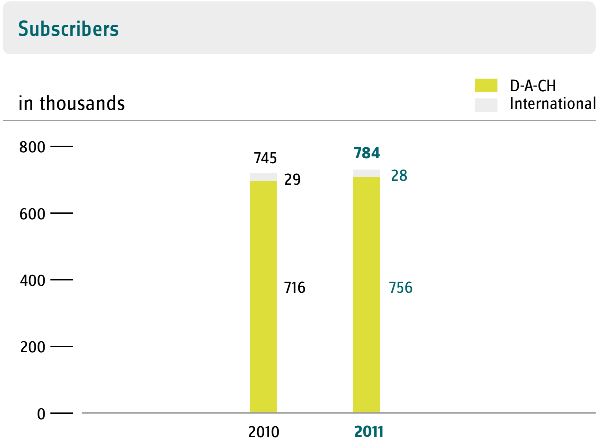
Development in the business lines

"Subscriptions"

By focusing on German-speaking countries, XING AG has continued to expand its presence in D-A-CH and driven member growth there. To put this into figures, member growth in German-speaking countries increased from 730 thousand in 2010 to over 800 thousand in 2011, with total membership of 5.3 million there as of the end of December 2011 (end of 2010: 4.5 million). This highlights XING's strong position in D-A-CH which is largely driven by focusing the Company's development and marketing capacities and enabling basic members to send free messages. A broad member base coupled with high activity rates (regular platform usage) go together to form the foundation for XING's success. This helps to monetize the platform across the board as services and features offer users genuine added value by either making their working day more efficient, or by helping them to boost their career.

XING also continued to grow outside of German-speaking countries, although the growth slowed down, as expected, due to the Company's shift of focus to the D-A-CH region. XING acquired 430 thousand new members (previous year: 1.0 million) outside of D-A-CH, most of whom are based in Turkey and Spain. This development reflects the marketing investments made outside of D-A-CH. XING membership worldwide rose to 11.7 million as of the end of December 2011.





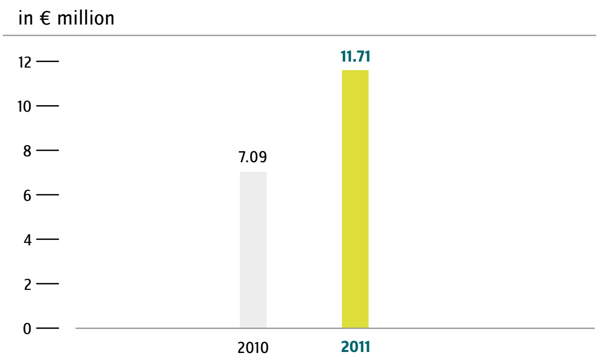
As anticipated, the strategic shift to accelerate member growth has impacted growth within the Company's main source of revenue, "Subscriptions". In the 2010 financial year, XING started to upgrade the current basic membership and continued to do so during FY 2011 with improvements such as the "What's new in your network" feature and comment, like and share/recommend features. In doing so, the Company intentionally chose not to introduce any new features to upgrade Premium memberships. Instead XING deployed existing resources to focus on improving the platform's architecture, the result of which being that paid member growth slowed down compared to the previous year. During the period under review, 40 thousand people chose to begin a paid membership in the D-A-CH region (previous year: 62 thousand) while around 1 thousand people from the rest of the world chose to cancel their paid membership (previous year: -3,4 thousand). Due to the big drop in activity in non-German-speaking markets and the increased focus on D-A-CH, XING AG does not consider it a priority to monetize these markets through paid memberships. With a total of 784 thousand paid members worldwide (D-A-CH: 756 thousand) at the end of 2011, the Company generated revenues of €45.6 million. This equates to a €3.1 million or 7 percent increase over 2010. Revenues from Recruiter memberships are listed separately under "e-Recruiting". Since November 2011, the business line "Subscriptions" includes both Premium membership and the new Sales membership. Due to the Sales membership being launched at the end of 2011, revenues are understandably low.

The business line "Subscriptions" forms a very solid base for future development that experiences high renewal rates – 90 percent of all contracts are extended – and solid financial results. Due to the dynamic development of the Company's verticals, the business line "Subscriptions" is to account for a decreasing amount of total revenues (70 percent in 2011) and therefore reduce XING's dependency on this major source of income.

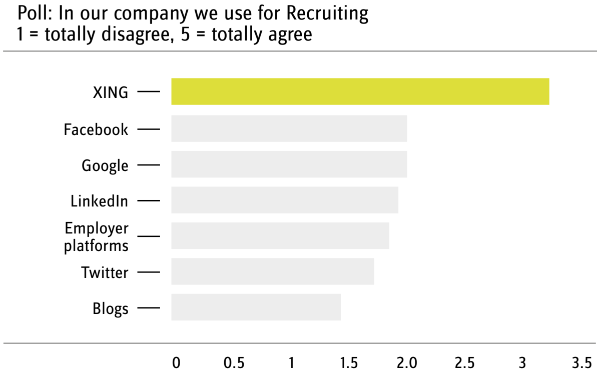
"e-Recruiting"

The business line "e-Recruiting" has rapidly turned into an important source of revenue. Two years ago this business line had revenues of €4.4 million, thus accounting for just 10 percent of total revenues. But in 2011, revenues totaled €11.7 million,

Revenues „e-Recruiting“



Social media useage



Source: Institute for Competitive Recruiting; Recruiting Report June 2011

which accounts for 18 percent of the Company's total revenues. This business line includes both job ads (https://www.xing.com/jobs) and Recruiter memberships, and is the fastest growing area in absolute terms (+€4.6 million in 2011). The reason for this dynamic growth in revenues (65 percent compared to 2010) is that XING has more than 5 million members in the D-A-CH region, making it the largest "database" of business professionals available who in turn are very active and also keep their profile details up to date.

80 percent of XING's members have full-time jobs, and over a third hold higher management positions. Every third member is an academic. "Passive" job-seekers also have a key role to play in markets with a lack of qualified labor, and recruiters can use XING to identify and get in touch with experts. Companies also use XING to position themselves as an attractive employer or to look for suitable candidates (via a Recruiter membership or classic job ads). XING is also vital to mid-sized firms as it helps them to increase brand awareness otherwise reserved for large corporations.

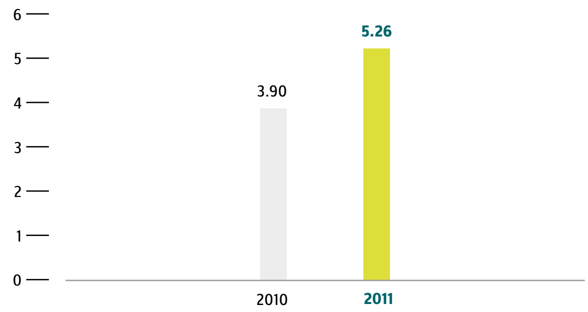
Recruiters are increasingly going online to gather information about job applicants. According to a BITKOM study, half of all recruiters in Germany already visit online professional networks to perform background checks, and this is also the case with 20 percent of HR department heads and managing directors. And this is why it's vital that job-seekers maintain their online business profile. At the moment only 30 percent of companies in Germany post job ads in social networks. BITKOM predicts this to change with Web 2.0 evolving to become the job market of the future. "Companies need to set their presence where people network both professionally and privately, exchange information with one another, or spend their free time", said former BITKOM President, Professor August-Wilhelm Scheer. The ICR (Institute of Competitive Recruiting) study published in June 2011 also stated that anyone who has already used social media for HR work will mainly use XING to do so.

Advertising

XING AG's business line "Advertising" achieved revenues of €5.3 million (previous year: €3.9 million) during the 2011 financial year, which was largely attributable to display advertising on www.xing.com and paid "STANDARD" and "PLUS" Company

Revenues „Advertising“

in € million



Profiles. The premium advertising strategy deployed within display advertising paid off as revenues in 2011 grew by 22 percent (net) compared to 2010. Following an 85 percent increase in 2010, XING bucked the market trend by raising the average price per ad sold by 40 percent. The newly launched "special offers" product also paid off and has already seen large-scale deals with companies such as Hermes, Mini and 1&1. New types of advertising such as the network news headlines and four new advertising environments (Jobs, Events, Groups, and Company Profiles) were introduced. The expansion of targeting options for advertising customers created an additional USP that also justifies higher prices.

New mobile advertising types launched

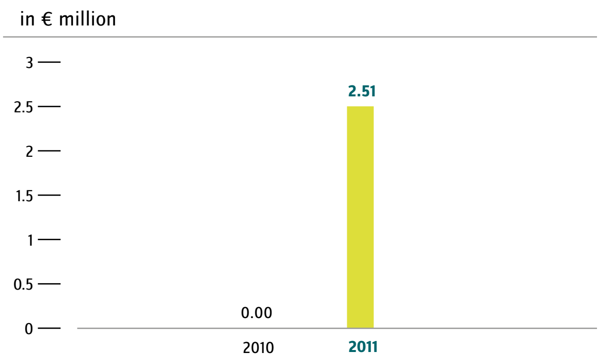
XING has continued to develop its advertising products by coming up with new types of advertising for both mobile apps and the Mobile Web App which are available by tapping or clicking the "Unterwegs" button (This feature is only available in the German version of the apps). Here users can view the mobile services offered by a number of selected advertising partners. At the time of launch, hotel booking portal HRS, Sixt car rental, Cortal Consors direct bank, and Hermes parcel service had placed their mobile online services with the XING apps.

Company Profiles

More than 80 thousand companies, ranging from freelancers to SMEs and on to international corporations, had created a Company Profile on XING as of the end of December 2011. Companies use XING Company Profiles and groups to showcase their business and as a form of employer branding, which is becoming increasingly important along with social media recruiting. XING also works with kununu, a German employer review platform, to boost companies' employer branding. Reviews submitted on kununu.com are then incorporated into XING's paid "STANDARD" and "PLUS" profiles so XING members can see independent opinions on various aspects such as employee benefits, working environment, career opportunities and application process.

Based on these profiles, XING now also provides recommendations to members whose interests match the company's operations. This new feature is aimed at simplifying searches for suitable business partners or employers. Since October 2011, XING members have been able to comment on updates posted in "PLUS" Company Profiles, which gives companies an opportunity to get in direct contact with their (potential) customers by answering their questions, reacting to feedback, and communicating with potential new employees or cooperation partners. XING also made it easier for people to find the 80 thousand Company Profiles with search engines. In Q4, a much-improved overview page was introduced along with a 'yellow pages' for logged-out users and non-XING members that gives companies an option to showcase themselves via search engines.

Revenues „New Verticals“ (events)



“New Verticals”

The business line “New Verticals” was created in 2011, and is thus the first time that the Company has reported it for a full financial year. During the 2011 financial year, this new business line only included the events business from amiando, which XING acquired on December 9, 2010. The new events tool allows event organizers to easily post events with ticketing on www.xing.com with the majority of the value chain covered in the form of services such as invitation management, ticketing etc. The same ticketing solutions can also be accessed externally via www.amiando.com. XING charges a fee of 5.9 percent of the ticket price plus €0.99 per ticket sold, making it a key source of revenue. Revenues generated by the event organizers for the period under review amounted to €35 million as opposed to €21 million in 2010. The revenues reported by XING, i.e. billed organizer fees, totaled €2.5 million in 2011 (amiando AG: €1.4 million in 2010).

XING has already paved the way towards expanding its events business and has hired more than 30 people since the start of the year. The major expansion of offline sales activities and introduction of professional account management are now in place.

During the second half of the year, amiando expanded its international activities by opening a new office with two employees in France in order to better serve existing customers there. Since Q4, amiando has also expanded operations to Romania, Poland, Czech Republic, Taiwan and Malaysia and included the necessary payment options.

Important information about the cash flow statement:

The acquisition of amiando AG and expansion of the “Events” business line has reduced the validity of the XING AG cash flow statement as defined by the International Financial Reporting Standards (IFRS). Since January, IFRS require XING to report cash that belongs to organizers and which XING merely passes on to them under “third-party cash”.

Here’s an example:

The organizer of an event due to take place in Q3 2011 sells 50 tickets for €100 each (incl. fees of 5.9 percent plus €0.99 per ticket = €5 thousand in total) in Q2. The free cash flow for Q2 as per IFRS then amounts to €+5 thousand. After the event, amiando pays the proceeds of the ticket sales to the organizer while retaining its fees. This means that amiando/XING AG keep €344.50 and pay the event organizer €4,655.50. The IFRS cash flow reported for Q3 then shows a negative free cash flow of €4,655.50. We therefore decided to eliminate the so-called “organizer cash” from the investor communication and increase cash flow statement transparency by reporting third-party cash.

Analysis of operating results

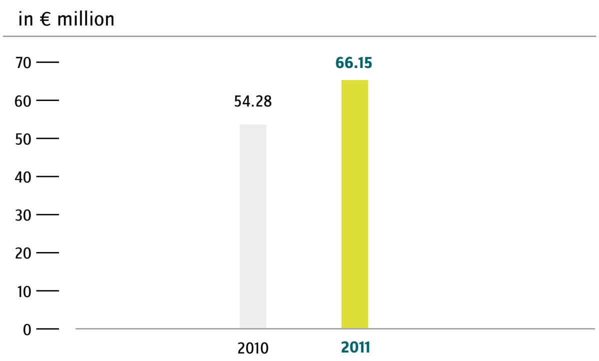
During the 2011 financial year XING AG significantly improved its revenues and earnings (EBITDA). The Company achieved a 22 percent or €11.9 million increase in revenues (including other operating income) as a result of growth in all areas of the business. The largest growth rate was achieved in the business line "Events" where revenues rose by 80 percent compared to 2010 (prior to amiando's acquisition by XING AG). The largest absolute revenue growth was however reported by the business line "e-Recruiting" which saw a €4.6 million rise over 2010. This was largely attributable to the expansion of sales activities, hiring new employees, and an increased interest in social media recruiting. Overall, the Company's verticals ("e-Recruiting", "Advertising" and "New Verticals") reported growth of €8.5 million to €19.5 million, which accounts for 73 percent of total revenue growth in 2011.

The other operating income largely includes income from offsetting fringe benefits (€0.3 million), income from returned bank transfers and dunning fees (€0.2 million) as well as income from the sale of non-current assets (€0.2 million) and rose from €0.8 million to €1.0 million. This slight increase is mainly attributable to income from the sale of non-current assets and here, in particular, as a result of relocating the Company's data center.

The EBITDA rose 33 percent to €22.2 million in 2011, while the EBITDA margin increased to 34 percent (previous year: 31 percent). This improvement in profitability can be traced back to the following points:

1. Scaling of the "Subscriptions", "e-Recruiting" and "Advertising" (excluding Company Profiles) business lines
2. The newly launched Company Profiles business line is now profitable
3. The international turnaround (withdrawal of marketing investments while increasing turnover by 64.5 percent)

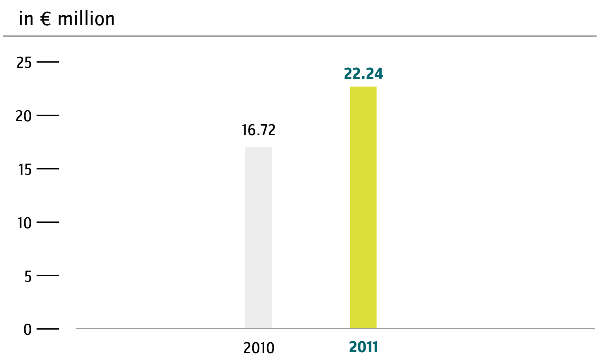
Revenues of the Group



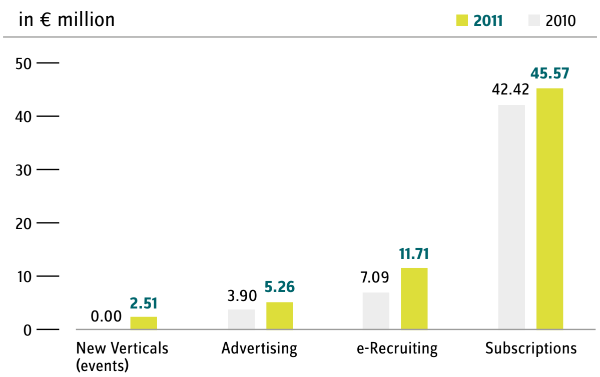
Motivated and highly qualified staff are key to XING's success. Therefore, personnel expenses accounted for the largest expenditure in XING AG's consolidated income statement. Investments in hiring staff also played a part in the large total revenue growth of more than 20 percent and over 70 percent of revenue from verticals. In 2011, a total of 150 new employees were either hired or incorporated as part of the acquisition of amiando AG in Munich, Germany. As of December 31, 2011, a total of 456 people (previous year: 306) were employed by the Group.

Marketing expenses of €5.7 million were lower than those in 2010 (€6.8 million). This was largely attributable to withdrawing marketing activities in Turkey and Spain during the period under report. A number of activities were performed in the conventional display advertising as well as social media, SEM (search engine marketing), affiliate and offline (print, conferences and events) segments.

EBITDA



Revenues by business line



The other operating expenses rose to €14.7 million (previous year: €13.0 million). Main drivers and other services (€3.2 million compared to €3.8 million in 2010), legal advice (€0.9 million compared to €1.3 million in 2010), expenses for premises (€1.6 million compared to €1.4 million in 2010), payments relating to cash at banks (€1.7 million compared to €1.2 million in 2010), server hosting, administration and traffic costs (€1.8 million compared to €0.7 million in 2010) and travel and other expenses (€1.2m compared to €0.7m in 2010). Point 12 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses. Developments in 2011 were, among other things, influenced by a one-time expenditure relating to the data center relocation (intended to increase capacity).

Depreciation and amortization of €22.4 million includes one-off, non-recurring value adjustments of €14.4 million for international market entry cost and customer relationships as well as additional €1.4m for no longer used platform modules and mobile applications.

The carrying value for the corporate transactions in Spain and Turkey between 2006 and 2008 shown in the balance sheet as per IFRS 3 amounted to €0.9 million as of December 31, 2011 for customer relations and €13.4 million for goodwill, which largely reflects the potential market entry by means of acquisitions.

The last few years have shown that significant investments need to be made beyond the scope of acquisitions enabling market entry in order to ensure profitable business models in Spain and Turkey in the future. XING therefore decided to focus on the D-A-CH region in light of this major growth potential and the Company's market leadership there. Within this context, the decision was taken to discontinue operations in markets where the Company's entry was acquired. As the market entry, which is reported as goodwill, and existing customer relations in Turkey and Spain are, as things stand, no longer to be used to achieve cash flows on the platform, they are to be excluded from the cash-generating unit (CGU) as per IFRS 3. The impairment test conducted by the Company's management every year showed the need to adjust the overall balance sheet values. As a result, the carrying amount of customer relations was adjusted by €0.9 million to €0, while the carrying amount of goodwill was adjusted by €13.4 million to €0.

The remaining depreciation and amortization of €8.0 million applies to acquired and internally generated software and other non-current assets and represent a €2.8 million increase over 2010. The main reasons for this include scheduled depreciation and amortization as well as one-off, non-recurring value adjustments, the latter amounting to €1.2 million (previous year: €0.1 million) due to a complete redesign of the platform and revision of the mobile applications (€0.2 million). These were also accompanied by scheduled amortization linked to the acquisition and customer relations of amiando, which is reported for the first time (€0.6 million).

In order to facilitate a comparison with the figures for 2010, the Company adjusted the items below the EBITDA (depreciation, financial income and expenses, taxes on income, annual deficit/net income, earnings per share) and reported them as "adjusted results".

Compared to the figure for 2010 (€0.08 million), the financial income rose significantly in 2011 to €0.5 million. The change to the Company's asset strategy had positive impacts. In 2010, the Group's liquidity was switched to daily availability and deposited at one bank for reasons of prudence. In 2011, the Group's liquidity was spread across several banks with good credit ratings with a maturity period of up to 12 months. Retention of capital continues to remain top priority, however. Taxes on income from operating activities include current and deferred tax expenses. Current taxes are determined by the XING Group companies based on the tax law that applies to that respective country. The tax rate is 7.6 percent of revenues from services (previous year: 8.1 percent) and 33.8 percent of earnings before taxes (including non-recurring value adjustments of €14.4 million, previous year: 37.5 percent). This low tax rate is largely due to deferred taxes resulting from the acquisition of amiando in 2011. Overall, deferred taxes for 2011 amounted to €0.5 million (previous year: €0.1 million). As a result, the Company's income tax expense is €5.0 million (previous year: €4.3 million).

The XING Group's annual net income adjusted for one-time value adjustments and amortization amounted to €9.4 million (previous year: €7.2 million). This in turn resulted in consolidated earnings per share of €1.73 for the 2011 financial year (previous year: €1.37). The group income reported in the consolidated income statement, after accounting for €14.4 million in value adjustments and depreciation due to the international business, amounted to €-4.6 million. This then equates to earnings per share of €-0.87.

Analysis of net assets

Non-current assets accounted for 24.1 percent of total assets as of December 31, 2011, which equates to a 8.3 percent drop compared to 2010 (32.4 percent). Consequentially, current assets accounted for a higher proportion of total assets by rising to 75.9 percent (previous year: 67.6 percent).

On December 31, 2011, liquid assets of €68,217 thousand (previous year: €59,036 thousand) accounted for 68.3 percent (previous year: 61.8 percent) of the total assets of €99,846 thousand (previous year: €95,581 thousand).

For the first time, liquid assets as of December 31, 2011, include third-party cash of €2,021 thousand from amiando GmbH and account for 22.0 percent of the increase.

The Company has €66,196 thousand in own cash, which accounts for 66.3 percent of total assets (previous year: 61.8 percent).

The increase in own liquid assets from €59,036 thousand on December 31, 2010, to €66,196 thousand on December 31, 2011, is largely attributable to the increase in revenues and additional advance customer payments.

The increase in receivables from services of €4.573 thousand in 2010 to €5,663 thousand as of December 31, 2011, was largely related to the increase in revenues and initial consolidation of amiando. Receivables from services mainly include receivables from paid memberships and B2B receivables.

The rise in other assets is largely due to initial consolidation of amiando and interest accrued from several fixed deposits.

Non-current assets dropped from €31,008 thousand to €24,071 thousand.

The value of purchased software largely dropped due to scheduled depreciation.

The internally developed intangible assets include the capitalizable parts of the platform, the XING mobile applications, and the XING testing tool. Scheduled amortization was performed on intangible assets as well as one-off, non-recurring amortization amounting to €1,183 thousand (previous year: €69 thousand). This is largely due to the relaunch of the platform.

Goodwill declined from €13,440 thousand on December 31, 2010 to €5,574 thousand on December 31, 2011.

This was due to the write-down of goodwill for XING's corporate transactions in Spain and Turkey between 2006 and 2008 and the acquisition and valuation of amiando GmbH.

On December 31, 2011, the carrying value for the corporate transactions in Spain and Turkey between 2006 and 2008 shown in the balance sheet per IFRS 3 amounted to €0.9 million for customer relations and €13.4 million for goodwill, which largely reflects the potential market entry achieved through acquisitions.

The last few years have shown that substantial investments beyond the acquisition of these market entry opportunities would have to be made to establish business models in Spain and Turkey that can be expected to be profitable in the future. XING therefore decided to focus on the D-A-CH region in light of its major growth potential and the Company's market leadership there. In this context, the decision was taken to discontinue operations in markets where the Company's entry has been acquired. Since the market entry reported as goodwill and the existing customer relations in Turkey and Spain are, as plans stand, no longer to be used to achieve future cash flows on the platform, they are no longer to be included in the cash-generating unit (CGU) according to IFRS 3 and must be measured separately. The annual impairment test showed, the need to adjust the overall balance sheet values. As a result, the carrying amount of customer relations was adjusted by €0.9 million while the carrying amount of goodwill was adjusted by €13.4 million to €0 each. In 2011 only the goodwill of €5.6 million resulting from the acquisition of amiando is shown.

The opposite effect was achieved through the acquisition in December 2010 of the Munich-based events platform amiando AG and Hamburg-based XING Events GmbH (formerly Kronen tausend615 GmbH), which were merged in April 2011, with retroactive effect of December 30, 2010, and which have since operated under the name amiando GmbH. The shares of amiando AG were transferred on January 5, 2011. The purchase price consisted of the fixed amount of €7.4 million and additional earnouts in the amount of €0.4 million, which are due end of 2012. The earnouts are included in goodwill at a provisionally estimated value of €0.4 million.

Goodwill is calculated as follows:

First-time consolidation in € thousand	01/05/2011
Purchase price with the inclusion of potential earnouts	7,821
XING Events GmbH equity	(27)
Equity of amiando AG	539
Purchase price allocation	**8,333**
Value of internally generated software	(445)
Value of brand/domain	(1,205)
Value of customer relations	(1,015)
Deferred tax assets	(973)
Deferred tax liabilities	879
Goodwill	**5,574**

The value of other intangible assets declined by €453 thousand from €3,368 thousand as of December 31, 2010 to €2,915 thousand as of December 31, 2011.

This value was increased through capitalization of the brand (€1,205 thousand, previous year: €0 thousand) and customer relations (€1,015 thousand, previous year: €0 thousand) of amiando GmbH, while the amortization and the write-downs of the foreign subsidiaries' customer relations (€921 thousand, previous year: €0) explained above reduced the figure.

Analysis of financial position

Equity and liabilities

As in previous years, XING AG finances its operations exclusively with equity. There are no bank borrowings or other loans.

The equity ratio was 42.7 percent in the past financial year compared to 64.0 percent in 2010. This means that XING AG continues to be in an excellent position for future growth. The considerably lower ratio is the result of two factors: Equity was reduced by the capital refund of €20.0 million decided upon in 2011, and write-downs of the customer relations and goodwill in Spain and Turkey reduced the result by €14.4 million. This was partially compensated for by options exercised by the Executive Board and employees (€5.2 million) and the adjusted positive operating result of €9.4 million.

Nevertheless, equity continues to provide strong cover for non-current assets (176.9 percent; previous year: 197.3 percent). The surplus of current assets (including liquid assets) over current liabilities is 141.7 percent (previous year: 213.6 percent). The clear drop in the ratio is also connected with the capital refund of €20.0 million, since the payout did not occur until February 2012. Adjusted for this special effect, including the notional cash outflows as early as 2011, the surplus would stand at 166.5 percent.

Cash flow from operating activities

The cash flow from operating activities amounted to €13.9 million in the year under review, compared with €22.4 million in the previous year. The main factors responsible for the €8.5 million reduction in cash flow compared to the previous year were the payment of prior years' taxes (€4.8 million) and a positive one-off effect of approximately €3.5 million in the previous year.

Responsible for the high payment of back taxes for the previous years were – apart from the adjustment in prepayment amounts for 2010 in consultation with the revenue authorities, which became possible only in 2011 – the ramifications of a decision by the German Federal Court of Finance (BFH) in the fall of 2010, according to which expenditures from share option programs are not tax-deductible. The cash outflows due as a result of this decision, already covered by provisions, amounted to €1.5 million.

Adjusted for these special factors, cash flow from operating activities amounted to €18.7 million in 2011 compared to €15.6 million in 2010, assuming payment of taxes on income on an accrual basis and disregarding the aforementioned one-off effect. This reflects the fact that the higher revenues in 2011 and the renewed increase in advance customer payments of €2.6 million also resulted in additional cash flow.

Cash flow from investing activities

Cash flow from investing activities in the 2011 financial year was affected in particular by the acquisition of amiando AG, which resulted in an outflow of €5.4 million. Furthermore, considerably greater sums were invested in property, plant, and equipment than in the previous year (€3.7 million compared to €1.8 million). Substantial amounts were spent for a new, considerably expanded data center, which was needed to keep pace with the increasing volume of business. Disbursements associated with purchased and internally generated software remained relatively constant at €3.0 million (previous year: €3.9 million). Apart from the amiando acquisition, investment in other intangible assets in 2011 was insignificant (€0.02 million; previous year: €1.0 million).

Cash flow from financing activities

During 2011, major inflows from financing activities resulted from the exercising of employee stock options amounting to €5.2 million (previous year: €0.6 million). Disbursements for interest were negligible (€0.01 million; previous year: €0.07 million).

Overall statement of economic position by the Company's management

For an overall statement of the Company's economic position, income must be adjusted for the effect of the write-downs in the international division. The positive trend in the results of operations in 2011 demonstrates yet again that XING has a scalable and cash flow-generating business model. At the same time, XING continues to pro-actively invest substantial sums in new business divisions to create new sources of revenue and to spread its business over multiple pillars. This is also reflected in the fact that, while revenues have increased, only around 70 percent of revenues come from the original core business of XING AG, paid memberships. In previous years this figure often exceeded 90 percent.

With an equity ratio of approximately 43 percent as of December 31, 2011 (64 percent as of December 31, 2010), XING is financed mainly by equity, which puts the Company in a position to survive any possible negative developments largely unscathed. The cash flow margin remains high at approximately 29 percent (cash flow from operating activities/service revenues adjusted for one-time payment of tax arrears; 2010 adjusted: 29 percent). This demonstrates the value of the business, as it has for many years, and permits further investments in growth.

Employees and non-financial indicators of performance

XING remains on a growth path. Employees of the XING Group increased in number by just under 50 percent, from 306 in the previous year to 456 in 2011. There are now 367 people employed at the Hamburg location alone. The increase in the number of employees can be attributed both to numerous new hires at XING AG and to the acquisition and growth of the subsidiary amiando.

The Company's own recruiting process is powered both by job ads on the XING platform and recommendations from current employees. In fact, some 50 new employees joined XING in 2011 alone based on current employee recommendations. This fact is testimony that the employees are very happy with their employer and working environment, and internal surveys bear this out. XING employees especially appreciate the cosmopolitanism of an environment in which they are able to work in teams with employees from 27 different countries. XING AG supports and encourages the creativity of every single employee. Employees are invited to take part at regular intervals (about six times a year) in one-week innovation projects they devise themselves. The best of the projects are then implemented.

XING focuses heavily on ongoing training for all employees. In 2011 extensive programs were implemented to foster human resource development. These programs offered a wide range of opportunities, from employee participation at conferences to specialized training sessions and coaching for personal development. Developing a program for managerial staff, aimed at developing and supporting this group of employees, was another focus of the human resource development work. This scheme also allows managers to build up a multidisciplinary network devoted to the exchange of knowledge.

XING also invests in training for junior staff. The Company has eight apprentices for training as IT specialists in applications development, as IT specialists in systems integration, and as office clerks. It also trains dual-course students working towards a Bachelor of Arts or Bachelor of Science degree. This allows young people to gain in-depth, practical business experience and insights into the various departments within the Company.

XING also offers its employees a number of fringe benefits, such as subsidized company pensions, subsidized local transport tickets, restaurant vouchers, free drinks, organic fruit, and medical travel insurance.

The management of XING AG was especially proud to have been voted Hamburg's best employer in the online industry. XING AG received the "Hamburg's best employer of 2012" seal of quality at an official ceremony held on January 26, 2012. XING AG also won a special "transparency" prize, as the jury found that both employees and managers considered the level of transparency and communication at the Company to be exemplary.

Disclosures under take-over law in accordance with Section 315 (4) HGB and explanatory report of the Executive Board in accordance with Section 176 (1) sentence 1 AktG

The following disclosures in accordance with Section 315 (4) HGB ["Handelsgesetzbuch": "German Commercial Code"] reflect circumstances as of the balance sheet date. The following explanation of these disclosures also complies with the requirements for an explanatory report according to Section 176 (1) sentence 1 AktG ["Aktiengesetz": "German Stock Corporation Act"].

Subscribed capital

The Company's share capital was increased in 2011 by €134,325 through the issue of 134,325 no-par-value shares under the stock option programs for employees. It amounted to €5,426,321 as of December 31, 2011 (previous year: €5,291,996), and consists of 5,426,321 no-par-value registered shares each with a theoretical value of €1.00 in relation to the share capital. The entire share capital is fully paid up. All shares have been issued with equal rights.

Restrictions with regard to voting rights or the transfer of shares

The Executive Board is not aware of any restrictions that might affect the voting rights or transfers of shares.

Interests in the capital of the Company of more than 10 percent of the voting rights

As of December 31, 2011, as in the previous year, the Company was aware of a stake of 29.6 percent of the voting rights of XING AG held by Hubert Burda Digital GmbH, Munich, Germany.

The Company is not in possession of any other information or notifications pursuant to Sections 21 et seq. WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"] concerning shareholders indirectly and/or directly holding more than 10 percent of the capital and voting rights.

Appointment and dismissal of members of the Executive Board/changes to the articles of incorporation

Any appointment or dismissal of members of the Executive Board is subject to Sections 84, 85 AktG and item 7 of the articles of incorporation in the version of May 26, 2011. In accordance with item 7 (1) of the articles of incorporation, the Executive Board consists of one or several persons. The Supervisory Board determines the number of members of the Executive Board. The articles of incorporation do not provide any special rules for the appointment or dismissal of individual or all members of the Executive Board. Any such appointment or dismissal is the responsibility of the Supervisory Board.

Changes to the articles of incorporation are made in accordance with Sections 179, 133 AktG. The articles of incorporation have not made use of the option of specifying further requirements applicable to changes to the articles of incorporation. Unless mandatory provisions of law require otherwise, the resolutions of the AGM are adopted with a simple majority of the votes cast and, if the law requires a capital majority in addition to a majority of the votes, with a simple majority of the share capital represented when the resolution is adopted. In accordance with items 5.3 to 5.6 and 18 of the articles of incorporation in the current version of May 26, 2011, the Supervisory Board is authorized to make changes to the articles of incorporation that concern only the version.

Powers of the Executive Board to issue and buy back shares

The powers of the Executive Board of the Company to issue or buy back shares are all based on associated authorizing resolutions of the General Meeting, the contents of which are described below.

Authorized capital 2006

The authorized capital 2006 would have run out by October 31, 2011. In 2011 the Executive Board had not drawn on the authorized capital 2006 by that date.

The authorized capital 2006 was rescinded by the General Meeting on May 26, 2011, and replaced with the new authorized capital 2011.

Authorized capital 2011

By resolution of the AGM on May 26, 2011, the Executive Board was authorized to increase the Company's share capital, with the approval of the Supervisory Board, by up to €2,645,998.00 in the period ending May 25, 2016, by issuing on one or more occasions new registered shares in return for cash and/or non-cash contributions (authorized capital 2011). The number of shares must increase by the same ratio as the share capital. The shareholders must be granted subscription rights. The new shares may also be assumed by one or more financial institutions chosen by the Executive Board with the obligation to offer them to shareholders (indirect subscription right). The Executive Board is however authorized to exclude the subscription right of shareholders, with the consent of the Supervisory Board,

(1) to eliminate fractional amounts;

(2) if the shares are issued in return for non-cash contributions, particularly for the purpose of acquiring companies, divisions, equity interests, or other assets associated with an intended acquisition, or for merger-related purposes;

(3) if the Company's shares are issued in return for cash contributions and the strike price per share is not substantially less than the stock market price of the shares that are endowed with essentially the same rights and already listed as of the date on which the strike price is definitively set. Neither at the time at which this authorization becomes effective nor at the time at which it is exercised is the number of shares issued in this manner with the exclusion of subscription rights allowed to exceed 10 percent of the share capital. Other shares issued or sold during the term of this authorization with exclusion of subscription rights in direct or analogous application of Section 186 (3) sentence 4 AktG must count towards this ceiling. Also to be counted towards this ceiling are shares to be issued to service option and/or conversion rights, conversion obligations from convertible and/or warrant bonds, or share options, if these bonds or share options were issued during the term of this authorization with the exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 AktG;

(4) if the shares are offered for acquisition by, or transferred to, employees of the Company and/or employees or members of the management of an enterprise affiliated with the Company within the meaning of Section 15 AktG. The new shares may also be issued to a suitable financial institution that assumes the shares with the obligation to pass them on exclusively to persons who are eligible hereunder. Neither at the time at which this authorization becomes effective nor at the time at which it is exercised is the number of shares so issued with the exclusion of subscription rights allowed to exceed 2 percent of the share capital.

The proportion of share capital attributable to shares issued with the exclusion of shareholders' subscription rights in return for cash or non-cash contributions must altogether not exceed 25 percent of the Company's share capital existing at the time at which the authorization becomes effective.

The Executive Board is authorized, with the approval of the Supervisory Board, to define the content of subscription rights, the details of capital increases, and the terms on which shares are issued, particularly the strike price.

Authorized capital 2008

The Executive Board is further authorized to increase, with the approval of the Supervisory Board, the share capital–in full or in part, on one or more occasions – by a total of up to €675 thousand in the period ending May 20, 2013, by issuing up to 675 thousand new no-par-value registered shares in return for cash and/or non-cash contributions (2008 authorized capital). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized to exclude, with the approval of the Supervisory Board, fractional amounts from shareholders' subscription rights and to exclude subscription rights to the extent necessary to ensure that holders of warrants, convertible bonds, or warrant-linked bonds issued by the Company or subordinate domestic or foreign Group companies can be granted subscription rights for new shares to the extent that they would be so entitled if they exercised their options or conversion rights or the Company met its conversion obligations.

Furthermore, the Executive Board is authorized to exclude shareholder options, with the approval of the Supervisory Board, if the strike price of the new shares is not significantly lower than the market price of already listed shares of the same category and rights per Sections 203 (1) and (2), 186 (3) sentence 4 AktG at the time at which the strike price is definitively set by the Executive Board, and if the total value of the shares issued per Section 186 (3) sentence 4 AktG does not exceed 10 percent of the existing share capital when the authorization is entered, or – if lower – the existing share capital at the time at which the new shares are issued. Shares that have been sold or issued with the exclusion of subscription rights on the basis of other authorizations in direct or analogous application of Section 186 (3) sentence 4 AktG must count towards this ceiling.

The subscription right of shareholders is excluded in the event of capital increases in return for non-cash contributions, particularly in connection with the acquisition of companies, equity participations, or assets. The Executive Board is also authorized to define, with the approval of the Supervisory Board, additional content of subscription rights and the terms of the share issue.

The Executive Board has not yet made use of this authorization.

The authorized capital 2008 was cancelled in the AGM held on May 26, 2011, and has been replaced by new authorized capital 2011.

Contingent capital I 2006

By resolution of the AGM of November 3, 2006, and in observance of the amendments by resolution of the AGM of May 28, 2009, the share capital of the Company was contingently increased by €200,822.00 through the issue of up to 200,822 new no-par-value registered shares (2006 contingent capital I). The contingent capital I 2006 serves to ensure that the Company can satisfy subscription rights arising from stock options that, pursuant to the authorization granted at the AGM on November 3, 2006, and the amendments by resolution of the AGM of May, 28, 2009, were issued by the Company in the period ending October 31, 2011, as part of the 2006 stock option plan. The contingent capital increase will be implemented only to the extent that stock options are issued, the holders of these stock options exercise their subscription rights for shares in the Company, and the Company does not grant its own shares or a cash settlement in satisfaction of the subscription rights. The shares are issued out of the contingent capital at the exercise price set in accordance with c) (e) of agenda item 6 of the AGM on November 3, 2006. The new shares participate in the profits from the beginning of the financial year in which the AGM has, as of the time at which the subscription right is exercised, not yet adopted a resolution concerning the appropriation of cumulative profit.

The share capital increased by €674.00 through the issue of 674 subscription shares in 2009 for the nominal par of €674.00. Contingent capital I 2006 thus amounted to €200,148.00 as of December 31, 2009. In 2010 the share capital was increased by €19,549.00 through the issue of 19,549 subscription shares with a theoretical nominal value of €19,549.00. Contingent capital I 2006 thus amounted to €180,599.00 as of December 31, 2010. In 2011 the share capital was increased by €101,386.00 through the issue of 101,386 subscription shares with a calculated nominal value of €101,386.00. Contingent capital I 2006 thus amounts to €79,213.00.

Contingent capital II 2006

By resolution of the AGM of November 3, 2006, the share capital of the Company was contingently increased by €1,540,680.00 through the issue of up to 1,540,680 new no-par value registered shares (contingent capital II 2006). Contingent capital II 2006 serves exclusively to ensure that holders of options or conversion rights can be granted new shares issued by the Company, or by companies in which the Company directly or indirectly holds a majority interest, pursuant to the authorizing resolution of the AGM of November 3, 2006, under agenda item 7 a). The new shares will be issued at the conversion or option price to be set in accordance with the aforementioned authorizing resolution. The contingent capital increase will be implemented only insofar as the holders of the conversion or option rights make use of their conversion or option rights or fulfill the conversion obligations arising from such debt instruments. The shares will participate in profit from the beginning of the preceding financial year if they are created before the start of the Company's AGM; otherwise, they will participate in profit from the start of the financial year in which they are created. No shares were issued in 2011 based on contingent capital II 2006.

Contingent capital 2008

The share capital of the Company was contingently increased by €231,348.00 through the issue of up to 231,348 new no-par value registered shares (contingent capital 2008). Contingent capital 2008 serves exclusively to ensure that holders of options or conversion rights can be granted new shares issued by the Company, or by companies in which the Company directly or indirectly holds a majority interest, pursuant to the authorizing resolution of the AGM of May 21, 2008.

The contingent capital increase will be implemented only insofar as the holders of the debt instruments exercise their conversion or options rights. The new shares will participate in profit from the beginning of the financial year in which they are created.

Contingent capital 2008 was partially rescinded by resolution of the AGM on May 28, 2009, and amounted to €129,137.00 as of December 31, 2010. The share capital increased by €32,939.00 through the issue of 32,939 subscription shares in 2011 for the nominal par of €32,939.00. Contingent capital 2008 thus amounts to €96,198.00.

Contingent capital 2009

The share capital of the Company was contingently increased by a total of €197,218.00 through the issue of up to 197,218 new no-par value registered shares (contingent capital 2009). Contingent capital 2009 serves exclusively to ensure that holders of option or conversion rights can be granted new shares issued by the Company, or by companies in which the Company directly or indirectly holds a majority interest, pursuant to the authorizing resolution of the AGM of May 28, 2009.

The contingent capital increase will be implemented only insofar as the holders of the debt instruments exercise their conversion or options rights. The new shares will participate in profit from the beginning of the financial year in which they are created.

Contingent capital 2009 was partially rescinded by resolution of the AGM on May 27, 2010, and amounts to €102,900.00. No shares were issued in 2011 based on contingent capital 2009.

Contingent capital 2010

The share capital of the Company was contingently increased by up to €94,318.00 through the issue of up to 94,318 registered no-par value shares (contingent capital 2010). Contingent capital 2010 serves to ensure that the Company can satisfy subscription rights arising from stock options issued by the Company as part of the 2010 Stock option plan on the basis of the authorization granted at the AGM on May 27, 2010. The contingent capital increase will be implemented only to the extent that stock options are issued, the holders of these stock options exercise their subscription rights for shares in the Company, and the Company does not grant its own shares or a cash settlement in satisfaction of the subscription rights. The shares are issued out of the contingent capital 2010 at the exercise price set in accordance with point 8 letter d) item (5) of the resolution of the AGM on May 27, 2010. The new shares will participate in profit from the beginning of the financial year in which they are created.

No shares were issued in 2011 based on contingent capital 2010.

As of the reference date December 31, 2011, a total of 363,675 stock options (previous year: 381,017) that have yet to expire or be exercised had been issued to employees, managers, and the Executive Board.

Authorization to purchase treasury shares

By resolution of the AGM of May 27, 2010, and with rescission of the previous resolution of May 28, 2009, the Executive Board was authorized as follows to purchase treasury shares:

a) Authorization to purchase treasury shares
   The Executive Board is authorized to purchase by May 26, 2015, treasury shares up to a total of 10 percent of the Company's existing share capital of €5,272,447.00 as of the time at which the resolution is adopted. The purchased shares, together with other treasury shares held by the Company or attributable to the Company according to Sections 71a et seq. AktG, must never account for more than 10 percent of the share capital. This authorization must not be used for the purpose of trading treasury shares.

   The authorization can be exercised in whole or in partial amounts, on one or more occasions, in pursuit of one or more purposes, by the Company or by enterprises that are dependent on the Company or in which the Company holds a majority interest, or by third parties acting for their account or for account of the Company.

b) Types of acquisition
At the option of the Executive Board, the shares may be acquired (1) through the stock exchange or (2) on the basis of a public offer directed to all shareholders or on the basis of a public invitation, directed to all shareholders, to submit offers for sale.

(1) If the shares are acquired through the stock exchange, the purchase price per share paid by the Company (exclusive of ancillary acquisition costs) must not differ by more than 10 percent from the price in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange as determined on the market trading day by the opening auction.

(2) If the shares are acquired on the basis of a public offer directed to all shareholders or on the basis of a public invitation, directed to all shareholders, to submit offers for sale,

- the offered purchase price per share (exclusive of ancillary acquisition costs), in the event of a public purchase offer directed to all shareholders, or,
- in the event of a public invitation directed to all shareholders to submit offers for sale, the limits of the purchase price range defined by the Company (exclusive of ancillary acquisition costs) must not differ by more than 10 percent from the average closing prices of the Company's shares in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange during the last five market trading days before the day of the public announcement of the public purchase offer or the public invitation to submit offers for sale.

If the relevant share price changes significantly after the publication of a public offer directed to all shareholders or a public invitation directed to all shareholders to submit offers for sale, the purchase offer or the invitation to submit offers for sale can be adjusted. In this case, the price will be based on the average of the closing prices of the Company's shares in the Xetra trading system (or a comparable successor system) on the Frankfurt stock exchange during the last five market trading days prior to the public announcement of the adjustment.

If a public purchase offer directed to all shareholders is oversubscribed, it can be accepted only proportionally. If several equivalent offers are submitted in the event of a public invitation directed to all shareholders to submit offers for sale, and if not all of these equivalent offers can be accepted, the offers will be accepted only proportionally.

Small lots of up to 100 shares per shareholder may be accepted on a preferential basis.

The public purchase offer directed to all shareholders or the public invitation directed to all shareholders to submit offers for sale may be subject to further conditions.

c) Use of treasury shares
The Executive Board is authorized to use, with the approval of the Supervisory Board, the treasury shares purchased on the basis of this authorization for all lawful purposes, and in particular for the following purposes:

(1) The shares can be sold in ways other than through the stock exchange or on the basis of an offer to all shareholders if the purchase price to be paid in cash is not substantially lower than the market price of the already listed shares endowed with essentially the same rights. The number of shares sold in this way – together with the number of new shares issued during the term of this authorization out of authorized capital, with the exclusion of subscription rights according to Section 186 (3) sentence 4 AktG, and the number of shares that can be created through the exercise of option and/or conversion rights, or fulfillment of conversion obligations from option and/or convertible bonds, and that are issued during the term of this authorization with the exclusion of shareholders' subscription rights according to Section 186 (3) sentence 4 AktG – must not exceed 10 percent of the share capital.

(2) The shares can be sold in return for a non-cash contribution, particularly in connection with the acquisition of companies, divisions of companies, equity participations in companies, or mergers of companies.

(3) The shares can be used by the Executive Board or–if the Executive Board is a beneficiary–by the Supervisory Board to serve subscription rights to the Company's shares that have been or will be granted to members of the Company's Executive Board, selected senior executives, other key members of staff and employees of the Company, or members of management, selected managers, other key members of staff, or employees of enterprises affiliated with the Company according to Section 15 AktG
- under the 2006 stock option plan, whose establishment was authorized by the AGM of November 3, 2006, by resolution as to point 6 of the agenda, last amended by resolution of the AGM of May 28, 2009, as to point 10 of the agenda, or
- under the 2008 stock option plan, whose establishment was authorized by the AGM of May 21, 2008, by resolution as to point 7 of the agenda, amended by resolution of the AGM of May 28, 2009, as to point 10 of the agenda, or
- under the 2009 stock option plan, whose establishment was authorized by the AGM of May 28, 2009, by resolution as to point 11 of the agenda, or
- under the 2010 stock option plan, insofar as its establishment is authorized by the AGM of May 27, 2010, by resolution as to point 8 of the agenda. If this benefits members of the Executive Board of the Company, the Supervisory Board will decide on the use of treasury shares to service subscription rights.

(4) The treasury shares can be used to service conversion and option rights to the Company's shares. If treasury shares are to be transferred to members of the Company's Executive Board, this authorization is applicable to the Supervisory Board.

(5) The treasury shares can be offered for acquisition to, or transferred to, persons who are employed by the Company or by an enterprise affiliated with the Company according to Section 15 AktG, subject to a vesting period of not less than two years. They can also be offered for acquisition to, or transferred to, members of the Company's Executive Board or members of the management of an enterprise affiliated with the Company according to Section 15 AktG, subject to a vesting period of no less than two years. If members of the Company's Executive Board are beneficiaries, the Supervisory Board is responsible for selecting the beneficiaries and determining the volume of shares to be granted to them.

(6) The treasury shares can be retired without such retirement or the performance of such action requiring a further resolution of the AGM. They can be retired also in a simplified procedure without a capital reduction through adjustment of the proportionate theoretical interest of the other shares in the Company's share capital. If the shares are retired by the simplified procedure, the Executive Board is authorized to adjust the number of shares in the articles of incorporation.

The aforementioned authorizations can be used on one or more occasions, in whole or in part, individually or jointly. The authorizations under (2) and (3) can be used also by dependent enterprises or enterprises which are majority owned by the Company or by third parties acting for their account or for the account of the Company.

The shareholders' subscription rights to the treasury shares purchased on the basis of this authorization are excluded if these shares are used in accordance with the aforementioned authorizations under (1) to (5).

The Company's compensation agreements with members of the Executive Board or employees in the event of a take-over bid

In the event of a change in the Company's ownership that results in an obligation to submit a take-over bid (change of control), XING AG grants the CEO Dr. Stefan Gross-Selbeck, subject to further conditions, an exercisable and temporary special right of termination and payment of his capitalized total annual compensation (basic salary, target bonus assuming 100 percent goal attainment and ancillary benefits) for the remaining term of his service agreement, for a minimum period of one and a half years. The Executive Board member Ingo Chu shall receive, subject to comparable conditions, a severance payment equivalent to no more than twice his basic salary and bonus, assuming 100 percent goal attainment. The Executive Board members Dr. Stefan Gross-Selbeck and Ingo Chu shall in this case also receive a cash settlement for the stock options that are irredeemable upon termination of their contracts, the calculation base for the CEO Dr. Stefan Gross-Selbeck is to be increased by 50 thousand options if his employment agreement is terminated in the third or fourth year of his appointment.

Further disclosures

The other disclosures required under Section 315 (4) HGB concern conditions that are not present at XING AG. There are no holders of shares with special rights conferring control powers, restrictions on the exercise of voting rights attached to employee shares, or major agreements that are subject to the condition of a change of control following a take-over bid.

Risk report

Principles of risk management

Permanent monitoring and management of risks are key tasks of a listed company. For this purpose, the Company has implemented the early risk-recognition system required in accordance with Section 91 (2) AktG and continuously develops it within the context of current market and company developments. As was the case in the previous year, the auditor of the consolidated financial statements again confirmed the functionality of the system.

Each individual employee is required to avert potential damage from the company. His task is to immediately remove all risks in his own area of responsibility and to immediately notify the corresponding contacts in the event of any indications of existing risks or risks which might arise. An essential requirement for such a task is knowledge of the risk management system and maximum risk awareness of employees. For this reason, XING familiarizes its employees with the risk management system in regular introductory events and also with the aid of information material, and draws their attention to the significance of risk management.

The Company continuously identifies and analyzes potential risks. Identified risks are then systematically evaluated as to their probability of occurrence and the expected potential damage. The persons with risk responsibility and senior executives are questioned with regard to the status of existing risks and the identification of new risks in the course of quarterly risk inventories and status queries.

The subsidiary amiando GmbH was integrated into the Company's risk management system in 2011. Here, potential risks are continually identified and analyzed and persons with risk responsibility and senior executives are questioned with regard to the status of existing risks on a quarterly basis. This integration helps to ensure early recognition of any risks originating from the subsidiary that may have a negative long-term impact on the Group.

Internal control system

In accordance with Section 315 (2) no. 5 HGB, as a capital market-oriented corporation, we are obliged to describe the key features of the internal control and risk management system with regard to the accounting process.

We consider the internal control and risk management system to be a comprehensive system, and use the definitions of the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf, concerning the accounting-related internal control system and the risk management system. An internal control system is defined as the principles, procedures and measures which have been introduced by management in the company, and which are designed to ensure the organizational implementation of the decisions of management

- for ensuring the effectiveness and efficiency of business operations (this also includes protection of assets, including the prevention and identification of asset losses),
- regarding the adequacy and reliability of internal and external accounting as well as
- for complying with the legal regulations which are relevant for the Company.

The risk management system comprises all organizational rules and measures for recognizing risk and for handling the risks associated with business activities.

The following structures and processes are implemented at XING AG with regard to the accounting processes of the integrated companies and the Group accounting process:

The Executive Board of the Group bears overall responsibility for the internal control and risk management system with regard to the accounting processes of the integrated companies and the Group accounting process. All companies integrated in the consolidated financial statements are involved via a defined management or reporting organization. Within this reporting organization, the Group Executive Board is (constantly) provided with information concerning the following measures: definition of the risk fields which might result in developments posing a threat to the continued existence of the company as a going concern; risk recognition and risk analysis; risk communication; allocation of responsibilities and tasks; establishment of a monitoring system; documentation of the measures which have been taken. In addition, this reporting organization defines that major risks are reported immediately to the Group's Executive Board when they occur.

The principles, the structure and procedure organization as well as the processes of the accounting-related internal control and risk management system are recorded in guidelines and organizational instructions throughout the Group; these are adapted and brought into line with current external and internal developments at regular intervals.

- With regard to the accounting processes of the integrated companies and the Group accounting process, we consider that those features of the internal control and risk management system which can have a major impact on Group accounting and the overall statement of the consolidated financial statements including the Group management report are of crucial importance. These comprise in particular the following elements:
- Identification of the main risk fields and control areas which are relevant for the Group-wide accounting process;
- monitoring controls for monitoring the Group-wide accounting process and the related results at the level of the Group Executive Board and also at the level of the companies included in the consolidated financial statements;
- preventative control measures in the financial and accounting systems of the Group and of the companies included in the consolidated financial statements, as well as in operational management processes which generate major information for preparing the consolidated financial statements including the Group management report, including functional segregation and pre-defined approval processes in relevant areas;

- measures which are designed to ensure proper EDP-based processing of accounting-relevant issues and data;
- the tasks of the internal audit system for monitoring the accounting-relevant internal control and risk management system are not carried out by an "internal audit" staff department; instead, this is the responsibility of the Controlling and Accounting departments. In addition, the Supervisory Board has arranged for additional audit actions to be carried out by the auditor.

In relation to the Group-wide accounting process, the Group has also implemented a risk management system which comprises measures for identifying and measuring major risks as well as appropriate measures for limiting risk in order to ensure the correctness of the consolidated financial statements. The Executive Board and Supervisory Board also continually look into ways of further optimizing the risk management system processes.

Strategic risks

Market and sales risks

XING AG competes with companies which offer similar services. New competitors may also occur on the market in future. Revenues would probably be negatively affected if XING AG were to lose customers to these competitors. Competitors might be able to offer services which are superior to the services which are offered by XING AG. In addition to the direct competition posed by social networks, further competitors may also arise in the form of companies which are closely related to the sector. These include search engines which extend their portfolio by way of community structures or major portal providers who already have a wide range of users, e.g. by means of email services. In addition, as a result of strategic cooperations between foreign competitors and companies with extensive reach in the D-A-CH region, competitors might be able to penetrate XING's home market even more rapidly and exert additional pressure on XING growth with their prices and services. The increasing availability of mobile devices with Internet capability can also lead to competition from mobile communities.

Generally, there is a risk of a significant increase in customer losses due to unforeseen external or internal factors. XING AG is mainly combating these risks by constantly improving and extending its own services, and also by means of strategic partnerships. In addition, XING AG permanently monitors the development in member numbers and can take a timely response by means of prepared measures and crisis plans in the event of sudden signs of customer losses.

Payment and receivables management

Because payment defaults would result in loss of revenues, the efficient billing of payments and the entire receivables management are extremely important for the Company. The involvement of external service providers means that there are certain dependencies in this particular field. The company combats this risk by way of the legal structure of the respective partnerships. Appropriate contract forms in particular ensure that the dependency on service providers is minimized, the necessary service standards are met, and that the risk of technical failures is minimized.

Risks of customer support

XING AG is continuously expanding its business model to include additional sources of revenues. This policy reduces the company's dependency on membership subscriptions. However, this fact does not involve any deviation from the principle of XING AG, whereby customer satisfaction enjoys maximum priority not only with regard to financial success. Because of XING AG's own stringent requirements regarding the quality of its platform, members expect that the Company will refuse to accept any compromises in terms of quality. This comprises in particular the identification of incorrect profiles and tracing inappropriate or offensive comments on the platform.

As a result of the strong identification of many members with XING, the Company usually receives direct and rapid feedback with regard to certain processes on the platform. This means that XING AG is able to respond promptly where necessary and to avert membership cancellations which would result in losses in terms of revenues.

Financial risks

The default risk attributable to receivables from subscriptions of Premium members was less than 1 percent of the total revenues last financial year, and is thus not of material significance.

XING AG limits its liquidity risk by depositing its cash and cash equivalents exclusively with banks with high ratings. The main business model of Premium memberships and corresponding regular cash inflows provide the Company with adequate liquidity. In addition, there is also a liquidity preview. This means that the solvency of the company is guaranteed at all times.

IT risks

Risks in network security, hardware and software

In order to perform its services, XING AG 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 XING and the related hardware and software are vital to the success of the Company's business.

The Company's systems, 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). Attacks against the platform of XING AG might result in the destruction or alteration of stored personal data, or might mean that personal data could be used for unlawful purposes or without approval. These risks include identity theft, credit card fraud or other cases of fraud, advertising emails and spam emails from companies which are not affiliated with XING AG.

The above problems might cause interruptions to operations which increase operating expenses and considerably damage the Company's reputation.

XING AG is permanently engaged in ensuring the security of its systems and 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 cannot be excluded.

Process and organization risks

Risks of product development

XING AG aims to achieve constant and pro-active improvement of the platform. The Company is aware that defective or low-quality products and functions can have a considerably negative impact on the Company.

In order to minimize risk, a special team of employees has been set up to test new products and functionalities and has also been made responsible for constant quality assurance. In addition, the process of developing new functionalities and changes on the platform will usually be accompanied by a process of exchanging information between XING AG and its customers.

Breaches of data protection and privacy law

The members provide extensive personal data to the Company. XING AG stores these data on its servers in Germany. These data are accessible to members located both within and outside the European Union. In addition, XING AG 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 privacy laws as well as the data protection and privacy laws of other countries.

If XING AG 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 XING AG and its management.

Any violation of data protection regulations and laws designed to protect personality rights might also have a negative impact on the Company's reputation and its ability to sign up new members and to retain the loyalty of existing members. Indeed, this might even mean that the Company will no longer be able to offer and provide some or all of its services temporarily or permanently in some countries. XING AG 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 advisers, and measures for monitoring and complying with these provisions are reviewed and revised as necessary. The Company reviews potential implications for data protection law of new functionalities of the platform before they are introduced.

Such new functionalities are only released if compliance with all relevant data protection regulations is guaranteed.

Overall statement regarding the Company's risk situation

As part of an overall assessment of the Group risks, the most significant are IT risks as well as the risks attributable to the satisfaction of existing customers and the signing-up of new customers. Overall, the risks in the Group are of manageable proportions. The future of the Company as a going concern is also assured.

Report on post-balance sheet date events

There were no events after the end of financial year 2011 that are subject to disclosure.

Dividend payment

The Executive Board and Supervisory Board of XING AG intend to give the shareholders of XING AG a direct share in the good financial performance of XING AG. At the next AGM on June 14, 2012, the Executive Board and Supervisory Board therefore want to propose paying out a dividend of €0.56 per share to the shareholders. XING AG's cash generating business model (much of the revenue is prepaid) has put it in a position, despite investments in further growth, to regularly distribute profits to its shareholders without limiting the Company's future development. With the available liquidity of more than €46 million, additional external financing opportunities and through use of the authorized capital, strategically sensible and value-adding M&A transactions could be carried out in the future as well.

Forecast and opportunity report – Expected performance

General conditions

Economic outlook

Economic forecasts are subject to numerous influencing factors that, owing to the current turbulence in the financial markets in the wake of the sovereign debt crises in the euro zone, frustrate any attempt to arrive at valid estimates. The forecasts for future economic growth in Germany often tend to fluctuate wildly and are regularly adjusted upwards or downwards. At the end of December, the German federal government was expecting gross domestic product growth of 1 percent for 2012. In January the prediction was reduced to 0.7 percent growth. The federal government assumes an improvement in 2013 and expects GDP growth of 1.6 percent for that year. The extremely gratifying situation in the labor market and the German industry's healthy order volume are at this time lessening the risk of a recession in Germany.

Expected industry performance

Social networks continued to gain importance in 2011. According to a BITKOM survey, 74 percent of all Internet users in Germany are already represented in social networks. In the subcategory of professional networks, penetration remains relatively low at approximately five percent of the total population. XING AG therefore expects this business line to see a further increase in penetration and continuous growth in membership in the coming years.

In the market for recruiting and job ads, future development depends largely on the expected labor market situation in the D-A-CH region and is therefore subject to a structurally stronger cycle than, for example, the subscriptions business. However, the Company expects that the persistent shortage of skilled labor will become more severe even as the labor market deteriorates, and that there will be a considerably greater need to actively approach suitable candidates and for employers and recruiters to have a presence in social networks. Moreover, the management discerns two trends in this industry that will make XING AG's "e-Recruiting" business less likely than traditional job portals to react cyclically. The Company assumes, first, that the online share of the job ad market will further increase in the coming years and, second, that a change will take place within the "e-Recruiting" market from traditional offers to offers through social media. For this reason the Company expects further high rates of growth, even if not at the level of 2011.

Expected development of the Company's results of operations

During the past financial year, XING AG considerably stepped up its diversification of sales and revenue sources and, with its acquisition of the Munich-based event provider amiando, set up a fourth pillar with major growth potential. As already described in connection with the explanation of the Company's strategic focus, membership growth and increased activity in 2012 – non-financial performance indicators – have a considerably higher priority for the Company than improvements in financial ratios. The management is optimistic that, also in the next two years, it will be able to further increase revenues in all business lines and similarly expand earnings adjusted for special factors (EBITDA). Special factors to be adjusted for include, for example, restructuring costs, results of disposals, impairment costs, other non-operating expenses, and other non-operating income. The special factors are positive or negative effects which occur only once or only rarely and which, in their nature and extent, are unusual and of major significance and thus distort the result from operations.

Expected financial position and net assets

XING AG has a strong business model. A significant share of revenues – even in the vertical business lines – is prepaid by customers and members. The Company's operating cash flow is accordingly high. The available liquidity is not needed to finance business operations. The investment volume will be in the high single digit million range each in both of the next two years. In addition, XING AG is free from debt and will therefore continue to enjoy a high degree of financial flexibility in the coming years.

Opportunity report

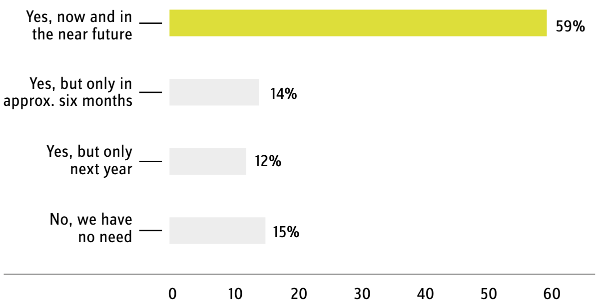
With more than 5 million members, the XING platform is the largest and at the same time most active business community in the German-speaking world. It offers the basis for numerous opportunities to continue or expand the excellent financial results and high profitability of XING AG in the years to come. Its growth potential is considerable. As of the end of 2011, the penetration rate for professional networks in the D-A-CH region stands at about 5 percent. In other European countries, professional networks have already reached 15 percent of the total population. This shows that XING AG's core markets have the potential for further growth in the coming years – partly through better penetration of new target groups such as students or other industries. The accelerating pace of innovation at XING AG and the associated platform improvements and product innovations, such as XING Beta Labs, Freelancer Marketplace, Polls, cooperation opportunities in the mobile division, and the planned opening of the platform for third-party providers (API), also present numerous opportunities to further increase the community's total activity and even to identify new potential for monetization.

In the future, the largest business lines, "Subscriptions", which accounts for 70 percent of revenues, will appeal to new customer segments through the conversion of basic to Premium memberships and the establishment of other new forms of membership – such as the Sales membership introduced in November 2011 – and stimulate further growth in this area as well. In total, this business line will naturally experience a further slackening of revenue growth because of the high proportion of paying members already achieved, and its share of revenue will further decline in favor of the vertical business lines.

With growth of more than 60 percent, the "e-Recruiting" business line generated record revenues of €11.7 million during the period under review. With its platform (www.xing.com), the Company offers an efficient and cost-effective channel for advertising vacant positions and identifying and approaching talented personnel. In this business line the management sees two major opportunities for XING AG to position itself as the leading German provider in social media recruitment. First, the share of offline job ads in daily newspapers, magazines, etc. will further decline and allow correspondingly higher personnel marketing budgets to flow into "online job ads" in the future. Second, XING AG anticipates that these budgets will flow away from traditional online job ads and increasingly into "social media recruiting". This view is also supported by a recent survey by the portal http://www.socialmedia-recruiting.com, according to which nearly 60 percent of all personnel managers see a need for action when it comes to social media recruiting. These trends offer numerous opportunities to further increase revenue and income from the "e-Recruiting" business line in the years to come.

Social media use

Survey: Do you consider that your company currently needs to take action for social media recruiting?



Source: Socialmedia-Recruiting.com, Social Media Recruiting Study 2011

In the business line "Advertising", revenues and income are generated mainly through the marketing of advertising space at www.xing.com (display advertising) along with paid Company Profiles. There are further opportunities and potential in this area as the result of increasing platform use, the introduction of new advertising forms and formats, and the growing interest of companies in expanding their social media communication strategies and in building and maintaining their own presence in professional networks such as XING.

The newest business line, "New Verticals", has until now comprised exclusively the event business of XING AG. With the acquisition of amiando AG in Munich, Germany, the Company has opened up further potential for growth. By integrating the ticketing function into the XING platform, further expanding this sub-business line internationally, and establishing mobile applications in the coming years, this business line can develop into an important and fast-growing source of income for XING AG.

Legal disclosures

Declaration of corporate governance

The declaration of corporate governance according to Section 289a HGB is reproduced on our website at http://corporate.xing.com/english/investor-relations/corporate-governance/hgb-289a/. It contains a description of the working practices of the Executive Board and Supervisory Board, the declaration of compliance according to Section 161 AktG, and disclosures concerning essential corporate governance practices.

Compensation report

The compensation report explains the amount and structure of Executive Board income and summarizes the principles according to which the Executive Board of XING AG is compensated. It also contains information about the principles according to which and the amount in which the Supervisory Board is compensated. In addition, the compensation report provides information on the shareholdings of the Executive and Supervisory Boards. Because the compensation report follows the recommendations of the German Corporate Governance Code and contains disclosures pursuant to Section 315 (2) No. 4 HGB, the full compensation report is to be found on the pages 23-26 and is a part of the group management report.

Hamburg, March 27, 2012

The Executive Board

Dr. Stefan Gross-Selbeck | Ingo Chu

Dr. Helmut Becker | Jens Pape

CONSOLIDATED FINANCIAL STATEMENTS
for the financial year from January 1 to December 31, 2011

Consolidated income statement
for the financial year from January 1 to December 31, 2011

in € thousand	Note	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Service revenues	8	65,103	53,499
Other operating income	9	1,047	783
Total revenues		**66,150**	**54,282**
Personnel expenses	10	(23,519)	(17,717)
Marketing expenses	11	(5,706)	(6,815)
Other operating expenses	12	(14,690)	(13,029)
EBITDA		**22,235**	**16,721**
Depreciation and amortization	13	(22,402)	(5,199)
EBIT		**(167)**	**11,522**
Interest income	14	504	84
Interest expenses	14	(14)	(74)
EBT		**323**	**11,532**
Taxes on income	15	(4,969)	(4,321)
Net loss/net profit		**(4,646)**	**7,211**
Earnings per share (undiluted) in €	16	(0.87)	1.37
Earnings per share (diluted) in €	16	(0.84)	1.37

Statement of comprehensive income

for the financial year from January 1 to December 31, 2011

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Net loss/net profit	(4,646)	7,211
Currency translation adjustment	(51)	(20)
Other result	**(51)**	**(20)**
Total result for the period	**(4,697)**	**7,191**

Consolidated balance sheet

as of December 31, 2011

Assets in € thousand	Note	**12/31/2011**	**12/31/2010**
Non-current assets			
Intangible assets			
Software and licenses	17	2,296	2,969
Internally generated software	17	7,072	7,416
Goodwill	17	5,574	13,440
Other intangible assets	17	2,915	3,368
Property, plant and equipment			
Tenant improvements	17	850	883
Other plant and machinery		4,512	2,012
Down payments and assets under construction	17	20	350
Financial assets			
Equity participations	17	51	50
Other financial assets	17	23	35
Deferred tax assets	15	758	485
		24,071	**31,008**
Current assets			
Receivables and other assets			
Receivables attributable to services	18	5,663	4,573
Tax refund assets	18	7	139
Other assets	18	1,888	825
Cash and cash equivalents and other short-term deposits			
Cash and other current deposits		66,196	59,036
Third-party cash and cash equivalents	18	2,021	0
		75,775	**64,573**
		99,846	**95,581**

Liabilities in € thousand	Note	12/31/2011	12/31/2010
Shareholders' equity			
Subscribed capital		5,426	5,292
Treasury stock	19	(2,367)	(3,041)
Capital reserves	19	14,008	29,586
Other reserves	19	15,700	14,867
Retained earnings	19	9,829	14,475
		42,596	**61,179**
Non-current liabilities			
Deferred tax liabilities	15	2,510	2,831
Deferred income	20	1,248	1,337
		3,758	**4,168**
Current liabilities			
Trade accounts payable	21	1,060	514
Deferred income	21	21,617	18,893
Tax provisions	21	30	4,884
Other liabilities	21	30,785	5,943
		53,492	**30,234**
		99,846	**95,581**

Consolidated cash flow statement

for the financial year from January 1 to December 31, 2011

in € thousand	Note	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Earnings before taxes		323	11,532
Amortization on capitalized development costs	13	2,798	1,730
Depreciation and amortization	13	19,604	3,468
Personnel expenses, stock option program	10	811	713
Personnel expenses, employee share program	10	25	0
Interest income	14	(504)	(84)
Interest received		312	84
Interest expenses	14	14	74
Taxes paid		(10,275)	(2,187)
Profit from disposal of fixed assets		(173)	(1)
Change in receivables and other assets		(2,168)	2,321
Change in liabilities		2,981	766
Change in other assets and liabilities due to the acquisition of consolidated companies		(1,802)	0
Change in deferred income		2,635	3,997
Elimination of amiando third-party obligations		(678)	0
Cash flow from operating activities		**13,903**	**22,413**
Capitalization of internally generated software	17	(2,454)	(2,792)
Purchase of other software	17	(536)	(1,089)
Purchase of other intangible assets	17	15	(1,050)
Result from the disposal of fixed assets		173	4
Purchase of property, plant and equipment	17	(3,695)	(1,793)
Purchase of consolidation companies (less cash acquired)	7	(5,411)	0
Investment in other finacial assets	17	0	(11)
Cash flow from investing activities		**(11,908)**	**(6,731)**

in € thousand	Note	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Capital increases		4,480	586
Sale of treasury stock		750	0
Interest paid		(14)	(74)
Cash flow from financing activities		**5,216**	**512**
Differences due to currency translation		(51)	(20)
Change in cash and cash equivalents		7,160	16,174
Cash and cash equivalents at beginning of period		59,036	42,862
Cash and cash equivalent at the end of the period [1]	18	**66,196**	**59,036**
Third-party cash and cash equivalents at beginning of period		0	0
Consolidation-related allocation of third-party cash and cash equivalents		1,343	0
Change in third-party cash and cash equivalents		678	0
Third-party cash and cash equivalents at the end of the period		**2,021**	**0**

[1] Cash and cash equivalents consist of liquid assets.

Consolidated statement of changes in equity

for the financial year from January 1 to December 31, 2011

in € thousand	Note	Subscribed capital	Capital reserves	Treasury stock	Other reserves	Retained earnings	Share-holders' equity, total
As of 01/01/2010		**5,272**	**40,586**	**(3,041)**	**2,607**	**7,264**	**52,688**
Currency translation	5	0	0	0	(20)	0	(20)
Total income and expense for the period recognised directly in equity		**0**	**0**	**0**	**(20)**	**0**	**(20)**
Net result		0	0	0	0	7,211	7,211
Total result for period		**0**	**0**	**0**	**(20)**	**7,211**	**7,191**
Reclassification due to offset of losses at XING AG		0	(11,567)	0	11,567	0	0
Capital increase from share-based payment		20	567	0	0	0	587
Personnel expenses, stock option program	10	0	0	0	713	0	713
As of 12/31/2010		**5,292**	**29,586**	**(3,041)**	**14,867**	**14,475**	**61,179**
As of 01/01/2011		**5,292**	**29,586**	**(3,041)**	**14,867**	**14,475**	**61,179**
Currency translation	5	0	0	0	(51)	0	(51)
Total income and expense for the period resognized directly in equity		**0**	**0**	**0**	**(51)**	**0**	**(51)**
Net result		0	0	0	0	(4,646)	(4,646)
Total result for period		**0**	**0**	**0**	**(51)**	**(4,646)**	**(4,697)**
Increase of share capital		20,000	0	0	0	0	20,000
Capital decrease		(20,000)	0	0	0	0	(20,000)
Distribution from capital reserves		0	(20.000)	0	48	0	(19,952)
Capital increase from share-based payment		134	4,346	0	0	0	4,480
Sale of treasury shares		0	76	674	0	0	750
Personnel expenses, stock option program	10	0	0	0	811	0	811
Personnel expenses, employee share program	10	0	0	0	25	0	25
As of 12/31/2011		**5,426**	**14,008**	**(2,367)**	**15,700**	**9,829**	**42,596**

Notes to the consolidated financial statements
for the financial year from January 1 to December 31, 2011

A Principles and methods

1. Information concerning the company

The company was founded in Hamburg, Germany, with the company agreement dated August 12, 2003 as a limit liability company (Gesellschaft mit beschränkter Haftung) under the name OPEN Business Club GmbH and was entered in the commercial registry on August 26, 2003.

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

The IPO of the Company took place on December 7, 2006, as a total of 5,201,700 shares were admitted to trading on the official market of the Frankfurt Stock exchange. The IPO consisted of a public offering in Germany, Switzerland and international private placings in other jurisdictions.

On July 9, 2007, the Company's name was changed from "OPEN Business Club AG" to "XING AG".

Measured in terms of the total number of individual visitors worldwide, XING operates one of the leading professional networking websites. The international, multilingual, internet-based platform is a "relationship engine" which provides its members with the opportunity of establishing new business contact, maintaining existing contacts, extending their operations to new markets, and exchanging opinion and information. XING generates its revenues primarily from membership subscriptions of Premium Members, and currently operates the platform without any paid advertising for Premium Members.

The registered offices of XING are located at Gänsemarkt 43, 20354 Hamburg, Germany.

2. Basis for preparing the financial statements

The consolidated financial statements of XING AG and its subsidiaries (referred to in the following as "XING", "XING AG" or "the Company") for the financial year ending December 31, 2011 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU and supplemented by the additional regulations of commercial law stipulated by section 315a (1) HGB.

The consolidated financial statements have been prepared under the cost method in Euros. Unless otherwise specified, all figures have been rounded to thousand Euros (€ thousand). The tables and figures included may therefore contain rounding differences.

The consolidated income statement for the financial year from January 1 to December 31, 2011 is displayed before the consolidated balance sheet dated December 31, 2011. Accordingly, the notes to the consolidated income statement for the period ending December 31, 2011 are displayed before the notes to the consolidated balance sheet.

The consolidated income statement has been prepared in accordance with the nature of expenses method. EBITDA is defined as earnings before interest, taxes and other financial results, plus depreciation and amortization. EBIT is defined as earnings before interest, taxes and other financial results. EBT is defined as earnings before income tax.

The consolidated financial statements and the Group management report of XING AG for the period ending December 31, 2011 were approved for publication by the Executive Board of March 27, 2012, and will be presented to the Supervisory Board of the Company for approval on March 27, 2012.

The accounting principles are based on the IFRS endorsed and adopted by the EU on the day on which the consolidated financial statements were signed by the Executive Board of XING AG.

The policies which have been adopted are consistent with those of the prior financial year, apart from the exceptions listed below:

New and revised standards and interpretations which are applicable for financial years which end on or after December 31, 2011:

IAS 24 Related Party Disclosures (revised)

The definition of "related parties" has been revised in order to facilitate the identification of relations with related parties, particularly with regard to a material influence and joint management. The application of the revised IAS 24 has not had any impact on the preparation of the net assets, financial position and results of operations of the Group.

IAS 32 - Financial Instruments: Disclosure and Presentation - Classification of Subscription Rights (amended)

The amendment of IAS 32 has adjusted the definition of a financial liability in order to enable certain subscription rights (as well as certain options and warrants) to be classified as equity if the company offers these rights to all current owners of the same category of its non-derivative equity instruments or in order to acquire a fixed number of equity instruments of the company for a fixed amount in any currency. The amendment has not had any impact on the preparation of the net assets, financial position and results of operations of the Group.

IFRIC 14 - Advance Payments as Part of Minimum Funding Requirements (amended)

This amendment enables companies to recognize an advance payment under minimum funding requirements as an asset. Because the Group is not subject to minimum funding requirements, the amendment of the interpretation did not have any impact on the preparation of the net assets, financial position and results of operations of the Group.

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 specifies that equity instruments which have been issued for repaying financial liabilities to creditors have to be classified as payment in accordance with paragraph 41 of IAS 39. Because the Group has not been involved in any such extinguishing of financial liabilities, this clarification has not had any impact on the preparation of the net assets, financial position and results of operations of the Group.

Improvements to IFRS (published in May 2010)

In May 2010, the IASB issued its third collection of amendments to existing IFRS standards with the aim of rectifying inconsistencies and clarifying certain passages. The application of the following new rules has resulted in amendments to accounting methods, but this had not had any impact on the presentation of the net assets, financial position and results of operations of the Group:

- IFRS 3 Business Combinations – Clarification that contingent payments from business combinations which took place before the application of IFRS 3 (revised 2008) have to be recognized in accordance with IFRS 3 (2004).

- IFRS 3 Business Combinations – Measurement of shares with a non-controlling influence.

- IFRS 3 Business Combinations – Unreplaced and voluntarily replaced share-based payment awards and their treatment in accounting for the business combination.

- IFRS 7 Financial Instruments: Disclosures – Clarification of the disclosures.

- IAS 1 Presentation of Financial Statements – Clarification of the statement of changes in equity.

- IAS 27 Consolidated and Separate Financial Statements – Application of provisional regulations of the IAS 27 (revised 2008) on the subsequent amendments in other standards.

- IAS 34 Interim Financial Reporting – Significant events and transactions.

- IFRIC 13 Customer Loyalty Programs – Fair value of an award credit.

Published standards which are not yet the subject of mandatory adoption:

Standards which had been published by the time at which the consolidated financial statements were published but which were not yet the subject of mandatory adoption are detailed in the following. The list sets out only those standards and interpretations which can reasonably be expected to have an impact on the disclosures as well the net assets, financial position and results of operations of the Group. The Group intends to apply the standards as soon as they are mandatory.

IAS 1 Presentation of Financial Statements - Presentation of elements of other result

The amendments to IAS 1 will result in an amendment to the grouping of items detailed under other result.

IAS 27 Separate Financial Statements (revised 2011)

With the adoption of IFRS 10 and IFRS 12, the scope of IAS 27 is limited to the accounting treatment for subsidiaries, joint ventures and associated companies in separate financial statements of the Group.

IAS 32 and IFRS 7 - Netting of Financial Assets and Financial Liabilities

The purpose of this amendment is to rectify existing inconsistencies by way of extending the application guidelines. However, the existing fundamental regulations regarding the netting of financial instruments have been retained. Additional disclosures have also been defined with the amendment.

IFRS 7 Financial Instruments: Disclosures - Improvement to disclosures regarding the transfer of financial assets

The amendment defines extensive new disclosures regarding transferred financial assets which have not been derecognized in order to enable readers of the consolidated financial statements to gain an understanding of these assets and corresponding liabilities.

IFRS 9 Financial Instruments: Classification and Measurement

The initial phase of preparing the introduction of IFRS 9 Financial Instruments comprises the classification and measurement of financial assets. Accordingly, all financial instruments which are in scope of IAS 39 have to be shown at fair value upon initial recognition. Under certain conditions, debt instruments can be subsequently measured at amortized cost of purchase. Equity instruments are measured either directly in equity or at fair value through profit or loss, whereby the company must take an irrevocable decision in this respect for each asset.

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes the stipulations of the previous IAS 27 Consolidated and Separate Financial Statements for group accounting and comprises issues which previously had been governed in SIC-12 Consolidation Special Purpose Entities.

IFRS 12 Disclosure of Interests in Other Entities

This standard governs uniform rules for the disclosure requirements applicable for group accounting, and consolidates the disclosures for subsidiaries which previously had been covered in IAS 27, the disclosures for joint ventures and associated companies which had previously been covered in IAS 31 and IAS 28, and also for structured companies.

IFRS 13 Fair Value Measurement

This standard defines uniform guidelines for measuring fair value.

3. Consolidation group and business combinations

The consolidated financial statements include the subsidiaries which are controlled by the parent company. A situation of control is assumed if the parent company directly or indirectly holds more than half of the voting rights of the subsidiary, unless it can clearly be shown that this holding does not constitute a situation of control. The subsidiaries are consolidated from the time at which the Group acquires control, and are no longer consolidated after the time at which the Group no longer exercises control.

The consolidation group in the consolidated financial statements comprises the following companies:

	12/31/2011 in %	12/31/2010 in %	Initial consolidation	Shareholders' equity as of 12/31/2011 in € thousand	Result 2011 in € thousand
XING Hong Kong Ltd., Hong Kong, China	100	100	2006	(49)	(5)
openBC Network Technology (Beijing) Co. Ltd., Beijing, China	100	100	2006	30	0
Grupo Galenicom Tecnologias de la Informacion (eConozco), S.L., Barcelona, Spain	100	100	2007	(10)	(5)
XING International Holding GmbH, Hamburg, Germany	100	100	2007	(31)	0
XING Networking Spain, S.L., Barcelona, Spain[1]	100	100	2007	160	34
EUDA Uluslararasi Danismanlik ve Bilisim Hizmetleri Limited Sirketi (XING Turkey), Istanbul,Turkey[2]	100	100	2008	97	(14)
XING Switzerland GmbH, Sarnen, Switzerland[1]	100	100	2008	37	8
XING Italy S.R.L., Mailand, Italy[1]	100	100	2009	35	0
Socialmedian Inc., Wilmington, Delaware, USA	100	100	2009	0	0
XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey[2]	100	100	2010	(4)	(3)
amiando GmbH (formerly: XING Events GmbH, Hamburg)[3]	100	100	2011	33	(2,851)

[1] 100 percent are held indirectly via a wholly owned interest in International Holding GmbH, Hamburg, Germany.
[2] 99.5 percent of shares are held indirectly via XING International Holding GmbH, Hamburg, Germany, and 0.5 percent of shares are held directly by XING AG.
[3] Before profit and loss absorption by XING AG.

In June 2010, XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey, was established with subscribed capital of TRY 5,000.

In December 2010, XING AG acquired Kronen tausend615 GmbH with registered offices in Berlin and with subscribed capital of €25 thousand; the latter was subsequently renamed XING Events GmbH with registered offices in Hamburg. In December 2010, the latter then acquired 100 percent of the shares in the Munich-based event platform amiando AG. The shares were transferred on January 5, 2011 for a fixed purchase price of €7.4 million, payable in two installments (€5.4 million in 2011 after closing, €2.0 million at the end of 2012). Additional earnouts in the amount of €0.4 million are agreed. The payment of the earnout and the second installment shall happen on December 31, 2012.

amiando AG was merged retrospectively as of December 30, 2010 with XING Events GmbH, and was simultaneously renamed amiando GmbH. The company was initially consolidated at the time of the transfer of shares on January 5, 2011, with due consideration being given to the merger of the two companies.

The outflow of funds in 2011 as a result of the company acquisition is shown in the following:

in € thousand	
Cash acquired with the company	1,343
Less acquired third-party cash	(1,343)
	0
Outflow of cash (1st installment)	(5,411)
Outflow of cash (net)	**(5,411)**

The present values of the identified assets and liabilities of amiando GmbH established in the course of the purchase price allocation (PPA) at the time of initial consolidation are as follows:

Initial consolidation in € thousand	**01/05/2011**
Purchase price incl. possible earnouts	7,821
Equity of XING Events GmbH	(27)
Equity of amiando AG	539
Purchase price allocations	**8,333**
Value of internally generated software	(445)
Value of brand/domain	(1,205)
Value of customer relations	(1,015)
Deferred tax assets	(973)
Deferred tax liabilities	879
Goodwill	**5,574**

The purchase price allocation took place as of January 5, 2011. The goodwill is attributable to anticipated synergies and other effects arising form the activities of amiando.

amiando GmbH generated revenues of €2.51 million and a negative result of €2.85 million in 2011.

The carrying amounts as of December 31, 2011 are shown in the following:

Development in the carrying amount of the acquisition amiando

in € thousand	**01/05/2011**	**Amortization/adjustment 2011**	**12/31/2011**
Internally generated software	445	(148)	297
Brand/domain	1,205	(301)	904
Customer relations	1,015	(145)	870
Goodwill	5,574	0	5,574
	8,239	**(594)**	**7,645**
Deferred tax assets	973	(215)	758
Deferred tax liabilities	(879)	515	(364)
	8,333	**(294)**	**8,039**

All internal balances, transactions, income and expenses as well as all results of internal transactions have been fully eliminated.

The subsidiaries were fully consolidated with the date of acquisition. The date of acquisition is defined as the date on which XING acquired control.

4. Key discretionary decisions and estimates

Drafting consolidated financial statements requires making assumptions and estimates, which have an effect on the stated figures and the explanations of said figures in the consolidated financial statements. Although these estimates are made in accordance with the best knowledge of management, actual results may differ from these estimates.

The carrying amounts recognized in accordance with IFRS 3 for the company transactions of XING in Spain and Turkey which were carried out in the years 2006 to 2008 amounted to €0.9 million as of December 31, 2011 for customer relations and €13.4 million for the goodwill, which essentially reflected the access to markets made possible by the acquisitions. Recent years have shown that, in addition to the acquisition of access to these markets, it would be necessary for considerable sums to be invested in order to establish business models in Spain and Turkey which, as far as can be seen at present, would generate profits in future. In view of the strong growth potential in the German-speaking world and the Company's existing market leadership, management is focusing on the D-A-CH region (Germany, Austria, Switzerland). In this connection, it has been decided that the international market access will no longer be utilized. Consequently, because the market access shown as goodwill and also the existing customer relations in Turkey and in Spain are no longer being used, according to the current status of planning, for generating future cash flows in the "platform" field, they no longer belong to the cash-generating unit (CGU) in accordance with IFRS 3, and have to be measured separately. The impairment test carried out every year by management has resulted in an impairment for the respective assets. Consequently, the carrying amounts of the customer relations have been amortized by €0.9 million to €0, and the carrying amounts of goodwill have been impaired by €13.4 million to €0.

Discretionary decisions are also necessary when recognizing development costs for software. The Company has made these estimates based on the information that was available at the time these financial statements were published. The carrying amount for capitalized development costs amounted to €7,072 thousand on December 31, 2011 (previous year: €7,416 thousand).

The costs for granting equity instruments to employees are measured within the Group using the fair value of the instruments at the time they are granted. In order to estimate the fair value of stock-based remuneration, the most appropriate valuation procedure for the granting of equity instruments must be determined, and this depends on the conditions of the respective grants. Furthermore, it is also necessary to determine suitable data for the valuation procedure, including in particular the predicted option term, volatility, dividend yields and corresponding assumptions. The assumptions and procedures employed in estimating fair value of stock-based remuneration are depicted in the "Other disclosures" category.

5. Foreign currency translation

The consolidated financial statements are prepared in Euros, the functional currency and reporting currency of the Group. Every company within the Group sets its own functional currency, and all items relating to this company in the annual financial statements are recorded in this functional currency. Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate as of the balance sheet date. Exchange rate differences arising from this conversion are listed in the net income for the period.

Non-monetary positions which are shown at historic costs in foreign currency are converted using the exchange rate valid at the time of the respective business transaction. Non-monetary positions which are shown at fair value in foreign currency are converted using the exchange rate valid at the time at which the fair value was determined.

The functional currency of XING Hong Kong Ltd. is the Hongkong Dollar (HKD), the functional currency of openBC-Network Technology (Beijing) Co. Ltd. is the Chinese Renminbi Yuan (CNY) and functional currency of EUDA Uluslararasi Danismanlik ve Bilisim Hizmetleri Ltd. Sti. and XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti. is the Turkish Lira (TRY). The functional currency of XING Switzerland GmbH is the Swiss Franc (CHF), and the functional currency of Socialmedian Inc. is the US Dollar (USD). As of the balance sheet date, the assets and liabilities of companies are converted to the Group's reporting currency at the exchange rate valid on the balance sheet date. The income statement is converted using the weighted average exchange rates for the reporting year. Exchange rate differences are reported directly outside of the income statement as a separate component of equity.

6. Summary of key accounting treatments

Expenses for the purchase of other intangible assets are capitalized and amortized according to the linear method for the expected economic service life. The amortization begins at the time at which the intangible assets can be used.

In accordance with IAS 38 and SIC 32, intangible assets which arise from the development of a single project can only be recognized if the Group can prove that the technical feasibility for completing the project for internal use or sale is present, that there is the intent to complete the project so that the asset can be used internally or sold, that the asset will generate a future economic benefit, that the resources for completing the project are available and the related expenses can be reliably measured. After the first-time capitalization of development costs, the asset will be recognized at amortized cost. All capitalized development costs will be amortized over the remaining useful life of the XING platform using the straight-line method.

On December 31, 2011, the remaining useful life of the platform was 48 months. At the beginning of the financial year 2011, the remaining economic service life of the platform was estimated at a further five years.

The fair value of development costs is subjected to an annual impairment test, provided that the asset has not yet been used or if there are any indications of an impairment over the course of the year.

Intangible assets are tested for impairment as soon as there are any indications of an impairment. The period of amortization and the method of amortization of an intangible asset with a limited useful life are reviewed at least at the end of each financial year. The Group recognizes customer relations resulting from the acquisition of companies in Spain and Turkey in previous years. The scheduled amortization period for customer relations ranged from 4 to 11 years. As a result of the strategic decision to focus the operations of XING on the D-A-CH region (Germany, Austria, Switzerland), the estimated recoverable amount was lower than the carrying amount of the recognized customer relations at the end of 2011; this meant that an impairment equivalent to the difference between the recoverable amount and the carrying amount has been recognized.

The Company recognizes corporate acquisitions using the acquisition method, which leads to the recognition of goodwill in the event of a positive difference. Goodwill acquired during a business combination is initially recognized at cost. It represents additional cost of the business combination compared to the share of the Group in the net present value of identifiable assets, liabilities and contingent liabilities. In accordance with IFRS, goodwill is not amortized over its useful life. The Company is required to test goodwill for impairments at least once a year, provided there are no indications of potential impairments. In the year under review, this test identified a full impairment for the goodwill resulting from the acquisition of the Spanish and Turkish companies. In 2011, only goodwill of €5.6 million is shown for the acquisition of amiando.

If there are indications of an impairment, goodwill must be tested immediately for impairment. For impairment testing, goodwill is assigned to each of the Group's cash-generating units which will conceivably benefit from the synergies of the merger from the date of acquisition. The impairment is determined by calculating the recoverable amount of the cash-generating unit to which the goodwill has been assigned. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment is recognized.

Fixed assets are recognized at cost of purchase minus cumulative straight-line depreciation for the entire economic service life of three years (IT equipment) to 13 years (office equipment) and cumulative impairments. The carrying amounts, useful lives and amortization methods are revised and adjusted at the close of the financial year, if necessary.

Financial assets in the sense of IAS 39 are assigned to various categories. At the initial recognition of such assets, they are measured at fair value. Directly attributable transaction costs of financial investments which are not classified as measured at fair value through profit or loss are also recognized.

After initial recognition, available-for-sale financial instruments are measured at fair value, and profits and losses are recognized directly in equity.

Fair values of shareholdings which are actively traded on an organized financial market are determined by the current offering price at the end of the financial year as of the balance sheet date. If the fair value cannot be reliably determined, the shareholdings are measured at amortized cost.

Financial instruments in the categories "Loans and receivables" and "Other liabilities" are measured at amortized cost.

Impairments to financial instruments are recognized in the income statement.

At present, the Group does not hold any financial instruments in the categories "Fair value through profit or loss" and "Held to maturity".

Financial assets are derecognised if i) the contractual rights to cash flows from the financial asset no longer exist, or ii) the Group retains the right to generate cash flows from the asset but is obliged to pay these cash flows immediately to a third party as part of a transfer agreement, or iii) the right to generate cash flows from the financial assets is transferred and either (a) all material risks and opportunities are transferred or (b) all material risks and opportunities are neither transferred nor retained, but the right of control over the asset has been transferred.

The fair value of financial assets or liabilities amounts to the carrying amounts.

A financial liability is derecognized when the obligation arising from the liability is waived or rescinded or expires.

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

Deferred tax assets and deferred tax liabilities are recognized in the amount of the tax liability or tax credit expected for the following financial years, based on the tax laws as applicable on the balance sheet date. Tax assets resulting from tax losses carried forward are capitalized to the extent that it is probable in the near future that there will be a tax result against which the tax losses carried forward can be netted.

Deferred taxes are calculated by means of the tax rates valid at the time at which it is likely that the temporary differences will be balanced. The effect of changes to tax law which affect deferred tax assets and deferred tax liabilities must be recognized in the income statement in the period in which the change becomes effective. The tax rate of 32.3 percent (previous year: 32.3 percent) comprises corporation tax plus solidarity surcharge as well as the average applicable trade tax rate.

Deferred tax assets are recognized when assets have been recognized at a value lower than or liabilities have been recognized at a value higher than the tax assessment base, provided these differences are temporary in nature and tax deductible.

Deferred tax liabilities are recognized when assets have been recognized at a value higher than or liabilities have been recognized at a value lower than the tax assessment base, provided these differences are temporary in nature and tax deductible.

Receivables and other assets are recognized with the original invoice amount less an impairment for irrecoverable amounts or amounts that are no longer completely recoverable. Impairments are created when there are objective indications that a receivable is no longer recoverable or is no longer completely recoverable.

Liquid funds and cash on hand are valued with their nominal amounts.

In accordance with IAS 32.35, costs of procuring shareholders' equity are shown as deductions from equity (under capital reserves), less the associated income tax benefits, but only to the extent to which these tax benefits are expected.

Certain employees and senior executives in the Group receive stock-based remuneration in the form of equity instruments (stock options). The costs for transactions in which these equity instruments are granted are measured within the Group using the fair value of these instruments at the time they are granted. The fair value of these instruments is determined by external experts using of established evaluation models.

Expenses from these transactions are recognized over the period in which the service conditions are fulfilled with a corresponding increase of equity. This period ends at that moment at which the affected employee or executive becomes an irrevocable beneficiary (time of initial opportunity for exercising). At all times during the period until the time of the first opportunity for exercising, the cumulative expenses reflect the portion of the already expired vesting period and the number of equity instruments which will eventually become vested in the best estimation of the Group. The amount which is debited or credited to the income statement reflects the development of cumulative expenses recognized at the beginning and end of the reporting period. The dilution effect of outstanding stock options will be taken into account when calculating the earnings per share as an additional dilution.

The purchase of treasury shares is recognized directly in equity, and reduces equity accordingly.

Finance leases which transfer essentially all risks and all benefits of ownership of the leased asset to the Group are recognized at the beginning of the leasing arrangement at the cost of the asset. Leasing payments are divided into an interest share and an amortization share of the lease debt, allowing for a constant interest rate over the entire period for the remaining liability. Financing costs are recognized directly in the income statement. As of December 31, 2011, as was the case in previous years, there were no finance leases.

Provisions are created if i) the Company has a current obligation from a past transaction, ii) an outflow of financial resources is probable to fulfil the obligation and iii) a reliable estimate of the extent of the obligation is possible.

Contingent liabilities are defined as possible obligations, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not fully under the control of the Company. Obligations for which an outflow of resources is unlikely or for which an outflow of resources cannot be reliably measured are summarized under this item. In accordance with IAS 37, contingent liabilities are not recognized on the balance sheet.

Earnings from member contributions are recognized on a daily basis, taking into account the proportional length of each membership as of the balance sheet date. All pre-payments received for periods after the balance sheet date are listed as deferred income in the balance sheet; deferred income is recognized in the subsequent periods.

Income from jobs and advertising is recognized on a daily basis, taking into account the proportional length of each term of contract as of the balance sheet date. All pre-payments received for periods after the balance sheet date are listed as deferred income in the balance sheet; deferred income is recognized in the subsequent periods.

Trade accounts payable and other liabilities are shown with their redemption amount.

Calculation differences due to rounding may occur.

7. Corporate acquisitions and discontinued operations

Establishment of XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti.

In June 2010, XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey, was established with equity of TRY 5,000 and initially consolidated.

Acquisition of Kronen tausend615 GmbH and acquisition of amiando AG

In December 2010, XING AG acquired Kronen tausend615 GmbH with registered office in Berlin and with subscribed capital of €25 thousand; the latter was subsequently renamed XING Events GmbH with registered office in Hamburg. In December 2010, the latter then acquired 100 percent of the shares in the Munich-based event platform amiando AG. The shares were transferred on January 5, 2011 for a fixed purchase price of €7.4 million, payable in two instalments (€5.4 million in 2011 after closing, €2.0 million at the end of 2012). Additional earnouts in the amount of €0.4 million were agreed. The earnouts and the second installment shall happen on December 31, 2012.

In April 2011, amiando AG was merged retrospectively as of December 30, 2010 with XING Events GmbH, and was simultaneously renamed amiando GmbH. The company was initially consolidated at the time at which the shares were transferred.

The outflow of funds as a result of the company acquisition is shown in the following:

in € thousand	
Purchase price	(5,411)
Costs directly attributable to the acquisition	(539)
Third-party cash acquired with the subsidiary	1,343

The fair values of the identifiable assets and liabilities of amiando are as follows as of the time of the acquisition:

Initial consolidation in € thousand	**01/05/2011**
Assets	
Property, plant and equipment	25
Trade accounts receivable	458
Other assets	128
Cash and cash equivalents	1,343
	1,954
Liabilities	
Provisions	(246)
Trade accounts payable	(40)
Other liabilities	(2,207)
	(2,493)
Total identifiable net assets due to the acquisition	**(539)**

The purchase price allocation took place as of January 5, 2011. The goodwill is attributable to anticipated synergies and other effects arising from the activities of amiando.

The goodwill is calculated as follows:

Initial consolidation in € thousand	**01/05/2011**
Purchase price incl. possible earnouts	7,821
Equity of XING Events GmbH	(27)
Equity of amiando AG	539
Purchase price allocation	**8,333**
Value of internally generated software	(445)
Value of brand/domain	(1,205)
Value of customer relations	(1,015)
Deferred tax assets	(973)
Deferred tax liabilities	879
Goodwill	**5,574**

B Notes to the income statement

8. Revenues from services

XING AG has one segment subject to reporting requirements, with the business lines "Subscriptions" (subscription memberships), "e-Recruiting" (job ads and Recruiter memberships), "Advertising" (display advertising, Enterprise Groups, Best Offers and Company Profiles), "New Verticals" (events) and "Others". The growth in "New Verticals" is due to the acquisition and initial consolidation of the Munich-based events platform amiando AG.

Revenues can be broken down as follows as of December 31, 2011:

in € thousand	**01/01/2011 – 12/31/2011**	**01/01/2010 – 12/31/2010**
Subscriptions	45,568	42,424
e-Recruiting	11,712	7,095
Advertising	5,263	3,897
New Verticals (events)	2,511	25
Other	49	58
Total	**65,103**	**53,499**

9. Sundry operating income

The following table breaks down the primary items of sundry operating income:

in € thousand	**01/01/2011 – 12/31/2011**	**01/01/2010 – 12/31/2010**
Earnings from non-cash benefits	289	233
Earnings from returned bank transfers and dunning fees	248	269
Income from disposal of assets	173	1
Income from currency translation	164	56
Income attributable to other periods	78	13
Rental income	44	0
Income from receivables previously written down	26	27
Other	25	184
Total	**1,047**	**783**

10. Personnel expenses

The following table breaks down the personnel expenses including the costs of freelance staff:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Wages and salaries and other types of emolument	17,936	13,901
Contributions to social insurance (employer's contribution)	3,173	2,405
Severance payments	967	329
Stock option program	836	713
Accruals for vacation	143	8
Pension costs (defined-contribution plan)	367	287
Other	97	74
Total	**23,519**	**17,717**

The social insurance contributions include payments of €1,406 thousand into the statutory pension insurance scheme (previous year: €1,137 thousand).

11. Marketing expenses

Marketing expenses are broken down as follows:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Marketing costs	5,415	6,629
Events	264	170
Sales commission	11	0
Other	16	16
Total	**5,706**	**6,815**

The decline in marketing costs is mainly due to the discontinuation of marketing activities in Spain and Turkey (€1.426 thousand in 2010) as well as the TV campaign carried out in 2010 (€923 thousand in 2010). These were opposed by higher acquisition marketing costs in 2011.

12. Sundry operating expenses

The following table breaks down the primary items of sundry operating expenses:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
IT services, management services and services for new markets	3,223	3,780
Server hosting, administration and traffic	1,841	735
Payment costs	1,658	1,229
Office costs	1,578	1,391
Travel, entertainment and other business expenses	1,223	721
Legal advice fees	900	1,274
Other personnel costs	695	625
Accounting fees	476	401
Training costs	419	324
Phone/cell phone/postage/ courier costs	294	199
Losses on receivables	289	165
Supervisory board compensation	248	170
Office supplies	216	202
Audit fees	213	289
Rental/leasing	208	820
Other	1,209	704
Total	**14,690**	**13,029**

Other expenses primarily comprise currency translation expenses, out-of-period expenses, expenses for contributions, other expenses and fees for insurance.

13. Depreciation and amortization

Depreciation and amortization is recognized on a straight line basis over the estimated service life of the corresponding asset, and is broken down as follows:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Amortization on intangible assets		
Purchased software	1,630	1,072
Internally generated software	3,090	1,730
Goodwill	13,440	0
Other intangible assets	2,673	1,224
Depreciation on property, plant and equipment	1,569	1,173
Total	**22,402**	**5,199**

The amortization of internally generated software includes impairments of € 1,376 thousand (previous year: € 69 thousand).

With regard to the amortization on goodwill, please refer to our comments under point 4 “Key discretionary decisions and estimates”.

14. Financial income and financial expenses

The financial result can be broken down as follows:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Financial income	504	84
Financial expenses	(14)	(74)
Total	**490**	**10**

15. Income taxes

The result of taxes on income can be broken down as follows:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Deferred tax	(499)	72
Trade tax	2,873	2,112
Corporation tax (incl. solidarity surcharge)	2,743	2,012
Tax refunds for previous years (previous year: additional tax payments)	(152)	117
Other taxes	4	8
Total	**4,969**	**4,321**

The following table shows the breakdown of deferred taxes in the income statement:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Use/reversal of tax losses carried forward	1,313	31
Capitalization of goodwill deductible for tax purposes	(812)	0
Use of restructuring costs recognized as liabilities	145	(145)
Recognition/amortization of internally generated software	(351)	343
Amortization of brand/domain	(238)	0
Amortization of customer relations	(603)	(124)
Amortization of goodwill deductible for tax purposes	54	0
Other	(7)	(33)
Total	**(499)**	**72**

The following overview reconciles the expected tax expense with the actual tax expense:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Earnings before taxes (EBT)	**323**	**11,532**
Expected tax result	104	3,722
Tax effects attributable to		
Additional tax payments for previous years	(152)	117
Varying foreign tax rates	(4)	(3)
Allowances, international, not tax-deductible	4,635	0
Expenses not deductible for tax purposes	386	485
Actual tax result	**4,969**	**4,321**

The theoretical tax rate is determined as follows:

in %	12/31/2011	12/31/2010
Corporate tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
Average tax rate	32.28	32.28

Deferred taxes in the balance sheet are broken down as follows:

in € thousand	12/31/2011	12/31/2010
Tax losses carried forward	0	340
Tax amortization of goodwill	758	0
Intangible assets		
Internally generated software	(2,187)	(2,394)
Brands/domain	(159)	0
Customer relations	(153)	(421)
Other	(11)	129
Total	**(1,752)**	**(2,346)**

The deferred tax assets (€758 thousand, previous year: €485 thousand) and deferred tax liabilities (€2,510 thousand, previous year: €2,831 thousand) were not netted because the criteria in IAS 12.71 were not satisfied.

As of December 31, 2011, there were no tax loss carry-forwards.

The deferred taxes for amortization on goodwill relate to a goodwill which was capitalized in 2011 exclusively in the tax accounts and which is amortized over a period of 15 years.

The deferred taxes for intangible assets have increased by €469 thousand on 2011 as a result of the purchase price allocation of the amiando transaction. At the same time, the figure declined by a total of €785 thousand due to depreciation and amortization in 2011, resulting in a net decline of €316 thousand.

16. Earnings per share

Number of shares outstanding

Earnings per share define which part of the earnings generated in a particular period is attributable to a single share. For this purpose, the consolidated result attributable to the shareholders of the parent company is divided by the weighted number of outstanding shares. This parameter can be diluted by what are known as potential shares (as is the case with stock options issued by XING).

The following table shows the weighted number of shares outstanding for fiscal year 2011:

Date	Average number of shares from capital increase	Shares outstanding	Number of days	Weighted number of shares
01/01/11	0	5,291,996	94	1,362,870
04/04/11	9,529	5,301,525	1	14,525
05/04/11	4,104	5,305,629	1	14,536
06/04/11	2,700	5,308,329	1	14,543
07/04/11	3,136	5,311,465	1	14,552
08/04/11	626	5,312,091	3	43,661
11/04/11	2,392	5,314,483	1	14,560
12/04/11	1,000	5,315,483	1	14,563
13/04/11	641	5,316,124	2	29,129
15/04/11	866	5,316,990	3	43,701
18/04/11	2,162	5,319,152	1	14,573
19/04/11	2,723	5,321,875	1	14,580
20/04/11	3,219	5,325,094	1	14,589
21/04/11	337	5,325,431	5	72,951
26/04/11	433	5,325,864	1	14,591
27/04/11	1,354	5,327,218	1	14,595
28/04/11	337	5,327,555	1	14,596
29/04/11	5,283	5,332,838	3	43,832
02/05/11	6,579	5,339,417	10	146,285
12/05/11	6,083	5,345,500	1	14,645
13/05/11	150	5,345,650	3	43,937
16/05/11	312	5,345,962	2	29,293
18/05/11	130	5,346,092	1	14,647
19/05/11	4,478	5,350,570	1	14,659
20/05/11	4,324	5,354,894	3	44,013
23/05/11	4,894	5,359,788	1	14,684
24/05/11	750	5,360,538	1	14,686
25/05/11	8,545	5,369,083	1	14,710
26/05/11	3,260	5,372,343	1	14,719
27/05/11	550	5,372,893	10	147,203
06/06/11	3,896	5,376,789	1	14,731
07/06/11	358	5,377,147	1	14,732
08/06/11	524	5,377,671	6	88,400
14/06/11	6,739	5,384,410	1	14,752
15/06/11	362	5,384,772	2	29,506
17/06/11	130	5,384,902	5	73,766
22/06/11	3,370	5,388,272	2	29,525
24/06/11	175	5,388,447	3	44,289
27/06/11	5,725	5,394,172	52	768,485
18/08/11	324	5,394,496	12	177,353
30/08/11	2,000	5,396,496	6	88,710
05/09/11	2,280	5,398,776	1	14,791
06/09/11	133	5,398,909	1	14,792
07/09/11	365	5,399,274	1	14,793
08/09/11	8,540	5,407,814	1	14,816
09/09/11	2,957	5,410,771	69	1,022,858
17/11/11	2,241	5,413,012	1	14,830
18/11/11	250	5,413,262	14	207,632
02/12/11	106	5,413,368	3	44,493
05/12/11	2,446	5,415,814	1	14,838
06/12/11	4,146	5,419,960	2	29,698
08/12/11	445	5,420,405	1	14,850
09/12/11	399	5,420,804	5	74,258
14/12/11	5,192	5,425,996	1	14,866
15/12/11	325	5,426,321	16	237,866
Total	**134,325**	**5,426,321**	**365**	**5,364,058**

Undiluted earnings per share

Undiluted earnings per share are calculated as follows:

	12/31/2011	12/31/2010
Earnings attributable to the shareholders of XING AG in € thousand	(4,645)	7,211
Average number of shares	5,364,058	5,274,139
Undiluted earnings per share in €	(0.87)	1.37

Diluted earnings per share

In recent years, XING has issued stock options on several occasions to employees, senior executives and members of the Executive Board.

Each stock option entitles the owner to subscribe to one ordinary share or receive compensation in cash. When calculating diluted earnings in accordance with IAS 33.58, it has to be assumed that the options are serviced by means of shares.

The potential ordinary shares dilute earnings if the options are "in the money", meaning the exercise price is lower than the market price. The average price of a period is used for comparison with the market price. IFRS 2, Share-based Payment, is applicable to the stock options of XING AG. In this case, the strike price of the option must include the fair value which will accrue to the Company during the vesting period of the options as a result of the work of the employee. The fair value of the option upon granting is used for determining the fair value of the work of the employee accruing to the Company. This value declines over the course of the vesting period.

The following overview shows the stock options which were originally issued by XING AG and which were still outstanding as of the balance sheet date as well as the corresponding vesting periods:

		Term		
Month of issue	**Exercise price in €**	**2 years Quantity**	**3 years Quantity**	**4 years Quantity**
September 2007	33.27	27,100	12,950	12,400
March 2008	36.88	33,509	16,754	16,754
September 2008	29.48	46,379	23,190	23,190
January 2009	26.23	25,000	12,500	12,500
February 2009	26.50	25,000	12,500	12,500
August 2009	24.03	12,500	6,250	6,250
November 2009	29.39	14,000	7,000	7,000
April 2010	23.78	3,400	1,700	1,700
April 2010	27.76	25,000	12,500	12,500
May 2010	28.99	11,000	5,500	5,500
December 2010	29.10	0	0	10,000
January 2011	26.23	25,000	25,000	0
March 2011	37.46	0	0	40,000
December 2011	1.00	17,063	0	17,062
Total		**264,951**	**135,844**	**177,356**

The average market price XING AG shares during fiscal year 2011 was €46.68 (average closing price). Accordingly, all of the outstanding options can be considered to be diluting.

In the previous year, the stock options issued in August 2009 were included as diluting shares in the calculation of the diluted result.

The September 2007 to December 2011 options have the following fair values upon granting, which are spread over the vesting period as work which still has to be provided.

Month of issue	Fair value upon granting in €	Remaining value in € for performance during vesting period 2 years	3 years	4 years
September 2007	12.67 - 14.45	-	-	-
March 2008	14.37 - 16.36	-	-	0.68
September 2008	9.38 - 10.82	-	-	1.80
January 2009	5.92 - 5.88	-	-	1.47
February 2009	5.86 - 5.83	-	0.16	1.58
August 2009	9.38 - 10.77	-	1.96	4.26
November 2009	6.63 - 6.63	-	1.85	3.04
April 2010	9.28 - 10.63	1.16	4.15	5.98
April 2010	6.36 - 6.46	0.81	2.68	3.58
May 2010	5.07 - 5.48	0.85	2.36	3.20
December 2010	8.45	-	-	6.16
January 2011	11.34 - 11.10	5.67	7.40	-
March 2011	6.07	-	-	4.81
December 2011	38.39 - 40.38	38.70	-	37.59

Month of issue	Strike price of the option including the remaining value in € for performance during vesting period 2 years	3 years	4 years
September 2007	33.27	33.27	33.27
March 2008	36.88	36.88	37.56
September 2008	29.48	29.48	31.28
January 2009	26.23	26.23	27.70
February 2009	26.50	26.66	28.08
August 2009	24.03	25.99	28.29
November 2009	29.39	31.24	32.43
April 2010	24.94	27.93	29.76
April 2010	24.59	26.46	27.36
May 2010	28.61	30.12	30.96
December 2010	-	-	35.26
January 2011	31.90	33.63	-
March 2011	-	-	42.27
December 2011	37.90	-	38.59

Accordingly, all of the stock options granted are below the average market price of €48.68.

This has resulted in a dilution effect from stock options as of December 31, 2011. The number of shares to be taken into consideration for calculating the diluted results is calculated by comparing the proceeds generated with the future exercising of the options with the theoretically attainable cash in flows if new shares are issued at market conditions (= average price 2011: €48.68). The remaining difference, expressed in the number of shares at the market value, corresponds to the dilution effect attributable to the potential shares, which has to be added to the average number of shares in 2011.

This accordingly results in the following diluted earnings per share:

	12/31/2011	12/31/2010
Group result attributable to the shareholders of XING AG in € thousand	(4,645)	7,211
Average number of shares	5,364,058	5,274,139
Diluting shares	173,338	0
Diluted shares, total	5,537,396	5,274,139
Diluted earnings per share in €	**(0.84)**	**1.37**

C Notes to the consolidated balance sheet

17. Non-current assets

Impairment tests for goodwill and intangible assets with indefinite economic service life

The Group determines on an annual basis whether the goodwill is impaired or not. Such a determination is based on an estimate of the recoverable amount of the cash-generating unit to which the goodwill is assigned. An estimate of the recoverable amount entails that the Group assesses the expected future cash flow of the cash-generating unit and selects an appropriate discount rate for calculating the present value of this cash flow.

As a result of the structure of XING operations, there is only one cash generating unit (CGU) in the Group. It comprises all transactions handled via the XING platform. Accordingly, goodwill acquired in the course of business combinations in Spain and Turkey has in the past been allocated to this CGU "Xing Platform".

The acquired goodwill essentially reflects the value of the market access in Spain and Turkey at that time. Subsequent years have shown that, in addition to the acquisition of access to these markets, it would be necessary for considerable sums to be invested in order to establish business models in Spain and Turkey which, as far as can be seen at present, will generate profits in future. In view of the strong growth potential in the German-speaking world and the Company's existing market leadership, management is focusing on the D-A-CH region (Germany, Austria, Switzerland). In this connection, it has been decided that the international market access will no longer be utilized. Consequently, because the market access shown as goodwill and also the existing customer relations in Turkey and in Spain are no longer being used, according to the current status of planning, for generating future cash flows in the "XING platform" field, they no longer belong to the CGU in accordance with IFRS 3, and have to be measured separately. The impairment test carried out every year by management has resulted in an impairment requirement for all of the respective assets which are recognized. Consequently, the carrying amounts of the customer relations have been amortized due to this impairment by €0.9 million to €0, and the carrying amounts of goodwill have been amortized due to this impairment by €13.4 million to €0. In 2011, only goodwill of €5.6 million is shown for the acquisition of amiando.

Intangible assets

As of the balance sheet date, the intangible assets include brands, the customer base, purchased software and internally generated software and goodwill.

The carrying amount of the purchased software has declined by €673 thousand to €2,296 thousand (previous year: €2,969 thousand) as a result of depreciation.

The carrying amount of the internally generated software has declined by €344 thousand, from €7,416 thousand to €7,072 thousand, and the acquisition costs in the same period have increased by €2,746 thousand, from €13,780 thousand to €16,526 thousand. The development costs in the financial year 2011 were mainly attributable to the products Company Profiles, ActivityStream (X4), Web Service XWS and Mobile (in particular Web App, Android App as well as Profiles). In the year under review, allowances of €3,090 thousand were recognized (previous year: €1,730 thousand), including impairments of €1,183 thousand (previous year: €69 thousand).

A the beginning of the financial year 2011, the economic service life of the XING platform was set for a further five years until December 31, 2015. The remaining service life of the self-developed web site is thus 48 months as of December 31, 2011. Development costs recognized in the income statement amounted to €699 thousand (previous year: €728 thousand). Development costs recognized in the income statement under personnel expenses amounted to €6,492 thousand (previous year: €7,755 thousand).

With regard to the carrying amounts of the transactions of XING in Spain in Turkey carried out in the years 2006-2008 and recognized in accordance with IFRS 3, please refer to point 4 "Key discretionary decisions and estimates".

In 2011, only goodwill of €5.6 million is now shown from the acquisition of amiando.

Net currency differences attributable to intangible assets arising from the currency conversion of subsidiaries are negligible.

Property, plant and equipment

As of December 31, 2011, property, plant and equipment consisted of computer hardware and other operating and business equipment amounting to €4,512 thousand (previous year: €2,012 thousand) as well as leasehold improvements amounting to €850 thousand (previous year: €883 thousand). The advance payments of €350 thousand reported in the previous year related to hardware which was delivered in 2011. Such advance payments in 2011 were not of a material nature.

Net currency differences attributable to property, plant and equipment arising from the currency conversion of subsidiaries in Turkey and Asia are considered to be negligible.

The carrying amount of leased property, plant and equipment amounts to €0 thousand (previous year: €0 thousand).

Financial assets

As of the balance sheet date, the other financial assets include equity participations in the company "Win Local" (formerly "KennstDuEinen") (€50 thousand; previous year: €50 thousand) and amiando UK Ltd. (€1 thousand; previous year: €0 thousand) as well as rent deposits (€23 thousand; previous year: €30 thousand).

The following table shows the development of fixed assets:

Consolidated statement of changes of fixed assets

for the financial year to December 31, 2011

	Purchase and production costs					
in € thousand	01/01/2011	Additions	Out of first-time consolidation	Transfers	Disposals	12/31/2011
I. Intangible assets						
1. Internally generated software	13,780	2,454	0	0	0	16,234
2. Purchased software and licenses	7,300	981	2	0	0	8,283
3. Goodwill	16,917	5,574	0	0	0	22,491
4. Other intangible assets	7,138	2,220	0	0	0	9,358
	45,135	**11,229**	**2**	**0**	**0**	**56,366**
II. Property, plant and equipment						
1. Leasehold improvements	1,028	122	0	0	0	1,150
2. Other furniture and office equipment	5,481	3,818	22	350	(825)	8,846
3. Payments on account and construction in progress	350	20	0	(350)	0	20
	6,859	**3,960**	**22**	**0**	**(825)**	**10,016**
III. Financial assets						
1. Other holdings	250	1	1	0	0	251
2. Other financial assets	35	0	0	0	(12)	23
	285	**1**	**1**	**0**	**(12)**	**274**
Total	**52,279**	**15,189**	**25**	**0**	**(837)**	**66,656**

Depreciation and amortization				Carrying amounts	
01/01/2011	Additions	Disposals	12/31/2011	12/31/2011	12/31/2010
(6,364)	(2,798)	0	(9,162)	7,072	7,416
(4,331)	(1,656)	0	(5,987)	2,296	2,969
(3,477)	(13,440)	0	(16,917)	5,574	13,440
(3,770)	(2,673)	0	(6,443)	2,915	3,368
(17,942)	**(20,567)**	0	**(38,509)**	**17,857**	**27,193**
(145)	(155)	0	(300)	850	883
(3,469)	(1,680)	815	(4,334)	4,512	2,012
0	0	0	0	20	350
(3,614)	**(1,835)**	815	**(4,634)**	**5,382**	**3,245**
(200)	0	0	(200)	51	50
0	0	0	0	23	35
(200)	**0**		**(200)**	**74**	**85**
(21,756)	**(22,402)**	815	**(43,343)**	**23,313**	**30,523**

Comparison period: Consolidated statement of changes of fixed assets

for the financial year to December 31, 2010

in € thousand	Purchase and production costs 01/01/2010	Additions	Disposals	12/31/2010
I. Intangible assets				
1. Internally generated software	10,988	2,792	0	13,780
2. Purchased software and licenses	6,211	1,089	0	7,300
3. Goodwill	16,917	0	0	16,917
4. Other intangible assets	7,138	0	0	7,138
	41,254	**3,881**	**0**	**45,135**
II. Property, plant and equipment				
1. Leasehold improvements	727	301	0	1,028
2. Technical equipment, plant and machinery	37	0	0	37
3. Other furniture and office equipment	3,995	1,452	(3)	5,444
4. Payments on account and construction in progress	0	350	0	350
	4,759	**2,103**	**(3)**	**6,859**
III. Financial assets				
1. Other holdings	250	0	0	250
2. Other financial assets	24	11	0	35
	274	**11**	**0**	**285**
Total	**46,287**	**5,995**	**(3)**	**52,279**

Depreciation and amortization			Carrying amounts	
01/01/2010	Additions	12/31/2010	12/31/2010	12/31/2009
(4,634)	(1,730)	(6,364)	7,416	6,354
(3,259)	(1,072)	(4,331)	2,969	2,952
(3,477)	0	(3,477)	13,440	13,440
(2,546)	(1,224)	(3,770)	3,368	4,592
(13,916)	**(4,026)**	**(17,942)**	**27,193**	**27,338**
(83)	(62)	(145)	883	644
(37)	0	(37)	0	0
(2,321)	(1,111)	(3,432)	2,012	1,674
0	0	0	350	0
(2,441)	**(1,173)**	**(3,614)**	**3,245**	**2,318**
(200)	0	(200)	50	50
0	0	0	35	24
(200)	**0**	**(200)**	**85**	**74**
(16,557)	**(5,199)**	**(21,756)**	**30,523**	**29,730**

18. Current assets

As was the case in the previous year, receivables arising from XING services recognized as of December 31, 2011, were due within one year.

The following table sets out the other assets:

in € thousand	12/31/2011	12/31/2010
Deferred cost	740	320
Receivables due from credit card companies	622	0
Interest receivables	192	0
Receivables due from personnel	125	1
Other assets	209	504
Total	**1,888**	**825**

Cash and cash equivalents and short-term deposits as of the balance sheet date consisted of cash-at-banks of €68,201 thousand (previous year: €59,031 thousand) and cash-on-hand of €16 thousand (previous year: €5 thousand). Cash-at-banks includes €2,021 thousand (previous year: €0 thousand) relating to third-party cash held by amiando.

19. Shareholders' equity and minorities

Share capital

The share capital of the Company increased in 2011 by €134,325.00 raised through the issue of 134,325 no-par-value shares under the stock option plans for employees. The share capital of the Company amounted to €5,426,321.00 on December 31, 2011 (previous year: €5,291,996.00), and consists of 5,426,321 no-par-value registered shares at a calculative value of €1.00 of the share capital. The share capital is fully paid up. All shares confer the same rights.

Authorized capital 2006

The Executive 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 registered shares in return for cash and/or non-cash contributions (authorized capital 2006). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from the subscription right of the shareholders and also to exclude the subscription right of shareholders to the extent it is necessary to ensure 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 if they exercised their options or conversion rights or the Company met its conversion obligations. Furthermore, the Executive Board is authorized to exclude shareholder options with the approval of the Supervisory Board if the strike price of the new shares is not significantly lower than the market price of already listed shares of the same category and rights as per Sections 203 (1) and (2), 186 (3) Line 4 AktG at the time at which the strike price is definitively set by the Executive Board, and provided that the total value of the shares issued in accordance with Section 186 (3) Line 4 AktG does not exceed 10 percent of the existing share capital when the authorization is entered, or – if lower – the existing share capital at the time at which the new shares are issued. Shares which have been sold or issued with the exclusion of subscription rights as a result of other authorizations upon the direct or corresponding application of Section 186 (3) Line 4 AktG must be offset in relation to the restriction. The subscription right of shareholders is excluded in the event of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies, equity participations or assets. The Executive Board is authorized, with the approval of the Supervisory Board, to define additional content of subscription rights and the conditions of the share issue.

The Executive Board exercised this authorization with the permission of the Supervisory Board in 2009, increasing the share capital by €70,073 by issuing 70,073 no-par-value registered shares. After this increase in capital, the authorized capital 2006 now amounts to €1,855,777.00.

The Executive Board did not make use of this authorization in 2011.

The authorized capital 2006 was canceled in the annual general meeting on May 26, 2011, and was replaced by new authorized capital 2011.

Authorized capital 2011

Pursuant to the resolution of the annual general meeting of May 26, 2011, the Executive Board has been authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to €2,645,998.00 by May 25, 2016, by way of issuing, on one or more occasions, new no-par-value registered shares in return for cash and/or non-cash contributions (authorized capital 2011). The number of shares must be increased in the same ratio as the share capital. A subscription right must be granted to the shareholders. The new shares can also be taken up by one or more credit institutions specified by the Executive Board on condition that they are offered to the shareholders (indirect subscription right). The Executive Board however is authorized, with the approval of the Supervisory Board, to exclude the subscription right of shareholders

(1) in order to settle fractions;

(2) if the shares are issued in return for a non-cash contribution, in particular for the purpose of acquiring companies, parts of companies, equity participations in companies or other assets in connection with an acquisition project or within the framework of business combinations;

(3) if the shares of the Company are issued in return for a non-cash contribution and if the strike price of each share is not significantly lower than the market price of the shares which are already listed and which are essentially provided with the same rights at the time at which the strike price is definitively fixed. The number of shares issued in this way with the exclusion of subscription rights must not exceed 10 percent of the share capital, either at the time at which this authorization becomes effective or at the time at which this authorization is exercised. Other shares which have been sold or issued with the exclusion of subscription rights during the life of this authorization upon the direct or corresponding application of Section 186 (3) Line 4 AktG must be offset against this maximum limit. Shares which have to be issued for serving option and/or conversion rights or conversion obligations arising from convertible bonds and/or option bonds or stock options, to the extent that these bonds or stock options have been issued during the life of this authorization with the exclusion of the subscription rights upon corresponding application of Section 186 (3) Line 4 AktG, also have to be offset in relation to the maximum limit;

(4) if the shares are offered to employees of the Company and/or employees or members of management of a company which is affiliated with the Company in accordance with Section 15 AktG or if the shares are transferred to such persons. The new shares can also be issued to a suitable credit institution which takes up the shares with the undertaking to forward them exclusively to the relevant beneficiaries. The number of shares issued in this way with the exclusion of subscription rights must not exceed 2 percent of the share capital, either at the time at which this authorization becomes effective or at the time at which this authorization is exercised.

The proportionate amount of the share capital accounted for by shares which are issued with the exclusion of the subscription rights of shareholders in return for cash or non-cash contributions must overall not exceed 25 percent of the share capital of the Company which existed at the time at which the authorization becomes effective.

The Executive Board is authorized, with the approval of the Supervisory Board, to define the contents of the share rights, the details of the capital increase as well as the conditions of the share issue, and in particular the issue amount.

Authorized capital 2008

The Executive Board is further 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 €675,000.00 in the period until May 20, 2013, by issuing up to 675,000 new no-par-value registered shares against cash and/or non-cash contributions (authorized capital 2008). In the case of a capital increase against cash contributions, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractions from the subscription right of the shareholders and also to exclude the subscription right to the extent it is necessary to ensure 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 if they exercised their options or conversion rights or the Company met its conversion obligations.

Furthermore, the Executive Board is authorized to exclude shareholder options with the approval of the Supervisory Board if the strike price of the new shares is not significantly lower than the market price of already listed shares of the same category and rights as per Sections 203 (1) and (2), 186 (3) Line 4 AktG at the time at which the strike price is definitively set by the Executive Board, and provided that the total value of the shares issued as per Section 186 (3) Line 4 AktG does not exceed 10 percent of the existing share capital when the authorization is entered, or – if lower – the existing share capital at the time at which the new shares are issued. Shares which have been sold or issued with the exclusion of subscription rights as a result of other authorizations upon the direct or corresponding application of Section 186 (3) Line 4 AktG must be offset in relation to the maximum limit.

The subscription right of shareholders is excluded in the event of capital increases in return for non-cash contributions, and in particular in conjunction with the acquisition of companies, equity participations or assets. The Executive Board is also authorized, with the approval of the Supervisory Board, to define additional contents of subscription rights and the conditions of the share issue.

The Executive Board has not yet made use of this authorization.

The authorized capital 2008 was cancelled in the AGM held on May 26, 2011, and has been replaced by new authorized capital 2011.

Contingent capital I 2006

Pursuant to the resolution of the annual general meeting of November 3, 2006, and in consideration of the amendments by resolution of the annual general meeting of May 28, 2009, the share capital of the Company has been increased by €200,822.00 out of contingent capital I 2006 by issuing up to 200,822 new no-par-value shares (contingent capital I 2006). The contingent capital I 2006 serves to ensure that the Company can satisfy subscription rights arising from stock options issued by the Company as part of the 2006 stock option plan in the period until October 31, 2011, on the basis of the authorization granted at the annual general meeting on November 3, 2006, and in consideration of the amendments by resolution of the annual general meeting of May 28, 2009. The contingent capital increase will only be carried out 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 to satisfy the subscription rights with treasury shares or a cash settlement. The shares are issued out of the contingent capital at the exercise price defined in accordance with c) (e) of agenda item 6 of the annual general meeting on November 3, 2006. The new shares participate in the profits from the beginning of the financial year in which no resolution has yet been made at the annual general meeting regarding the appropriation of cumulative profit at the time the subscription right is exercised.

The share capital increased by €674.00 in 2009 through the issue of 674 subscription shares with a nominal value of €674.00. On December 31, 2009, contingent capital I 2006 amounted to €200,148.00. In 2010, the share capital was increased by €19,549.00 through the issue of 19,549 new subscription shares with a nominal value of €19,549.00. Following this issue, contingent capital I 2006 amounted to €180,599.00. In 2011, the share capital was increased by €101,386.00 by way of issuing 101,386 subscription shares with a theoretical nominal value of €101,386.00. The contingent capital I 2006 is now thus €79,213.00.

Contingent capital II 2006

Pursuant to a resolution of the annual general meeting of November 3, 2006, the share capital of the Company was increased by €1,540,680.00 out of contingent capital by issuing up to 1,540,680 new no-par-value shares (contingent capital II 2006). Contingent capital II 2006 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 annual general meeting of November 3, 2006, under agenda item 7 a). 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 carried out to the extent that the holders of the conversion or option rights take advantage of their conversion or option rights or comply with the conversion obligations arising from such debt instruments. Provided that they are created before the start of the annual general meeting, the shares will participate in profit from the beginning of the preceding financial year. Otherwise they will participate in profit from the start of the financial year in which they are created. No shares were created out of contingent capital II 2006 in 2011.

Contingent capital 2008

The share capital of the Company has been increased by €231,348.00 out of contingent capital by issuing up to 231,348 new no-par-value shares (contingent capital 2008). Contingent capital 2008 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 annual general meeting of May 21, 2008.

The contingent capital increase will only be carried out to the extent that holders of conversion or option rights can exercise these rights. These shares will participate in profit from the start of the financial year in which they are created.

Contingent capital 2008 was partially rescinded by resolution of the annual general meeting on May 28, 2009, and amounted to €129,137.00 as of December 31, 2010, as a result of issuing 32,939 subscription shares in 2011 with a nominal value of €32,939.00, the share capital has increased by €32,939.00. The contingent capital 2008 thus now amounts to €96,198.00.

Contingent capital 2009

The share capital of the Company has been increased by €197,218.00 out of contingent capital by issuing up to 197,218 new no-par-value shares (contingent capital 2009). Contingent capital 2009 serves exclusively to ensure that new shares can be issued to the holders of option 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 annual general meeting of May 28, 2009.

The contingent capital increase will only be carried out to the extent that holders of conversion or option rights actually exercise these rights. The new shares participate in profit from the start of the financial year in which they are created.

The contingent capital 2009 was partially rescinded by resolution of the annual general meeting of May 27, 2010, and currently amounts to €102,900.00. In 2011, no shares were issued out of the contingent capital 2009.

Contingent capital 2010

The share capital of the Company has been increased by up to €94,318.00 out of contingent capital by issuing up to 94,318 new no-par-value registered shares (contingent capital 2010). The contingent capital 2010 serves to secure subscription rights for stock options which are issued by the Company under the terms of the stock option plan 2010 in accordance with the authorization of the annual general meeting of the Company of May 27, 2010. The contingent capital increase is carried out only to the extent that stock options are issued and the holders of the stock options actually use their subscription right for shares of the Company and the Company does not grant treasury shares or a cash settlement in order to fulfill the subscription rights. The shares are issued out of contingent capital 2010 for the exercise price fixed in accordance with the resolution of the annual general meeting of May 27, 2010, under point 8 letter d) point (5). The new shares participate in profit from the start of the financial year in which they are created.

In 2011, no shares were issued out of the contingent capital 2010.

As of the reference date December 31, 2011, the total stock options issued to employees, senior executives and the Executive Board which had not yet expired or which had not been already exercised amounted to 363,675 (previous year: 381,017).

Additional paid-in capital

The additional paid-in capital mainly comprises the premium from the cash capital increases carried out in previous years minus the ancillary costs of procuring shareholders' equity.

Other reserves

The other reserves include the effects attributable to currency conversion of the financial statements of foreign subsidiaries, the personnel expenses attributable to the stock options program and reclassifications from corporate actions.

20. Non-current liabilities

The non-current deferred income relates to member subscriptions for future periods with a remaining term of more than one year as of the balance sheet closing date. As of December 31, 2011, the non-current deferred income amounted to €1,248 thousand (previous year: €1,337 thousand).

21. Current liabilities

Corporation tax liabilities and trade tax liabilities of €0 thousand (previous year: €2,329 thousand) and €30 thousand (previous year: €2,555 thousand) respectively were reported as of December 31, 2011.

As was the case in the previous year, all trade accounts payable reported as of the reference date December 31, 2011 were due within one year. These current liabilities amounted to €1,060 thousand (previous year: €514 thousand).

The trade accounts payable are not interest-bearing, and are generally due within 60 days.

The deferred income relates to member subscriptions for future periods. Member subscriptions for future periods with a remaining term of less than twelve months are shown as current deferred income, and amounted to €21,617 thousand (previous year: €18,893 thousand).

The other liabilities are shown in the amount due for repayment, and are broken down as follows:

in € thousand	12/31/2011	12/31/2010
Liabilities due to shareholders from special distribution	19,957	0
Liabilities amiando due to event organizers	2,568	0
Liabilities due to residual purchase price obligation amiando	2,456	0
Liabilities due to bonuses and incentive payments	1,075	1,195
Provision for severance payments	663	621
Liabilities due to wage and church tax	535	311
Liabilities due to vacation reserves	412	293
Provision for obligations to reverse constructional changes	377	229
Liabilities due to VAT	362	489
Provision for marketing expenses	306	226
Provision for legal and consultancy fees	251	807
Provision for Supervisory Board compensation	241	160
Provision for other external services	200	323
Provision for audit and accounting expenses	181	152
Provision for developing the platform	124	83
Social insurance liabilities	122	21
Other personnel provisions	92	74
Provision for preparing the annual report	80	100
Provision for ancillary monetary transaction costs	77	122
Provisions for contributions	48	0
Provision for accounting costs	44	80
Liabilities due to personnel	40	6
Other	574	651
Total	**30,785**	**5,943**

The other liabilities are due within one year.

D Segment reporting

Application of IFRS 8: "Operating segments"

XING AG conducted segment reporting in fiscal 2011. As was the case in previous year, the Group applied IFRS 8: "Operating segments".

IFRS 8 stipulates that operating segments are to be defined based on existing structures for internal management of Group entities whose operating results are regularly reviewed by the key decision maker in the company with the purpose of making decisions on allocating resources to this segment and assessing the segment's profitability.

The accounting principles applicable to this segment, which is subject to reporting requirements, are consistent with the disclosures in the section "Summary of major accounting policies" in these notes.

Segments subject to reporting requirements

XING AG has one reportable segment, with the business lines "Subscriptions" (subscription Memberships), "e-Recruiting" (job ads and recruiter Memberships), "Advertising" (display advertising, enterprise groups, best offers and company profiles), "New Verticals" (events) and "Others".

Segment revenues

The segment revenues for the period under review are shown in the following tables:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Subscriptions	45,568	42,424
e-Recruiting	11,712	7,095
Advertising	5,263	3,897
New Verticals (events)	2,511	25
Other	49	58
Total	**65,103**	**53,499**

The "Subscriptions" business area includes revenues from Membership subscriptions, "e-Recruiting" includes revenues from job ads and recruiter accounts, while "Advertising" includes ads placed on the XING platform, from best offers, groups and company profiles.

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
D-A-CH (Germany, Austria, Switzerland)	62,146	51,702
International	2,957	1,797
Total	**65,103**	**53,499**

The regional breakdown into D-A-CH (Germany, Austria, Switzerland) and International reflects the organizational focus.

Non-current assets

The segmented non-current assets for the period under review are shown in the following table:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
D-A-CH (Germany, Austria, Switzerland)	24,071	16,234
International	0	14,774
Total	**27,071**	**31,008**

E Cash and cash equivalents

As of December 31, 2011, cash and cash equivalents amounted to €68,217 thousand (previous year: €59,036 thousand), consisting of own funds (€66,196 thousand) and third-party cash (€2,021 thousand).

The cash and cash equivalents are attributable to Germany (€68,030 thousand; previous year: €58,910 thousand), Spain (€150 thousand; previous year: €2 thousand), Turkey (€14 thousand; previous year: €24 thousand) and Switzerland (€23 thousand; previous year: €23 thousand). As of December 31, 2011, there was no longer any cash-at-banks in China (previous year: €67 thousand) and the USA (previous year: 10 thousand).

Cash and cash equivalents consist mainly of cash-at-banks, on which interest is earned at variable rates with terms of between one day and three months.

Movements in Group cash and cash equivalents are shown in the consolidated cash flow statement. Other cash flows included in the consolidated cash flow statement consisted of the following components during the reporting period:

in € thousand	01/01/2011 – 12/31/2011	01/01/2010 – 12/31/2010
Interest received	504	84
Interest paid	(14)	(74)
Total	**490**	**10**

F Other disclosures

Contingent liabilities and financial obligations

The determination as to whether an agreement includes a lease is based on the financial content of the agreement at the time at which the agreement is concluded, and involves an assessment as to whether fulfillment of the contractual agreement depends on the use of a certain asset or certain assets, and whether the agreement confers a right to use the asset.

Operating leases have been taken out by the Group for business premises and staff apartments. The leases have an average term of between three and four years, and there is an option for them to be extended.

Future minimum lease payments existing as of December 31, 2011, in accordance with the operating leases which cannot be terminated, are shown in the following table:

in € thousand	12/31/2011	12/31/2010
Up to two years	2,998	1,909
More than two years and less than five years	1,426	2,570
More than five years	0	0
Total	**4,424**	**4,479**

The Group recognized lease payments of €712 thousand (previous year: €820 thousand) in the income statement.

The Group was party to finance leases for various items of IT hardware and service until 2010. The term of these leases ranged from 30 to 60 months. Each lease had an extension clause, but did not contain purchase options or value insurance clauses. They could be extended for further periods of six months.

There were no future minimum lease payments from finance leases as of December 31, 2011.

Principles of financial risk management

The financial instruments of the Group mainly consist of cash and cash equivalents, as well as receivables from services attributable to Group operations. The Group finances its operations primarily via the advance payments of its premium members, and via equity funding. The Company does not hold any further financial instruments which involve major financial risks.

Capital risk management and net debt

The Group manages its capital using the equity ratio with the aim of optimizing returns, where applicable also by using debt. This ensures that all companies in the Group are able to operate on the basis of the going concern principle. The Group monitors its capital by means of the equity ratio.

The capital structure of the Group consists mainly of shareholders' equity. As of December 31, 2011, the equity ratio was 42.7 percent (previous year: 64.0 percent). As shown in the following table, the cash and cash equivalents and short-term deposits of the Group were considerably higher than the liabilities as of the balance sheet date:

in € thousand	12/31/2011	12/31/2010
Non-current liabilities	(3,758)	(1,337)
Current liabilities	(53,492)	(30,234)
Cash and cash equivalents and current deposits	66,196	59,036
Surplus cash and cash equivalents	**8,946**	**27,465**

The decline in the surplus of cash and cash equivalents is mainly due to the fact that the current liabilities include a figure of €19,952 thousand for liabilities for the special dividend payment. The special dividend was paid in February 2012.

Categories of financial instruments

The following categories of financial instruments existed as of the balance sheet date:

in € thousand	12/31/2011	12/31/2010
Financial assets		
Non-current receivables	74	85
Current receivables attributable to services	5,663	4,573
Cash and cash equivalents and current deposits	66,196	59,036
Financial liabilities		
Current trade accounts payable	1,060	514

The current and non-current receivables as well as the cash and cash equivalents and current deposits are also shown at amortized costs.

Liabilities attributable to finance leases are shown at amortized cost. As was the case in the previous year, no interest expenses were recognized in the income statement in this respect.

The other current liabilities are shown at amortized cost.

For all financial assets and liabilities, the fair values, to the extent that they can be determined, correspond to the carrying amounts shown in the balance sheet.

As was the case in the previous year, no financial assets was used as security for liabilities of the Group in this financial year.

As was the case in the previous year, the Group did not use any hedging instruments in the course of the financial year to hedge financial assets or financial liabilities or to hedge cash flows.

Exchange rate and interest rate management

At present, the Group is not exposed to any major exchange rate or interest risks. The revenues are generated mainly in Euros. There are no interest-bearing liabilities.

Cash-at-banks earned an average 0.75 percent interest (previous year: 0.1 percent).

Analysis of market risks

As the Group is not exposed to any major market risks (currency, interest rate or other price risks), more extensive sensitivity analyses are not carried out in relation to potential market risks.

With regard to consolidated earnings before tax, a change in interest rates will have an impact on interest income (as a result of the impact of variable-income financial assets). If interest rates had increased or decreased by 100 basis points during the reporting period, interest income would have changed by €655 thousand (previous year: €568 thousand) on the basis of an average investment volume of €65,515 thousand (previous year: €56,581 thousand).

Default risk management

Default risk is defined as the risk of a loss to the Group which is incurred if a contracting party fails to meet its contractual obligations.

As was the case in the previous year, major financial assets only existed as of the balance sheet date in the form of subscription claims against users of the XING platform (receivables from services) as well as cash held at banks (cash and cash equivalents and current deposits).

With regard to the receivables, the risk is reduced by the fact that most of the receivables consist of a large number of relatively minor amounts, of less than €1 thousand in each case. As of the balance sheet date, the remaining term of virtually all these receivables was less than one month. The maximum default risk is equal to the carrying amount of the receivables (€5,663 thousand). Most of the receivables were paid after the balance sheet date.

Reputable commercial banks with highest ratings are used for investment and payments relating to cash-at-banks. The remaining term of the cash-at-banks is less than two months.

The Group believes that the current default risks are low. At the end of the year, the following allowances were recognized in relation to receivables from services:

in € thousand	12/31/2011	12/31/2010
Total amount of receivables from services	6,058	4,834
Allowances in relation to receivables	(395)	(261)
Receivables from services	**5,663**	**4,573**

In the financial year 2011, an additional write-down of €134 thousand was recognized (previous year: €40 thousand); of this figure, €50 thousand was recognized for the subsidiary amiando which was initially consolidated in 2011.

There was essentially no income from payments relating to receivables from services which had previously been eliminated.

As was the case last year, there were no defaults in relation to cash and cash equivalents and current deposits.

There are no major risk concentrations.

Liquidity risk management

The Group manages liquidity risks by holding appropriate reserves and also by constantly monitoring the forecast and actual cash flows. The maturities of financial assets and liabilities are constantly monitored.

As a result of the current cash-at-banks, there are no major liquidity risks. There are no credit lines with banks, nor are any such lines required at present.

Disclosures concerning the stock options program

Pursuant to a resolution of the annual general meeting of the Company on November 3, 2006, contingent capital (contingent capital I 2006) of up to €288,822.00 was created for the purpose of creating an employee stock option program. As a result, 160,617 stock options were issued to the Executive Board and employees of the Company within the framework of the "stock option plan 2006" (AOP 2006). A total of 0 stock options remained as of the balance sheet date (previous year: 48,147 stock options).

On September 8, 2007, a further 51,178 option rights were granted to selected senior executives and employees, of which 5,833 remained exercisable on December 31, 2011 (previous year: 35,362).

On March 7, 2008, a further 61,017 option rights were issued in a third tranche to senior executives and employees; of these 12,594 (previous year: 23,151) option rights have not expired.

Pursuant to a resolution of the annual general meeting of the Company on May 21, 2008, further contingent capital (contingent capital 2008) of up to €231,348.00 was created for the purpose of an employee stock option program. In consequence, 130,387 option rights were issued to employees and senior executives in September 2008 within the framework of the "stock option plan 2008" (AOP 2008); of which 20,839 (previous year: 39,357) option rights have not expired. In February 2009, a further 50,000 option rights were issued to the Executive Board; of which 47,608 (previous year: 50,000) option rights have not expired.

Pursuant to a resolution of the annual general meeting of the Company of May 28, 2009, contingent capital (contingent capital 2009) of up to €197,218.00 was created for the purpose of an employee stock option program. In consequence, 128,800 option rights were issued to the Executive Board as well as employees of XING within the framework of the "stock option plan 2009" (AOP 2009). Of these options 102,900 (previous year: 103,800) option rights still existed on the balance sheet date.

Pursuant to a resolution of the annual general meeting of the Company of May 27, 2010, contingent capital (contingent capital 2010) of up to €94,318.00 was created for the purpose of an employee stock option program. In consequence, 50,000 option rights were issued to the Executive Board of XING within the framework of the "stock option plan 2010 (AOP 2010). Of this figure, 50,000 (previous year: 10,000) option rights still existed on the balance sheet date.

The stock option plans grant the options to take up shares of the Company, and specify a fixed term of five years for the programs 2006 and 2010. The stock option programs 2008 and 2009 each have terms of 10 years. Each option confers the right to take up one share of the Company, whereby the subscription right of shareholders is excluded. The main provisions of the AOP 2006-2010 are summarized as follows:

Within the framework of the AOP, stock options may be issued only to members of the Executive Board of XING AG, to members of management of subsidiaries as well as to selected senior executives, to other key personnel and other employees of XING AG and its subsidiaries.

The stock options grant the holder the right to take up registered shares with voting rights of XING AG. Each stock option entitles the holder to take up one share of XING AG in return for paying the exercise price. The option conditions may specify that the Company, in order to fulfill its obligations relating to the taking up of shares, may grant to the beneficiary treasury shares or a cash payment instead of new shares using the contingent capital.

The subscription rights provided by the stock options can only be exercised after the end of a lock-out period. For the stock option programs 2006-2009, the lock-out period for 50 percent of the stock options granted is at least two years; it is at least three years for a further 25 percent of the stock options granted, and at least four years for the remaining 25 percent. The lock-out period commences on the day after the corresponding stock options are issued. In the stock option programs 2006 and 2010, the subscription rights can be exercised within a period of up to five years, starting on the day on which the stock options are issued. In the stock option programs 2008 and 2009, the subscription rights can be exercised within a period of up to ten years, starting on the day on which the stock options are issued.

The exercise price for a share of the Company corresponds to the arithmetic mean of the closing auction prices of the Company's shares in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange on the last five market days before the corresponding stock option is issued (the day on which the beneficiary's declaration that he intends to take up shares is accepted by the Company or by the credit institution engaged by the Company for processing purposes). Alternatively, the exercise price for stock options issued before the start of trading for shares within the framework of the company IPO corresponds to the price at which the Company shares were placed within the framework of the IPO.

Subscription rights in relation to stock options can only be exercised if the closing auction price of the shares of the Company in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange has outperformed the SDAX index (or a comparable successor index) on at least ten successive trading days within one year before the day on which the subscription right is exercised.

In 2011, one individual issue (in 2010 two individual option issues) to one member of the Executive Board amounting to a total of 40 thousand stock options was conducted subject to the same conditions (for further details, please refer to the compensation report).

The expense of the stock-based compensation shown in the income statement for the period ending December 31, 2011, amounted to €836 thousand (previous year: €713 thousand).

The weighted average exercise price was €33.02 (previous year: €32.65). The weighted average term remaining for options which were outstanding as of December 31, 2011, is 3.6 years (previous year: 4.4 years).

The weighted average fair value for the stock options still outstanding as of December 31, 2011, is €8.26 (previous year: €9.06).

The calculations are based on an actuarial report obtained for measuring the value of the stock options and the parameters set out in the report.

Relations with related parties

The members of the Executive Board and the Supervisory Board of XING AG are deemed to be related parties according to IAS 24. In the year under review, and with the exception of the business relations which are explicitly stated at this point, there were no major business relations between the Executive Board and the Supervisory Board and the companies included in the consolidated financial statements.

Michael Otto, who served as CTO of XING AG until January 31, 2011, is a partner/managing director in epublica GmbH, Hamburg, which developed the software for the XING AG platform. As was the case in the previous year, epublica GmbH did not provide any services to XING AG. Rental payments and refunds of expenses amounting to €44 thousand (previous year: €71 thousand) were made to epublica GmbH.

Additionally, DLD Media GmbH, a subsidiary of the Burda Group, provided services to XING AG amounting to €60 thousand (previous year: €90 thousand) and utilized services in an amount of €36 thousand (previous year: €0 thousand). Altradia GmbH, which is also part of the Burda Group, rendered services amounting to €4 thousand in the year under review (previous year: €1,028 thousand).

Burda Services GmbH, which is also part of the Burda Group, utilized XING services in the amount of €1 thousand (previous year: €29 thousand), and Burda GmbH utilized XING services in the amount of €6 thousand (previous year: €2 thousand). In addition, the following companies of the Burda Group also utilized XING services for the first time in 2011: Valiton GmbH: €1 thousand, Bonago Incentive Group GmbH: €1 thousand, Cellular GmbH: €3 thousand, United Ambient Media AG: €2 thousand, as well as Burda Creative Group: €2 thousand.

Dr. Andreas Meyer-Landrut was a member of the Supervisory Board of XING between November 2010 and May 26, 2011; he is also a partner of DLA Piper UK LLP, Cologne, which rendered legal consulting services in the amount of €140 thousand in 2011 (previous year: €240 thousand) for XING.

Number of employees

XING employed an average of 388 persons (previous year: 294) as well as four members of the Executive Board (previous year: 4) during the financial year from January 1, 2011 to December 31, 2011. As of December 31, 2011, a total of 452 persons (previous year: 302) as well as four Executive Board members (previous year: 4) were employed by the Group.

Members of the Supervisory Board

The following persons served on the Supervisory Board of the Company in the year under review:

Dr. Neil Vernon Sunderland, independent entrepreneur,
Zumikon, Switzerland (Chairman)
Other Supervisory Board Mandates/Memberships in control bodies:

- Chairman of the Administrative Board and Chairman of Management of AdInvest AG and AdInvest Holding AG, Zumikon, Switzerland
- Member of the Administrative Board of Elsevier Holdings SA, Neuchâtel, Switzerland, Elsevier Finance SA, Neuchâtel, Switzerland, and Elsevier Properties SA, Neuchâtel, Switzerland
- Chairman of the Board of Adconion Media Group, Limited, London, United Kingdom
- Member of the Board of Industrial Origami Inc., Cleveland, USA
- Chairman of the Boards of Crupe Systems International Holdings (Singapore) Pte. Ltd., Singapore
- Member of the Board of Zymtech AG, Zug, Switzerland.

Fritz Oidtmann, Manager,
Bonn, Germany
Other Supervisory Board Mandates/Memberships in control bodies:
none

Dr. Andreas Meyer-Landrut, lawyer,
Mülheim an der Ruhr, Germany
(Member of the Supervisory Board until May 26, 2011)
Other Supervisory Board Mandates/Memberships in control bodies:
none

Dr. Johannes Meier, Manager,
Gütersloh, Germany
(Member of the Supervisory Board since May 26, 2011)
Other Supervisory Board Mandates/Memberships in control bodies:
- Member of the Supervisory Board of InfoAnalytics AG, Oldenburg, Germany
- Member of the Supervisory Board of Handelshochschule Leipzig gGmbH, Leipzig, Germany.

Dr. Jörg Lübcke, Manager,
Munich, Germany
(Member of the Supervisory Board since May 26, 2011)
Other Supervisory Board Mandates/Memberships in control bodies:
- Member of the Supervisory Board of sevenload GmbH, Cologne, Germany.

Simon Guild, entrepreneur,
London, United Kingdom
(Member of the Supervisory Board since May 26, 2011)
Other Supervisory Board Mandates/Memberships in control bodies:
- Chairman of the Advisory Board of Bigpoint GmbH, Hamburg, Germany
- Chairman of the Administrative Board of Wayn.com (Where Are You Know Limited), London, United Kingdom
- Chairman of the Administrative Board of Diffusion Media Group Limited, London, United Kingdom
- Member of the Supervisory Board of sprd.net AG, Leipzig, Germany
- Member of the Administrative Board of DigiCompanion SA, Paris, France
- Member of the Administrative Board of eYeka SA, Paris, France
- Member of the Administrative Board of Freerunner Limited, London, United Kingdom
- Member of the Administrative Board of Horizon Media Group Limited, London Great Britain.

Jean-Paul Schmetz, Manager,
Munich, Germany
(Member of the Supervisory Board since May 26, 2011)
Other Supervisory Board Mandates/Memberships in control bodies:
- Member of the Advisory Board of HackFwd GmbH & Co.KG, Hamburg, Germany
- Member of the Supervisory Board of Tomorrow Focus AG, Munich, Germany (until June 2011)
- Member of the Supervisory Board of Dogan Burda Dergi Yayincilik ve Pazarlama AS, Istanbul, Turkey
- Member of the Supervisory Board of Dergi Pazarlama Planlama ve Ticaret AS, Istanbul, Turkey
- Member of the Supervisory Board of Design House Inc. Seoul, South Korea (until June 2011)
- Member of the Supervisory Board of OPMS Limited, Seoul, South Korea.

The members of the Supervisory Board have received fixed compensation of €40 thousand for each full financial year they serve on the Board. The chairman of the Supervisory Board receives double the fixed remuneration.

In the financial year 2011, the total compensation for Supervisory Board members was €232 thousand (previous year: €170 thousand).

Further information is included in the compensation report, which is an integral part of the Group management report.

Members of the Executive Board

The following persons served as members of the Executive Board:

Dr. Stefan Gross-Selbeck, CEO, Hamburg, Germany
Aufsichtsratsmandate/Mitgliedschaften in Kontrollgremien: none

Ingo Chu, CFO, Hamburg, Germany
Supervisory Board Mandates/Memberships in control bodies: none

Michael Otto, CTO, Hamburg, Germany (until January 31, 2011)
Supervisory Board Mandates/Memberships in control bodies: none

Dr. Helmut Becker, CCO, Hamburg, Germany
Supervisory Board Mandates/Memberships in control bodies:
- Member of the Supervisory Board of Tipp24 SE, Hamburg, Germany

Jens Pape, CTO, Hamburg, Germany (since March 1, 2011)
Supervisory Board Mandates/Memberships in control bodies: none

Further information is included in the compensation report, which is an integral part of the Group management report.

Auditor's fees

In the financial year 2011, expenses of €154 thousand (previous year: €150 thousand) were recognized for the auditing services for the period ending December 31, 2011. Fees for other consulting services amounted to €23 thousand (previous year: €36 thousand) and fees for other services in connection with the acquisition of amiando AG amounted to €35 thousand (previous year: €7 thousand). Tax consulting services were not utilized this year (previous year: €11 thousand).

Consolidated financial statements

In its capacity as the parent company, XING AG prepares consolidated financial statements for the period ending December 31, 2011, in accordance with the accounting principles of the International Financial Reporting Standards (IFRS). These consolidated financial statements are submitted to the electronic Federal Gazette.

Notifications received in accordance with Section 21 WpHG

On July 16, 2009, the Investmentgesellschaft für langfristige Investoren TGV, Bonn, Germany, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent and 5 percent on July 15, 2009, and now amounts to 6.4829 percent.

On December 29, 2009 (corrected notification), Hubert Burda Digital GmbH, Munich, notified the Company that its share of the voting rights in the company exceeded the thresholds of 3, 5, 10, 15, 20, and 25 percent on December 18, 2009, and now amount to 25.10 percent.

On December 29, 2009, Prof. Dr. Hubert Burda notified the Company that his share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15, 20 and 25 percent on December 18, 2009, and now amounts to 25.10 percent.

On December 29, 2009, Hubert Burda Media Holding GmbH & Co. KG notified the Company that its share of voting rights in the Company exceeded the threshold of 3, 5, 10, 15, 20 and 25 percent on December 18, 2009, and now amounts to 25.10 percent.

On May 10, 2010, Ennismore Fund Management Ltd., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on May 7, 2010, and now amounts to 3.02 percent.

On July 8, 2010, Ennismore European Smallers Companie Fund, Dublin, Ireland, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on July 2, 2010, and now amounts to 3.18 percent.

On January 7, 2011, Cyrte Investments GP I B.V., Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights).

On January 7, 2011, Cyrte Investments B.V., Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) Sentence 1 No. 1 and 6 WpHG, all voting rights are attributed to Cyrte Investments B.V. The associated voting rights are held by Cyrte Investments GP I B.V., which are controlled by Cyrte Investments B.V.

On January 7, 2011, Delta Lloyd N.V., Amsterdam, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) Sentence 1 No. 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributed to Cyrte Investments B.V. The associated voting rights are held by Cyrte Investments B.V. und Cyrte Investments GP I B.V., which are controlled by Delta Lloyd N.V.

On January 7, 2011, CGU International Holdings B.V., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) Sentence 1 No. 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributed to Cyrte Investments GP 1 B.V. The associated voting rights are held by Delta Lloyds N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by CGU International Holdings B.V.

On January 7, 2011, Aviva International Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) No. 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Holdings Limited.

On January 7, 2011, Aviva Insurance Limited, Perth, Scotland, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Insurance Limited.

On January 7, 2011, Aviva International Insurance Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) No. 1 and 6 in conjunction with (2) and (3) WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Insurance Limited.

On January 7, 2011, Aviva Group Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) No. 1 and 6 in conjunction with (2) and (3) WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Group Holdings Limited.

On January 7, 2011, Aviva Plc., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on January 7, 2011, and now amounts to 3.68 percent (194,518 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Aviva Group Holdings Limited, Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Plc.

On January 18, 2011, Cyrte Investments GP I B.V. Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights).

On January 18, 2011, Cyrte Investments B.V., Naarden, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 No. 1 and 6 WpHG, all voting rights are attributable to Cyrte Investments B.V., Naarden, Netherlands. The associated voting rights are held by Cyrte Investments GP I B.V., which are controlled by Cyrte Investments B.V.

On January 18, 2011, Delta Lloyd N.V., Amsterdam, Netherlands, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments B.V. The associated voting rights are held by Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Delta Lloyd N.V.

On January 18, 2011, CGU International Holdings B.V., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Delta Lloyds N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by CGU International Holdings B.V.

On January 18, 2011, Aviva International Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Holdings Limited.

On January 18, 2011, Aviva Insurance Limited, Perth, Scotland, Great Britain, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Insurance Limited.

On January 18, 2011, Aviva International Insurance Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva International Insurance Limited.

On January 18, 2011, Aviva Group Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Group Holdings Limited.

On January 18, 2011, Aviva Plc., London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on January 18, 2011, and now amounts to 5.04 percent (266,721 voting rights). In accordance with Section 22 (1) Sentence 1 and 6 in conjunction with Sentence 2 and 3 WpHG, all voting rights are attributable to Cyrte Investments GP I B.V. The associated voting rights are held by Aviva Group Holdings Limited, Aviva International Insurance Limited, Aviva Insurance Limited, Aviva International Holdings Limited, CGU International Holdings B.V., Delta Lloyd N.V., Cyrte Investments B.V. and Cyrte Investments GP I B.V., which are controlled by Aviva Plc.

On May 6, 2011, CGU International Holdings B.V., London, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the thresholds of 5 percent and 3 percent on May 6, 2011, and now amounts to 0.00 percent (0 voting rights).

On May 6, 2011, Aviva International Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the thresholds of 5 percent and 3 percent on May 6, 2011, and now amounts to 0.00 percent (0 voting rights).

On May 6, 2011, Aviva Insurance Limited, Perth, Scotland, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the thresholds of 5 percent and 3 percent on May 6, 2011, and now amounts to 0 percent (0 voting rights).

On May 6, 2011, Aviva International Insurance Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the thresholds of 5 percent and 3 percent on May 6, 2011, and now amounts to 0.00 percent (0 voting rights).

On May 6, 2011, Aviva Group Holdings Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the thresholds of 5 percent and 3 percent on May 6, 2011, and now amounts to 0.00 percent (0 voting rights).

On May 6, 2011, Aviva Plc., London, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the thresholds of 5 percent and 3 percent on May 6, 2011, and now amounts to 0.00 percent (0 voting rights).

On June 3, 2011, SMALLCAP World Fund, Inc., Los Angeles, USA, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on June 3, 2011, and now amounts to 3.13 percent (168,091 voting rights).

On June 3, 2011, Capital Research and Management Company, Los Angeles, USA, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on June 3, 2011, and now amounts to 3.13 percent (168,091 voting rights). In accordance with Section 22 (1) Sentence 1 No. 1 and 6 WpHG, all voting rights are attributable to Capital Research and Management Company. The associated voting rights are held by SMALLCAP World Fund, Inc., which is controlled by Capital Research and Management Company.

On July 15, 2011, Baillie Gifford Overseas Ltd, Edinburgh, Scotland, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on July 14, 2011, and now amounts to 3.08 percent (166,223 voting rights). In accordance with Section 22 (1) Sentence 1 No. 6 WpHG, all voting rights are attributable to Baillie Gifford Overseas Ltd.

On October 6, 2011, Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt, Germany, notified the Company that its share of the voting rights in the Company fell below the threshold of 5 percent on October 6, 2011, and now amounts to 4.99 percent (269,829 voting rights). Of this figure, and in accordance with Section 22 (1) Sentence 1 No. 6 WpHG, 0.25 percent (13,741 voting rights) of the overall volume is attributable to Allianz Global Investors Kapitalanlagegesellschaft mbH.

On October 20, 2011, Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt, Germany, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on October 19, 2011, and now amounts to 5.08 percent (274,829 voting rights). Of this figure, and in accordance with Section 22 (1) Sentence 1 No. 6 WpHG, 0.35 percent (18,741 voting rights) of the overall volume is attributable to Allianz Global Investors Kapitalanlagegesellschaft mbH.

On October 31, 2011, Ennismore Fund Management Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company fell below the threshold of 5 percent on October 28, 2011, and now amounts to 4.95 percent (267,590 voting rights). In accordance with Section 22 (1) No. 1 and 6 WpHG, all voting rights are attributable to Ennismore Fund Management Limited.

On October 31, 2011, Mr. William Geoffrey Oldfield, United Kingdom, notified the Company that his share of the voting rights in the Company fell below the threshold of 5 percent on October 28, 2011, and now amounts to 4.95 percent (267,590 voting rights). In accordance with Section 22 (1) No. 1 and 6 in conjunction with Sentence 2 WpHG, all voting rights are attributable to him.

On November 14, 2011, Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt, Germany, notified the Company that its share of the voting rights in the Company fell below the threshold of 5 percent on November 11, 2011, and now amounts to 4.96 percent (268,455 voting rights). Of this figure, and in accordance with Section 22 (1) Sentence 1 No. 6 WpHG, 0.27 percent (14,711 voting rights) are attributable to Allianz Global Investors Kapitalanlagegesellschaft mbH.

On November 22, 2011, Ennismore Fund Management Limited, London, United Kingdom, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on November 22, 2011, and now amounts to 5.16 percent (279,090 voting rights). In accordance with Section 22 (1) No. 1 and 6 WpHG, all voting rights are attributable to Ennismore Fund Management Limited.

On November 22, 2011, Mr. William Geoffrey Oldfield, United Kingdom, notified the Company that his share of the voting rights in the Company exceeded the threshold of 5 percent on November 22, 2011, and now amounts to 5.16 percent (279,090 voting rights). In accordance with Section 22 (1) No. 1 and 6 in conjunction with Sentence 2 WpHG, all voting rights are attributable to him.

On December 19, 2011, UniCredit S.p.A., Rome, Italy, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on December 16, 2011, and now amounts to 5.28 percent (285,970 voting rights). In accordance with Section 22 (1) Sentence 1 No. 1 WpHG, all voting rights are attributable to UniCredit S.p.A. The associated voting rights are attributable to HVB Principal Equity GmbH, which is controlled by UniCredit S.p.A.

On December 19, 2011, UniCredit Bank AG, Munich, Germany, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on December 16, 2011, and now amounts to 5.28 percent (285,970 voting rights). In accordance with Section 22 (1) Sentence 1 No. 1 WpHG, all voting rights are attributable to UniCredit Bank AG. The associated voting rights are attributable to HVB Principal Equity GmbH, which is controlled by UniCredit Bank AG.

On December 19, 2011, HVB Principal Equity GmbH, Munich, Germany, notified the Company that its share of the voting rights in the Company exceeded the threshold of 5 percent on December 16, 2011, and now amounts to 5.27 percent (285,536 voting rights).

On December 20, 2011, Mr. Alex Sacerdote, USA, notified the Company that his share of the voting rights in the Company exceeded the threshold of 3 percent on July 28, 2011, and now amounts to 3.02 percent (162,930 voting rights). In accordance with Section 22 (1) Sentence 2 in conjunction with Sentence 1 No. 2 and 6 WpHG, 2.73 percent (147,267 voting rights) are attributable to him.

On December 20, 2011, Whale Rock Capital Management LLC, Boston, USA, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on July 28 2011, and now amounts to 3.02 percent (162,930 voting rights). In accordance with Section 22 (1) Sentence 1 No. 6 WpHG, all voting rights are attributable to Whale Rock Capital Management LLC.

On December 20, 2011, Whale Rock Flagship Fund LP, Boston, USA, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on August 10 2011, and now amounts to 3.22 percent (173,630 voting rights). In accordance with Section 22 (1) Sentence 1 No. 2 WpHG, all voting rights are attributable to Whale Rock Flagship Fund LP.

On December 20, 2011, Whale Rock Capital Partners LLC, Boston, USA, notified the Company that its share of the voting rights in the Company exceeded the threshold of 3 percent on August 10, 2011, and now amounts to 3.33 percent (179,423 voting rights). In accordance with Section 22 (1) Sentence 2 in conjunction with Sentence 1 No. 2 WpHG, all voting rights are attributable to Whale Rock Capital Partners LLC.

On December 22, 2011, SMALLCAP World Fund, Inc., Los Angeles, USA, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on December 19, 2011, and now amounts to 2.59 percent (140,000 voting rights).

On December 22, 2011, Capital Research and Management Company, Los Angeles, USA, notified the Company that its share of the voting rights in the Company fell below the threshold of 3 percent on December 19, 2011, and now amounts to 2.59 percent (140,000 voting rights). In accordance with Section 22 (1) No. 1 and 6 WpHG, all voting rights are attributable to Capital Research and Management Company.

Directors' dealings

Details of directors' dealings in accordance with Section 15a WpHG can be viewed on the website of the Company under the heading "Investor Relations". There were four reportable transactions in the year:

Date	Name	ISIN	Purchase/sale	Price in €	Volume in €
31/05/2011	Adinvest AG	DE000XNG888	Sale	53,501	307,311.04
06/06/2011	Dr. Stefan Gross-Selbeck	DE000XNG888	Exercise of stock option	55,705	1,392,625.00
05/12/2011	Dr. Stefan Gross-Selbeck	DE000XNG888	Exercise of stock option	53,270	127,421.84
06/12/2011	Dr. Helmut Becker	DE000XNG888	Exercise of stock option	50,620	202,480.00

Statement concerning the Corporate Governance Code

The statement to be submitted in accordance with Section 161 AktG has been submitted and made available to shareholders by way of being published on the website (http://corporate.xing.com/investor-relations/corporate-governance).

Major events after the balance sheet date

There have been no major events for the Group after the balance sheet date.

Hamburg, March 27, 2012

The Executive Board

Dr. Stefan Gross-Selbeck Ingo Chu

Dr. Helmut Becker Jens Pape

DECLARATION OF THE EXECUTIVE BOARD

We declare that, to the best of our knowledge, the consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles and that the Group management report presents the development of business including the business result and the provision of the Group in such a way that a picture corresponding to the actual circumstances is provided and that the major opportunities and risks of the probable development of the Group are described.

Hamburg, March 27, 2012

The Executive Board

AUDIT OPINION

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements prepared by the XING AG, Hamburg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the fiscal year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, 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 IFRSs as adopted by the EU, 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, 27 March 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Klimmer	Schröder
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR

Date	Event
March 29, 2012	Annual Report 2011, Hamburg
May 14, 2012*	Interim Report Q1 2012, Hamburg
June 14, 2012*	Annual General Shareholder Meeting, Hamburg
August 14, 2012*	Interim Report HY1, 2012, Hamburg
November 12, 2012*	Interim Report Q3, 2012, Hamburg

* Subject to change

MASTHEAD & CONTACT

This Annual Report is available in both German and English. In the event of diversity in interpretation, the German version shall prevail. Both versions and further press information are available for download at www.xing.com.

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