XING

ANNUAL REPORT 2012

10 YEARS – OUR SUCCESS STORY

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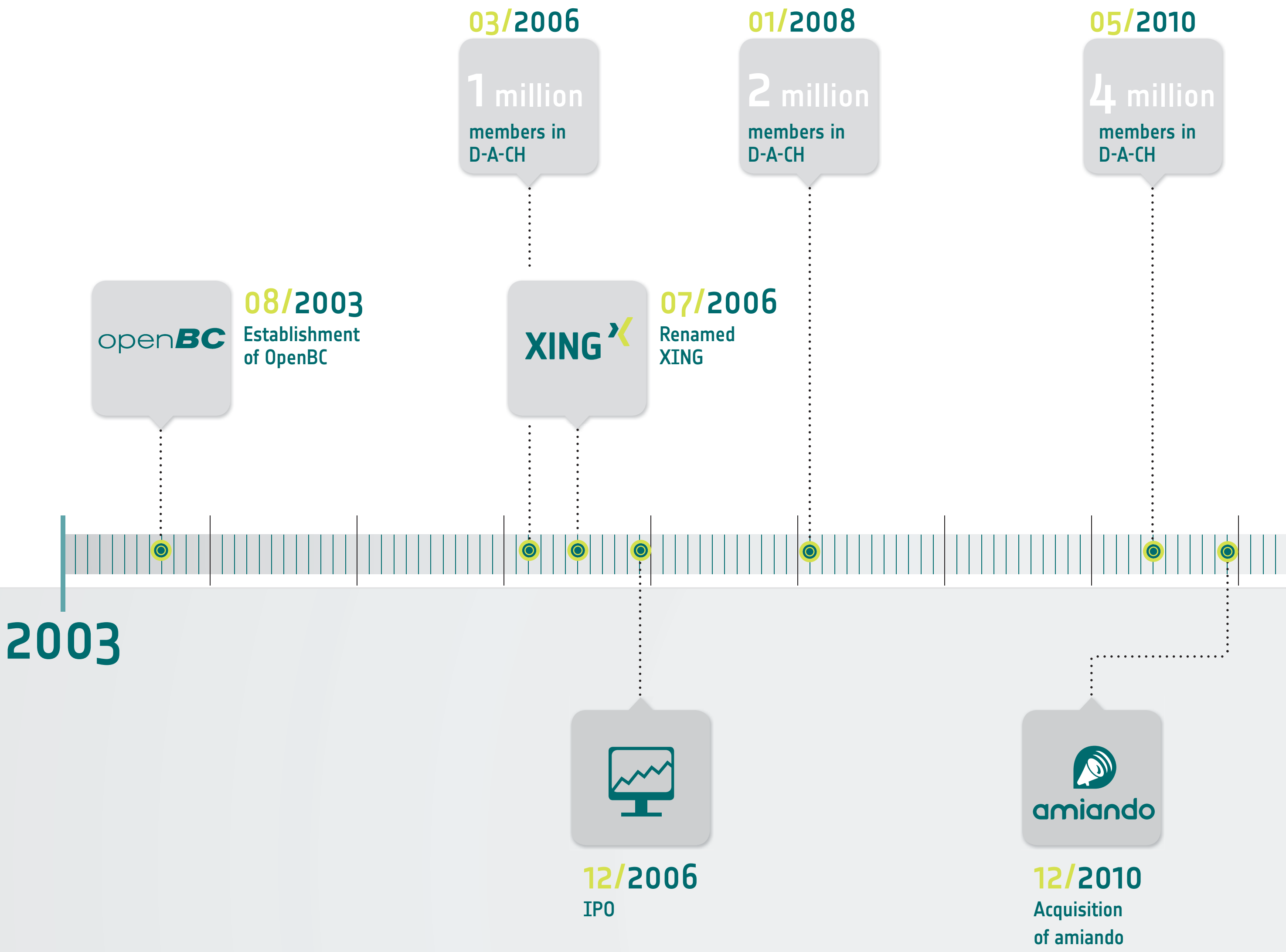
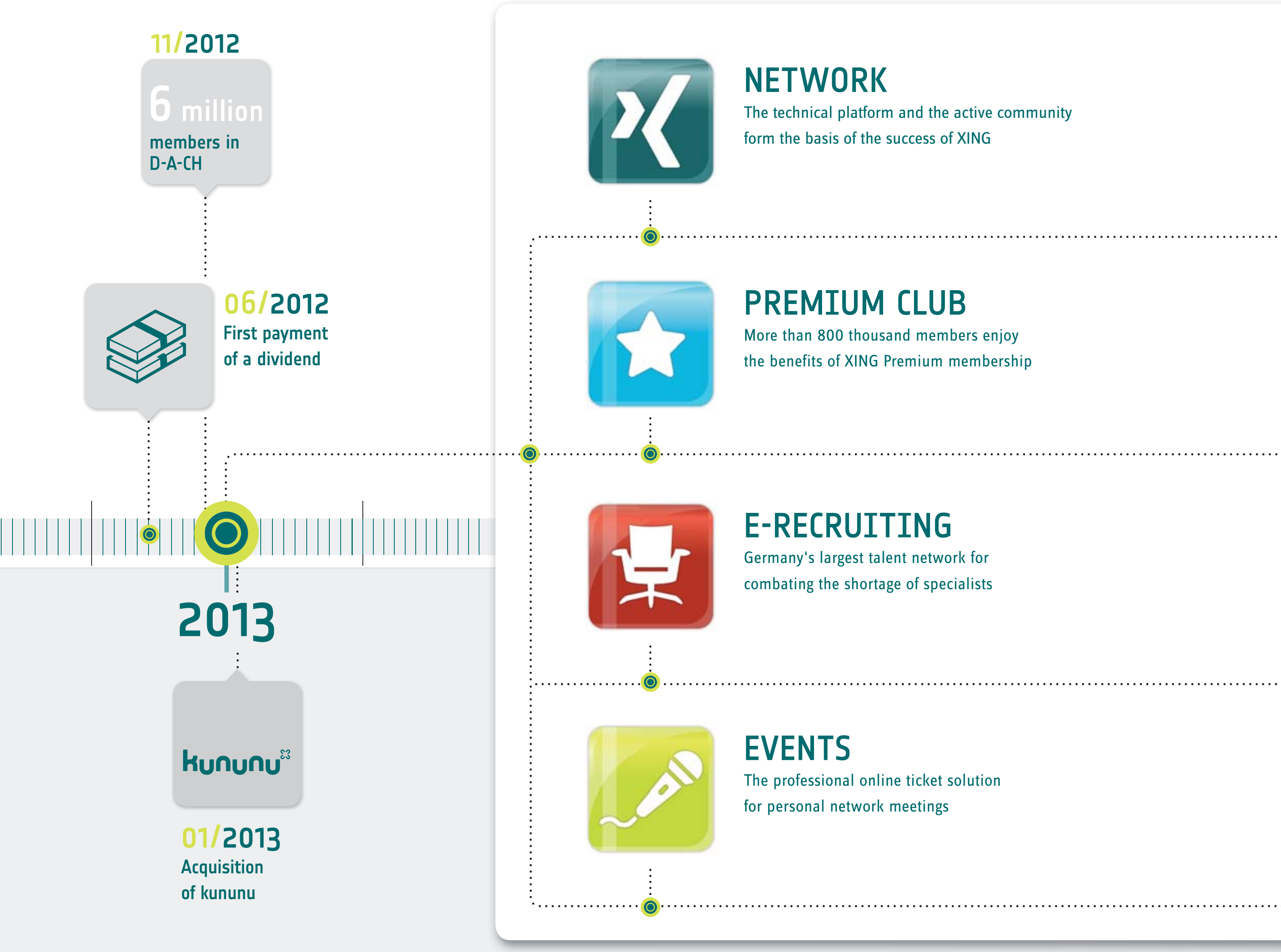
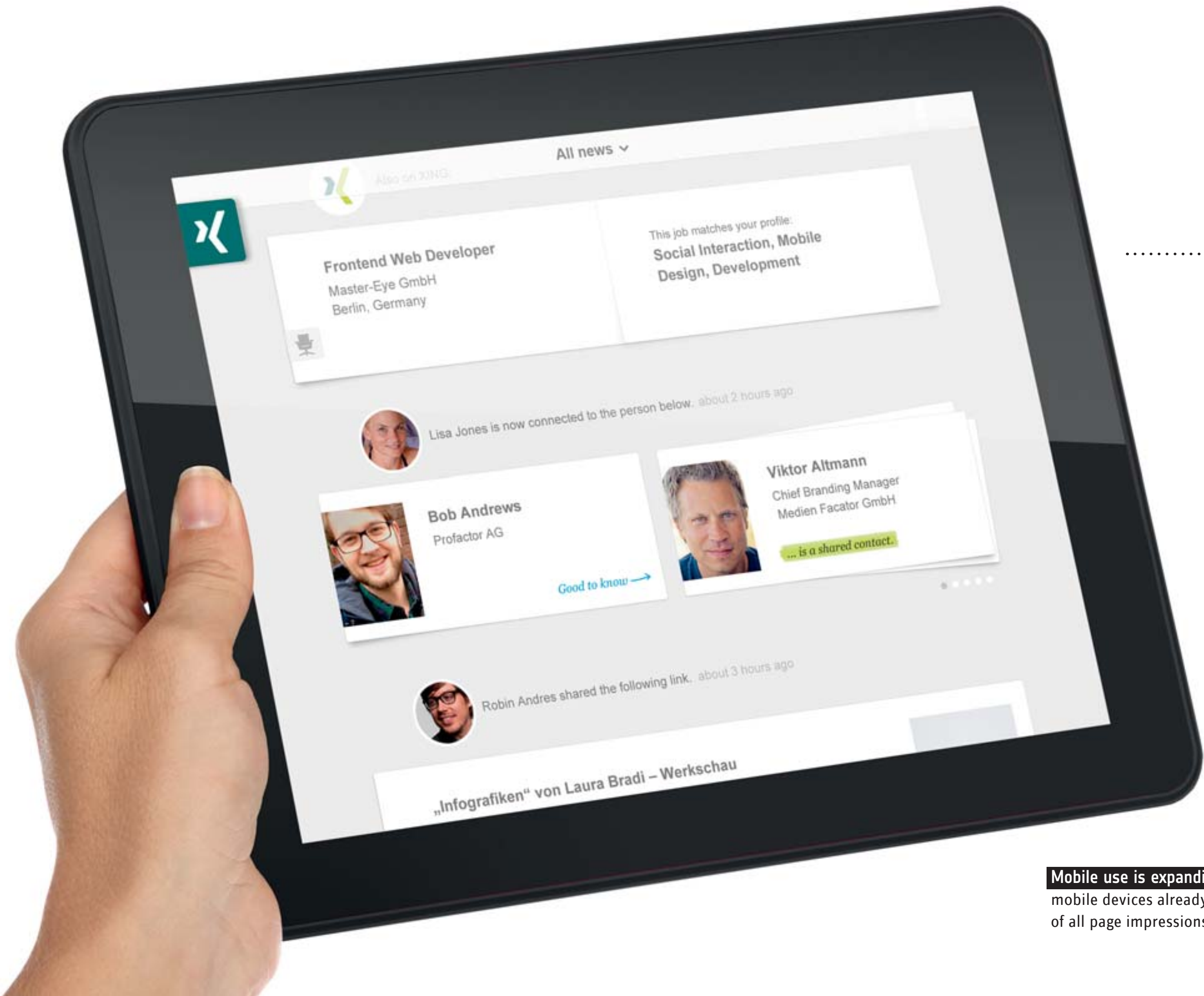


Ten years of XING. In the German-speaking world (D-A-CH), XING stands like no other company for the phenomenon of professional networking. During the past ten years, XING has been the place where a constantly increasing number of members meets, establishes contacts and networks by exchanging experience, discussing current affairs, obtaining information or even finding a new job. And even after ten years the XING success story is just beginning because XING is growing more strongly than all of its competitors in its home market. And the potential for further growth is immense, particularly in times of a severe shortage of specialists with companies desperately searching for new talent. For them, XING is the largest talent network in the D-A-CH region. For our members, it is the platform that provides them with everything they need to realize their career goals.



Market leadership in D-A-CH

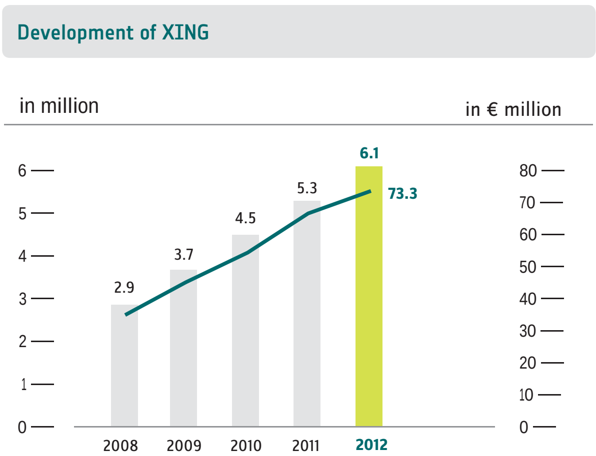
With more than 6 million members in the German-speaking world, XING AG is the leading social network for professional contacts. More than 800 thousand new members joined the network in 2012 alone. In this way, we are strengthening our position as the market leader in the D-A-CH region.



Mobile use is expanding rapidly, and mobile devices already account for one third of all page impressions on the XING platform

“Millions of people already use XING to stay in touch with their network of contacts and interact with one another. We will continue to expand the desktop and mobile versions of the XING platform, and provide our members with useful information to enrich their daily working life.”

Martin Rusch, Senior Vice President Network



Further great growth potential

At present, the penetration of online business-networks is only 7 percent measured in terms of the total population of approximately 100 million people in the D-A-CH region. Thanks to our local strength and network effects, we expect to see great growth potential when it comes to both members and revenues in the course of the next few years.

Unique: The XING Premium Club for the most demanding requirements

A Premium membership offers numerous benefits, and a further benefit has now been added: Premium members can send XING messages with SSL-encrypted attachments up to 100 MB in size.

“Our members should see the added value provided by Premium membership every single day.”

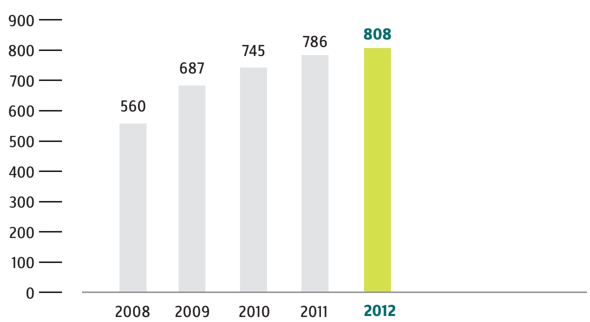
Timm Richter, CPO

Some of the advantages of Premium membership:

- Profile visitors
- Enhanced search filters to find information faster
- Send messages to non-contacts
- (NEW) File attachments of up to 100 MB via XING message

Paid member development

in thousand

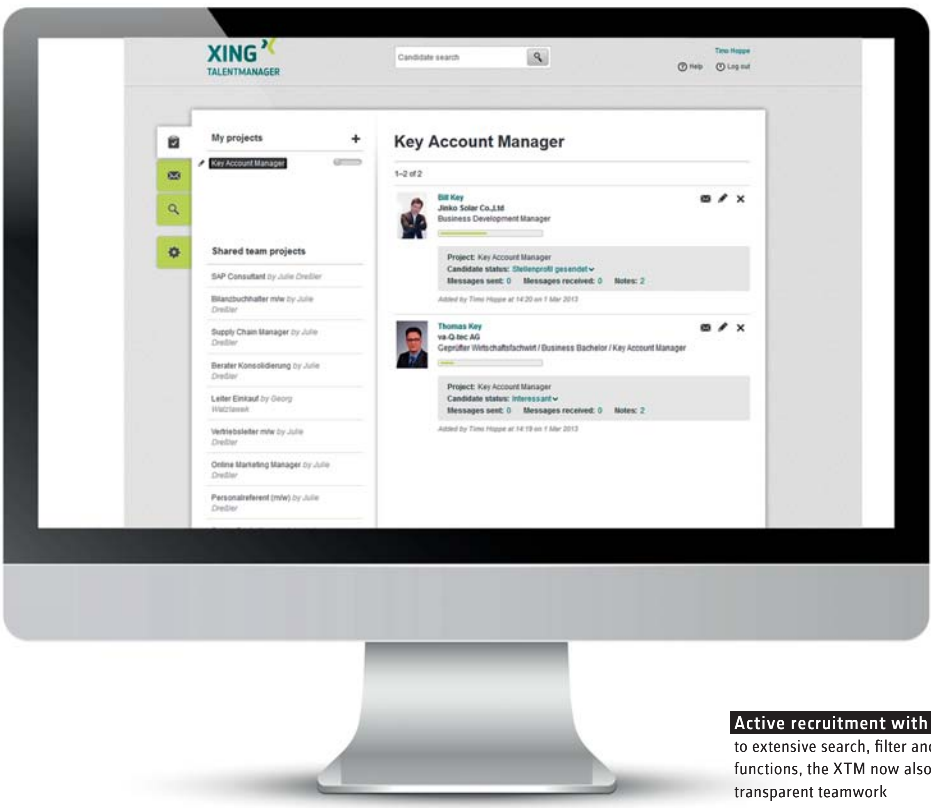


808,000 Premium members

Measured in terms of total revenues, the former „Subscriptions“ business division, which has now been renamed „Premium Club“, is the largest and most significant business division. At the end of 2012, more than 800 thousand members use the enhanced functions of the XING platform. At the end of 2013, paid online membership is to be considerably extended to include numerous new features, and will thus become even more attractive for all XING users.

Leading position in social recruiting

The XING platform offers the largest database of specialists and senior executives in the German-speaking world. With the launch of the XING Talent Manager (XTM) in September 2012, XING has successfully established itself as an end-to-end e-Recruiting supplier and has further expanded its market leadership there.



Active recruitment with the XTM In addition to extensive search, filter and administration functions, the XTM now also permits efficient and transparent teamwork

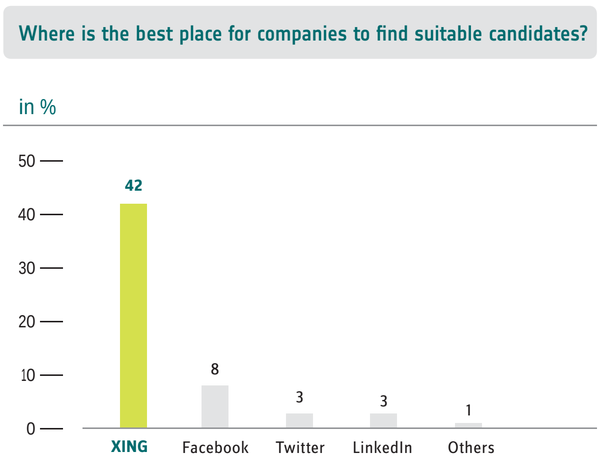
“XING will continue to build upon its position as proactive recruiting market leader over the coming years. The XING platform is a great source of top talent for companies.”

Frank Hassler, Senior Vice President e-Recruiting

How (pro-)active is recruiting in Germany? German companies are now starting to discover active recruiting

In 2012, every fourth employer actively used social networks to search for new employees. Within a period of just two years, the number of companies with active recruiting processes in Germany has doubled. Small companies are now three times as likely to use this type of recruiting as large companies.

Source: ICR Social Media Recruiting Report 2012



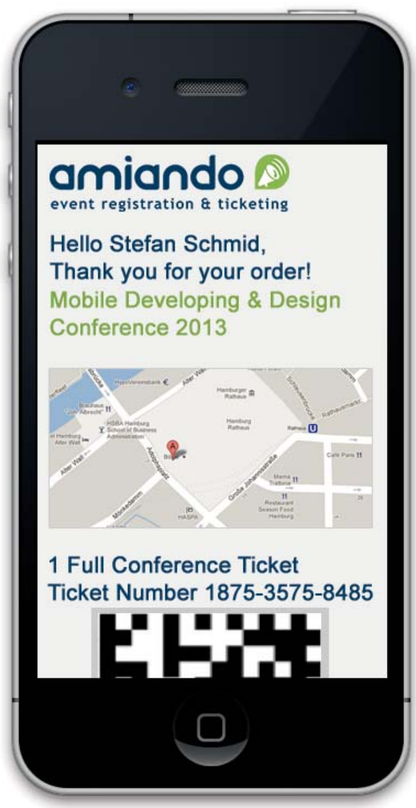
XING is the best place for companies to find candidates

HR decision-makers who use social media ranked XING as the top place to go when asked which platform is the best for finding suitable candidates in Germany. The German market leader achieves a score of 42 percent (whereas all other platforms each have scores of less than 10 percent). Compared with the nearest competitor for purely professional networking, XING achieves a 14-times better performance.

Source: Forsa survey among 201 HR decision makers, September 2012

Event portal on course for growth

Our members set great store on maintaining contacts both online and offline. Personal meetings and get-togethers at events have always been an important part of the XING culture. Every year, more than 120 thousand events are posted on the XING platform. XING has been offering professional ticketing solutions for this purpose since 2010. Since the end of 2012, events which have been posted can also be marketed within the XING community via the AdCreator.



"XING will become the 'first point of reference' for promoters as well as people who attend professional events."

Norbert Stockmann, Senior Vice President Events and Managing Director of amiando GmbH

Specialist presentations Experts give presentations on a wide range of different topics

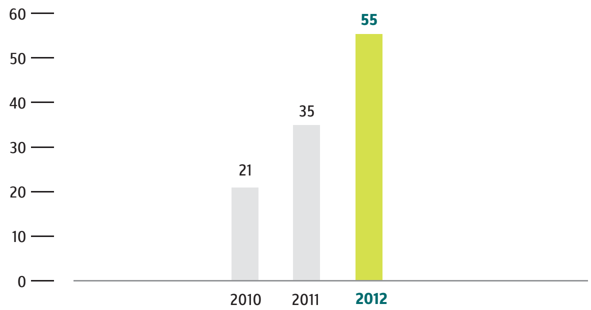
Congresses Online ticketing for large-scale events

Seminars and courses Further training in a number of specialist fields

Cross Table Dinner Extending your professional network in pleasant surroundings

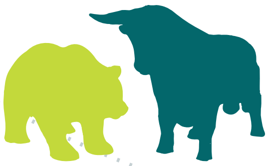
Revenue development with tickets sold

in € million



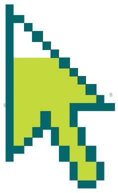
Since the acquisition of amiando, external revenues of tickets sold have more than doubled. This was due to numerous new event promoters from Germany and abroad. Our customers appreciate the technical flexibility and rapid implementation of our ticketing solutions.

DID YOU KNOW THAT...



... XING was the world's first listed social network?

... XING members have the highest average income of all social networks in Germany?



... XING accounts for more than four out of five page visits to business networks in D-A-CH?

... XING was the business network with the largest member growth in D-A-CH in 2012?

... more than 120,000 offline events are organized on XING every year?

kununu

... XING acquired kununu at the start of 2013?

... XING has the highest percentage of paid Premium members in Germany of all social networks?

... XING is by far the most popular network among German recruiters when it comes to finding the right candidates?*

*The second most popular network only returns a fifth of the results generated by XING.

... XING has more than 100 customer service agents?

... every XING page uses SSL encryption by default – the same security standard used by online banking portals?

CONTENTS

Dr. Thomas Vollmoeller, CEO

INTERVIEW WITH THE NEW CHIEF EXECUTIVE OFFICER DR. THOMAS VOLLMOELLER

Thomas Vollmoeller, you took over as the new CEO at XING AG in mid-October 2012. Are you happy with your new job?
Yes, very much so. I have a great job at a company that's in a great position. And, most importantly of all, I have a superb team that's highly motivated and gave me a warm welcome and an excellent induction. As we all know, a good team is half the battle.

Have you already made changes?
We've restructured the Company. The aim of that is to use smaller teams to bring products to a clearly defined market even faster and in a more focused fashion. This led to us splitting XING up into four core divisions: „Network", „Premium Club", „e-Recruiting" and „Events".

And what changes have been made to the product?
We've already made a number of changes, and here are a couple of examples: We launched the innovative XING Talent Manager which provides companies with a simple and cost-effective way to find suitable candidates for their vacancies. Another product we launched in January is XING Projects, which is our marketplace for freelancers as a way of getting ahead in the hunt for talent. It's the easiest possible way for freelancers to find new projects.

Didn't you acquire kununu in January?

That's right. kununu is the leading platform for employer reviews in German-speaking countries and a great company, too. We entered into a cooperation with kununu back in 2011 where we integrated their employer reviews into our Company Profiles. This cooperation proved to be so successful that it made perfect sense to acquire kununu.

"With kununu, corporate image is more about people's experiences at the company rather than perceptions shaped by the company through its branding efforts."

What's special about company reviews?

It adds a completely new dimension in terms of employer branding. The Internet is making things far more transparent while also helping to break down conventional structures. Here's an example: XING puts everyone in a position to foster relations and use them to get ahead. In the past such relations were only available to people who grew up in the right families. kununu provides this benefit to everyone, meaning that anyone can voice their opinion and describe things as they see them. This provides other people with valuable insights about a company with different aspects to those presented in glossy brochures and polished websites. kununu means that a company's image is no longer just a question of how good your employer branding is, it's also about how people who have had something to do with the company see it.

How does kununu generate revenues?

Employees and job applicants can review companies on kununu.com by giving them a rating on a scale of 1 to 5 for various aspects. The employers reviewed there can purchase their Company Profile and then add information such as contact people, photos and videos, and current job vacancies to position themselves as an appealing employer. kununu made this business model profitable in 2012 and more than doubled its revenues compared to the previous year.

What are your plans for kununu?

We're going to improve kununu's range by making sure there are more reviews and therefore more traffic. We're also going to develop new products in line with kununu's business model. These will include products that meet member interests by providing a clear overview of companies including reviews, current vacancies, and employees members are already connected to on XING. They will also include new ways for companies to present themselves in the best possible way and get ahead in the battle for top talent. And we'll continue to expand our position as social recruiting leader.

So how can companies be sure that they don't just receive negative reviews?

By making sure they offer good working conditions. You simply can't stick your head in the sand any more by claiming that all is well at your company if that's clearly not the case. kununu is a clear example of that. And that's a good thing. Businesses wanting to position themselves in a positive way need to make an effort to make sure that their company is indeed great. If they do, then they don't have anything to worry about when it comes to employer reviews. So far this is something that SMEs have understood much better than large companies, and this is reflected in their better ratings.

How do you want to compete with the global players from the U.S. by focusing on German-speaking countries?

Global players are forced to offer products that work in every market around the world by using the lowest common denominator. We can concentrate on our core market and offer solutions tailored to the specific needs of our German-speaking clients. Let's take the marketplace for freelancers as well as kununu and our e-recruiting solutions. These are all relevant during times where there's a lack of skilled workers. It's no secret that this isn't the case everywhere right now. Privacy also has a much higher priority in German-speaking countries than elsewhere, and German-speaking clients also set great store on service which we're able to provide as we have over a hundred employees dedicated to just that. Anyone can call us for assistance – try doing that with a global player based in the U.S.

Won't that market be too small in the long term?

Definitely not. German-speaking countries are home to around 100 million people and currently one of the world's booming economic regions. XING's current penetration level of around 7 percent means that there's still a lot of potential for us out there.

What's changing now that Burda is XING's majority shareholder?

Burda has been XING's largest shareholder since the end of 2009 and always a good strategic investor. We're happy that this is set to continue in the future, too. Their additional investment in XING also proves their trust in our future potential. Burda has also emphasized that they don't plan to enforce any major changes to our business or the various company boards.

How happy are you with the results for 2012?

2012 was an important year for XING as we set the course for our long-term growth. The introduction of the XING Talent Manager (XTM) as part of our e-Recruiting division represents a major product within the booming active recruiting market. At the end of the year we started looking into and preparing for the kununu GmbH takeover, which was a key step towards positioning XING AG as the leading platform for social recruiting and employer branding in German-speaking countries. To this end, we also needed to make further investments in qualified product development and sales staff. By taking into account one-time expenses related to the mandatory offer and preparation for the kununu acquisition, our EBITDA amounted to around €22 million, which is about the same as last year (€22.2 million).

"We can focus entirely on our core market and offer solutions tailored to meet specific needs within German-speaking countries."

Growth was much lower than last year. Why was that?

Over the last few years, XING focused on creating and expanding new business divisions. In our e-Recruiting and Events divisions we continue to achieve double-digit growth rates. We haven't done much for our paid memberships for some time now to drive growth levels in what makes up 70 percent of our revenues. And that's something I definitely intend to change in 2013! We've put together a large team that will focus solely on continuing to develop and boost the appeal of our Premium business. We've already got a number of specific ideas that we'll be presenting towards the end of 2013. As our paid memberships are our largest division, we want to build upon the 70 percent revenue share they constitute more heavily than we have done in the last few years. Together with our new e-Recruiting products and ideas, we have an excellent opportunity to drive revenue growth going forward.

Thanks for the interview Thomas!

EXECUTIVE BOARD PRESENTATION

Thomas Vollmoeller
Chief Executive Officer

Professional experience

08/2012 – present	Executive Board member, CEO
2012 – present	Administrative Board member, Conrad Electronic SE
2008 – 2012	CEO, Valora AG
2003 – 2008	CFO and Non-Food division board member, Tchibo GmbH
1998 – 2003	Member of the Executive Board, Tchibo direct GmbH
1988 – 1997	Senior Engagement Manager, McKinsey & Company, Inc.

Helmut Becker
Chief Commercial Officer

Professional experience

09/2009 – present	Executive Board member, CCO
06/2011 – present	Member of the supervisory board, Tipp 24
03/2008 – 08/2009	Senior Director Advertising and Internet Marketing, eBay
01/2007 – 03/2008	Senior Director New Business, eBay
10/2005 – 12/2006	Managing Director, shopping.com (eBay)
05/2004 – 09/2005	Director Corporate Development, eBay
04/1998 – 03/2004	Associate Principal, McKinsey

Jens Pape
Chief Technical Officer

Professional experience

03/2011 – present	Executive Board member, CTO
03/2010 – 02/2011	Vice President Online, Telefónica o2 Germany GmbH & Co. OHG
03/2007 – 02/2010	Direktor IT, Customer side development, CIO, Alice / Hansenet
03/2003 – 03/2007	CTO, AOL Deutschland GmbH & Co. KG

Ingo Chu
Chief Financial Officer

Professional experience

2009 – present	Executive Board member, CFO
2001 – 2009	CFO – later also media penetration, marketing, logistics, RTL Shop GmbH – Bertelsmann
2000 – 2001	Director Business Development, Bertelsmann e-Commerce Group
1999 – 2000	Director International Business, ANDSOLD – Bertelsmann
1998 – 1999	Corporate development project manager, CLT-UFA (now the RTL Group) – Bertelsmann
1995 – 1997	Assistant to the Executive Board, UFA / CLT-UFA (now the RTL Group) – Bertelsmann

Timm Richter
Chief Product Officer

Professional experience

03/2013 – present	Executive Board member, CPO
02/2011 – 02/2013	CEO, TravelTainment GmbH
01/2008 – 02/2010	Managing Director, Berge & Meer Touristik GmbH
01/2006 – 12/2007	Director of innovation and services, Tchibo GmbH
01/2005 – 12/2006	Director of new retail concepts, Tchibo GmbH
03/2003 – 12/2004	Director of corporate development, Tchibo GmbH
04/2002 – 02/2003	Head of central controlling Manager, Tchibo GmbH
09/2000 – 03/2002	Head of corporate development, Tchibo AG
01/2000 – 08/2000	Project manager, McKinsey & Company, Inc.
02/1995 – 12/1999	Consultant, McKinsey & Company, Inc.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

From the point of view of the Supervisory Board, the financial year 2012 of XING AG was an exceptional and eventful year, in which numerous very important decisions for the future of the Company were taken. This was the first year that XING AG paid out a regular dividend. In May, the Chairman of the Executive Board Dr. Stefan Gross-Selbeck stated that he would not be extending his contract which was due to expire in January 2013. With Dr. Thomas Vollmoeller, we have been able to recruit an experienced personality with strong leadership skills as the new CEO of XING. In addition, in the course of the financial year, we also dealt with operational issues, such as changing the advertising marketer or assessing new cooperation partners. At the end of the year, the committee intensively and carefully assessed the mandatory offer to the XING shareholders submitted by Burda Digital GmbH after the latter had exceeded the threshold of 30 per cent of voting rights in November. Over the New Year period, the Supervisory Board also considered issues connected with the acquisition of kununu GmbH from Vienna, which was successfully completed by the Executive Board in January 2013.

We have carried out our duties specified by the law and the Company's articles of incorporation with great care, we regularly advised the Executive Board with regard to management of the rapidly expanding Company and also monitored management of the Company.

Key aspects of monitoring and advisory activities

The Executive Board regularly provides verbal and written reports on the current development of business, the corporate development, special transactions, investment projects and also personnel planning. In addition to its traditional monitoring activities, the Supervisory Board was also very much involved in strategic and organizational decision-making processes.

Five ordinary meetings of the Supervisory Board were held last year. They were all attended by the members of the Supervisory Board who were in office at that time. Telephone conferences were also held, and resolutions were adopted by way of a written procedure, with the involvement of all members of the Supervisory Board on each occasion. The Supervisory Board was promptly involved by the Executive Board in all major decisions which were of fundamental importance for the Company.

The Supervisory Board has considered the following specific issues:

The first meeting of the Supervisory Board held in the course of the year, namely on February 1, 2012, discussed the current development of business and also the initial findings with regard to the results of the financial year 2011. The options for the appropriation of profits were also discussed. The conclusion of a marketing agreement for the so-called self-booking tool "AdCreator" was intensively discussed with the partner Letvertise, and this was eventually approved.

The accounts meeting of the Supervisory Board held on March 28, 2012 discussed the annual financial statements, the management report, the consolidated financial statements and the Group management report for the financial year 2011. At the recommendation of the Audit Committee and following detailed explanations of the auditor, the annual financial statements 2011 were adopted by the Supervisory Board. The Supervisory Board also received reports from the Executive Board regarding measures and results of monitoring the internal risk management and compliance system. The other issues relating to resolutions comprised the draft of the report of the Supervisory Board and the proposal of the Administrative Board of the Company for the auditor for the financial year 2012 to be submitted to the annual general meeting. And finally, the Supervisory Board discussed with the Executive Board the planned resolutions to be adopted by the annual general meeting held on June 14, 2012.

In the meeting held on June 13, 2012, the Supervisory Board discussed the planned change to the existing marketing agreement with Adconion GmbH/smartclip AG and the possible conclusion of an agreement with a new service provider. Following extensive discussions and deliberations, the Supervisory Board approved the conclusion of an agreement with TOMORROW FOCUS AG in August 2012.

In the meeting of the Supervisory Board held on September 27, 2012, the Executive Board presented the restructuring of the XING AG Executive Board's responsibilities to the Supervisory Board. The Supervisory Board approved the proposed restructuring and adapted team structures into the four areas of "Professional Social Network", "Premium Club", "e-Recruiting" and "Events". The meeting also extensively discussed the planned acquisition of the Company evaluation platform kununu GmbH, which was supported by the Supervisory Board.

In a telephone conference held on November 20, 2012, Dr. Sunderland, Dr. Meier and Mr. Guild discussed and subsequently approved the joint comment of the Executive Board and the Supervisory Board of XING AG with regard to the mandatory offer of Burda Digital GmbH. On November 9, 2012, Burda Digital GmbH had submitted to the shareholders of XING AG a mandatory offer for acquiring all shares of the Company. From the business point of view, the offer was welcomed by the Supervisory Board because Burda Digital GmbH intends to further extend and strengthen its position as a strategically important investor by way of increasing its holding of voting rights in XING AG in future. However, with regard to the financial valuation, the Supervisory Board decided not to recommend that the shareholders of XING AG accept the mandatory offer. With regard to issuing the comment, the Supervisory Board, in order to avoid any potential conflicts of interest, decided as a precaution to exclude any involvement of the members of the Supervisory Board Dr. Lübcke, Mr. Oidtmann and Mr. Schmetz. Dr. Lübcke is the managing director of Burda Digital GmbH. Mr. Oidtmann is the managing director of several companies within the Burda Group and Mr. Schmetz is an employee of Burda GmbH. The three colleagues on the Supervisory Board were not involved in the comment, nor did they attend the meeting or take part in the process of adopting the resolution in relation to the comment.

The final Supervisory Board meeting of last year, held on November 29, 2012, discussed various aspects, including the current status of acceptance and the effects of the takeover offer of Burda Digital GmbH. The Supervisory Board also received reports from the Executive Board regarding the status of the planned acquisition of kununu GmbH. Other issues included the top-down assumptions for the medium-term business plan 2013 – 2015 and the introduction of a performance-based long-term remuneration system for the Executive Board using virtual shares.

Report from the Committees

The Supervisory Board has an Audit Committee, a Personnel Committee and a Nomination Committee.

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

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

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

Last year, the Audit Committee held a total of five meetings which were attended by the committee members in person, on February 23, March 7, March 27, September 26 and November 28, 2012. It dealt with the audit of the annual financial statements and the consolidated financial statements, discussed the audit-relevant issues with the auditor and considered the issues of internal control and risk management. The Audit Committee obtained the statement of independence of the auditor in accordance with Point 7.2.1 of the German Corporate Governance Code, and considered the proposal for the election of the auditor for the annual general meeting 2012. The resolutions for adopting the annual financial statements and consolidated financial statements as well as the proposal for the appropriation of profits were also prepared for the Supervisory Board. The current risk matrix was discussed in September, and special issues for the annual financial statements were discussed in November.

The Personnel Committee met on three occasions in the period under review. It discussed in particular the issue of a successor for Dr. Stefan Gross-Selbeck, the appointment to the Executive Board of Dr. Thomas Vollmoeller and Herr Timm Richter and also the extension of the Executive Board contracts due to expire in 2013. Further issues were the restructuring of the business distribution plan and Executive Board compensation, in particular the development of a performance-based long-term remuneration system for the Executive Board using virtual shares.

The Nomination Committee did not meet in 2012.

Corporate Governance

With regard to Corporate Governance at XING, the Executive Board and the Supervisory Board published a report on the website of XING AG under Investor Relations in accordance with Point 3.10 of the German Corporate Governance Code. The wording of the statement of compliance as well as further disclosures in accordance with Section 289a HGB are published under the website at http://corporate.xing.com/deutsch/investor-relations/corporate-governance/hgb-289a/. With few exceptions, XING AG complies with the recommendations of the German Corporate Governance Code, and is committed to Corporate Governance as an integral component of corporate management.

Conflicts of interest

With regard to the submission of the joint comment of the Executive Board and Supervisory Board in connection with the mandatory offer of Burda Digital GmbH, the Supervisory Board has as a precaution decided not to involve the members of the Supervisory Board Dr. Lübcke, Mr. Oidtmann and Mr. Schmetz in order to avoid any potential conflicts of interest. Dr. Lübcke is the managing director of Burda Digital GmbH. Mr. Oidtmann is the managing director of several companies within the Burda Group and Mr. Schmetz is an employee of Burda GmbH. The three colleagues on the Supervisory Board were not involved in the comment, nor did they attend the meeting or take part in the process of adopting the resolution in relation to the comment.

Audit of the annual financial statements and consolidated financial statements 2012

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft from Hamburg has audited the annual financial statements for the financial year 2012 prepared by the Executive Board in accordance with the regulations of the German Commercial Code (HGB) and the management report of XING AG, and has awarded them an unqualified auditor's report. This is also applicable for the consolidated financial statements prepared in accordance with Section 315a HGB in line with the International Financial Reporting Standards (IFRS) and the Group management report of XING AG for the financial year 2012, which have also been awarded an unqualified auditor's report. The Executive Board's report on relationships with affiliated companies (Section 312 AktG), which was produced for the first time due to Burda Digital GmbH's majority interest since December 2012, was unreservedly confirmed by the auditor as follows: "Following the completion of our audit, which was carried out in accordance with professional standards, we confirm: 1. that the information contained in this report is correct; 2. that the compensation paid by the Company with respect to the transactions listed in the report was not inappropriately high; and 3. that there are no circumstances which would justify, in relation to the measures specified in the report, a materially different opinion than that held by the Executive Board."

The consolidated financial statements and the annual financial statements, including the Group management report and the management report, the report on relationships with affiliated companies as well as the audit reports of the auditor and the proposal of the Executive Board regarding the appropriation of profits were made available to all members of the Supervisory Board on a timely basis before the meetings of the Audit Committee on March 26, 2012, and of the Supervisory Board on March 27, 2013, for auditing purposes. They were intensively discussed. The auditors participated in the deliberations concerning the submissions in the Supervisory Board and reported on the main results of their audit. They were available to the Supervisory Board at all times for answering questions and providing information. In connection with the audit of the financial statements, the Supervisory Board also discussed the accounting policy and financial planning of the Executive Board in both committees.

Following the conclusion of its own audit, the Supervisory Board did not have any reservations regarding the submitted annual financial statements, the management report as well as the consolidated financial statements, the Group management report and the report on relationships with affiliated companies and, after its own review, approved the result of the auditor regarding the audit of the annual financial statements and consolidated financial statements as well as the management report and the Group management report of XING AG as well as the report on relationships with affiliated companies in its meeting on March 27, 2013. The Supervisory Board has approved the annual financial statements prepared by the Executive Board and the consolidated financial statements of XING AG. The annual financial statements of XING AG have thus been adopted.

The proposal of the Executive Board regarding the appropriation of profits was approved by the Supervisory Board after an intensive review had been carried out and after all arguments had been considered. Accordingly, a proposal will be submitted to the next annual general meeting on May 24, 2013, for the payment of a dividend totaling around €3 million or approximately €0.56 per share.

Changes in the Executive Board

Pursuant to the resolution of May 8, 2012, the Supervisory Board appointed Dr. Thomas Vollmoeller as a new member of the Executive Board with effect from August 15, 2012. Dr. Stefan Gross-Selbeck stepped down from his office as Chairman of the Executive Board with effect from October 15, 2012. On October 16, Dr. Thomas Vollmoeller became Chairman of the Executive Board and, since that time, has been responsible for Human Resources, Corporate Development and Corporate Communications. The Supervisory Board would like to thank Dr. Gross-Selbeck for the extremely successful further development of XING AG in recent years. Under his leadership, XING has expanded its leading position on the market in the German-speaking world, and has achieved strong growth in terms of members, revenues and profits. With Dr. Thomas Vollmoeller, we have found an excellent successor who will contribute his expertise and experience in the management of dynamic and customer-oriented companies and who will thus initiate the next phase of growth of the Company.

On August 23, 2012, the Supervisory Board decided to appoint Mr. Timm Richter as a member of the Executive Board. With effect from March 1, 2013, Mr. Richter assumed responsibility for Marketing, User Care, Analytics, User Experience as well as product development for "Professional Social Network" and "Premium Club".

The Supervisory Board was responsible for and carefully monitored the personnel selection process and is pleased that it has been able to extend management of the Company by two recognized and experienced managers so that the next major milestones in the Company's development can be achieved jointly.

Changes in the Supervisory Board after December 31, 2013

Dr. Neil Sunderland, Chairman of the Supervisory Board, informed the Company in writing on March 18, 2013, that he will step down from all of his Supervisory Board duties with effect from the AGM to be held on May 24, 2013. Mr. Simon Guild also informed the Company in writing on March 21, 2013, that he will step down from all of his Supervisory Board duties with effect from the next AGM. The Supervisory Board has already started looking for suitable successors. The Supervisory Board intends to send the shareholders a list of proposed candidates together for the vacancies together with the agenda for the AGM to be held on May 24, 2013.

Conclusion

The Supervisory Board would like to thank the members of XING and the shareholders of the Company for the trust placed in the Supervisory Board. The Supervisory Board would like to thank the Chairman of the Executive Board, Dr. Stefan Gross-Selbeck who has now stepped down, the members of the Executive Board and all employees for their commitment and work. They have jointly contributed to a successful financial year 2012.

Hamburg, March 27, 2013

Dr. Neil V. Sunderland

Chairman of the Supervisory Board

REMUNERATION REPORT

This remuneration 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 DRS 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.

As of December 31, 2012, the Executive Board of the Company consisted of four members.

Dr. Stefan Gross-Selbeck held the position of Chief Executive Officer (CEO) at XING until October 15, 2012. During the 2012 financial year, he was responsible for Product, Corporate Development, Human Resources, Corporate Communications, and Strategy.

Dr. Thomas Vollmoeller was appointed to the Company's Executive Board on August 15, 2012, and took over from Dr. Stefan Gross-Selbeck as Chief Executive Officer (CEO) on October 16, 2012, where he is responsible for Human Resources, Corporate Development and Corporate Communications.

Ingo Chu took up his duties as Chief Financial Officer (CFO) on July 1, 2009, and is responsible for the areas of Accounting, Controlling and Reporting, Investor Relations and Legal Affairs.

Dr. Helmut Becker has held the post of Chief Commercial Officer (CCO) since September 15, 2009, where he is responsible for Marketing, "Events" and "Recruiting".

Jens Pape was appointed the new Chief Technology Officer (CTO), effective as of March 1, 2011. Since then, Jens Pape has been responsible for operations, internal IT, project management, and of course for developing the XING platform from content and technology perspectives.

On August 23, 2012, the Supervisory Board agreed to appoint Timm Richter to the XING Executive Board with effect from March 1, 2013. Timm Richter will be responsible for product management, the platform's product, and the subscriptions business.

Remuneration of the Executive Board

The following report provides an overview of the Executive Board's current remuneration and the system in place for determining their remuneration. The structure of the remuneration system is regularly reviewed and updated by the Supervisory Board. The Personnel Committee is responsible for the preparatory consultation on Executive Board remuneration, which is then determined by the entire Supervisory Board. The Personnel Committee consists of Fritz Oidtmann (Chairman), Dr. Neil Sunderland and Dr. Johannes Meier.

As recommended by the German Corporate Governance Code, the remuneration of Executive Board members consists of fixed and variable components. The overall remuneration and the individual remuneration 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 remuneration components which are not performance-related consist of a fixed payment. The variable components consist of variable emoluments, stock options and other stock-based remuneration as remuneration components acting 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.

The fixed remuneration is paid out monthly in the form of a salary. The respective amount for each Executive Board member was agreed on during their appointment and is regularly reviewed and, if necessary, updated. In addition to the fixed remuneration, the Executive Board members are also granted non-cash benefits and other voluntary social benefits. Executive Board members are also reimbursed for travel expenses and other costs such as phone calls and relocation fees. All non-cash benefits are taxed in accordance with the applicable laws.

The variable remuneration is based on qualitative and quantitative business objectives. The qualitative objectives are determined in advance on a yearly basis by the Supervisory Board within the scope of the annual budget planning process. The defined objectives must be objectively measurable, transparent, and realistic. The quantitative bonus is based on budgeted objectives which in turn are based on the annual EBITDA target, revenues, and certain business figures. Executive Board member entitlements to variable bonuses are determined using a scale. The minimum requirement for entitlement is 90 percent, and the maximum amount is capped at 200 percent. This bonus is paid out in cash.

An overview of the Executive Board compensation for the 2012 financial year is broken down in the following table. Remuneration for FY 2011 is indicated in brackets.

The Supervisory Board approved the following Executive Board bonuses for their duties in 2012: Dr. Stefan Gross-Selbeck €48 thousand, Dr. Thomas Vollmoeller €95 thousand, Dr. Helmut Becker €75 thousand, Ingo Chu €48 thousand, and Jens Pape €57 thousand.

Members of the Executive Board in € thousand	**Fixed**	**Variable**	**Stock options***	**Total**
Dr. Stefan Gross-Selbeck (until October 15, 2012) CEO until October 15, 2012	376 [335]	48 [213]	0 [561]	424 [1,109]
Dr. Thomas Vollmoeller (since August 15, 2012) CEO since October 16, 2012	145 (0)	95 [0)	83 [0]	323 [0]
Dr. Helmut Becker	247 [233]	75 [150]	0 [0]	322 [383]
Ingo Chu	212 [211]	48 [99]	0 [0]	260 [310)
Jens Pape	230 [192]	57 [103]	0 [243]	287 [538]

* 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). Dr. Vollmoeller is taking part in the shadow share program whereby he receives virtual shares.

Stock option plans and other stock-based remuneration

In addition to the fixed and variable remuneration components, the Executive Board members are also involved in the Company's various stock option plans. The stock options for Executive Board members were issued in accordance with the conditions agreed upon by the XING AG AGM on November 3, 2006, May 21, 2008, May 28, 2009, and May 27, 2010, when creating the stock option plans 2006, 2008, 2009 and 2010 (please see the Notes to the Consolidated Financial Statements for more information).

Stock options granted to Executive Board members are broken down as follows:

As of the closing date, Dr. Stefan Gross-Selbeck still held 37,500 stock options. He was granted a total of 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 shut-out period:

1. 50,000 stock options were granted in January 2009 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 €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 were 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 from the stock option plan, 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 shut-out 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. As of the closing date, Mr. Chu still held all of his stock options.

As of December 31, 2012, Dr. Helmut Becker held 51,000 stock options. At the beginning of his tenure in September 2009, he 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 plan at a 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 shut-out 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 price of €32.76 and then reduced on the basis of the special distribution of funds paid out in February 2012. Depending on the length of the shut-out 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 €21 thousand reduction 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 plan and then reduced in August 2011 on the basis of the special distribution of funds paid out in February 2012. The fair value for these options was between €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 received a compensatory payment of €4.52 in cash for each 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.

In March 2011, Jens Pape held 40,000 stock options at an issue price of €41.23 per option based on the 2010 stock option plan. The strike price was reduced based on 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. As of the closing date, Mr. Pape still held all of his stock options.

Name	Number of options	Stock option plan (SOP)	Strike price as per options terms
Dr. Stefan Gross-Selbeck	37,500	Individual agreement	€26.23
	0	2008	€26.50*
	0	2009	€23.78*
Ingo Chu	25,000	2009	€24.03*
Dr. Helmut Becker	19,000	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).

Dr. Thomas Vollmoeller did not receive any stock options upon joining the Company as he is taking part in the shadow share program whereby he receives virtual shares assigned to him in annual tranches based on certain conditions. Assignment of such shares is based on quantitative targets over several years such as revenue growth and EBITDA. If he reaches 100 percent of his objectives, he will be granted virtual shares with an equivalent value of €220 thousand calculated based on the average price over the last 100 days leading up to the AGM for those respective annual financial statements. The actual equivalent value of the shares will then be paid out three years later in each case, or the virtual shares will be converted into real shares. Dr. Vollmöller received a pro rata temporis payment of €83 thousand for 2012, calculated on the basis of achieving 100 percent of his targets.

Exercised options

During the financial year under review, Dr. Gross-Selbeck and Dr. Becker both exercised some of their stock options. Dr. Gross-Selbeck received a gross income of €1,920 thousand while Dr. Becker received €119 thousand.

The table below provides an overview of the exercised options. Reports on transactions by persons with managerial functions (directors' dealings) in accordance with Sec. 15a WpHG are published at www.dgap.de and on the XING Investor Relations site under the heading Directors' Dealings.

Date	Name	Stock option plan (SOP)	Quantity	Price difference* in €	Proceeds from disposal in € (gross)
04/02/2012	Dr. Helmut Becker	2006 SOP	5,000	23.85	119,263.00
04/02/2012	Dr. Stefan Gross-Selbeck	2008 SOP	5,000	26.18	130,913.00
04/03/2012	Dr. Stefan Gross-Selbeck	2008 SOP	5,000	26.11	130,540.00
05/30/2012	Dr. Stefan Gross-Selbeck	2008 SOP	1,500	18.94	28,410.00
05/31/2012	Dr. Stefan Gross-Selbeck	2008 SOP	3,000	17.94	53,820.00
06/12/2012	Dr. Stefan Gross-Selbeck	2008 SOP	8,108	18.94	153,565.52
06/12/2012	Dr. Stefan Gross-Selbeck	Individual agreement	11,892	19.77	235,104.84
11/16/2012	Dr. Stefan Gross-Selbeck	2008 SOP	12,500	17.20	215,000.00
11/16/2012	Dr. Stefan Gross-Selbeck	2008 SOP	12,500	17.20	215,000.00
11/16/2012	Dr. Stefan Gross-Selbeck	2009 SOP	25,000	19.92	498,000.00
11/16/2012	Dr. Stefan Gross-Selbeck	2009 SOP	12,500	19.92	249,000.00
11/16/2012	Dr. Stefan Gross-Selbeck	Individual agreement	608	17.47	10,621.76

* Difference between issue and sale price.

Premature termination of activity

In the event of the death of an Executive Board member during the term of each Executive Board 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.

In addition, as of December 31, 2012, the Executive Board contracts of Dr. Becker, Mr. Chu and Dr. Gross-Selbeck (until January 15, 2013) now contain severance cap clauses in the event of premature termination of the employment relationship without good reason and in the event of a change of control based on the recommendations set out in point 4.2.3 of the German Corporate Governance Code. The requirements for applying these clauses was in principle met when the Burda Group passed the 30 percent threshold of XING shares in October 2012. The same applies to a total of 17,250 stock options which became prematurely exercisable (6,250 for Mr. Chu and 11,000 Dr. Becker). These clauses were not invoked and no stock options were exercised prematurely before December 31 or by the date on which the consolidated financial statements for 2012 were published.

Other

No pension obligations were agreed for the Executive Board members and none of the members held any shares in the Company as of December 31, 2012. No loans, interest or advances were granted to the Executive Board members, and none of them received or were promised services or similar assurances from third parties in connection with their Executive Board mandate.

XING AG has taken out a D&O insurance for its Executive Board covering the personal liability risk in the event of the Executive Board being held liable for pecuniary loss within the scope of their Executive Board mandate. The insurance policy includes a deductible in keeping with the German Stock Corporation Act (AktG) and the German Corporate Governance Code.

Supervisory Board

Supervisory Board remuneration was revised by the AGM 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 received fixed remuneration of €40 thousand 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 remuneration.

The Vice Chairman of the Supervisory Board and the Chairman and members of committees will not be considered individually with regard to remuneration 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 the Vice Chairman already receives commensurate basic remuneration, both the Executive Board and Supervisory Board believe separate remuneration to be unnecessary. Members of the Supervisory Board do not receive any performancerelated remuneration components. This in intended to boost the necessary independent function of the Supervisory Board and avoid financial incentives connected with short-term success of the Company.

An overview of Supervisory Board remuneration for the 2012 financial year is broken down in the following table.

Current Supervisory Board members as of December 31, 2012 in €	**Total remuneration for 2012**	**Total remuneration for 2011**
Dr. Neil V. Sunderland (Chairman)	80,000	80,000
Fritz Oidtmann (Deputy Chairman)	40,000	40,000
Dr. Johannes Meier	40,000	24,000
Dr. Jörg Lübcke	40,000	24,000
Jean-Paul Schmetz	40,000	24,000
Simon Guild	40,000	24,000
Dr. Andreas Meyer-Landrut	0	16,000
Total	**280,000**	**232,000**

The members of the Supervisory Board were also reimbursed for reasonable travel expenses. No other assurances were made and none of the Supervisory Board members were granted loans, interest or advance payments. None of the Supervisory Board members held any shares in the Company as of December 31, 2012.

Other

XING AG has taken out a D&O insurance for its Supervisory Board that does not include a deductible. This exception was explained by the Executive Board and Supervisory Board in the declaration of compliance dated February 2013 and also published online: http://corporate.xing.com/english/investor-relations/corporate-governance/corporate-governance-code/.

XING SHARE

Basic data about the XING share	
Number of shares as of December 31, 2012	5,554,243
Share capital in €	5,554,243.00
Share type	Registered shares
IPO	December 7, 2006
WKN / ISIN	XNG888 / DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

Key data on the XING share	2012	2011	2010	2009	2008
XETRA closing price on Dec. 31	€41.87	€41.05	€36.35	€30.80	€27.00
High	€58.50	€63.00	€36.75	€37.50	€45.55
Low	€33.51	€36.95	€26.50	€24.25	€23.59
Market capitalization as of Dec. 31	€232m	€223m	€192m	€176m	€140m
Average trading volume per day (XETRA)	17,035	22,540	9,619	10,851	7,472
TecDAX ranking					
based on order book turnover	25	25	35	32	35
based on free-float market cap	37	25	44	33	37
Earnings per share (undiluted)	€1.71 [3]	€1.73 [1]	€1.37	€(0.33)	€1.41
Number of shares	5,554,243	5,426,321	5,291,996	5,271,773	5,272,447
Earnings per share	€0.56				
Special distribution per share		€3.76 [2]			

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

[2] Special distribution of funds agreed on at the 2011 AGM and paid out in 2012.

[3] Adjusted for one-time costs of €1.9 million relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition.

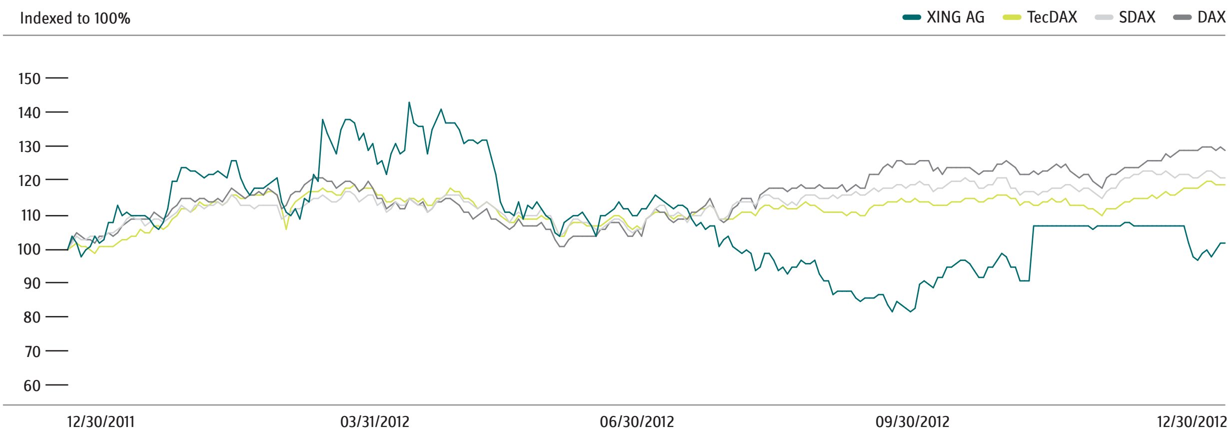
A turbulent year for the XING share

After strong growth of 13 percent during the 2011 financial year, the XING share performed in a lateral manner during 2012. The closing price of €41.87 on December 31 equated to slight growth of 2 percent. The share got off to a flying start compared to the indexes, but by May it started to slow down. Among the many reasons for this was the fact that the Company's management made the conscious decision to invest more in hiring qualified staff than was expected by analysts and investors, thus moving away from the high profitability levels seen during 2011. In addition to that, Facebook's unspectacular IPO in the U.S. also impacted negatively on the XING share in May 2012, which saw the price drop to benchmark index levels. The negative mood surrounding the XING share grew somewhat mid-year, which led to a far more negative performance during the second half of the year. This trend was finally bucked by the announcement of the mandatory tender offer of €44 per share submitted by the Company's major shareholder to date, Burda Digital GmbH. This meant that our share ended 2012 at a rate of €41.87.

Major shareholder Burda Digital increases stock – no changes in store

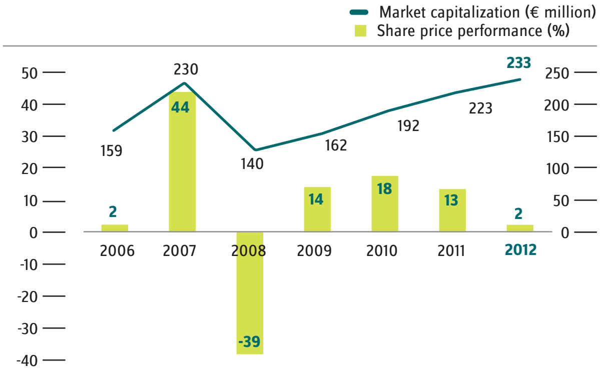
XING's major long-term strategic shareholder, Burda Digital GmbH, announced on October 26, 2012, that it would submit a mandatory tender offer to the XING shareholders at a rate of €44 per share. This arose due to Burda Digital exceeding the legal threshold by increasing its shareholding in XING AG from around 29 to 39.89 percent. Consequently, the German Securities Acquisitions and Takeover Act (WpÜG) requires acquirers to submit a tender offer to purchase all of the remaining shares in the Company from the other shareholders. Burda Digital also announced that XING AG would continue to remain listed on the Frankfurt stock exchange and that it would be happy to work with anyone who chooses to remain a XING AG shareholder. As a result, during the tender period between November 9 and December 7, just 20.83 percent of shares in the Company were sold to Burda Digital. As an investor with a capital market focus, Burda Digital GmbH decreased its stake in the Company by 6.6 percentage points to 52.61 percent on February 13, 2013, in order to allow a renowned German investment fund to become a XING shareholder, thus increasing the appeal of the XING share among shareholders.

Comparison of share price performance (from December 30, 2011 to December 30, 2012)



Share price of XING shares on December 30, 2011 €41.05 = 100%.

Share price performance and market capitalization since the IPO



Stock market performance in %	2011	2012
XING share	13	2
TecDAX	-19	21
DAX	-15	29
SDAX	-15	19

Analyst recommendations remain largely neutral

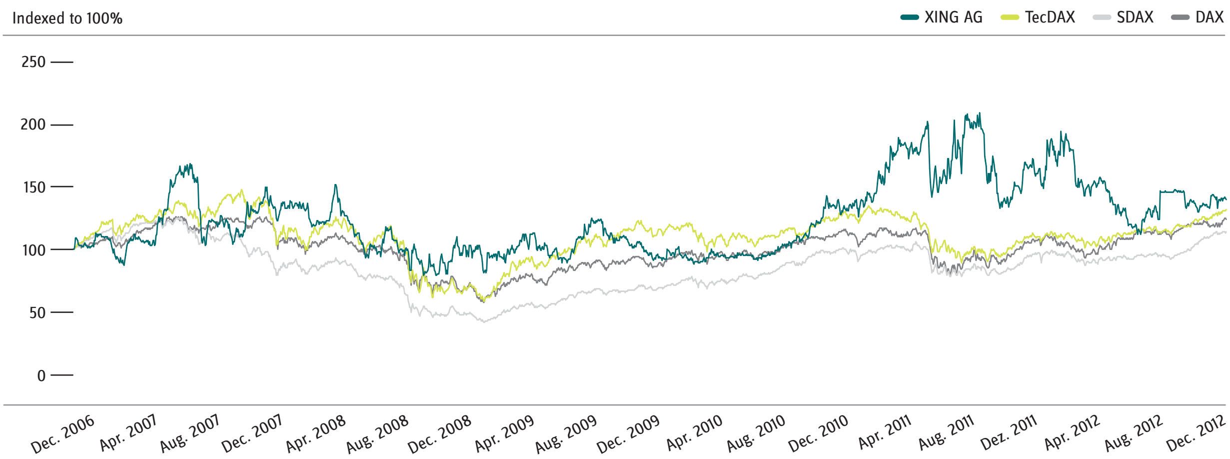
As was the case in March of the previous year, ten banks had XING AG on their observation lists. There have however been some changes in terms of coverage with Macquarie and DZ Bank from Frankfurt being forced to cease their monitoring of XING AG due to internal restructuring and staff streamlining processes. On the other hand, two London-based brokers, J.P. Morgan Cazenove and Berenberg Bank, have started monitoring and covering the XING share. The average price target is currently €47.

The following link provides the latest recommendation information: http://corporate.xing.com/english/investor-relations/shares/analysts/.

Changes to the shareholder structure

XING AG has a highly diversified and stable shareholder structure. Burda Digital GmbH has been the Company's major single shareholder since 2009. Following submission of its mandatory tender offer in October 2012, the number of shares it held directly and indirectly rose from 39.89 percent to around 59 percent. During the tender phase between November 9 and December 7, 2012, a number of shareholders opted to sell their

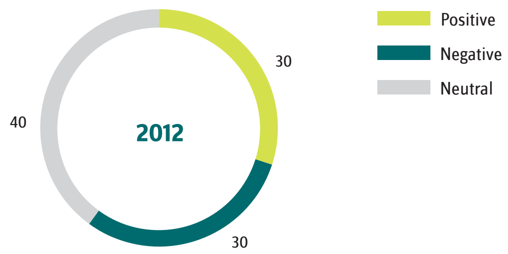
Share price performance since the IPO



Share price of XING shares on December 7, 2006 €30.00 = 100%.

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Buy	€51.00
Commerzbank	Heike Pauls	Buy	€60.00
Close Brothers	Marcus Silbe	Hold	€50.00
Deutsche Bank	Benjamin Kohnke	Hold	€50.00
Hauck & Aufhäuser	Sascha Berresch	Buy	€52.00
HSBC	Christopher Johnen	Underperform	€36.00
Jefferies	David Reynolds	Underperform	€32.00
J.P. Morgan Cazenove	Marcus Diebel	Neutral	€41.00
Montega	Alexander Braun	Sell	€36.50
Warburg Research	Jochen Reichert	Hold	€46.00

Analyst recommendations for the XING share (as of March 13, 2013) in %



XING shares to Burda Digital. Just two months later, in February 2013, Burda Digital sold a 6.6 percent stake in order to allow a renowned German investment fund to become a XING shareholder. By doing so, Burda Digital GmbH highlighted the fact that it is an investor with a high capital market focus, while also helping to boost the appeal of the XING share by increasing the free float.

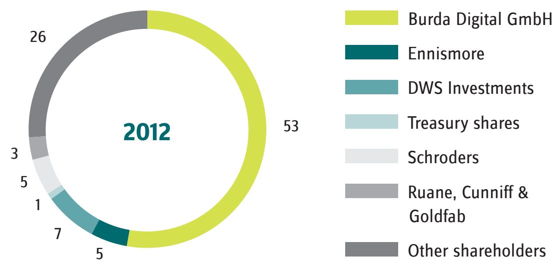
DWS Investments became a new institutional investor in February 2013, thus lining up alongside the three other institutional investors which each hold more than 3 percent of XING's shares requiring notification. Various institutional and private investors hold the remaining 1.4 million shares, which equates to around 26 percent of all XING shares.

The number of private investors dropped from around 3,000 in December 2011 to about 2,500 as of the end of December 2012, which mirrors information provided by the Deutsches Aktieninstitut e.V. (DAI). An analysis provided by the DAI showed a major decline in the number of shareholders in Germany during the second half of 2012. The DAI analysts suggest that the downturn in the number of investors is attributable to a lot of investors using a year-end rally for profit-taking and a general allaying of fears of increased inflation which would have forced investors to invest in equity securities.

AGM agrees first-ever dividend payment

For the first time ever since the Company's IPO in December 2006, the XING AG Executive Board and Supervisory Board proposed to pay out a dividend. 99.99 percent of the shareholders present at the AGM held on June 14, 2012, agreed to the proposal, meaning that a dividend of €0.56 per share was agreed and paid out the next day. A dividend proposal will again be voted on at the next AGM to be held on Friday, May 24, 2013. As was the case last year, this year's proposal will be €0.56 per eligible share. The proposal put forward by the Executive Board and Supervisory Board is largely based on the Company's financial performance in 2012 and confirms the intention announced last year to make regular dividend payments to shareholders.

Shareholder structure (as of March 13, 2013)
in %



Ardent Investor Relations work

Regular exchanges with investors, proactive communication with the capital market, and an open information policy have all been cornerstones of XING AG's Investor Relations work for a number of years. Last year the XING Executive Board and Director of Investor Relations visited almost all of the main financial centers to let existing and potential investors know about the current situation and outlook at XING AG. We take investor relations very seriously as it is the best way for us to improve our communication processes and tailor to the needs of professional investors.

We traveled to Frankfurt, London, Paris, Zurich and Geneva, and also attended a number of roadshows in the U.S. Despite the size of our Company and the relatively low market capitalization, we were met with a lot of interest by investors in New York and Boston. This is attributable to XING's position within the appealing social networking sector and the fact that investors still see major growth potential in that industry over the coming years.

As a result of this, we will continue to develop our communication policy during 2013 and attend capital market conferences as well as domestic and overseas roadshows to make sure that we can provide existing and potential investors with all the information they need. In February and March 2013 we attended a conference in Frankfurt, as well as roadshows in Frankfurt, New York and Boston, and also presented our new CEO Dr. Thomas Vollmoeller to the capital market at various analyst events in Hamburg and Frankfurt.

XING AG social media channels

http://corporate.xing.com/english/investor-relations/
(XING AG Investor Relations site)
http://blog.xing.com
(The 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://de.slideshare.net/XING_com (German) and 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:

XING AG
Patrick Möller
Director Investor Relations
Dammtorstrasse 29 – 32
20354 Hamburg
Germany
Phone: +49 40 41 91 31 793
Fax: +49 40 41 91 31 44
investor-relations@xing.com

Financial information

for the financial year from January 1 to December 31, 2012

GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2012

Business model and strategy

Group structure and business activities

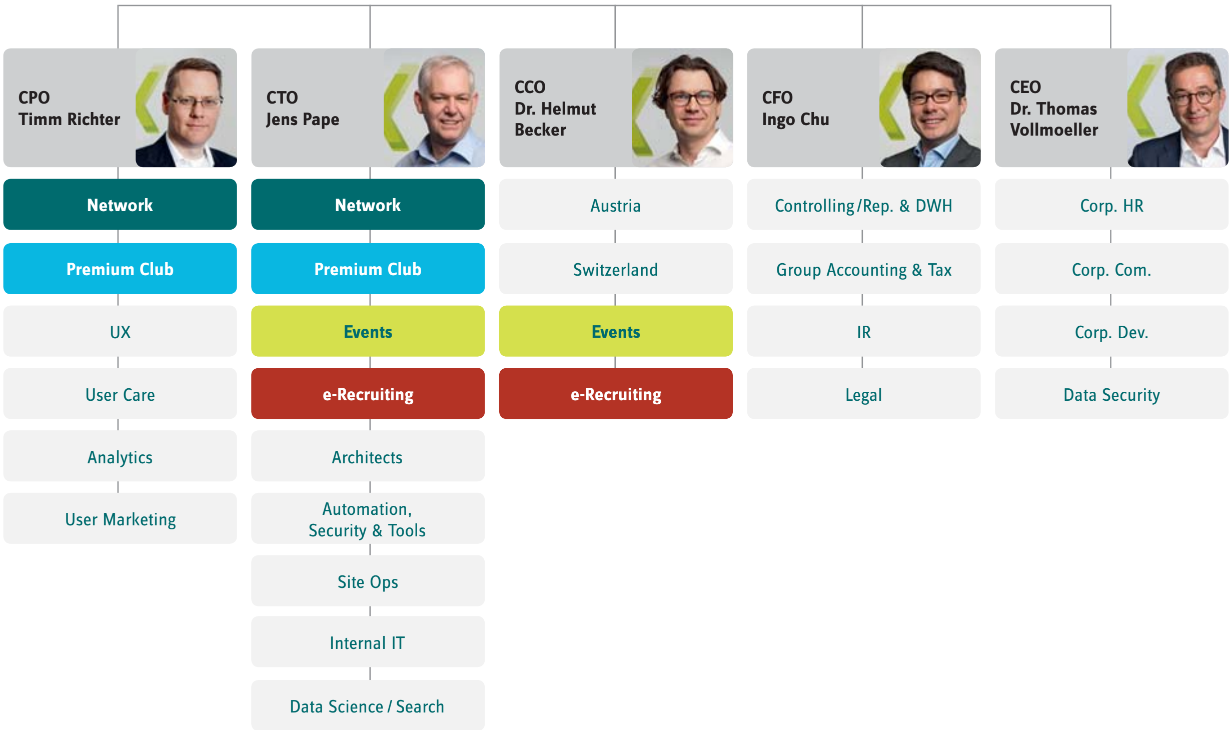
Legal group structure

In 2012 XING AG held a direct stake in three companies and an indirect stake in three indirect companies within the XING Group. All six of these companies are fully consolidated in the consolidated financial statements. XING and amiando only hold a small stake in two of those companies, which are not consolidated in the consolidated financial statements.

Changes to the organization structure during the year under review involved the liquidation of the following companies: EUDA Uluslararasi Danismanlik ve Bilisim Hizmetleri Limited Sirketi (XING Turkey), Istanbul, Turkey, XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey, XING Italy S.R.L., Milan, Italy, Socialmedian Inc., Wilmington, Delaware, USA, and XING Hong Kong Ltd., Hong Kong, China. In 2011, openBC Network Technology (Beijing) Co. Ltd. in Beijing, China, was liquidated.

Organization structure

At the end of the 2012 financial year the Executive Board and Supervisory Board continued to develop the XING Group's organizational structure. At the start of 2013 they also realigned the structure to meet the new strategy and developments within the various business divisions. Dr. Thomas Vollmoeller assumed his duties as XING AG CEO on October 16, 2012, thus forming the basis for these organizational changes. The existing divisions were restructured based on the new Executive Board functions



with the aim of creating smaller team structures that boast a clear focus and defined responsibilities. This will allow XING to develop new products and services faster, irrespective of complex decision-making structures. The new divisions will therefore return to a start-up mentality which will help to maintain XING's long-standing tradition of agility and innovation without any impeding inefficiencies caused by excessive coordination throughout the entire Group.

Here are the names of the newly restructured divisions: "Network", "Premium Club", "Events" and "e-Recruiting".

As CCO, Dr. Helmut Becker is responsible for the "e-Recruiting" and "Events" divisions, while Timm Richter – the new CPO from 2013 – is responsible for the "Premium Club" and "Network" divisions. As CTO, Jens Pape will remain in charge of all the Company's technical aspects, so anyone working in any of the technical teams will report to him. Ingo Chu will continue to head XING AG's financial division in his role as CFO, while CEO Dr. Thomas Vollmoeller is responsible for Corporate Development and Strategy, Human Resources, Corporate Communications and Data Security.

Divisions and models

The Executive Board and Supervisory Board decided to restructure the Company's business activities into four main divisions and split them across the Executive Board functions during the change of CEO on October 16, 2012, and the arrival of Timm Richter in 2013.

"Network" division

The "Network" division involves all of the XING platform's basic features, thus representing the basis for all of the other divisions. This also includes the XING API (application programming interface between the XING platform and external developers) as well as XING's mobile apps. Within this division, only the Enterprise Groups generate minor revenues. Larger companies can purchase a number of forum and group products via the Enterprise Groups in order to build up and manage employee and alumni networks, for example.

"Premium Club" division

During the reorganization in October 2012, the former Subscriptions division was renamed as the "Premium Club". While doing so, Advertising & Partnerships, which was previously part of the Advertising division, was assigned to the new Premium Club division, meaning that it now consists of two main business models:

"Premium membership" model:

This includes the prepaid subscription fees for Premium memberships, which are available with two membership terms: Three-month membership costs €7.95 per month while twelve-month membership costs €6.95. Member subscriptions are received in advance. There are many reasons for becoming a Premium member:

1. Premium members can see who visited their profile and why.
2. Premium members have access to advanced search features.
3. Premium members can send up to 20 messages a day to non-contacts.
4. Premium members can send attachments up to 100 MB in size to any of their contacts.

Premium membership benefits compared to basic membership benefits

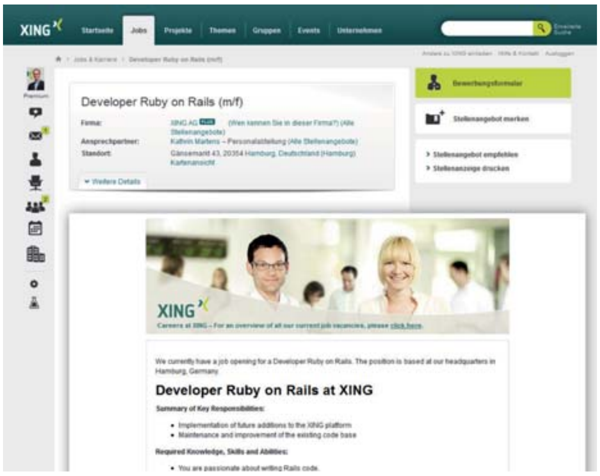
	Basis	Premium
Create **your own profile** and showcase it in a professional environment	X	X
Add and manage new **contacts**, bookmark them and communicate with them	X	X
Stay up to date on the **latest news** in your network and post status updates	X	X
Join or create **groups** and discuss interesting topics in their forums	X	X
Find **jobs** or post your own job ads	X	X
Attend and organize **events** with or without ticketing	X	X
NEW Free reputation protection for Facebook, etc. Just activate the feature in your profile	(X)	X
Find people fast and easily, max. search results:	15	300
NEW Add attachments to your messages, max. file size:		100 MB
Send messages to users that you're not connected with		20
Find members faster thanks to the advanced search features		X
Only get relevant search results thanks to specific filters		X
Create search alerts and have new search results sent by email. Maximum number of search alerts:		20
See **who's viewed** your profile		X
Attach relevant documents to your profile (e.g. work samples, certificates, etc.)		X
Receive **references** from other members and showcase them on your profile		X
Ad-free user profile for an even more professional image		X
Full access to XING's Top Deals		X

"Advertising & Partnerships" model:
The Advertising & Partnerships team is largely in charge of selling advertising space on www.xing.com. 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, network news 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-figure sums.

"e-Recruiting" division

The "e-Recruiting" division includes active and passive recruiting products and services. The passive recruiting subdivision, which until the end of 2012 largely consisted of XING Jobs www.xing.com/jobs, allows recruiters to post various kinds of job ads on the XING platform. Two billing models are available: either a performance-based method based on a pay-per-click model (€0.99 per click on an ad) or the conventional fixed-price model (from €395 per ad) with a predefined term of 30 days.



XING Company Profiles are also part of our passive recruiting services, and were assigned to the Advertising division within the scope of our internal reorganization in October 2012. The acquisition of kununu GmbH at the end of the business year led to XING AG positioning and marketing its Company Profiles as a key tool for establishing employer branding options on the XING platform. That way, employers can use their Company Profile to showcase their employer brand and provide potential candidates with more information about their company's general working environment. Here, business customers can choose a free basic profile, a "STANDARD" profile for €24.90 per month, or a "PLUS" profile for €129 per month. "PLUS" profiles have far more options available in terms of both functionality and design. Austrian-based kununu GmbH was also added to this division in January 2013 (please refer to the supplementary and opportunity reports for more information). The kununu team will also start marketing XING Company Profiles at some point in the future.

In September 2012 XING AG established an additional recruiting business model. The XING Talent Manager (XTM) was introduced as an active candidate search and management product within the active recruiting sub-division. XTM is mainly aimed at larger companies and recruiters that regularly use the XING platform to search for and get in touch with people to fill their current vacancies. This product is monetized via fixed-term contracts with single licenses priced at €249 per month. Please refer to the Development of the "e-Recruiting" division section of the Management Report for more information about the new XING Talent Manager.

"Events" division

XING AG's "Events" division generates revenues through its subsidiary, amiando GmbH, by processing events. Event organizers can use the XING platform to take advantage of the amiando GmbH technology for their event management work, including registration, ticketing and billing services. XING AG charges a fee of €0.99 per participant plus 5.9 percent of the ticket price for these services. XING AG also generates revenues with the AdCreator which allows event organizers to select suitable target groups for events they post on XING and then advertise them on the platform. As with the display advertising product, monetization is based on the CPM (cost-per-mille) model, i.e. on the selected range.

Key locations

XING AG is headquartered in Hamburg, Germany, where 416 of the Company's 513 employees were based as of December 31, 2012. The Company also has an office with 75 employees based in Munich, Germany, as of December 31, 2012, which is home to the "Events" division. XING also has an office in Barcelona with 20 developers working there as of December 31, 2012. The Company also has two employees in Switzerland. XING acquired kununu GmbH and its 24 employees in Vienna, Austria, in January 2013.

Main markets and competitive position

With more than six million members, XING is the largest professional network in German-speaking countries (D-A-CH). More than 12 million people were registered on www.xing.com as of the end of December 2012. As was previously the case, the Company's core market remains the D-A-CH region with its population in excess of 100 million and almost 80 million Internet users. When viewed in relation to the total population, online business networks currently only have a 7 percent penetration rate in the D-A-CH region compared to more than 15 percent in countries such as the U.S. and the Netherlands. This shows the huge growth potential XING has in the D-A-CH region.

XING is in an excellent position in these countries and is double the size of its nearest competitor in terms of membership figures. In many of Germany's major cities such as Frankfurt and Munich, every fourth business professional is registered on XING.

As a Hamburg-based company with more than 500 employees in the D-A-CH region, XING AG enjoys close-knit relations with its customers and understands their needs thanks to our team of field-sales staff.

The large and active community in the white collar target group also provides XING with various opportunities to tap into existing markets and generate new sources of revenue. The e-Recruiting division is of major strategic importance to the Company's development on account of the existing recruiting market.

Legal factors

The Company largely operates as a social business network via the online platform www.xing.com where millions of people enter their personal details along with their CV. It is therefore imperative that XING provides its registered users with a secure and trustworthy environment. The legislation in place in Germany, in particular German privacy law, sets the standard for how XING handles its users' sensitive data.

Company management, goals and objective

Internal management system

The industry XING operates in is currently shifting due to a number of major societal trends in terms of demographics, the labor market, and a fundamental move towards the online world. As the largest online business network in the D-A-CH region, XING is in an excellent position to benefit from these trends by catering for them with great business models.

The aim of our corporate activities is to increase the number of people using our services in the long term while also expanding our revenue base. In order to achieve these strategic goals we established a comprehensive system that uses a number of non-financial and financial parameters to measure the Group's economic development. The Group's main operative indices and financial parameters are continually monitored and compared with a rolling forecast as well as budget targets on a daily, weekly and monthly basis. The financial parameters focus on revenues, operating results (EBITDA) and the operating cash flow. In terms of operative parameters, activity figures such as the number of daily and weekly active users are collected and analyzed. If any negative trends occur that are in contrast to internal goals, detailed analyses are performed and subsequent countermeasures are introduced. The "e-Recruiting" division is highly dependent upon the current economic climate, which is why early indicators such as labor market data and economic growth forecasts for the D-A-CH region are key factors when it comes to managing this division.

The management is working to detect and use opportunities to boost revenues and improve operating results (EBITDA). During the 2013 financial year, the Company's main emphasis will be on driving revenue growth with the operating results (EBITDA) only set to rise slightly compared to 2012. XING AG is implementing the following measures aimed at boosting revenues:

- Establish new e-Recruiting products such as the XING Talent Manager
- Expand sales activities
- Adjust the current pricing structure in particular with regard to employer branding
- Expand the Premium Club and improve the appeal of paid memberships

The Company will also regularly look into potential acquisition cases. To this end, XING acquired Vienna-based kununu GmbH in January 2013. kununu specializes in online employer reviews and employer branding.

Strategy

XING AG is the leading online business network in German-speaking countries (D-A-CH) and has a sustainable business model with significant growth potential. More than 6 million members in the D-A-CH region are connected with one another on www.xing.com. Over the last few years, XING has grown into an active network with more than 300 million connections and around 190 million page views per month. The size of the platform, i.e. the number of members and frequency of use, is what makes paid memberships and other business models possible on XING. The four business divisions form the basis for the overall Group strategy.

Strategic alignment of the business divisions

"Network" strategy

The platform, with its network infrastructure, features, and various opportunities, is the "linchpin" for growing an active and tightly knit community. The overarching goal for this division is additional member growth and user frequency. To this end, there is still a lot of potential out there as online business networks in the D-A-CH region currently only have a 7 percent penetration rate among the 100 million people who live there.

XING therefore sees an opportunity to consolidate XING's position in the D-A-CH region through additional growth and market penetration by offering its members great networking opportunities.

In order to achieve these goals, the "Network" division will prioritize topics such as relevant information and features, mobile apps, ongoing improvement of the user interface, and the API.

"Premium Club" strategy

The "Premium Club", which was formerly known as Subscriptions, is the Company's largest and most important division in terms of total revenue share. Nevertheless, over the last three years XING has successfully grown its revenue base by building up and expanding its "e-Recruiting", "Advertising" and "Events" business. Growth in the "Premium Club" division has slowed somewhat during the last two years. The Company consciously accepted this situation as it was using this time to upgrade its free basic membership and therefore grow its member base and activity levels. Since mid-2012, the Company has again started to focus more on the potential of its paid memberships. The management has allocated more resources to increase this potential, and will consequently introduce new products and services for Premium customers at the end of 2013. XING took the first step in this regard at the end of 2012 by launching a new Premium feature allowing Premium members to send XING messages with attachments up to 100 MB in size.

"e-Recruiting" strategy

Recruiting products and services and employer branding services are both a key logical addition to the user experience for a business network like XING as the Company offers the largest database for active and passive job-seekers in German-speaking countries. This is why XING will focus heavily on its social recruiting strategy during the 2013 financial year. The launch of the XING Talent Manager in September 2012 means that the Company can cover both active and passive recruiting needs. Active recruiting is where employers use our tools to identify and get in touch with potential job candidates rather than posting conventional job ads and waiting for people to apply for their vacancies. Active recruiting is often far more effective, cheaper and easier than traditional recruiting processes. It also helps to boost employer branding at a time where there is a shortage of skilled workers. XING's acquisition of the leading employer review platform kununu GmbH in January 2013 was an additional milestone in successfully executing this division's strategy.

"Events" strategy

More than 120 thousand events were again organized by XING members on www.xing.com/Events in 2012. In the two years since acquiring Munich-based amiando AG, XING has provided event organizers with a number of technical event management solutions and services. The launch of the XING AdCreator for events during the 2012 financial year was another important step in the Company's aim to professionally advertise events that have already been posted on XING.

Further integration of the XING platform and its subsidiary amiando GmbH on a product level is a priority for 2013.

The Company will also increase its focus on seminar and conference organizers, and drive B2B growth through its much more proactive sales organization.

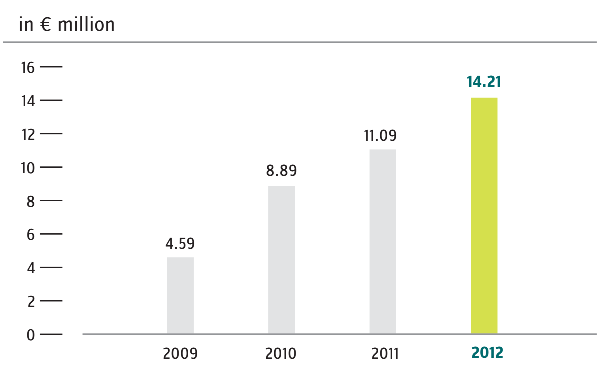
Strategic financing measures

XING AG has a highly cash-generative business with low capital intensity, which is why no strategic financing measures are currently required or planned.

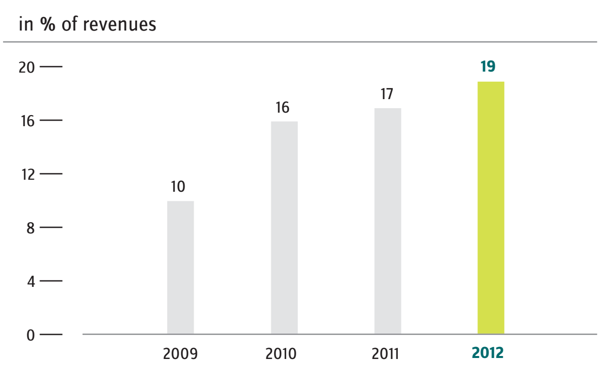
Product development and significant events in 2012

As the operator of the leading social network for business professionals with more than six million members in German-speaking countries, XING sets great store on meeting the needs of its members and customers. In order to ensure ongoing development of the platform and come up with new business models and products, 186 people were employed in Product and Engineering as of the end of 2012. XING AG continued to optimize its product development processes during 2012 with agile software development enabling a greater degree of flexibility and efficiency.

Research and product development expenses



Research and product development expenses



XING AG continues 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.

Acquisition of R&D expertise

XING AG again hired external consultants to expand the Company's existing know-how, most of whom were active in the fields of organizational development and project management.

The Company also regularly hired freelance software and QA developers in order to increase short-term capacities and cover parental and sick leave.

During 2012, around €14.2 million was invested in product development, the majority of which was used to cover staffing costs for developers and programmers.

Key product launches in 2012

Q1/2012

- Members can indicate their interest in a job vacancy with a single click
- Beta Labs (limited number of users) bundled with other offers
  - Survey tool (XING Topics)
  - XING Bookmarks
  - Conversation feature
- Share status updates and recommendations on Twitter, Facebook and XING
- Share button to share external content on XING

Q2/2012

- Blog import via RSS
- Endorsing feature

Q3/2012

- Attachments (max. 100 MB) for messages and 1 GB of storage space (Premium members only)
- XING Connector interface for candidate management systems (cooperation with Promerit)
- Business card scanner for Android devices
- XING Talent Manager (XTM)
- Media content for Company Profiles (images, videos and PDF files)

Q4/2012

- XING Topics rolled out to all XING members
- Business card scanner for the iPhone app
- XING API launched

Other information pertaining to development costs and changes to the carrying amount for software developed in-house is listed in the notes under intangible assets.

Other key events during the 2012 financial year

A number of other important events occurred alongside the various new products and features that appeared on the platform in 2012:

In February 2012, the Executive Board and Supervisory Board proposed the Company's first-ever payment of a dividend amounting to €0.56 per share.

On May 8, 2012, XING AG announced that Dr. Thomas Vollmoeller will take over from Dr. Stefan Gross-Selbeck as CEO.

On June 14, 2012, the shareholders agreed to pay the dividend proposed by the Executive Board and Supervisory Board at the AGM.

In August 2012, XING AG entered into a new advertising contract for display advertising with the TOMORROW FOCUS Group. As a result, TOMORROW FOCUS has been XING AG's exclusive advertising marketer since January 1, 2013.

On September 6, 2012, the Company announced that Timm Richter had been appointed for the new position of Chief Product Officer (CPO) and was to assume his duties as soon as possible, but by March 1, 2013, at the very latest.

On October 16, 2012, Dr. Thomas Vollmoeller took over as CEO from Dr. Stefan Gross-Selbeck.

On October 26, 2012, Burda Digital GmbH informed XING AG that it had exceeded the 30 percent share ownership threshold and would therefore submit a mandatory tender offer. This process was completed on December 12, 2012. At the time of publishing this Annual Report, Burda Digital GmbH held 52.6 percent of all voting rights.

In November 2012, XING passed the six-million-member mark in the D-A-CH region for the first time ever.

At the end of the 2012 financial year, XING AG announced its acquisition of the Vienna-based employer review platform kununu GmbH. More information about this is available in the supplementary report.

Business and operating environment

General economic situation

Downturn in economic growth in Germany

While real GDP growth in the EU and the Eurozone dipped into negative territory in 2012 – the first time this has happened since 2009 – the German economy managed to buck this trend by growing by 0.7 percent. Nevertheless, the German economy cooled off significantly during the second half of 2012 with the German Federal Statistic Office (Destatis) even suggesting that the economy shrank by 0.5 percent in the final quarter of the year.

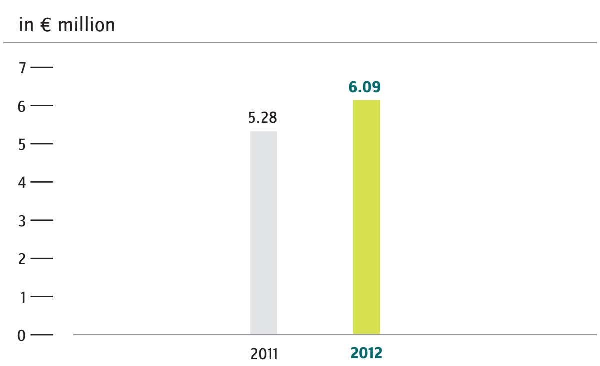
Sector-specific conditions

Lack of skilled workers remains hot topic

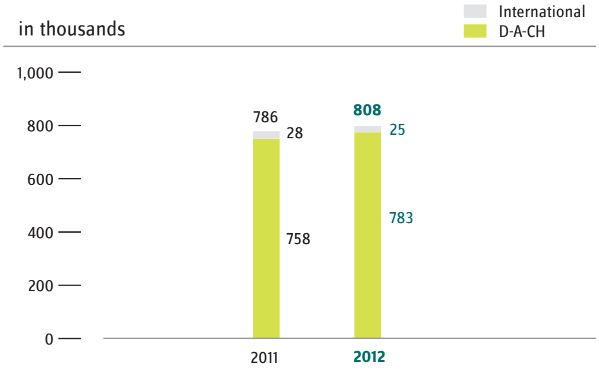
The German labor market remained largely stable in spite of the economic downturn that was observed in 2012. At the end of November, 41.94 million people were in employment in Germany. Although the number of unemployed rose to over three million in January 2013, the lack of skilled workers remains a hot topic. Even though many businesses are experiencing significant problems in recruiting suitable candidates to fill their vacancies, a Kienbaum study showed that only a few of them are actually taking action to counter the problem. Most companies – excluding those in the IT and telecommunications industries – have continued to remain passive and still prefer to post job ads on their own website or job portals and wait for people to apply. XING sees huge potential here over the coming years, which is why at the end of 2012 it launched a number of active candidate search and management tools for recruiters to lever the Company's large user base of over six million experts and executives in German-speaking countries.

The number of Internet users in Germany also rose from 51.7 to 53.4 million as of the end of December 2012, meaning that 76 percent of Germans now have an Internet connection and access to social networks such as XING.

Membership growth D-A-CH region



Subscribers



According to the OVK (Circle of Online Marketers) 2012 advertising statistics forecast, display advertising, which is not all that relevant to XING, grew by 14 percent to €3.75 billion. In contrast to other networks mainly used for private purposes, display advertising only has a minor role to play in XING's monetization strategy.

Share price development

During the 2012 financial year, the XING share saw a volatile performance and grew by two percent over the course of the year. During the fourth quarter of 2012, the main strategic shareholder to date, Burda Digital, exceeded the 30 percent threshold of the XING AG shares, thus forcing it to make a mandatory tender offer of €44.00 per share to the other shareholders. The Executive Board and Supervisory Board issued a formal statement welcoming Burda's decision to increase its XING AG stock from a corporate perspective as the move shows their trust in XING. However, from a financial perspective the Executive Board and Supervisory Board did not recommend that the shareholders accept the offer because they consider the offer price of €44.00 per share to be incommensurate. Please refer to the 2012 Annual Report's shares section for more detailed information.

Actual business development compared with last year's forecast

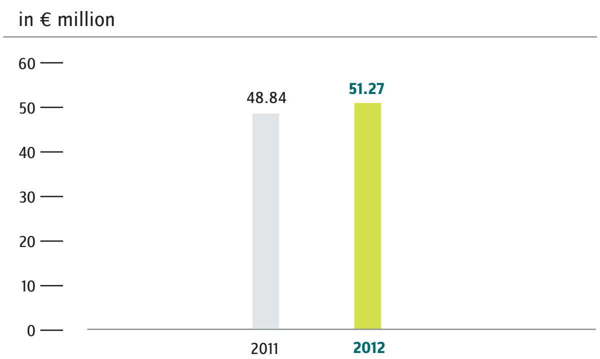
	2011 Results	Outlook for 2012	2012 Results
Member growth in D-A-CH	805,000	Increase	816,000
Revenues (incl. other operating income)	€66.2 million	Further increase	€73.3 million
EBITDA (adjusted for non-recurring special factors)	€22.2 million	Increase	€22.0 million
Investments	€6.5 million	High single-digit million amount	€7.3 million

Division development

"Premium-Club" division

The XING community continued to grow significantly in 2012 with 816 thousand people in German-speaking countries – XING's core market – signing up as new members during the period under report. This made 2012 XING's most successful year for four years in terms of new member registrations.

Revenues "Premium Club"



The size of a community and its active use of the platform is what defines the success of a social network. In the last few years the Company's management has focused heavily on expanding XING's community. As a result, a number of Premium features were socialized, i.e. rolled out to basic members. XING's Premium membership was not a major focus, which is why conversion rates have slowed down compared to the previous year. The Company acquired around 42 thousand new paid members in 2011, with the figure dropping to 24 thousand for the D-A-CH region in 2012. In total (an increase of 25 thousand paid members outside of the D-A-CH region), almost 808 thousand members take advantage of XING's Premium features.

From now on the Company will again focus more on the potential of its paid memberships. In order to achieve this, XING will increase its resources and offer its Premium customers new products and services during 2013.

XING took the first step in this regard at the end of 2012 by launching a new Premium feature allowing Premium members to send XING messages with attachments up to 100 MB in size. Since October 4, Premium members can add upload attachments up to 100 MB in size to messages and then send them to XING contacts and other XING members. This is a major benefit as most email programs limit attachment file sizes to 5 or 10 MB, which is often not enough to send larger presentations, briefings, and the like. XING has designed this feature in such a way that users can quickly find older attachments. All of the attachments within a conversation are available on the right-hand side of the page so they're always there as and when needed, such as in the middle of online correspondence with an agency. Premium members also have 1 GB of storage space available and can send attachments to every XING member.

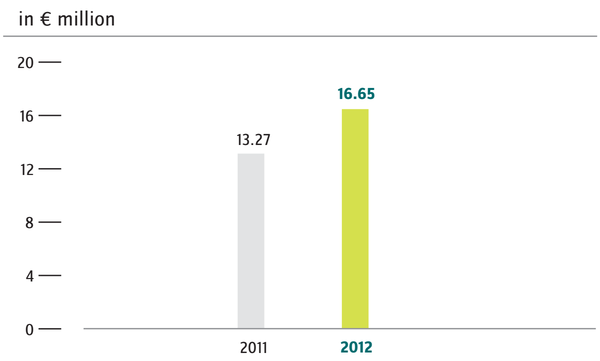
The Sales membership was discontinued when the XING Talent Manager was launched.

Since Q4 2012, the Display Advertising division (formerly known as Advertising) was assigned to the "Premium Club" division. Alongside the direct monetization generated through paid Premium memberships, XING also markets the page traffic generated by non-paid members in the form of advertisements on www.xing.com. At the start of 2012 XING introduced the highly effective Welcome Ad to selected customers. Previously launched products such as special offers were again marketed and sold.

The second half of 2012 saw XING reposition itself. The previous marketing company decided to change its strategic stance so the XING AG management decided to go team up with TOMORROW FOCUS Media, one of Germany's largest online marketing companies, which took over all of XING's marketing activities on January 1, 2013. The decision in favor of a new marketer was taken by the Executive Board and Supervisory Board after considerable deliberations based on a pitch involving several potential candidates.

The "Premium Club" division achieved total revenues of €51.27 million in 2012, a rise of five percent compared to the €48.84 million revenues in 2011.

Revenues "e-Recruiting"



"e-Recruiting" division

The "e-Recruiting" division has rapidly turned into a key source of revenue for XING. With more than six million members in German-speaking countries, the XING platform is an ideal tool for helping businesses to identify and get in touch with suitable candidates. The social element of the platform is also a great way for candidates to find out more about potential employers.

From a corporate perspective, the XING community's appeal was also confirmed by a study carried out by the Institute for Competitive Recruiting (ICR) which states that XING is the top social recruiting tool among employers looking to reach out to potential employees. The option for recruiters and employers to get in direct contact with suitable candidates (active recruiting) or conduct passive recruiting within a social context can provide a vital edge over the competition in the battle for talent. The younger generation that grew up with the Internet is now coming to the fore, meaning that the labor market is now shifting towards social recruiting as people use the web and their contact network to find out more about potential employers, including their corporate culture, and expect companies to approach them with a suitable vacancy.

During the 2012 financial year, XING took an important step towards expanding its portfolio by launching the XING Talent Manager (XTM) in September 2012 to replace the Recruiter membership.

XTM is an active recruiting product that was first presented to the public at the "Zukunft Personal" trade fair. The XTM's linchpin are the project folders can create new projects for vacancies they're looking to fill and add their own project title. Suitable candidate profiles can then be added to the necessary folders at the click of a mouse along with any accompanying notes. The integrated search feature will display up to 2 thousand hits which can then be filtered based on a number of options such as current and previous position, current company, and previous experience to make it easier to find the right person for the job.

What sets XTM apart is the option for recruiters to work as a team with users able to provide colleagues access to their projects at the click of a mouse. This means that several recruiters can look for suitable candidates for a certain vacancy at the same time while also being able to follow the project's progress. All of the information entered in XTM is stored centrally, meaning that it always stays within the company, even if a recruiter leaves.

Another key step in the second half of 2012 involved linking the XING platform to existing HR systems. In September, XING entered into a cooperation with the consulting firm Promerit HR + IT Consulting AG and used the XING Connector to create a joint interface that links applicant management systems with XING for the first time ever. That way, companies can post job vacancies on XING from their own systems. This also works the other way around as people interested in vacancies can submit their XING profile information to the company's HR applicant system, which in turn saves them a lot of time filling in online applications. As things stand, the interface can be integrated into SAP e-Recruiting, and integration within other systems is also feasible for the future. Companies interested in an interface can submit a request to XING via Promerit. These newly created features and opportunities will help to boost XING's position as the leading social recruiting platform in German-speaking countries.

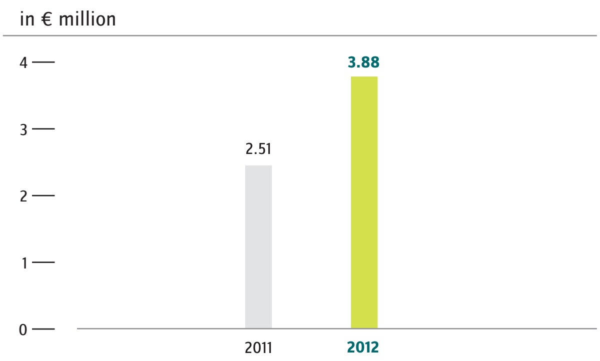
The passive recruiting subdivision helps to boost employer branding at a time where there is a shortage of skilled workers.

More than 100 thousand companies have a XING Company Profile to showcase their products and advertise current vacancies. More than 4 thousand corporate customers use their paid profiles with multimedia content to provide great insights into their business. Shortly after the end of the 2012 financial year XING acquired kununu GmbH, the largest employer review platform in German-speaking countries, to reinforce its position in this sector of the German-speaking market. kununu reviews provide job-seekers with genuine insights into potential employers. Employer reviews are also great for businesses as they are a great way for them to present themselves in a positive light, which is why a lot of companies are prepared to pay for good employer branding solutions. kununu also has an appealing and scalable business model.

The Company is continuing to expand and returned a positive EBITDA and cash flow during the 2012 financial year with revenues rising by 26 percent from €13.27 million in 2011 to €16.65 million in 2012. Although a generally negative economy can impact the performance of this division, the XING AG management identified two trends that are also key to further development here, namely the shift from offline to online and the move from traditional web to social web within the online world. Both of these trends are sustainable, in turn making them beneficial to XING and more than likely to have an impact than the overall economic climate.

"Events" division
XING's newest division, "Events", also developed very well during the 2012 financial year. During the second year following the acquisition of Munich-based event organizer amiando AG, this division saw revenues grow by 54 percent to €3.88 million. The XING Events tool allows event organizers to easily post paid events on www.xing.com with the majority of the value chain covered in the form of services such as invitation management,

Revenues "Events"



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 for the period under review amounted to around €55 million as opposed to €35 million in 2011.

XING AG also invested in this division during 2012 to expand its operations there by hiring 30 new people in 2011 and 15 in 2012. The "Events" division is now in an excellent position with a total of 75 employees and amiando's three foreign offices as of the end of 2012.

The AdCreator was launched in August 2012 and is an important addition to the range of products available for event organizers as it provides them with a German-language marketing tool that is tailored to their needs and allows them to advertise the events they post on XING in order to sell more tickets. The tool is really simple and offers the option to advertise an event during the event creation process. To this end, the AdCreator provides filters such as member region or industry to help narrow down the target group and make sure they are a good match for the event.

Net assets, financial position and performance

Operating results

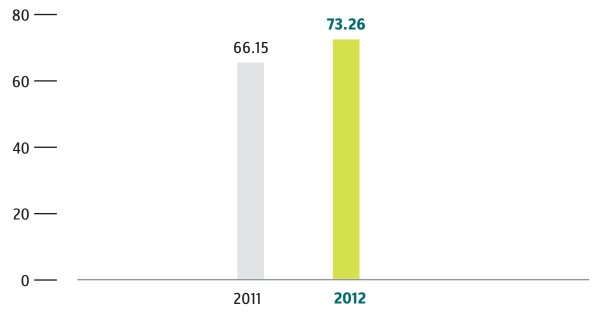
in € thousand	2008	2009	2010	2011	2012
Revenues from services	34,701	44,000	53,499	65,103	72,125
Other operating income	573	1,085	783	1,047	1,131
Personnel expenses	(8,807)	(15,682)	(17,717)	(23,519)	(31,119)
Marketing expenses	(4,375)	(5,305)	(6,815)	(5,706)	(5,138)
Other operating expenses	(9,927)	(12,253)	(13,029)	(14,690)	(16,936)
EBITDA	12,165	11,845	16,721	22,235	20,063*
Depreciation	(2,426)	(10,937)	(5,199)	(22,402)	(8,338)
Loss/profit for the year	7,318	(1,681)	7,211	(4,646)	7,743
Earnings per share (in €)	1.41	(0.33)	1.37	(0.87)	1.44

* Adjusted for one-time costs relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition the 2012 EBITDA of €21,976 thousand is the same level as last year.

During the 2012 financial year, XING AG's revenues again grew by 10.7 percent or €7.1 million (including other operating income) to €73.3 million. All of the main revenue-generating divisions, i.e. the "Premium Club", "e-Recruiting" and "Events", have contributed to the Company's rise in revenues. The largest growth rate was achieved in the "Events" division where revenues rose by 54.5 percent compared to 2011. The largest absolute revenue growth was however reported by the "e-Recruiting" division which saw a €3.4 million rise over 2011.

Total operating income

in € million



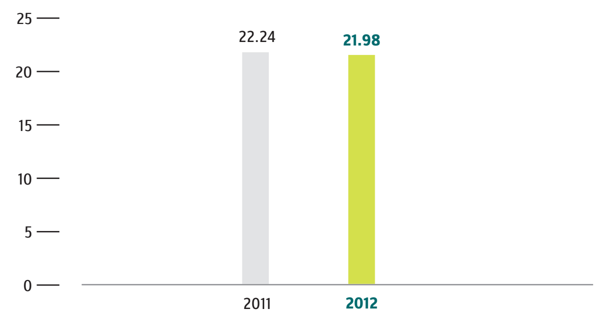
The other operating income rose from €1.0 million in 2011 to €1.1 million in 2012, and largely includes income from offsetting non-cash benefits (€0.4 million), income from returned bank transfers and dunning fees (€0.3 million) as well as income from differences in rates (€0.2 million). This slight increase is mainly attributable to higher income from offsetting non-cash benefits, while a reduction in income from non-current assets has a counteracting effect.

For structural reasons, the largest expense in the Group's profit and loss statement are the personnel expenses. The XING AG management still sees major market and growth potential in all divisions, which is why it hired 57 people – mainly in productive positions – during 2012 (in 2011, the Company hired 150 new people including the employees acquired during the amiando GmbH takeover). As of December 31, 2012, a total of 513 people (previous year: 456) were employed by the Group. As a result, personnel expenses for 2012 rose by 32.3 percent from €23.5 million to €31.1 million (including a one-time expense of €1.1 million for stock options that became prematurely non-lapsable due to the takeover bid by Burda Digital GmbH).

Marketing expenses of €5.1 million were lower than those for 2011 (€5.7 million). A number of activities were performed in the conventional display advertising as well as the social media, SEM (search engine marketing), and affiliate and offline marketing (print, conferences and events) divisions.

EBITDA

in € million



* Adjusted for the non-recurring expenses, see below.

Other operating expenses rose from €14.7 million to €16.9 million. The main operating expenses here include IT and other services (€3.9 million compared to €3.2 million in 2011), expenses for premises (€3.0 million compared to €1.6 million in 2011), legal advice (€1.3 million compared to €0.9 million in 2011), payments relating to cash at banks (€1.7 million – the same as 2011), travel, entertainment and other business expenses (€1.4 million compared to €1.2 million in 2011), and server hosting, administration and traffic costs (€1.2 million compared to €1.8 million in 2011). Point 11 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses. The increase in expenses for premises is due to the operation of a much larger data center and increased office space due to the rise in the number of employees at the Hamburg office. The legal fees contain non-recurring expenses of €0.4 million for legal advice relating to the takeover bid by Burda Digital GmbH and €0.4 million relating to the acquisition of kununu GmbH.

As a result, the 2012 EBITDA of €20.1 million was around 9.8 percent lower than that in 2011 (€22.2 million). while the EBITDA margin also dropped from 34 percent in 2011 to 28 percent in 2012. The Company's EBITDA adjusted for the non-recurring expenses of €1.9 million relating to the takeover bid by Burda Digital GmbH and the kununu GmbH acquisition amounted to €22.0 million, the same level as last year.

Depreciation of €8.3 million includes one-time, non-recurring value adjustments of €0.6 million for parts of the platform that are no longer used. The remaining depreciation of €7.7 million applies to acquired and self-developed software as well as other intangible assets and property, plant, and equipment which represent a €1.3 million increase over 2011 (€6.6 million). This increase is attributable to the investments made at the end of 2011 and during 2012.

Compared to the figure for 2011 (€0.5 million), the financial income dropped slightly in 2012 to €0.4 million. The Company pursues a conservative investment strategy with liquidity spread across several banks that have 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 6.0 percent of revenues from services (2011: 7.6 percent) and 35.8 percent of earnings before taxes (including non-recurring value adjustments of €14.4 million, 2011: 33.8 percent). The rise in tax rate for earnings before taxes is largely due to the deferred tax revenues resulting from the amiando GmbH acquisition back in 2011.

The XING Group's unadjusted annual net income therefore rose to €7.7 million (from €-4.6 million in 2011). This in turn resulted in unadjusted earnings per share of €1.44 for the 2012 financial year (2011: €-0.87).

Following adjustment for the €1.9 million one-time expenses in 2012, the resulting notional tax reduction, and the €14.4 million impairment in 2011, net income for 2012 amounted to €9.2 million (adjusted value for 2011: €9.4 million). This equates to adjusted earnings of €1.71 per share compared to €1.73 in 2011.

Special distribution of funds

Based on the 2012 results and the establishment of a long-term dividend policy announced last year, the Executive Board and Supervisory Board will put forward a proposal to pay a dividend of €0.56 (last year: €0.56) to shareholders at the AGM to be held on May 24, 2013.

Net assets

Non-current assets dropped from €24,071 thousand to €23,068 thousand and accounted for 25.0 percent of total assets as of December 31, 2012, which equates to a 0.9 percent rise compared to 2011 (24.1 percent). Consequentially, current assets accounted for a lower proportion of total assets by dropping to 75.0 percent (2011: 75.9 percent).

On December 31, 2012, liquid assets of €58,773 thousand (2011: €62,817 thousand) accounted for 63.7 percent (2011: 68.3 percent) of the total assets of €92,211 thousand (2011: €99,846 thousand).

Liquid assets as of December 31, 2012, included third-party cash of €2,614 thousand (2011: €2,021 thousand) from amiando GmbH. The Company has €56,159 thousand in cash, which accounts for 60.9 percent of total assets (2011: €66,196 or 66.3 percent). The drop in liquid assets is largely attributable to the €19,952 thousand special distribution of funds paid out in February 2012. This effect was countered by the rise in revenues and additional advance customer payments.

The increase in receivables from services of €5,663 thousand in 2011 to €7,322 thousand on December 31, 2012, was largely related to the increase in revenues. Receivables from services mainly include receivables from paid memberships and B2B receivables.

The increase in other assets was largely due to the increase in deferred costs and higher receivables from employees.

The value of acquired software rose from €2,296 thousand to €2,876 thousand due to the accruals that exceeded planned depreciation. The intangible assets include the capitalizable parts of the platform, the XING mobile applications, and the XING testing tool. Scheduled depreciation was performed on intangible assets as well as non-recurring depreciation amounting to €583 thousand (2011: €1,183 thousand) which is largely attributable to the platform redesign.

Goodwill resulted from the acquisition of the Munich-based events platform amiando AG in December 2010 and Hamburg-based XING Events GmbH (formerly known as Kronen tausend-615 GmbH), which were merged in April 2011 retroactively with effect from December 30, 2010, to become amiando GmbH. amiando AG's shares were transferred on January 5, 2011. The purchase price consisted of a fixed amount of €7.4 million plus additional earn-outs of €0.4 million which were due at the end of 2012.

The value of other intangible assets dropped by €1,333 thousand from €2,915 thousand on December 31, 2011, to €1,582 thousand on December 31, 2012 on account of scheduled depreciation.

Financial position

Shareholders' equity and debts

As was the case in previous years, XING AG is financed solely from equity and the Company does not have any bank loans or other such loans.

As of the closing date, the Company's equity ratio amounted to 56.1 percent compared to 42.7 percent in 2011. This puts XING in an excellent position for future growth. This large increase in equity ratio is due to the positive operating results (€7.7 million), the Executive Board and employees exercising options (€3.8 million), and the drop in balance sheet total from €99.8 million in 2011 to €92.2 million in 2012 due to the return of capital contributions. This partial compensation payment was the result of paying a €3.0 million dividend.

The Company's equity amounted to a 224.4 percent surplus over the non-current net assets (2011: 176.9 percent). The current assets (including liquid assets) amounted to a 188.5 percent surplus over the current liabilities (2011: 141.7 percent). This large increase is also linked to the €20.0 million return of capital contributions when payment was made in February 2012. Following adjustment for this special effect and notional liquidity outflows in 2011, the 2012 surplus amounted to 166.5 percent.

Operating cash flow

The operating cash flow for the year under report amounted to €18.9 million, up from €13.9 million in 2011. In 2011, the operating cash flow included €4.8 million as payment for taxes from the previous year. Following adjustment for this special factor, the operating cash flow for 2011 amounted to €18.7 million.

Cash flow from investing activities

In 2012, the cash flow from investing activities included payment of the remaining €2.5 million purchase price obligation for amiando. In 2011, this acquisition already led to a €5.4 million outflow of funds. In contrast to the previous year, lower amounts were invested in tangible assets (€2.7 million compared to €3.7 million). During the previous year, significant amounts were invested in a new and much larger data center which was required to keep pace with the growth of the business. Payments for acquired and internally developed software rose from €3.0 million in 2011 to €4.7 million in 2012.

Cash flow from financing activities

During the 2012 financial year, proceeds amounting to €3.8 million (2011: €5.2 million) arose from financing activities in the form of exercising employee stock options. Payments resulted from the €20.0 million special distribution of funds in February 2012 as well as the payment of a regular dividend amounting to €3.0 million.

Overall statement regarding the Company's financial situation

The XING AG Executive Board considers the Company's financial situation to be very positive. During the 2012 financial year, XING again grew by double-digit figures and achieved the highest revenues in the history of the Company. XING AG has no bank debts and is highly profitable with revenues generated mainly in a prepaid fashion. Despite ongoing investments in future growth, this healthy financial situation enables the Company to directly involve its shareholders in its development by paying regular dividends.

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 each individual employee. 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.

Potential risks are continually identified and analyzed. 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 Company.

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, and 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 summarized 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 predefined 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 adequacy 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

Competition

XING AG competes with companies which offer similar services. New competitors may also arrive 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 co-operations between foreign competitors and companies with extensive reach in the D-A-CH region, competitors might be able to penetrate XING's domestic 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.

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 form of the respective partnerships. Appropriate contract forms in particular ensure that the reliance on service providers is minimized, the necessary service standards are met, and that the risk of technical failures is minimized.

Market and sales risks

Generally, there is a risk of a significant increase in customer losses due to unforeseen external or internal factors. XING AG mainly combats 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 response in plenty of time by means of prepared measures and crisis plans in the event of sudden signs of customer losses.

Risks of customer support

XING AG is continuously expanding its business model to include additional sources of revenues. This policy reduces the Company's reliance on membership subscriptions. However, this fact does not involve any departure 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 accounted for less than 1 percent of the total revenues in the previous 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

XING members provide extensive personal data to the Company. The data centers for direct data processing are located 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 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.

Forecast and opportunity report

Group orientation in the next two financial years

Economic outlook

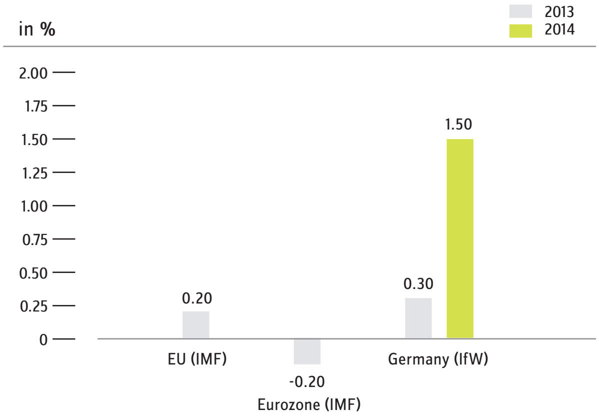
After a poor final quarter, the global economic outlook for the coming business year remains bleak. The eurozone is currently saddled with high sovereign debts, forced consolidation of state budgets, and a major drop in private-sector investments. As a result, the International Monetary Fund (IMF) only expects to see growth of 0.2 percent in the EU and a 0.2 percent contraction in GDP growth within the Eurozone in 2013. The Kiel Institute for the World Economy (IfW) is predicting just 0.3 percent GDP growth in Germany during 2013, with a recovery not expected until the following year.

Future industry situation

In 2012 the number of Internet users in Germany grew to around 53.4 million. The number of people using social networks also rose with the German Federal Statistical Office stating that more than 75 percent of all Internet users in Germany are active on at least one social network. Around five million people use online business networks in Germany, and another million in Austria and Switzerland. This puts the penetration rate at well below 10 percent. Consulting firm Mücke, Sturm & Company forecasts a social community membership of 51.1 million in Germany for 2013.

This market, which is vital to XING in terms of recruiting and job ads, is heavily influenced by the general economic situation and, in turn, by the future development of the labor market in the D-A-CH region. On the other hand, the management sees two trends in the industry that will lead to the e-Recruiting business being less cyclic than conventional job portals. The first is that the number of online job ads is set to rise over the coming years, and the second is that a shift from conventional ads to social media ads is currently taking place within the e-Recruiting market.

Expected GDP growth of selected economic zones



Expected financial and liquidity situation

Anticipated revenue development

As the market leader in the D-A-CH region with its revenue-generating "Premium Club", "e-Recruiting" and "Events" business divisions, XING AG is in an excellent position to continue growing in the future. In keeping with this, the management expects the Group to see double-digit percentage revenue growth over the next two years provided the general economy does not see a major downturn.

Anticipated development of key P&L items

The management will continue to invest in qualified staff over the next two years and thus further increase the Company's largest cost, namely personnel expenses. The Company intends to reduce its personnel expenses ratio over the next two years, however.

Marketing expenses are set to rise drastically during the coming financial year in order to heavily advertise the new product offerings to be rolled out in 2013. In 2014 the Company only intends to spend slightly more than in 2013, thus reducing the marketing expenses ratio.

The ratio of other operating expenses to total revenues is set to remain stable over the next two years.

Anticipated earnings growth

The Company's EBITDA (excluding non-recurring extraordinary charges) for the coming financial year is expected to be slightly higher than last year's results, although the EBITDA margin may just dip below the 2012 margin. Forecasts for the 2014 financial year indicate a major rise in the Company's EBITDA and EBITDA margin due to exponential revenue growth.

Anticipated development of dividends

The XING management is planning to continue the long-term dividend policy it announced in 2012 by proposing to pay a dividend of €0.56 on every eligible share at the AGM in June 2013. The Company also intends to pay regular dividends to shareholders over the next two financial years.

Anticipated development of liquidity

XING AG has a highly cash-generative business model. The majority of the services XING renders are paid for in advance by B2C and B2B customers. As a result of this, the management assumes that, despite making regular dividend payments, the Group's liquidity will continue to rise over the next two years. Part of the Group's liquidity may be channeled into corporate acquisitions that are deemed to be of strategic use to or expected to increase the value of the Company.

Planned financing measures

Together with the preparation of the consolidated financial statements, the Company does not have any financing measures planned which would require third-party capital. Financing measures may be deemed necessary if the Company has any major merger and acquisition plans.

Planned investments

The annual investment volume for the next two years will continue to rise and mainly focus on server capacities, software licenses, and software developed in-house.

	Outlook for 2013	Outlook for 2014
Member growth in D-A-CH	Same level as last year	Same level as 2013
Revenues (incl. other operating income)	Double-digit percentage growth	Double-digit percentage growth
EBITDA (adjusted for special factors)	Slight increase over 2012	Major increase over 2013
Investments	High single-digit million amount	High single-digit million amount

Opportunities

The industry XING operates in is currently shifting due to a number of major societal trends in terms of demographics, the labor market, and a fundamental move towards the online world. As the largest online business network in the D-A-CH region, XING is in an excellent position to benefit from these trends by catering for them with great business models.

Opportunity management is aligned with the Group's strategy for the individual business divisions. The "Network", "Premium Club", "e-Recruiting" and "Events" divisions are to identify any opportunities that arise and take action in order to benefit from them in the best-possible way.

Opportunities resulting from the general economic situation

If, in 2013, the economy were to exceed expectations, this would have a highly positive impact on the high-growth e-Recruiting business and, with it, XING AG's performance.

Strategic corporate and operative opportunities

At the end of 2012, XING AG's four divisions were restructured, each with clear objec-tives and responsibilities. This move, combined with the focus on the high-growth "e-Recruiting" division and the strategic decision to focus more on the Company's core division – the "Premium Club" – in 2013, will result in an array of opportunities to boost the Company's revenues and earnings at a higher rate than planned. The management also sees opportunities for further organic growth by establishing new active recruiting and employer branding products.

Other opportunities

Other opportunities may arise by establishing new sources of income and business models, in particular for the "e-Recruiting" and "Premium Club" divisions.

General statement on the Group's expected performance

By reorganizing the business divisions at the start of the 2013 financial year, the XING AG Executive Board has taken key steps to boost the Company's innovational power and consolidate its competitive position over the coming years. By actively marketing new and existing products and business models, XING AG is in an excellent position to further expand its revenues and earnings base over the next few years.

The general economic climate will of course impact upon XING AG's performance, meaning that the Company's actual performance may deviate from the management's assumptions and forecasts due to unforeseeable developments.

Legal information

The following section mainly contains information and explanations in accordance with Section 315 (4) of the German Commercial Code (HGB). This information relates to company law structures and other legal relationships.

Corporate governance declaration

The corporate governance statement issued in accordance with Section 289a HGB is published on our website at http://corporate.xing.com/english/investor-relations/corporate-governance/hgb-289a/. It contains a description of how the Executive Board and Supervisory Board operate, the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG), and information on key corporate governance practices.

Remuneration report

The remuneration report details the amount and structure of Executive Board earnings, and summarizes the principles used as the basis for the remuneration of the XING AG Executive Board. It also contains information on the principles and amount of Supervisory Board remuneration. The compensation report also includes information concerning the shareholdings of the Executive Board and of the Supervisory Board. Because the remuneration report is based on the recommendations of the German Corporate Governance Code and as it includes disclosures in accordance with Section 315 (2) line 4 of the German Commercial Code (HGB), this extensive report can be found in the "To our shareholders" section and is at the same time an integral part of this report.

Disclosure of takeover provisions

The following details in accordance with Section 315 (4) HGB describe the situation as of the balance sheet date. The following explanation of this information also meets the requirements of an explanatory report as per Section 176 (1) line 1 of the German Companies Act (AktG).

Share capital

In 2012 the Company's share capital was increased by €127,922.00 by issuing 127,922 no-par value shares as part of the employee stock option plan. The share capital of the Company amounted to €5,554,243 on December 31, 2012 (previous year €5,426,321), and consists of 5,554,243 no-par value shares at a calculative value of €1.00 of the share capital. The share capital is paid in full. All shares contain the same rights.

Treasury shares

As of December 31, 2012, the Company held 75,332 (2011: 87,832) no-par value shares. This corresponds to 1.36 percent (2011: 1.62 percent) of the Company's share capital. These shares are largely designated for fulfilling obligations arising from current stock option plans.

Limits on voting rights or transferring shares

The Executive Board is not aware of any limits in terms of voting rights or share transfers.

Shareholders with more than 10 percent of the Company's voting rights

As of December 31, 2012, the Company was aware that Burda Digital GmbH, Munich, held 52.6 percent (2011: 29.6 percent) of XING AG's voting rights.

The Company is not in possession of any further information or notifications in accordance with Sections 21 et seq. of the German Securities Trading Act (WpHG) concerning shareholders who directly and/or indirectly hold more than 10 percent of the capital and voting rights.

Appointment and dismissal of members of Executive Board/ changes to the Articles of Incorporation

Any appointment and dismissal of members of the Executive Board is subject to Sections 84, 85 AktG as well as point 7 of the Articles of Incorporation in the version of May 26, 2011. In accordance with point 7 (1) of the Articles of Incorporation, the Executive Board consists of one or more persons. The Supervisory Board determines the number of members of the Executive Board. The Articles of Incorporation do not include any special rules for the appointment and 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 and 133 AktG. The Articles of Incorporation have not taken advantage of the option of specifying further requirements applicable for changes to the Articles of Incorporation. Unless otherwise specified by statutory regulations, the resolutions of the AGM are adopted with a simple majority of the votes which are cast and, if the law specifies a capital majority in addition to the majority of votes, with a simple majority of the share capital represented at the point at which the resolution is adopted. In accordance with points 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 only relating to that particular version.

Powers of the Executive Board to issue and repurchase shares

The powers of the Executive Board of the company to issue or repurchase shares are all based on corresponding authorization resolutions of the AGM, the contents of which are detailed in the following.

Authorized and contingent capital

Authorized and contingent capital are described in "Equity" in the notes to the financial statements.

Authorization to purchase treasury shares

Pursuant to the resolution of the AGM of May 27, 2010, and in view of the cancellation of the previous resolution of May 28, 2009, the Executive Board was authorized to purchase treasury shares as follows:

a) Authorization to purchase treasury shares

Until May 26, 2015, the Executive Board is authorized to purchase treasury shares up to a total of 10 percent of the Company's share capital which, at the time at which the resolution is adopted, amounts to €5,272,447.00. The shares purchased in this way, together with other treasury shares which are owned by the Company or which are attributable to the Company in accordance with Sections 71a et seq. AktG must not at any time exceed 10 percent of the share capital. This authorization must not be used for the purpose of trading treasury shares.

The authorization can be utilized in part or in whole, on one or more occasions, for one or more purposes, by the Company or by enterprises which are dependent on the Company or which are majority owned by the Company, or by third parties acting for their account or for the account of the Company.

b) Types of acquisition
The Executive Board may decide to purchase the shares (1) via 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 to sell the shares.

1) If the shares are purchased via the stock exchange, the purchase price per share paid by the Company (excl. ancillary purchase 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 determined on the market trading day by the opening auction.

2) If the shares are purchased 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 to sell the shares,

- the purchase price share which is offered in the event of a public offer directed to all shareholders (excl. ancillary purchase costs) or
- the limits of the purchase price range fixed by the Company in the event of a public invitation directed to all shareholders to submit offers to sell the shares (excl. ancillary purchase costs) must not differ by more than 10 percent from the average of the closing prices of the shares of the Company in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the day of the public announcement of the public offer or the public invitation to submit offers to sell the shares.
  If there are considerable changes to the relevant price after the publication of a public offer directed to all shareholders or after a public invitation directed to all shareholders to submit offers to sell the shares, the purchase offer or the invitation to submit offers to sell the shares can be adjusted. In this case, the price will be based on the average of the closing prices of the shares of the Company in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the public announcement of the adjustment.

If a public offer directed to all shareholders is oversubscribed, it can only be accepted on a scaled-down basis. If several equivalent offers are submitted in the event of a public invitation directed to all shareholders to submit offers to sell the shares, and if not all of these equivalent offers can be accepted, the offers will only be accepted on a scaled-down basis.

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

The public offer directed to all shareholders or the public invitation directed to all shareholders to submit offers to sell the shares may specify further conditions.

c) Use of treasury shares
With the approval of the Supervisory Board, the Executive Board is authorized to use 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 also be sold in ways other than via the stock exchange or on the basis of an offer to all shareholders if the purchase price to be paid in cash is not significantly lower than the market price of the already listed shares with essentially the same rights. The number of shares which are sold in this way, together with the number of new shares which are issued out of authorized capital with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) line 4 AktG during the period covered by this authorization and the number of shares which can be created as a result of the exercising of option and/or conversion rights or fulfillment of conversion obligations from option and/or convertible bonds and which are issued with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) line 4 AktG during the period covered by this authorization must not exceed 10 percent of the share capital.

2) The shares can be sold in return for a non-cash contribution, particularly also in connection with the acquisition of companies, parts of companies or equity participations in companies as well as 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 for serving subscription rights relating to shares of the Company which have been granted or which will be granted to members of the Executive Board of the Company, selected senior executives, other key members of staff and employees of the company, as well as members of management, selected senior executives, other key members of staff and employees of enterprises which are affiliated with the Company in accordance with Section 15 of the German Stock Corporation Act (AktG)

   - within the framework of the stock option plan 2006, which was authorized to be issued by the AGM of November 3, 2006, pursuant to the resolution regarding point 6 of the agenda, most recently modified by the resolution of the AGM of May 23, 2009, to point 10 of the agenda, or
   - within the framework of the stock option plan 2008, which was authorized to be issued by the AGM of May 21, 2008, pursuant to the resolution regarding point 7 of the agenda, most recently modified by the resolution of the AGM of May 23, 2009, to point 10 of the agenda, or
   - within the framework of the stock option plan 2009, which was authorized to be issued by the AGM of May 28, 2009, pursuant to the resolution regarding point 11 of the agenda, or
   - within the framework of the stock option plan 2010, which was authorized to be issued by the AGM of May 27, 2010, pursuant to the resolution regarding point 8 of the agenda. If members of the Company's Executive Board are beneficiaries in the above cases, the Supervisory Board shall decide on whether to use treasury shares to serve subscription rights.

4) Treasury shares can be used for serving options and conversion rights relating to shares of the Company. If treasury shares are to be transferred to members of the XING AG Executive Board, this authorization shall apply to the Supervisory Board.

5) The shares can be offered for sale, or transferred, to persons who are employed by the Company or an enterprise affiliated with the Company in accordance with Section 15 AktG, subject to a shut-out period of not less than two years. They can also be offered for sale or transferred to members of the Executive Board of the Company or members of the management of an enterprise affiliated with the Company in accordance with Section 15 AktG subject to a shut-out period of not less than two years. If members of the XING AG 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 shares can be retired without such retirement or the performance of such action requiring a further resolution of the AGM. They can also be retired in a simplified procedure without a capital reduction by adjusting the proportionate theoretical interest of the other shares in the Company's share capital. If the shares are retired using the simplified procedure, the Executive Board is authorized to adjust the number of shares in the Articles of Incorporation.

The authorizations detailed above can be utilized on one or more occasions, in part or in whole, individually or jointly. The authorizations detailed under (2) and (3) can also be used 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 relating to the treasury shares purchased on the basis of this authorization are excluded if these shares are used in accordance with the authorizations detailed above under (1) to (5).

Compensation agreements of the Company with members of the Executive Board of employees to cover the case of a takeover bid

To cover the case of a change in the ownership conditions of the Company involving an obligation to submit a takeover bid (change of control), XING AG grants the former CEO Dr. Stefan Gross-Selbeck a temporary special right of termination which can be exercised under further conditions as well as the payment of the capitalized total annual remuneration (basic salary, target bonus assuming success in meeting 100 percent of targets and ancillary benefits) for the remaining term of his service agreement (until January 15, 2013), and at least for one and a half years. Under comparable conditions, the member of the Executive Board Ingo Chu shall receive a severance payment equivalent to a maximum of two times his basic salary and bonus, assuming success in meeting 100 percent of targets. In this case, the former member of the Executive Board Dr. Stefan Gross-Selbeck and current member of the Executive Board Ingo Chu will receive a cash settlement for the stock options which cannot be exercised upon termination of their employment agreement, whereby the calculation base for the CEO Dr. Stefan Gross-Selbeck is increased by 50,000 options if his employment agreement is terminated in the third or fourth year of his appointment.

Further disclosures

The other information required in accordance with Section 315 (4) HGB relates to circumstances which do not exist at XING AG. There are no holders of shares with special rights conferring control powers, nor are there any voting right controls attributable to employees owning a share of the Company's capital, nor are there any major agreements which are subject to the condition of a change of control following a takeover bid.

Executive Board report on relations with affiliated companies

As set out in Section 312 (1) AktG, the Executive Board has prepared a report on relations with affiliated companies, which contains the following final declaration: "We declare that the Company received an appropriate consideration for each transaction and measure listed in the report on relations with affiliated companies from January 1 to December 31, 2012, under the circumstances known to us at the time the transactions were made or the measures taken or not taken."

Supplementary report

XING AG acquired Austrian-based firm kununu GmbH with economic effect from January 1, 2013. XING AG initially paid the vendor €3.6 million upon signature of the contract. Based on various factors, in particular kununu GmbH's revenue and EBITDA performance in 2013 and 2014, further payments of up to €5.8 million may be due by February 2015.

On March 1, 2013, Timm Richter joined the XING AG Executive Board as Chief Product Officer (CPO). On March 18, 2013, Dr. Neil Sunderland announced that he will step down as Chairman of the Supervisory Board of his own will as of the AGM to be held on May 24, 2013, and will also resign from all of his Supervisory Board duties.

No other major events took place after the balance sheet date.

Hamburg, March 26, 2013

The Executive Board

Dr. Thomas Vollmoeller   Ingo Chu   Dr. Helmut Becker

Jens Pape   Timm Richter

CONSOLIDATED FINANCIAL STATEMENTS
for the financial year from January 1 to December 31, 2012

Consolidated income statement
for the financial year from January 1 to December 31, 2012

in € thousand	Notes	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Service revenues	7	72,125	65,103
Other operating income	8	1,131	1,047
Total revenues		**73,256**	**66,150**
Personnel expenses	9	(31,119)	(23,519)
Marketing expenses	10	(5,138)	(5,706)
Other operating expenses	11	(16,936)	(14,690)
EBITDA		**20,063**	**22,235**
Depreciation and amortization	15	(8,338)	(22,402)
EBIT		**11,725**	**(167)**
Interest income	12	353	504
Interest expenses	12	(22)	(14)
EBT		**12,056**	**323**
Taxes on income	13	(4,313)	(4,969)
Net profit /net loss		**7,743**	**(4,646)**
Earnings per share (undiluted) in €	14	1.44	(0.87)
Earnings per share (diluted) in €	14	1.43	(0.84)

Statement of comprehensive income

for the financial year from January 1 to December 31, 2012

in thousand €	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Net profit/net loss	**7,743**	**(4,646)**
Currency translation adjustment	7	(51)
Change in equity from deconsolidation	80	0
Other result	**87**	**(51)**
Total result for the period	**7,830**	**(4,697)**

Consolidated balance sheet
as of December 31, 2012

Assets in € thousand	Notes	**12/31/2012**	**12/31/2011**
Non-current assets			
Intangible assets			
Software and licenses	15	2,876	2,296
Internally generated software	15	7,044	7,072
Goodwill	15	5,574	5,574
Other intangible assets	15	1,582	2,915
Property, plant and equipment			
Tenant improvements	15	547	850
Other plant and machinery		4,574	4,512
Down payments and assets under construction	15	0	20
Financial assets			
Equity participations	15	51	51
Other financial assets	15	23	23
Deferred tax assets	13	797	758
		23,068	**24,071**
Current assets			
Receivables and other assets			
Receivables attributable to services	16	7,322	5,663
Tax refund assets	16	388	7
Other assets	16	2,660	1,888
Cash and cash equivalents and other short-term deposits			
Cash and other current deposits		56,159	66,196
Third-party cash and cash equivalents	16	2,614	2,021
		69,143	**75,775**
		92,211	**99,846**

Liabilities in € thousand	Notes	12/31/2012	12/31/2011
Shareholders' equity			
Subscribed capital	17	5,554	5,426
Treasury shares	17	(2,039)	(2,367)
Capital reserves	17	17,393	14,008
Other reserves	17	16,302	15,700
Retained earnings	17	14,552	9,829
		51,762	**42,596**
Non-current liabilities			
Deferred tax liabilities	13	2,507	2,510
Deferred income	18	1,270	1,248
		3,777	**3,758**
Current liabilities			
Trade accounts payable	19	1,429	1,060
Deferred income	19	23,842	21,617
Tax provisions	19	0	30
Other liabilities	19	11,401	30,785
		36,672	**53,492**
		92,211	**99,846**

Consolidated cash flow statement

for the financial year from January 1 to December 31, 2012

in € thousand	Notes	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Earnings before taxes		12,056	323
Amortization on capitalized development costs	15	2,455	2,798
Depreciation and amortization	15	5,883	19,604
Personnel expenses, stock option program	9	515	836
Interest income	12	(353)	(504)
Interest received		474	312
Interest expenses	12	22	14
Taxes paid		(4,768)	(10,275)
Profit from disposal of fixed assets		0	(173)
Change in receivables and other assets		(2,552)	(2,168)
Change in liabilities		3,391	2,981
Non cash changes from changes in scope of consolidation		84	(1,802)
Change in deferred income		2,247	2,635
Elimination of amiando third-party obligations		(593)	(678)
Cash flow from operating activities		**18,861**	**13,903**
Capitalization of internally generated software	15	(2,427)	(2,454)
Purchase of other software	15	(2,213)	(536)
Purchase of other intangible assets	15	0	15
Result from the disposal of fixed assets		69	173
Purchase of property, plant and equipment	15	(2,725)	(3,695)
Purchase of consolidation companies (less cash acquired)	3	(2,455)	(5,411)
Cash flow from investing activities		**(9,751)**	**(11,908)**

in € thousand	Notes	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Capital increase from share-based payment		3,513	4,480
Sale of treasury shares		328	750
Distribution from capital reserves		(19,953)	0
Dividend paid		(3,020)	0
Interest paid		(22)	(14)
Cash flow from financing activities		**(19,154)**	**5,216**
Differences due to currency translation		7	(51)
Change in cash and cash equivalents		**(10,037)**	**7,160**
Cash and cash equivalents at beginning of period		66,196	59,036
Cash and cash equivalent at the end of the period [1]	18	**56,159**	**66,196**
Third-party cash and cash equivalents at beginning of period		2,021	0
Consolidation-related allocation of third-party cash and cash equivalents		0	1,343
Change in third-party cash and cash equivalents		593	678
Third-party cash and cash equivalents at the end of the period		**2,614**	**2,021**

[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, 2012

in € thousand	Notes	Subscribed capital	Capital reserves	Treasury stock	Other reserves	Retained earnings	Share-holders' equity, total
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 recognised 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	9	0	0	0	836	0	836
As of 12/31/2011		**5,426**	**14,008**	**(2,367)**	**15,700**	**9,829**	**42,596**
As of 01/01/2012		**5,426**	**14,008**	**(2,367)**	**15,700**	**9,829**	**42,596**
Currency translation	5	0	0	0	7	0	7
Change from deconsolidation	3	0	0	0	80	0	80
Total income and expense for the period recognised directly in equity		**0**	**0**	**0**	**87**	**0**	**87**
Net result		0	0	0	0	7,743	7,743
Total result for period		**0**	**0**	**0**	**87**	**7,743**	**7,830**
Capital increase from share-based payment		128	3,385	0	0	0	3,513
Sale of treasury shares		0	0	328	0	0	328
Dividend for 2011		0	0	0	0	(3,020)	(3,020)
Personnel expenses, stock option program	9	0	0	0	515	0	515
As of 12/31/2012		**5,554**	**17,393**	**(2,039)**	**16,302**	**14,552**	**51,762**

Notes to the consolidated financial statements

for the financial year from January 1 to December 31, 2012

A Principles and methods

1. Information concerning the Company

The registered offices of XING AG are located at Dammtorstrasse 29 – 32, 20354 Hamburg, Germany; the company is entered at the Amtsgericht (local court) Hamburg under HRB 98807. The parent company of XING AG is Burda Digital GmbH, Munich, and the ultimate parent company of XING AG since December 18, 2012 is Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany.

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 contacts, 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 consolidated financial statements and the Group management report of XING AG for the period ending December 31, 2012 were approved for publication by the Executive Board on March 26, 2013, and will be presented to the Supervisory Board of the Company for approval also on March 26, 2013. The consolidated financial statements and the group management report are published in the electronic Federal Gazette.

2. Basis for preparing the financial statements

The consolidated financial statements of XING AG (referred to in the following as "XING", "XING AG" or "the Company") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and also in accordance with the additional regulations of commercial law stipulated by Section 315a (1) HGB. Due consideration has been given to all IFRS and IFRIC which were adopted by the EU Commission as of December 31, 2012 and which are the subject of mandatory adoption.

The consolidated financial statements have been prepared 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 has been prepared in accordance with the cost summary method.

The policies which have been adopted are consistent with those of the prior financial year.

New and revised standards and interpretations which are applicable for financial years which end on or after December 31, 2012:

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.

The initial mandatory adoption of the revised standard in the course of the financial year has not had any impact on the consolidated financial statements.

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

Standards and interpretations which are relevant for the activities of the Group and 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.

IAS 1 Presentation of Financial Statements – Presentation of elements of other result (from/after July 1, 2012)

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

IAS 27 Separate Financial Statements (revised 2011) (from/after January 1, 2014)

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 (from/after January 1, 2014)

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 9 Financial Instruments: Classification and Measurement (from/after January 1, 2015)

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 come under the 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 (from/after January 1, 2014)

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 (from/after January 1, 2014)

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 (from/after January 1, 2013)

This standard defines uniform guidelines for measuring fair value.

Improvements to IFRS (published in May 2012) (from/after January 1, 2013)

In May 2012, the IASB published a collective standard for modifying five IFRS as a result of its project of annual improvements. The aim of the project is to clarify guidelines and formulations and correct comparatively minor points.

Implementation takes place no later than in the year of initial mandatory adoption. The effects of IFRS 9 and IFRS 12 are currently being analyzed. Based on current knowledge, we do not anticipate that these standards and also the other new standards, with the exception of new or modified notes, will have any significant impact on the consolidated financial statements upon initial adoption.

3. Consolidation group and business combinations

The consolidated financial statements include apart from XING AG the subsidiaries which are controlled by XING AG as 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.

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

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

	Holding 12/31/2012 in %	Initial consoli-dation
Grupo Galenicom Tecnologías de la Información (eConozco), S.L., Barcelona, Spain	100	2007
XING International Holding GmbH, Hamburg, Germany	100	2007
XING Networking Spain S.L., Barcelona, Spain[1)]	100	2007
XING Switzerland GmbH, Sarnen, Switzerland[1)]	100	2008
amiando GmbH, Hamburg, Germany	100	2011

[1)] 100 percent are held indirectly via a wholly owned interest in International Holding GmbH, Hamburg, Germany.

Deconsolidation of some companies in the financial year 2012

In the financial year 2012, the following companies were deconsolidated because they had been liqudated: EUDA Uluslararasi Danismanlik ve Bilisim Hizmetleri Limited Sirketi (XING Turkey), Istanbul, Turkey, XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey, XING Italy S.R.L., Milan, Italy, Socialmedian Inc., Wilmington, Delaware, USA, and XING Hong Kong Ltd., Hong Kong, China. The deconsolidation result of €-0.1 million which is shown in the other operating expenses is mainly attributable to the reversal of the foreign currency translation for these companies which previously had been recognized directly in equity. openBC Network Technology (Beijing) Co. Ltd., Beijing, China, was liquidated in the financial year 2011.

Acquisition of kununu GmbH in January 2013

XING AG acquired all shares in kununu GmbH, Vienna, Austria, with effect from January 1, 2013. XING AG initially paid the vendor €3.6 million upon signature of the contract. Based on various factors, in particular kununu GmbH's revenue and EBITDA performance in 2013 and 2014, further payments of up to €5.8 million may be due by February 2015. Costs of €0.4 million were incurred in connection with this acquisition in the financial year; they are included in the other operating expenses. Due to the absence of reliable IFRS figures, we are currently not able to provide further details which are necessary in accordance with IFRS 3. kununu GmbH will probably be initially consolidated retrospectively as of the time of acquisition within the framework of preparing the quarterly statements for the period ending March 31, 2013.

Acquisition of Kronen tausend615 GmbH and acquisition of amiando AG in the financial years 2010 and 2011

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 company acquired 100 percent of the shares in the Munich-based event platform amiando AG. The shares were transferred on January 5, 2011. The purchase price had a fixed part of €7.4 million, payable in two installments (€5.4 million in 2011 after closing, €2.0 million at the end of 2012). Earnouts amounting to €0.4 million were also agreed. The earnouts as well as the second purchase price installment (a total of €2.5 million) were paid out in December 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 or the purchase price was allocated 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	2011
Purchase price (1st installment)	(5,411)
Costs directly attributable to the acquisition	(539)
External cash acquired with the subsidiary	1,343
Less acquired debt	(1,343)
Plus non-cash-effective costs	539
Outflow of cash (net)	**(5,411)**

The fair values of 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 fair values of the assets and liabilities identified within the framework of the purchase price allocation as well as the goodwill are as follows at the time of initial consolidation:

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
Value of purchase price breakdown	**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 goodwill is attributable to anticipated synergies and other effects arising from the activities of amiando. In the financial year 2011, amiando GmbH generated revenues of €2,513 thousand and a result of €-2,851 thousand.

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	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**

4. Key discretionary decisions and estimates

Drafting consolidated financial statements requires to a limited extent assumptions and estimates which have an impact on the amount and recognition of stated assets and liabilities, income and expenses and the contingent liabilities. Although these estimates are made in accordance with the best knowledge of management and with due consideration being given to all available knowledge, actual results may differ from these estimates.

Major estimates and assumptions had been made particularly in the case of the following accounting policies: The impairment of goodwill, the capitalization of development costs for software, the impairment of doubtful receivables, the calculation of the amount of deferred tax assets capable of being capitalized and the amount of the share-based compensation as well as the calculation of the other provisions. With regard to the main forward-looking assumptions as well as other major sources of estimation uncertainty which existed on the balance sheet date, as a result of which there might be a risk that the carrying amounts might be adjusted in the course of the next financial year, please refer to the corresponding individual explanations.

In addition, estimates and assumptions are made for the purpose of determining the useful lives of intangible assets and property, plant and equipment, which are subject to an annual review. The actual figures may differ from the estimates. Changes are recognized in the income statement at the point in time at which better information becomes available.

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 valid on the balance sheet date. Exchange rate differences arising from this conversion are listed in the net income for the period.

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

Because of the financial, economic and organizational independence of the foreign subsidiaries, the functional currency is the local currency in each case. 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 recognized directly outside of the income statement as a separate component of equity.

6. Summary of key accounting treatments

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 revenues in the balance sheet; deferred revenues are recognized in the subsequent periods.

Earnings from jobs and advertising are 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 revenues in the balance sheet; deferred revenues are recognized in the subsequent periods.

Expenses for the purchase of other intangible assets are capitalized and written down according to the linear method for the expected economic service life. The write-down 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 outputs can be reliably measured. After the first-time application of development costs, the asset will be recognized at cost of production less cumulative write-downs and cumulative impairments. All capitalized development costs will be written down over the remaining economic service life of the XING platform using the straight-line method.

On December 31, 2012, the remaining economic service life of the platform was 48 months. At the beginning of the financial year 2012, the remaining economic service life of the platform was fixed 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, the residual values and the method of amortization of an intangible asset with a limited economic service life are reviewed at the end of each financial year or more frequently.

There is no interest which can be allocated to the acquisition or the production of a qualifying asset and which therefore can be capitalized as part of the costs of purchase or costs of production.

The Company recognizes corporate acquisitions using the purchase method, which leads to the creation of goodwill in the event of a positive balance. Goodwill acquired during a business combination is initially recognized as part of the purchase cost, although it refers to additional costs of the business combination in contrast to the share of the Group in the net present value of identifiable assets, liabilities and contingent liabilities. In accordance with IFRS, the goodwill is not depreciated over its economic service life. The Company is required to test goodwill for impairments at least once a year, provided there are no indications of potential impairments.

If there are indications of an impairment, goodwill must be tested immediately for impairment. For the purpose of testing for impairment, 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.

The appraisal of the value of goodwill is based on an estimate of the recoverable amount of the cash-generating unit to which the goodwill is assigned. The recoverable amount is the higher of net realizable value and value in use. Net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal. Value in use is generally calculated on the basis of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life, using the discounted cash flow method. Cash flows are derived from the business plans and reflect current developments. They are discounted to the date of the impairment test using capitalization rates for equivalent risks.

Because of the structure of XING operations, there is only one cash-generating unit (CGU) within the Group. It contains all transactions handled via the XING platform. Accordingly, the goodwill acquired within the framework of business combinations is allocated to this CGU "XING platform".

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 derecognized 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.

Actual tax assets and liabilities for current and previous periods are shown with the expected amount. The tax rates and tax laws which are applicable on the balance sheet date for the corresponding periods are used as the basis for calculating the amount.

Deferred taxes result from temporary differences between the carrying amount of an asset or a liability in the balance sheet and its tax assessment base as well as from tax loss carry-forwards. They are calculated using the balance-sheet-oriented liability method, and are based on the application of the tax rates which are expected in the individual countries at the time of realization. These are based on the legal regulations applicable on the balance sheet date. 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. 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. The deferred tax assets are tested annually to establish whether they are realizable.

Actual tax assets and liabilities as well as deferred tax assets and liabilities are netted with each other if the Group has an enforceable claim for netting the actual tax refund claims against actual tax liabilities and if the deferred tax assets and liabilities relate to income taxes of the same tax entity which are imposed by the same tax authority.

Receivables and other assets are recognized with the original invoice amount less an impairment for irrecoverable sums or sums 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 compensation components to be recognized in the income statement over the vesting period are equivalent to the present value of the options extended at the time of granting (if settled in the form of shares) or as of the balance sheet date (if settled by cash and cash equivalents). The fair value of these instruments is determined by external experts by means of established evaluation models. A corresponding increase in the additional paid-in capital (if settlement is in the form of shares = or corresponding provisions/liabilities (if settlement is in the form of cash and cash equivalents) are recognized. Additions to liabilities or provisions are shown in personnel expenses, and reversals are shown in the other operating income. The vesting period ends at that moment at which the affected employee or executive becomes an irrevocable beneficiary. The dilution effect of outstanding stock options will be taken into account when calculating the result per share.

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, 2012, 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 fulfill 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.

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

The following table summarizes the main valuation principles for preparing the consolidated financial statements:

Items	Valuation principle	Items	Valuation principle
Assets		**Liabilities**	
Cash and cash equivalents and current deposits	Nominal value	Trade accounts payable	Amortized costs of purchase
Receivables from services	Amortized costs of purchase	Accrued liabilities	Amortized costs of purchase
Property, plant and equipment	Amortized costs of purchase or costs of production	Other liabilities	Amortized costs of purchase
Goodwill	Impairment-only approach		
Intangible assets (excl. goodwill) with limited useful life	Amortized costs of purchase or costs of production		
Other financial assets, loans and receivables	Amortized costs of purchase		

B Notes to the income statement

7. Revenues from services

In the financial year 2012, total revenues amounted to €72,125 thousand (previous year: €65,103 thousand). The breakdown of revenues and the corresponding development according to business divisions and regions are shown in segment reporting.

8. Other operating income

The following table breaks down the main items of other operating income:

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Earnings from non-cash benefits	391	289
Earnings from returned bank transfers and dunning fees	307	248
Income from currency translation	206	164
Income from receivables previously written down	68	26
Income attributable to other periods	53	78
Income from disposal of assets	0	173
Rental income	0	44
Other	106	25
Total	**1,131**	**1,047**

9. Personnel expenses

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

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Wages and salaries and other types of compensation	25,231	17,936
Contributions to social insurance (employer's contribution)	4,198	3,173
Severance payments	607	967
Stock option program	515	836
Pension costs (defined-contribution plan)	442	367
Provisions for vacation	(116)	143
Other	242	97
Total	**31,119**	**23,519**

The social insurance contributions include payments of €1,807 thousand (previous year: €1,406 thousand) into the statutory pension insurance scheme. The salaries and other types of compensation include a one-off expense for stock options which became vested ahead of schedule as a result of the take-over offer of Burda Digital GmbH in 2012 of €1,095 thousand.

10. Marketing expenses

Marketing expenses are broken down as follows:

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Marketing costs	4,611	5,415
Events	463	264
Sales commission	45	11
Other	19	16
Total	**5,138**	**5,706**

The marketing costs comprise the costs of marketing and sales organization. These include costs of online advertising, traditional display advertising as well as costs of customer acquisition.

11. Other operating expenses

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

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
IT services, management services and services for new markets	3,856	3,223
Office costs	2,989	1,578
Payment costs	1,672	1,658
Travel, entertainment and other business expenses	1,393	1,223
Legal advice fees	1,321	900
Server hosting, administration and traffic	1,161	1,841
Other personnel costs	893	695
Accounting fees	542	476
Training costs	444	419
Phone/cell phone/postage/ courier costs	376	294
Audit fees	302	213
Supervisory board compensation	248	248
Losses on receivables	245	289
Office supplies	136	216
Rental/leasing	131	208
Other	1,227	1,209
Total	**16,936**	**14,690**

The other expenses mainly comprise currency translation expenses, expenses attributable to other periods, costs of contributions, other charges and insurance costs. The legal advice fees contain one-off costs for legal advice in connection with the take-over offer of Burda Digital GmbH (€439 thousand) and also in connection with the acquisition of kununu GmbH (€370 thousand).

12. Financial income and financial expenses

The financial result can be broken down as follows:

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Financial income	353	504
Financial costs	(22)	(14)
Total	**331**	**490**

13. Income taxes

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

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Deferred taxes	(42)	(499)
Trade tax	2,237	2,873
Corporation tax (incl. solidarity surcharge)	2,114	2,743
Tax refunds for previous years	0	(152)
Other taxes	4	4
Total	**4,313**	**4,969**

As was the case in the previous year, the effective and deferred taxes were mainly incurred within Germany.

The following tables shows the breakdown of the deferred taxes in the income statement.

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Use/reversal of tax losses carried forward	0	1,313
Capitalization of goodwill deductible for tax purposes	0	(812)
Use of restructuring costs recognized as liabilities	0	145
Recognition of provision for potential losses	(73)	0
Recognition/amortization of internally-generated software	21	(351)
Correction of figure shown for tax purposes of internally generated software	14	0
Amortization of brand/domain	(65)	(238)
Correction of figure shown for tax purposes for brand/domain	36	0
Amortization of customer relations	(31)	(603)
Correction of figure shown for tax purposes for customer relations	34	0
Amortization of goodwill deductible for tax purposes	40	54
Correction of figure shown for tax purposes for goodwill	(6)	0
Other	(12)	(7)
Total	**(42)**	**(499)**

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

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Earnings before taxes (EBT)	**12,056**	**323**
Expected tax result	3,891	104
Tax effects attributable to		
Tax refunds for previous years	0	(152)
Varying foreign tax rates	(3)	(4)
Allowances, international, not tax-deductible	0	4,635
Expenses not deductible for tax purposes	425	386
Actual tax result	**4,313**	**4,969**

The theoretical tax rate is determined as follows:

in %	12/31/2012	12/31/2011
Corporation 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	12/31/2012	12/31/2011
Tax amortization of goodwill	522	758
Intangible assets		
Internally generated software	(2,221)	(2,187)
Brand/domain	(130)	(159)
Customer relations	(156)	(153)
Other	275	(11)
Total	**(1,710)**	**(1,752)**

The deferred tax assets (€797 thousand, previous year: €758 thousand) and deferred tax liabilities (€2,507 thousand, previous year: €2,510 thousand) were not netted because the criteria in IAS 12.71 were not satisfied.

In the year under review, as was the case in the previous year, there were no additional tax expenses or tax income as a result of the application of modified or new standards.

The deferred taxes for depreciation of goodwill relate to goodwill which was capitalized exclusively in the tax balance sheet in 2011 and which is written down over a period of 15 years.

14. Earnings per share

Earnings per share are broken down as follows:

	12/31/2012	12/31/2011
Earnings attributable to the shareholders of XING AG in € thousand	7,743	-4,646
Weighted average shares in issue	5,359,771	5,276,726
Dilution effect due to granted stock options	53,240	173,338
Weighted average of shares, diluted	5,413,011	5,450,064
Interest of shareholders of XING AG in the consolidated		
Earnings per share, undiluted in €	1.44	(0.87)
Earnings per share, diluted in €	1.43	(0.84)

The treasury shares held by the Company as of the reference date are not taken into consideration for establishing the weighted average of shares in issue, because the Company is not entitled to any rights out of treasury shares and is thus also not entitled to any proportionate dividend distribution. The treasury shares are therefore recognized in such a way as to reduce equity.

The dilution effect is attributable to the option rights of the stock option program for some employees and senior executives of the Group which were in the money as of December 31, 2012. All option rights which existed as of December 31, 2012 were taken into consideration for calculating the diluted earnings per share using the treasury stock method, if the option rights were in the money and irrespective of whether the option rights were actually exercisable as of the balance sheet date. The dilution effect resulting from the conversion is calculated by first establishing the sum of potential shares. The average fair value is then used as the basis for establishing the number of shares which could be acquired from the total amount of payments (nominal value of rights plus additional payment). If the difference between the two figures is zero, the total payment is precisely equivalent to the fair value of the potential shares, so that no diluting effect has to be taken into consideration. If the difference is positive, it is assumed that the shares will be issued free-of-charge.

The calculation of diluted earnings per share was based on 158,524 (previous year: 363,675) potential shares (from the theoretical utilization of the rights). Based on average market price of €44,75 (previous year: €48.68), this would result in 53,240 shares being issued free-of-charge (previous year: 173,338).

C Notes to the consolidated balance sheet

15. Non-current assets

Intangible assets

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

Internally generated software in the amount of €2,427 thousand (previous year: €2,454 thousand) was capitalized as internally generated intangible assets in the financial year 2012 because the criteria set out in IAS 38 were satisfied. The development services were mainly attributable to the products Messages, Webservice XWS, Topic Based Discussions and XING Talent Manager as well as Mobile (mainly Web App, Android App and iPad App). The write-downs recognized in relation to internally generated software include impairments of €583 thousand (previous year: €1,183 thousand).

At the beginning of the financial year 2012, the economic service life of the XING platform was set for a further five years until December 31, 2016. The remaining service life of the self-developed web site is thus 48 months as of December 31, 2012. The development costs recognized in the income statement amounted to €9,123 thousand (previous year: €7,191 thousand); of this figure, personnel expenses accounted for €8,861 thousand (previous year: €6,492 thousand).

Recent years have shown that, in addition to the acquisition of market access and customer relations in Spain and in Turkey in the years 2006 to 2008, considerable levels of investment will have to be carried out in order to establish business models 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 in 2011 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 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 and 2012, only goodwill of €5.6 million has been shown for the acquisition of amiando, which is assigned to the sole cash-generating unit "XING platform". As of December 31, 2012, the goodwill arising from the amiando acquisition remained unchanged because the recoverable amount of the cash-generating unit exceeds the carrying amount. Here the recoverable amount is equivalent to the net realizable value and was calculated on the basis of the mandatory tender offer submitted by Burda Digital on November 9, 2012.

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

Property, plant and equipment

Property, plant and equipment consist of EDP hardware and other operational and office equipment as well as tenant fittings.

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

The carrying amount of leased property, plant and equipment amounts to €0 thousand as was the case in the previous year.

Financial assets

As of the balance sheet date, the other financial assets include equity participations in the companies "Win Local" (formerly "KennstDuEinen") (€50 thousand; previous year: €50 thousand) and altruja GmbH (€1 thousand; previous year: €1 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, 2012

	Purchase and production costs					
in € thousand	01/01/2012	Additions	Out of first-time consolidation	Transfers	Disposals	12/31/2012
I. Intangible assets						
1. Purchased software and licenses	8,283	2,213	0	0	0	10,496
2. Internally generated software	16,234	2,427	0	0	0	18,661
3. Goodwill	22,491	0	0	0	(7,655)	14,836
4. Other intangible assets	9,358	0	0	0	0	9,358
	56,366	**4,640**	**0**	**0**	**(7,655)**	**53,351**
II. Property, plant and equipment						
1. Leasehold improvements	1,150	111	0	0	0	1,261
2. Other furniture and office equipment	8,846	2,614	0	20	(592)	10,888
3. Payments on account and construction in progress	20	0	0	(20)	0	0
	10,016	**2,725**	**0**	**0**	**(592)**	**12,149**
III. Financial assets						
1. Other holdings	251	0	0	0	0	251
2. Other financial assets	23	0	0	0	0	23
	274	**0**	**0**	**0**	**0**	**274**
Total	**66,656**	**7,365**	**0**	**0**	**(8,247)**	**65,774**

Depreciation and amortization				Carrying amounts	
01/01/2012	Additions	Disposals	12/31/2012	12/31/2012	12/31/2011
(5,987)	(1,633)	0	(7,620)	2,876	2,296
(9,162)	(2,455)	0	(11,617)	7,044	7,072
(16,917)	0	7,655	(9,262)	5,574	5,574
(6,443)	(1,333)	0	(7,776)	1,582	2,915
(38,509)	**(5,421)**	**7,655**	**(36,275)**	**17,076**	**17,857**
(300)	(414)	0	(714)	547	850
(4,334)	(2,503)	523	(6,314)	4,574	4,512
0	0	0	0	0	20
(4,634)	**(2,917)**	**523**	**(7,028)**	**5,121**	**5,382**
(200)	0	0	(200)	51	51
0	0	0	0	23	23
(200)	**0**	**0**	**(200)**	**74**	**74**
(43,343)	**(8,338)**	**8,178**	**(43,503)**	**22,271**	**23,313**

Comparison period: Consolidated statement of changes of fixed assets

for the financial year to December 31, 2011

in € thousand	Purchase and production costs					
	01/01/2011	Additions	Out of first-time consolidation	Transfers	Disposals	12/31/2011
I. Intangible assets						
1. Purchased software and licenses	7,300	981	0	0	0	8,283
2. Internally generated software	13,780	2,454	2	0	0	16,234
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
(4,331)	(1,656)	0	(5,987)	2,296	2,969
(6,364)	(2,798)	0	(9,162)	7,072	7,416
(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**	**0**	**(200)**	**74**	**85**
(21,756)	**(22,402)**	**815**	**(43,343)**	**23,313**	**30,523**

16. Current assets

As was the case in the previous year, receivables arising from XING services recognized as of December 31, 2012, were due within one year.

At the end of the year, the following impairments were recognized in relation to receivables from services:

in € thousand	12/31/2012	12/31/2011
Total amount of receivables from services	7,636	6,058
Impairments on receivables	(314)	(395)
Receivables from services	**7,322**	**5,663**

Impairments of €81 thousand were reversed in the financial year 2012 (previous year: additions to impairments amounting to €134 thousand). There was essentially no income from payments relating to receivables from services which had previously been eliminated.

As of the reference date, there are income tax receivables as a result of refund claims of €388 thousand (previous year: €7 thousand).

The following table sets out the other assets:

in € thousand	12/31/2012	12/31/2011
Deferred cost	1,249	740
Receivables due from personnel	629	125
Receivables due from credit card companies	495	622
Interest receivables	71	192
Other assets	216	209
Total	**2,660**	**1,888**

The increase in receivables due from personnel is mainly attributable to higher income tax paid in connection with the exercising of stock options.

Cash and cash equivalents and short-term deposits as of the balance sheet date consisted of cash-at-banks of €58,755 thousand (previous year: €68,201 thousand) and cash-in-hand of €18 thousand (previous year: €16 thousand). Cash at banks includes a figure of €2,614 thousand (previous year: €2,021 thousand) relating to third-party cash held by amiando.

17. Shareholders' equity

Share capital

The share capital of the Company increased in 2012 by €127,922.00 raised through the issue of 127,922 no-par-value shares under the stock option plans for employees. The share capital of the Company amounted to €5,554,243.00 on December 31, 2012 (previous year: €5,426,321.00), and consists of 5,554,243 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.

The Company held 75,332 no-par-value shares as of December 31, 2012 (previous year: 87,332). This is equivalent to 1.36 percent of the Company's share capital (previous year: 1.62 percent).

The following details of the existing authorized capital does not include the cancellations of the authorized capital 2006 as well as the authorized capital 2008 adopted by the annual general meeting on May 26, 2011; these had not been utilized by May 26, 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 issue 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 issue 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.

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

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 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 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 contingent capital I 2006 as of December 31, 2011 amounted to €79,213.00. The share capital increased by €22,078.00 in 2012 through the issue of 22,078 subscription shares with a nominal value of €22,078.00. Following this issue, contingent capital I 2006 as of December 31, 2012 had declined to €57,135.00.

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 general shareholders' meeting, the shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created. As of December 31, 2012, no shares have been issued out of the contingent capital II 2006.

Contingent capital 2008

The share capital of the Company has been increased by €231,348 out of contingent capital by issuing up to 231,348.00 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 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 2008 was partially suspended pursuant to a resolution of the shareholders' meeting of May 28, 2009, and amounted to €96,198.00 as of December 31, 2011. The share capital increased by €64,094.00 in 2012 through the issue of 64,094 subscription shares with a nominal value of €64,094.00. Following this issue, contingent capital 2008 as of December 31, 2012 had declined to €32,104.00.

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 amounted to €102,900.00 as of December 31, 2011. The share capital increased by €41,750.00 in 2012 through the issue of 41,750 subscription shares with a nominal value of €41,750.00. Following this issue, contingent capital 2009 as of December 31, 2012 had declined to €61,150.00.

Contingent capital 2010

The share capital of the Company has been increased by issuing up to 94,318 new no-par-value registered shares up to €94,318.00 out of contingent capital (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. As of December 31, 2012, no shares have been issued out of the contingent capital 2010.

Contingent capital 2012

The share capital of the Company has been increased by up to €1,085,264.00 out of contingent capital by issuing up to 1,085,264 new no-par-value registered shares (contingent capital 2012). The contingent capital increase is only carried out to the extent that the holders of convertible and/or option bonds which XING AG or its Group companies issue by June 13, 2017 (inclusive) as a result of the authorization resolution of the annual general meeting of June 14, 2012, to the extent that they exercise their conversion or option rights or conversion or option obligations arising from such bonds are fulfilled and if no other forms of fulfillment are used for serving purposes. Provided that they are created before the start of the general shareholders' meeting, the new shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created. The Executive Board is authorised, with the approval of the Supervisory Board, to fix the further details for carrying out the contingent capital increase. As of December 31, 2012, no shares have been issued out of the contingent capital 2012.

As of December 31, 2012, a total of 158,524 (previous year: 363,675) stock options which had not expired or which had not already been exercised had been issued to employees, senior executives and the Executive Board.

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 and the personnel expenses attributable to the stock options program and reclassifications resulting from capital measures.

Other

Under German law on stock companies, the dividend capable of being distributed to shareholders is based on the cumulative profit which XING AG disclosed in its annual financial statements prepared in accordance with the regulations of the German Commercial Code. In the financial year 2012, XING AG distributed a dividend of €3,020 thousand (€0.56 per share) to the shareholders out of the cumulative profit of the previous year. No dividend was paid out in the previous year.

The Executive Board and the Supervisory Board propose that a dividend of €0.56 per share is to be paid out of the cumulative profit of XING AG for the financial year 2012. This is equivalent to an anticipated total payment of approx. €3.1 million. Payment of this dividend depends on the approval of the annual general meeting on May 24, 2013.

18. 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, 2012, the non-current deferred income amounted to €1,270 thousand (previous year: €1,248 thousand).

19. Current liabilities

Corporation tax liabilities and trade tax liabilities of €0 thousand (previous year: €30 thousand) were reported as of December 31, 2012.

As was the case in the previous year, all trade accounts payable reported as of the reference date December 31, 2012 were due within one year (€1,429 thousand; previous year: €1,060 thousand). The trade accounts payable are not interest-bearing, and are generally due within 10 to 30 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 €23,842 thousand (previous year: €21,617 thousand).

As was the case in the previous year, there is no security for liabilities in the form of liens or similar rights.

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

in € thousand	12/31/2012	12/31/2011
Liabilities amiando due to event organizers	3,147	2,568
Liabilities due to personnel expenses	2,683	1,772
Provisions for personnel expenses	1,099	1,167
Liabilities due to VAT	737	362
Provision for legal and consultancy fees	700	251
Provision for obligations to reverse constructional changes	390	377
Provision for Supervisory Board compensation	280	241
Provision for reporting and accounting expenses	280	261
Provision for potential losses of rental agreements	220	0
Provision for marketing expenses	137	306
Liabilities due to shareholders from special distribution	0	19,957
Liabilities due to residual purchase price obligation amiando	0	2,456
Other	1,728	1,067
Total	**11,401**	**30,785**

The liabilities and provisions for personnel expenses mainly comprise liabilities arising from owners and incentive payments, provisions for severance payments and vacation allowances and social security liabilities. The increase in the provision for legal and consultancy fees is attributable to legal advice provided in connection with the takeover bid of Burda Digital GmbH and also in connection with the acquisition of kununu GmbH. The other current liabilities include provisions for other third-party services.

For assessing the amounts of the provisions, management focuses on the past experience for figures from similar transactions, and takes account of all indications arising from events up to the point at which the consolidated financial statements are prepared.

D Other disclosures

Segment reporting

Segments subject to reporting requirements

XING AG has a segment subject to reporting requirements with the business divisions "Network" (basic functions of the XING platform and enterprise groups), "Premium Club" (subscription memberships, display advertising, partnerships), "e-Recruiting" (job advertisements, company profiles and XING Talentmanager), "Events" and "Other". The breakdown into business divisions and regions also corresponds to the internal organization structure and reporting to the Executive Board and Supervisory Board. At the end of the year under report, the existing divisions were restructured. The previous year figures have been adjusted correspondingly for comparison reasons.

Segment revenues

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

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
Premium Club	51,268	48,841
e-Recruiting	16,653	13,267
Events	3,879	2,511
Network	297	436
Other	28	48
Total	**72,125**	**65,103**

The business division "Premium Club" comprises subscription memberships, "e-Recruiting" comprises revenues from jobs, company profiles and recruiter accounts as well as the Talentmanager. The Company is not reliant on major customers, because a significant percentage of revenues of the Group is not generated with any single customer.

in € thousand	01/01/2012 – 12/31/2012	01/01/2011 – 12/31/2011
D-A-CH	68,766	62,146
International	3,359	2,957
Total	**72,125**	**65,103**

Non-current assets

As was the case last year, the non-current assets of €23,068 thousand (previous year: €24,071 thousand) are attributable exclusively to the D-A-CH region.

Addition information on the consolidated cash flow statement

As of December 31, 2012, cash and cash equivalents consist exclusively of liquid assets of €58,773 thousand (previous year: 68,127 thousand), and comprise own funds of €56,159 thousand (previous year: €66,196 thousand) and borrowings of €2,614 thousand (prior year: €2,021 thousand). Cash and cash equivalents consist mainly of cash-at-banks, on which interest is earned at variable rates with terms of between one and three months.

Contingent liabilities and financial obligations

As was the case last year, there were no contingent liabilities, e.g. arising from guarantees, as of the reference date. There is no significant order commitment for intangible assets or property, plant and equipment; this is also applicable for long-term obligations to purchase assets.

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 five years, and there is an option for them to be extended.

Future minimum lease payments existing as of December 31, 2012, in accordance with the operating leases which cannot be terminated, are shown in the following table:

in € thousand	12/31/2012	12/31/2011
Up to two years	5,112	2,998
More than two years and less than five years	6,440	1,426
More than five years	347	0
Total	**11,899**	**4,424**

The Group recognized lease payments of €2,863 thousand (previous year: €1,797 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 does 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, 2012.

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, 2012, the equity ratio was 56.2 percent (previous year: 42.7 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	12/31/2012	12/31/2011
Non-current liabilities	(3,777)	(3,758)
Current liabilities	(36,672)	(53,492)
Cash and cash equivalents and current deposits	56,159	66,196
Surplus cash and cash equivalents	**15,710**	**8,946**

The increase in the surplus of cash and cash equivalents is mainly due to the fact that the current liabilities as of December 31, 2011 included 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	12/31/2012	12/31/2011
Financial assets		
Non-current receivables	74	74
Current receivables attributable to services	7,322	5,663
Cash and cash equivalents and current deposits	56,159	66,196
Financial liabilities		
Current trade accounts payable	1,429	1,060

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

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 connection.

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 were used as security for liabilities of the Group in the 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 of 0.58 percent interest (previous year: 0.75 percent).

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 €612 thousand (previous year: €655 thousand) on the basis of an average investment volume of €61,213 thousand (previous year: €65,515 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 of €7,322 thousand is equal to the carrying amount of the receivables (previous year. €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 six months.

The Group believes that the current default risks are low. The necessary amount of impairments was created in relation to the receivables from services. 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, in December 2006, September 2007 and March 2008, 272,812 stock options were issued to the Executive Board as well as to certain executives of the Company and other employees of XING within the framework of the "stock option plan 2006" (AOP 2006); of this figure, 19,000 option rights had not expired on the balance sheet date (previous year: 42,328).

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. As a result, in September 2008 and February 2009, 180,387 stock options were issued to the Executive Board as well as to certain executives of the Company and other employees of XING within the framework of the "stock option plan 2008" (AOP 2008); of this figure, 3,824 option rights had not expired on the balance sheet date (previous year: 68,447).

Pursuant to a resolution of the annual general meeting of the Company of May 28, 2009, further contingent capital (contingent capital 2009) of up to €197,218.00 was created for the purpose of a stock option program. As a result, in August 2009, April 2010 and May 2010, 128,800 stock options were issued to the Executive Board as well as to certain executives of the Company and other employees of XING within the framework of the "stock option plan 2009" (AOP 2009); of this figure, 48,200 option rights had not expired on the balance sheet date (previous year: 102,900).

Pursuant to a resolution of the annual general meeting of the Company of May 27, 2010, further contingent capital (contingent capital 2010) of up to €94,318.00 was created for the purpose of a stock option program. As a result, in December 2010 and March 2011, a total of 50,000 stock options were issued to the Executive Board within the framework of the "stock option plan 2010" (AOP 2010); of this figure, 50,000 option rights had not expired on the balance sheet date (previous year: 50,000).

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. In the stock option program 2010, the lock-out period is four years. 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 2009 and 2011, two individual issues to one member of the Executive Board amounting to a total of 100 thousand stock options was conducted: of this figure, 37,500 option rights had not expired on the balance sheet (previous year: 75,000) (please refer to the compensation report for further details).

The expense of the stock-based compensation shown in the income statement for the period ending December 31, 2012, amounted to €515 thousand (previous year: €836 thousand).

The weighted average exercise price was €27.90 (previous year: €33.02). The weighted average term remaining for options which were outstanding as of December 31, 2012, is 3.6 years (previous year: 6.1 years).

The weighted average fair value for the stock options still outstanding as of December 31, 2012, is €7.70 (previous year: €8.26).

In the financial year, 35,500 stock options which had been issued to selected senior executives and employees of XING subject to equivalent conditions became exercisable ahead of schedule as a result of the acquisition of control in accordance with Section 29 WpÜG by Burda Digital GmbH, Munich. The cost recognized in the consolidated income statement as of December 31, 2012 for this share-based compensation amounted to a total of €1,516 thousand, of which €1,095 thousand is a special effect resulting from the acquisition of control.

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 for the purposes of IAS 24. In the year under review, with the exception of their executive body activities, there were no significant business relations between the Executive Board and the Supervisory Board and the companies included in the consolidated financial statements.

Since December 18, 2012, Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, has held more than 50 percent of the share capital of XING AG. XING AG is accordingly a dependent company in accordance with Section 312 (1) Clause 1 in conjunction with Section 17 (2) AktG. Because a control agreement does not exist between XING AG and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, the Executive Board of XING AG prepares a report regarding relations with affiliated companies in accordance with Section 312 (1) Clause 1 AktG. As was the case in the previous year, XING AG or its affiliated companies and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, or its affiliated companies purchased products from each other subject to arm's length conditions to a limited extent.

Number of employees

XING employed an average of 500 persons (previous year: 388) as well as four members of the Executive Board (previous year: four) during the financial year 2012. As of December 31, 2012, a total of 509 persons (previous year: 452) as well as four Executive Board members (previous year: four) were employed by the Group.

Notifications received in accordance with Section 21 WpHG

With regard to the notification obligation in accordance with Section 21 WpHG, please refer to the comments in the notes to the separate financial statements of XING AG.

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 exxeta AG, Karlsruhe, Germany (since March 2012)

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

Dr. Johannes Meier, Manager, The Hague, Netherlands
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 GmbH, Leipzig, Germany

Dr. Jörg Lübcke, Manager, Munich, Germany
Other Supervisory Board mandates/memberships in control bodies:
- Member of the Supervisory Board of sevenload GmbH, Cologne, Germany
- Member of the Supervisory Board of zooplus AG, Munich, Germany

Simon Guild, entrepreneur, London, United Kingdom
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 Now?) Ltd., London, United Kingdom
- Chairman of the Administrative Board of Diffusion Media Group Limited, London, United Kingdom
- Chairman of the Administrative Board of Rentify 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 Horizon Media Group Limited, London, United Kingdom

Jean-Paul Schmetz, Manager, Munich, Germany
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 Dogan Burda Dergi Yayincilik ve Pazarlama AS, Istanbul, Turkey (until September 2012)
- Member of the Supervisory Board of Dergi Pazarlama Planlama ve Ticaret AS, Istanbul, Turkey (until September 2012)
- 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 2012, the total compensation paid to Supervisory Board members was €282 thousand (previous year: €232 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 (until October 15, 2012),
CEO, Hamburg, Germany
Supervisory Board mandates/memberships in control bodies: none

Dr. Thomas Vollmoeller (since August 15, 2012),
CEO (since October 16, 2012), Hamburg, Germany
Supervisory Board mandates/memberships in control bodies:
- Member of the Administrative Board of Conrad Electronic SE, Hirschau, Germany

Ingo Chu, CFO, Hamburg, Germany
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
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.

Fees and services of the auditor

In the financial year 2012, costs of €173 thousand (previous year: €154 thousand) were recognized for the auditing services for the period ending December 31, 2012. Fees for other consulting services amounted to €0 thousand (previous year: €23 thousand) and fees for other services of €14 thousand (previous year: €35 thousand). As was the case in the previous year, tax consultancy services were not utilized.

Directors' dealings

In accordance with Section 15a of the Security Trading Act (Wertpapierhandelsgesetz; WpHG), members of the Executive Board and Supervisory Board are subject to a legal requirement for disclosing the acquisition or disposal of shares of XING AG or related financial instruments if the value of the transactions carried out within a calendar year by the member and the member's related parties is equal to or exceeds the figure of €5,000. The transactions reported to XING AG had been properly disclosed, and can be downloaded from the Company's web site http://corporate.xing.com/deutsch/investor-relations/corporate-governance/directors-dealings.

Statement concerning the Corporate Governance Code

In February 2013, the Executive Board and Supervisory Board of XING AG published the statement specified in accordance with Section 161 AktG and made it available by way of being published on the Company's web site http://corporate.xing.com/deutsch/investor-relations/corporate-governance.

Major events after the balance sheet date

XING AG acquired all shares in kununu GmbH, Vienna, Austria, with effect from January 1, 2013. XING AG initially paid the vendor €3.6 million upon signature of the contract. Based on various factors, in particular kununu GmbH's revenue and EBITDA performance in 2013 and 2014, further payments of up to €5.8 million may be due by February 2015.

On March 1, 2013, Timm Richter joined the XING AG Executive Board as Chief Product Officer (CPO). On March 18, 2013, Dr. Neil Sunderland announced that he will step down as Chairman of the Supervisory Board of his own will as of the AGM to be held on May 24, 2013, and will also resign from all of his Supervisory Board duties.

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

Hamburg, March 26, 2013

The Executive Board

Dr. Thomas Vollmoeller Ingo Chu Dr. Helmut Becker

Jens Pape Timm Richter

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 26, 2013

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 2012. 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, 26 March, 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

MULTIYEAR OVERVIEW

Adjusted for one-time effects to ensure comparability

		2012	2011	2010	2009	2008
Revenues[1]	in € million	73.3	66.2	54.3	45.1	35.3
EBITDA	in € million	20.1[2]	22.2	16.7	11.8	12.2
EBITDA margin	in %	30[2]	34	31	26	34
Profit for the year	in € million	9.2[2]	9.4[3]	7.2	11.8	12.2
Earnings per share (diluted)	in €	1.71[2]	1.73[3]	1.37	-0.33	1.41
Earnings per share	in €	0.56	0.56			
Cash flow from operating activities[4]	in € million	18.9	18.7	15.6	14.1	17.7
Shareholders' equity	in € million	51.8	42.6	61.2	52.7	52.3
Employees		513	456	306	265	174
Members worldwide	in thousands	12.90	11.71	10.48	8.75	7.00
thereof in D-A-CH	in thousands	6.09	5.28	4.47	3.74	2.94
Subscribers	in thousands	808	784	745	687	550
Number of contacts between members	in millions	312	263	214	172	124

[1] Incl. other operating income.
[2] Adjusted for one-time costs relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition the 2012 EBITDA of €21.976 thousand is the same level as last year.
[3] Adjusted for one-time value adjustments and depreciation of operations in Spain and Turkey amounting to €14.4 million.
[4] Adjusted for non-recurring special factors and attributable to cash inflows and outflows from other periods (€4.8 million) for the payment of taxes from previous years in 2011 (€-3.5 million) arising from the renegotiation of contracts with credit card acquirers and due to an increase in liabilities for income tax in 2010 (€-3.3 million).

FINANCIAL CALENDAR

Date	Event
March 28, 2013	Annual Report 2012, Hamburg
May 6, 2013	Interim Report Q1 2013, Hamburg
May 24, 2013	Annual General Shareholder Meeting, Hamburg
August 6, 2013	Interim Report HY1, 2013, Hamburg
November 6, 2013	Interim Report Q3, 2013, Hamburg

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.

For Annual Report, Interim Reports and current Financial information about XING AG please contact:

Publisher
XING AG
Dammtorstrasse 29 - 32
20354 Hamburg
Phone +49 40 41 91 31 - 793
Fax +49 40 41 91 31 - 11

Chief Editor
Patrick Möller
(Director Investor Relations)

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GmbH & Co. KG

For press enquiries and current information about XING AG please contact:

Corporate Communications
Marc-Sven Kopka
Phone +49 40 41 91 31 - 763
Fax +49 40 41 91 31 - 11
presse@xing.com

Further editors
Marc-Sven Kopka
Yee Wah Tsoi
Henrike Krüger-Schmidtke
Felix Lasse
Ines Rathgeb
Dr. Thomas Ströher
Gerhard Mohr

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