

**XING** 

Interim Report Q3 2011

gives you   
**MORE**

<b>Key Figures</b>		<b>Q3 2011</b>	<b>Q3 2010</b>	<b>Q2 2011</b>	<b>Q1 2011</b>
Total revenue <sup>1)</sup>	in € million	16.56	13.77	16.33	15.65
Revenues from services	in € million	16.34	13.61	16.17	15.42
"Subscriptions" revenues	in € million	11.39	10.79	11.32	11.13
"e-Recruiting" revenues	in € million	3.05	1.90	2.81	2.71
"Advertising" revenues	in € million	1.17	0.89	1.48	1.05
"New verticals" revenues	in € million	0.72	0.01	0.55	0.51
EBITDA	in € million	5.36	4.46	5.67	5.62
EBITDA margin	in %	32	32	35	36
Earnings for the period	in € million	2.60	2.11	2.37	2.69
Cash flow from operating activities	in € million	4.70	4.03	-2.03	8.76
Operating cash flow per share	in €	0.87	0.77	-0.37	1.66
Earnings per share (undiluted)	in €	0.48	0.41	0.43	0.51
Equity	in € million	54.31	58.30	70.94	64.11
Cash and cash equivalents	in € million	65.53	56.37	64.22	62.91
Member base	in millions	11.42	10.11	11.12	10.81
thereof Premium Members	in thousands	779	733	769	759
Employees		420	305	385	362

<sup>1)</sup> including other operating income



# MORE CONTACTS MORE TRUST MORE BENEFITS.

People with contacts will go a long way. A person with good contacts will go even further. What was once the province only of select societies is now available to everyone thanks to the Internet. Thanks to XING, the online network for business contacts. Over eleven million professionals use the XING business network to do business, make deals, and further their careers. XING offers custom networking features and services to help them create their networks and stay in touch. XING hosts more than 50 thousand expert groups and assists its members in organizing over 200 thousand networking events every year around the globe. With XING Jobs, the network also features job ads to enable its members to leverage their professional contacts for creating real value. **XING. THE PROFESSIONAL NETWORK.**

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# EXECUTIVE BOARD LETTER

## Dear ladies and gentlemen, shareholders, XING members, and employees,

The social media sector is continuing to grow at a rapid pace with more than 50 percent of people in Germany now registered with a social network. During the third quarter 2011 more than 200 thousand new members joined our platform in our core region. This puts us in first place in German-speaking countries (D-A-CH) where total membership has grown to 5.1 million. A forsa survey showed that 32 percent of German XING users are experts, executives or self-employed, and 44 percent are top-earners.

### A local presence is key

Experts and executives on XING have access to a dense network of contacts in German-speaking countries that makes them more successful because local contacts are vital in what has become a globalized world. According to the latest forsa survey, 82 percent of those asked said that their contacts are mainly based in D-A-CH, and 50 percent of those are in their local area. And that is precisely where XING excels.

### Dynamic mobile growth

Member growth on social networks is also currently flanked by massive growth when it comes to mobile online usage thanks to the onset of smartphones and tablets. The XING platform is now available on all mobile end devices either as a native app or as a mobile version of the standard website. This has led to 130 percent growth in our mobile portal use compared to Q3 2010. Almost 20 percent of all activity on XING is now generated via mobile end devices. In order to continue this positive trend, we have continued to invest heavily in developing and optimizing our mobile offerings.

### Technical developments

We also continued developing other parts of the XING platform following our major redesign in June 2011 with changes mainly affecting status updates and access to the latest group posts. At the start of Q4, XING launched its new Sales membership, lunch planner, and mini job ads with the aim of adding even more user value to the platform.

### Financial performance fully on track

We are very happy with our current financial development as we were able to report 20 percent growth over the third quarter of 2010 thanks to total revenues of €16.56 million. Our operating result (EBITDA) of €5.4 million and a margin of about 32 percent equate to a 20 percent rise over the result for Q3 2010. We even achieved profits of €2.60 million - up 23 percent compared to Q3 2010.

We are also happy that the Deutsche Börse added the XING share to the TecDAX on September 19, 2011, which naturally raises the profile and appeal of our share.

We are confident that our positive results will continue in the fourth quarter and would like to thank you for the trust you have vested in us.

Hamburg, November 2011



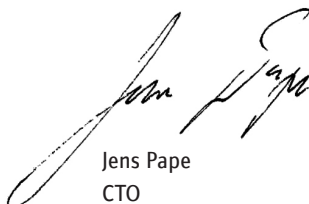
Dr. Stefan Groß-Selbeck  
CEO



Ingo Chu  
CFO



Dr. Helmut Becker  
CCO



Jens Pape  
CTO

# XING SHARE

## XING share data

<b>Number of shares</b>	5,410,771
<b>Type of share</b>	Registered shares
<b>IPO</b>	December 7, 2006
<b>Trading Symbol</b>	O1BC
<b>Securities identification symbol (WKN)</b>	XNG888
<b>ISIN</b>	DE000XNG8888
<b>Bloomberg</b>	O1BC
<b>Reuters</b>	O1BCG.DE
<b>Transparency level</b>	Prime Standard
<b>Index</b>	TecDAX
<b>Sector</b>	DAXsector All Software (Performance)

## XING share price development vs. indices in %



## XING share

Key XING share figures	Q3 2011	Q3 2010
XETRA closing price	€54.61	€28.80
High	€61.32	€29.87
Low	€42.57	€27.40
Market capitalization	€295 million	€152 million
Average trading volume per trading day (XETRA)	28,355	5,566
Ranking in TecDAX		
Based on revenues	25	45
Based on market capitalization	29	36
Earnings per share (undiluted)	€0.48	€0.41
Operating cash flow per share	€0.87	€0.77
Equity per share	€10.04	€11.06

# Financial information

for the period from January 1 to September 30, 2011

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# INTERIM MANAGEMENT REPORT

## Business development

### Member growth

Around 210 thousand people signed up to XING in German-speaking countries (D-A-CH) from June to September, which takes total membership numbers to 5.09 million people as of the end of September 2011. The number of Premium members also rose with around 10 thousand XING members opting for the platform's advanced features. Overall, XING has almost 780 thousand Premium members, 751 thousand of whom are based in German-speaking countries.

### Development of the business lines

#### "Subscriptions"

With Q3 revenues of €11.4 million as opposed to €10.8 million in Q3 2010, the Subscriptions segment makes up 70 percent of XING's total revenues. Despite the price increase for new customers that was introduced in June, growth remained at the same level as that of Q2 with 10 thousand people signing up to paid membership. Since April 2011, new contract customers only have two terms available to them: A three-month membership priced at €7.95 a month or a twelve-month membership which costs €6.95 a month. Two-year membership terms are no longer available to new customers.

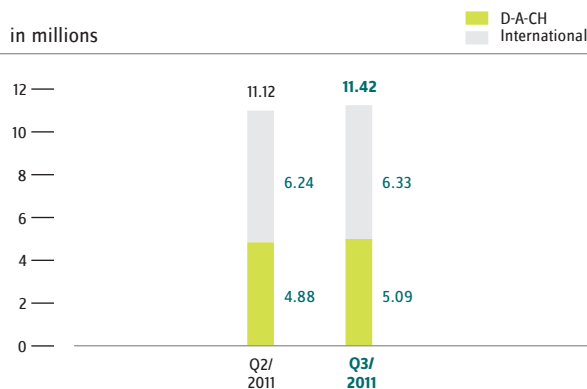
During Q4 we also introduced another type of membership called the **Sales membership**, which provides members who often use XING for sales activities with features to simplify and accelerate their sales processes. One such example is where targeted searches can be narrowed down even more using special filters to identify potential clients. Sales activities can also be managed even better than before as contacts and leads can be assigned a customizable sales status without actually having to be connected to the person in question.

#### The XING Sales membership offers you the following:

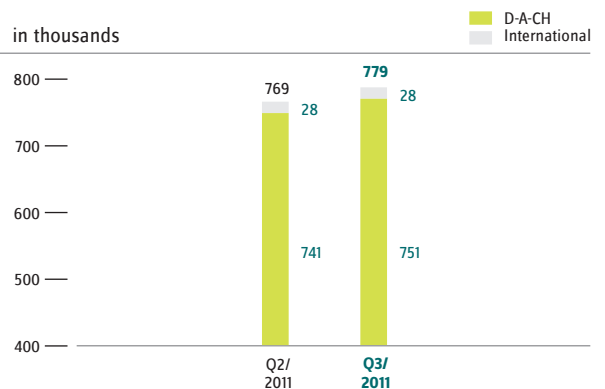
✓ Simple qualified contact search.	✓ Key information at a glance.	✓ Easy contact management.	✓ Up-to-date member details.
You can use the special sales filters narrow down search results, e.g. by company size, current position or membership type.	When searching for new contacts, the results list shows you people you're both connected to as well as previous correspondence.	You can assign a customizable sales status or add notes to anyone you consider to be of interest, and manage leads in a special sales overview.	Your contacts' details are always updated automatically, which saves you having to enter them manually.

XING will continue to focus on its users' individual needs by tailoring memberships to serve specific user types.

### Member growth

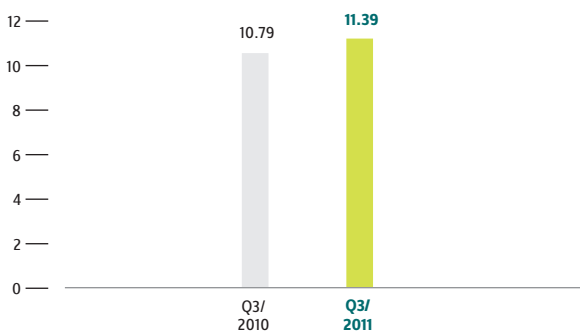


### Paying subscribers



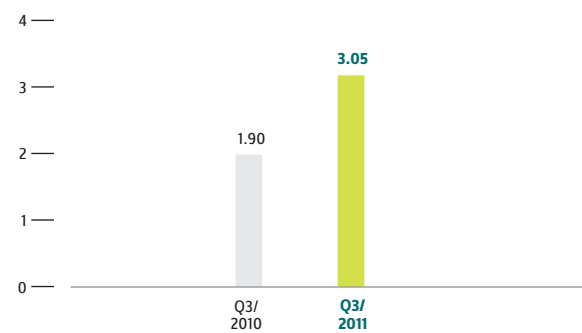
### Revenues "Subscriptions"

in € million



### Revenues "e-Recruiting"

in € million



### "e-Recruiting"

XING's "e-Recruiting" segment accounts for almost 20 percent, making it the platform's second-highest source of income. Recruiters can use XING to reach more than five million qualified experts and executives. More than 80 percent of XING's members have full-time jobs, over a third holds a higher managerial position, and every third member is an academic. "Passive" job-seekers also have a key role to play on markets with a lack of qualified labor, while recruiters can use XING to identify and get in touch with experts. Companies and recruiters also use XING to position themselves as an attractive employer or to look for suitable candidates (via a Recruiter membership or classic job ads). XING is also important to SMEs as it helps them to increase brand awareness otherwise reserved for large multinationals.

In the fall of 2011, XING launched a widescale branding campaign to increase awareness among the relevant target group and boost the platform's position as an efficient recruiting channel. Several targeted campaigns have already been carried out in a number of print and online media. XING was also a gold sponsor at Europe's largest trade fair for HR management.

In October 2011, XING also added a new form of job advertisement called CAMPUS ads to its current range of TEXT, LOGO, and DESIGN ads. Recruiters can post free CAMPUS ads to take on apprentices, trainees, and students. The positions advertised aren't just available via the XING search function, they're also recommended to people considered to be suitable applicants based on their CV, previous experience, and interests. That way, recruiters have access to 330 thousand students (D-A-CH) from a wide range of different disciplines.

The right tools for the job.

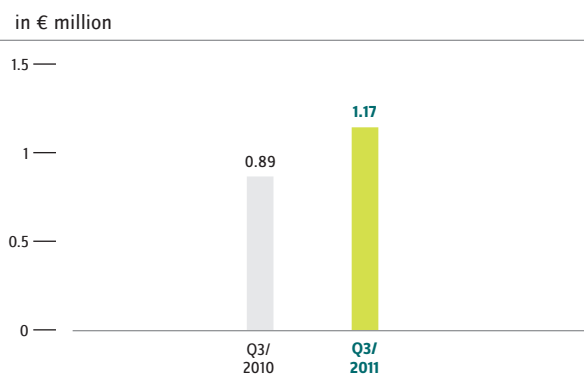
Haircuts

Painting

**XING**  
Recruiting

**XING - The right tool for your recruiting work.**  
With more than 11 million experts and executives, you're bound to find great candidates on XING.  
[www.recruiting.xing.com](http://www.recruiting.xing.com)

## Revenues "Advertising"



E-Recruiting revenues based on job ads and Recruiter memberships also rose in Q3. It was in fact the first time e-Recruiting revenues have ever passed the €3 million mark during a single quarter and equates to a 60 percent increase over Q3/2010.

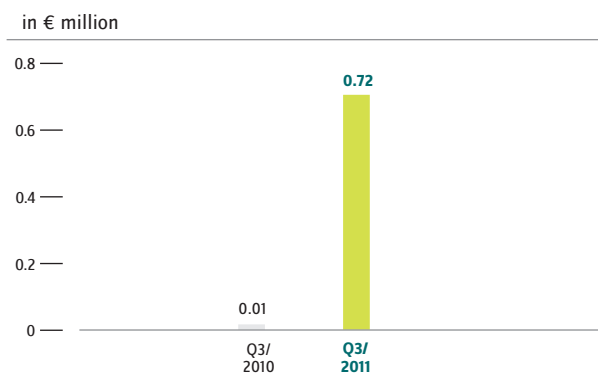
## "Advertising"

Together with Display Advertising, Partnerships, and Company Profiles, XING's Advertising segment generated total revenues of €1.17 million in Q3, an increase of 31 percent over Q3/2010 but a slight drop compared to Q2/2011. This is largely attributable to the fluctuation caused by the special offer launched in Q2.

## New mobile advertising types launched

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

## Revenues "New Verticals" (Events)



These new services provide XING users with added value by being able to access business-related deals and information while out and about.

XING also opened its own app shop where companies can present business-related apps. XING is continuing to develop and optimize its mobile offerings in keeping with the current trend towards mobile internet usage.

## Innovative partnership: Own brand world for Cortal Consors customers on XING

XING now provides new Cortal Consors customers with their own brand world within the platform. There, customers are presented with a branded homepage that provides them with regular company updates and offers while also giving them an opportunity to get in touch with the bank's financial experts. The brand world is also flanked by a Company Profile and mobile offerings. Within the scope of this long-term partnership, Cortal Consors has agreed to place a number of extensive advertising campaigns on XING. In addition, Cortal Consors pays for three months' Premium membership for customers who open a current account with them and nine months' Premium membership if they open a deposit or trading account.

The two partners complement each other: According to the Arbeitsgemeinschaft Online Forschung (AGOF - Working Group for Online Media Research), XING users have a keen interest in investments such as stocks and shares, securities, and funds. This figure is in fact around 40 percent higher than the average online user (AGOF internet facts 2011-03).

#### **Company Profiles**

As of the end of Q3, more than 70 thousand SMEs, multinationals and freelancers have a Company Profile on XING. Based on these profiles, XING now also provides recommendations to members whose interests match the company's operations. This new feature is aimed at simplifying searches for suitable business partners or employers. Since October, XING members have been able to comment on updates posted in PLUS Company Profiles, which gives companies an opportunity to come into direct contact with their (potential) customers by answering their questions, reacting to feedback, and communicating with potential new employees or cooperation partners. XING was also the official partner of the "Online Motor Deutschland" online initiative for SMEs and used the opportunity to position the Company Profiles product among the more than six thousand SMEs present.

#### **"New verticals" (Events)**

XING subsidiary amiando achieved excellent revenues of €722 thousand during Q3, which equates to a 31.5 percent rise compared to Q2. When viewed against the same period in 2010 (prior to amiando's acquisition), this represents an increase of 105 percent and is indicative of the extremely dynamic growth within XING's new business division. In Q3 revenues from ticketing passed the €10 million mark for the first time with total revenues of €10.95 million.

In September 2011 amiando opened a ticket shop on Facebook, allowing organizers to sell tickets and advertise events from within a single tool. This business model has proven very successful since its launch.

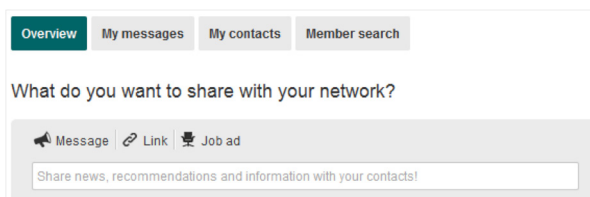
amiando is also working hard to optimize and simplify the process involved in creating events. This optimization project is due for completion in Q4 and will include a much faster and more intuitive way for new event organizers to create events.

## Product innovations and XING mobile

The XING platform continued to be developed in the third quarter following the redesign of the information structure in June 2011. The new product features included status message sharing and access to the latest group posts.

### Sharing has never been this easy

The status update box on the homepage now has three icon options: "Message", "Link", and "Job ad" to make it even easier for users to share the latest news and views with their contacts.



On top of that, users can enter up to 420 characters rather than the previous limit of 140, meaning that links can now be displayed in full again. We've also retained the option to post status updates simultaneously on Twitter.

There are now preview links to articles and videos to raise awareness among contacts.

### MINI job ads for the self-employed

XING members often use status updates to let their contacts know about current vacancies. The "Job ad" icon is an easy way of letting users know about vacant positions. Anyone who clicks on a MINI job ad will then be redirected to XING Jobs where they can view the ad in full. MINI ads are great for small companies or self-employed entrepreneurs looking to hire someone or get help for a project from among their own contacts.

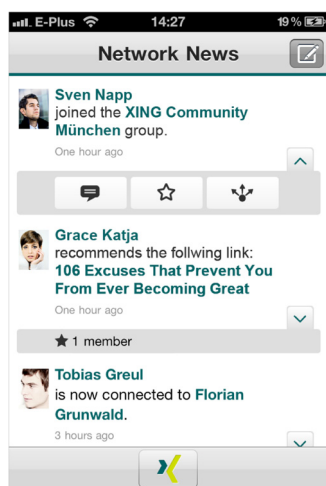
### Access the latest group posts at any time

XING has also continued to optimize the usability and availability of its 50 thousand groups. The sidebar on the left-hand side of the screen now shows a list of the latest group posts so group members can find out what's new and get involved in discussions, no matter where they are on the platform. The list contains up to ten entries.

### XING mobile: Update for smartphone apps

More and more people are now going online while out and about. According to a study conducted by the Allensbach market research institute, more than eight million people in Germany use a smartphone or tablet PC to surf the net while on the go.

In keeping with this trend, more and more people are using XING from mobile devices as the iPhone and Android apps provide users with full access to their network news. They can see if someone has liked or commented on their posts. Users can also take the initiative and like or comment on other people's posts or recommend Company Profiles, for example.



Anyone who doesn't use an Apple or Android device can take advantage of the mobile web app so they can also access XING while on the go.

## Research and product development

During Q3 we continued to optimize XING's proven software development processes which also include agile development and specialist development teams to ensure flexibility and efficiency.

From a product perspective, in Q3 XING realigned its basic strategy and optimized its product organization by splitting it into core and vertical divisions to enable us to focus on core features without losing sight of the new business verticals.

We also optimized the status update box on the homepage, added an automatic preview feature, and enabled status updates on mobile devices. The third quarter also saw the launch of a new product, MINI job ads, and a major rise in the number of job ads placed on the platform thanks to our cooperation with kimeta.

We also introduced the option for advertising customers to be able to advertise on XING's mobile versions, and implemented additional branding options on the homepage that enable new types of cooperation with advertising customers.

During Q3, our Site Operations team planned, prepared and, in part, carried out the relocation of our data center which is intended to provide a futureproof, scalable system in a location with optimized network connections.

In order to ensure that our platform is available as much as possible and to develop it even further, XING uses 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.

## Risk report

Permanent monitoring and management of risk is one of the key duties of the Executive Board. For this purpose, the Company has implemented the early risk-recognition system required in accordance with section 91 (2) AktG and continuously develops it within the context of current market and company developments. The group auditors inspected the functionality of the system, and confirmed. Each individual employee is called on to actively look for and prevent potential damages to the Company. Their task is to immediately remove all risks in their own area of responsibility, and to immediately notify the responsible parties in the event of any indications of existing risks that may arise. An essential requirement for such a task is knowledge of the risk management system and maximum risk awareness of each individual employee. Accordingly, employees are familiarized with the risk management system via periodic introductory seminars, and by means of informational material, and their attention is drawn 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 risk owners and division heads are queried on a quarterly basis as to the status of existing risks and the identification of new risks.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the periode from January 1 to September 30, 2011

## Consolidated income statement

for the period from January 1 to September 30, 2011

in € thousand	01/01/2011 - 09/30/2011	01/01/2010 - 09/30/2010	07/01/2011 - 09/30/2011	07/01/2010 - 09/30/2010
Service revenues	47,931	38,876	16,343	13,611
Other operating income	613	749	217	155
<b>Total operating income</b>	<b>48,544</b>	<b>39,625</b>	<b>16,560</b>	<b>13,766</b>
Personnel expenses	(17,053)	(14,103)	(5,930)	(4,413)
Marketing expenses	(3,992)	(5,188)	(1,500)	(2,073)
Other operating expenses	(10,849)	(8,834)	(3,773)	(2,824)
<b>EBITDA</b>	<b>16,650</b>	<b>11,500</b>	<b>5,357</b>	<b>4,456</b>
Depreciation	(5,405)	(3,727)	(1,753)	(1,285)
<b>EBIT</b>	<b>11,245</b>	<b>7,773</b>	<b>3,604</b>	<b>3,171</b>
Financial income	328	59	227	20
Financial expenses	(12)	(57)	(5)	(57)
<b>EBT</b>	<b>11,561</b>	<b>7,775</b>	<b>3,826</b>	<b>3,134</b>
Taxes on income	(3,900)	(3,064)	(1,229)	(1,026)
<b>Net income</b>	<b>7,661</b>	<b>4,711</b>	<b>2,597</b>	<b>2,108</b>
Earnings per share (undiluted) in €	1.42	0.91	0.48	0.41
Earnings per share (diluted) in €	1.41	0.91	0.48	0.41



## Statement of income and accumulated earnings

for the period from January 1 to September 30, 2011

in € thousand	01/01/2011 - 09/30/2011	01/01/2010 - 09/30/2010	07/01/2011 - 09/30/2011	07/01/2010 - 09/30/2010
Total result	7,661	4,711	2,597	2,108
Currency translation adjustment	33	(6)	44	(23)
Other results	33	(6)	44	(23)
<b>Total result of the period</b>	<b>7,694</b>	<b>4,705</b>	<b>2,641</b>	<b>2,085</b>

## Consolidated balance sheet

as of September 30, 2011

Assets in € thousand	09/30/2011	12/31/2010
<b>Non-current assets</b>		
Intangible assets		
Purchased software	2,203	2,969
Self-developed software	7,237	7,416
Goodwill	21,363	13,440
Other intangible assets	2,380	3,368
Property, plant and equipment		
Tenant improvements	874	883
Other plant and machinery	3,233	2,012
Down payments to assets under construction	0	350
Financial assets		
Equity participations	50	50
Other financial assets	24	35
Deferred tax assets	490	485
	<b>37,854</b>	<b>31,008</b>
<b>Current assets</b>		
Receivables and other assets		
Receivables from services	5,735	4,573
Tax refund assets	0	139
Other assets	2,391	825
Cash and cash equivalents and other current deposits		
Cash and other short-term deposits	65,532	59,036
External cash and cash equivalents	4,508	0
	<b>78,166</b>	<b>64,573</b>
	<b>116,020</b>	<b>95,581</b>

Liabilities in € thousand	09/30/2011	12/31/2010
<b>Shareholders' equity</b>		
Subscribed capital	5,411	5,292
Treasury stock	(2,291)	(3,041)
Capital reserves	13,465	29,586
Other reserves	15,592	14,867
Cumulative profit	22,136	14,475
	<b>54,313</b>	<b>61,179</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,791	2,831
Deferred income	1,297	1,337
	<b>4,088</b>	<b>4,168</b>
<b>Current liabilities</b>		
Trade accounts payable	756	514
Deferred income	22,096	18,893
Tax provisions	1,414	4,884
Other liabilities	33,353	5,943
	<b>57,619</b>	<b>30,234</b>
	<b>116,020</b>	<b>95,581</b>

## Consolidated cash flow statement

for the period from January 1 to September 30, 2011

in € thousand	01/01/2011 - 09/30/2011	01/01/2010 - 09/30/2010	07/01/2011 - 09/30/2011	07/01/2010 - 09/30/2010
Earnings before tax	11,561	7,776	3,826	3,135
Depreciation on capitalized development costs	2,280	1,253	628	431
Depreciation	3,125	2,474	1,126	854
Personnel expenses stock option program	691	911	225	272
Interest income	(331)	(57)	(234)	(18)
Interest received	177	57	80	18
Interest expenses	10	54	10	54
Interest paid	(10)	(54)	(10)	(54)
Taxes paid	(7,312)	(1,875)	(171)	(1,492)
Change in receivables and other assets	(1,596)	3,367	3	135
Change in liabilities and other liabilities	4,627	469	1,695	155
Change in other assets and liabilities due to the acquisition of consolidated companies	(1,802)	0	0	0
Change in deferred income	3,163	3,885	(39)	544
Elimination of amianto third-party obligations	(3,165)	0	(2,441)	0
<b>Cash flow from operating activities</b>	<b>11,418</b>	<b>18,260</b>	<b>4,698</b>	<b>4,034</b>
Capitalization of self-developed software	(1,829)	(2,335)	(470)	(942)
Purchase of other software	(437)	(471)	(35)	(7)
Purchase of other intangible assets	(25)	(1,050)	0	(350)
Purchase of property, plant and equipment	(2,001)	(888)	(1,247)	(271)
Purchase of consolidated companies	(5,411)	0	(337)	0
<b>Cash flow from investing activities</b>	<b>(9,703)</b>	<b>(4,744)</b>	<b>(2,089)</b>	<b>(1,570)</b>

in € thousand	01/01/2011 - 09/30/2011	01/01/2010 - 09/30/2010	07/01/2011 - 09/30/2011	07/01/2010 - 09/30/2010
Capital increases	3,998	0	725	0
Proceeds from disposal of treasury shares	750	0	0	0
<b>Cash flow from financing activities</b>	<b>4,748</b>	<b>0</b>	<b>725</b>	<b>0</b>
Differences due to currency translation	33	(6)	44	(23)
<b>Change in cash and cash equivalents</b>	<b>6,496</b>	<b>13,510</b>	<b>3,378</b>	<b>2,441</b>
Cash and cash equivalents at beginning of period	59,036	42,862	62,154	53,931
<b>Cash and cash equivalents at end of period</b>	<b>65,532</b>	<b>56,372</b>	<b>65,532</b>	<b>56,372</b>
External cash and cash equivalents at beginning of period	0	0	2,067	0
Consolidation-related allocation of external cash and cash equivalents	1,343	0	0	0
Change in external cash and cash equivalents	3,165	0	2,441	0
<b>External cash and cash equivalents at end of period</b>	<b>4,508</b>	<b>0</b>	<b>4,508</b>	<b>0</b>

## Consolidated statement of movements in shareholder equity

for the period from January 1 to September 30, 2011

in € thousand	Subscribed capital	Capital reserved	Treasury stock
<b>As of Jan. 1, 2010</b>	<b>5,272</b>	<b>40,586</b>	<b>(3,041)</b>
Currency translation	0	0	0
<b>Total income and expense for the period recognized directly in the equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net income	0	0	0
<b>Net result</b>	<b>0</b>	<b>0</b>	<b>0</b>
Addition from stock option program	0	0	0
<b>As of Sept. 30, 2010</b>	<b>5,272</b>	<b>40,586</b>	<b>(3,041)</b>
<b>As of Jan. 1, 2011</b>	<b>5,292</b>	<b>29,586</b>	<b>(3,041)</b>
Currency translation	0	0	0
<b>Result recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net income	0	0	0
<b>Total result for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
Reclassification due to offset of losses at XING AG	0	0	0
Capital increase from share-based payment	119	3,879	0
Return of capital	0	(20,000)	0
Disposal of treasury shares	0	0	750
Addition from stock option program	0	0	0
<b>As of Sept. 30, 2011</b>	<b>5,411</b>	<b>13,465</b>	<b>(2,291)</b>

	Other reserves	Cumulative profit	Equity total
	2,607	7,264	52,688
	(6)	0	(6)
	(6)	0	(6)
	0	4,711	4,711
	(6)	4,711	4,705
	911	0	911
	3,512	11,975	58,304
	14,867	14,475	61,179
	33	0	33
	33	0	33
	0	7,661	7,661
	33	7,661	7,694
	0	0	0
	0	0	3,998
	0	0	(20,000)
	0	0	750
	692	0	692
	15,592	22,136	54,313

## Notes to the consolidated interim financial statements

as of September 30, 2011

### Basis for preparing the financial statements and accounting methods

The consolidated financial statements for the nine months period ending on September 30, 2011, have been prepared in accordance with the International Financial Reporting Standards for Interim Statements (IAS 34) as applicable in the EU.

The corresponding previous year period began on January 1, 2010, and ended on September 30, 2010. The accounting principles applied to this consolidated interim financial statement are the same as those used for the annual consolidated financial statement for the financial year ending December 31, 2010.

### Group of consolidated companies

At the time of the consolidated interim reporting date, the group of consolidated companies included:

	Equity holding 09/30/2011 in %	Equity holding 12/31/2010 in %	Initial consoli- dation	Equity 09/30/2011 in € thousand	Result Jan. to Sept. in € thousand
XING Hong Kong Ltd., Hong Kong, China	100	100	2006	(48)	(4)
openBC Network Technology (Beijing) Co. Ltd., Beijing, China	100	100	2006	30	0
Grupo Galenicom Tecnologias de la Informacion (eConozco), S.L., Barcelona, Spain	100	100	2007	(11)	(6)
XING International Holding GmbH, Hamburg, Germany	100	100	2007	(31)	0
XING Networking Spain, S.L., Barcelona, Spain <sup>1)</sup>	100	100	2007	194	68
EUDA Uluslararası Danışmanlık ve Bilisim Hizmetleri Limited Sirketi (XING Turkey), Istanbul, Turkey <sup>2)</sup>	100	100	2008	116	(5)
XING Switzerland GmbH, Sarnen, Switzerland <sup>1)</sup>	100	100	2008	36	7
XING Italy S.R.L., Milan, Italy <sup>1)</sup>	100	100	2009	35	0
Socialmedian Inc., Wilmington, Delaware, USA	100	100	2009	0	0
XING İnsan Kaynakları Uluslararası Danışmanlık Hizmetleri Ltd. Sti., Istanbul, Turkey <sup>2)</sup>	100	100	2010	(1)	0
amiando GmbH, Hamburg, Germany (formerly XING Events GmbH)	100	100	2010	77	(1,857)

<sup>1)</sup> 100 percent is held indirectly via shares of 100 percent in XING International Holding GmbH, Hamburg, Germany.

<sup>2)</sup> 99.5 percent of shares are held indirectly via XING International Holding GmbH, Hamburg, Germany, and 0.5 percent are held directly by XING AG.

All internal balances, business transactions, income and expenses as well as all results attributable to internal transactions were completely eliminated.



## Company acquisitions

In December 2010, XING AG acquired Kronen tausend 615 GmbH, Berlin, Germany, with subscribed capital of €25 thousand. Kronen tausend 615 GmbH then purchased 100 percent of shares in Munich-based events platform amiando AG in December 2010. The shares were transferred on January 5, 2011. The purchase price consisted of a fixed amount of €7.4 million plus additional earn-outs of €0.00 to €3.3 million. The exact earn-out amount is based on amiando AG's business development and will be determined at the start of 2013, at which time payment will be due.

In April 2011, amiando AG changed its legal form to amiando GmbH and was merged with XING Events GmbH retroactively with effect from December 30, 2010. The initial consolidation took place at the same time the shares were transferred.

The outflow of funds due to the acquisition can be illustrated as follows:

in € thousand	
Purchase price	(5,074)
Acquisition of directly attributable costs	(539)
Cash acquired with the subsidiary	1,343

The provisional fair values of amiando's identifiable assets and debts at the time of acquisition consist of the following

in € thousand	
<b>Current assets</b>	
Tangible assets	25
Trade receivables	458
Other assets	129
Cash	1,343
	<b>1,955</b>
<b>Liabilities</b>	
Provisions	(246)
Trade accounts payable	(40)
Other liabilities	(2,206)
	<b>(2,492)</b>
<b>Total identifiable net assets due to the acquisition</b>	<b>(537)</b>

The purchase price allocation was provisionally made at the time of the Group's consolidated financial statements on March 31, 2011. A definitive distribution of the purchase price between assets that can be identified and rated will take place during Q4/2011 based on a survey that has already been commissioned. Goodwill to be recognized can be attributed to anticipated synergies and other effects resulting from amiando's activities.

The provisional goodwill is calculated as follows

in € thousand	
Purchase price	7,412
amiando's non-current assets	(25)
amiando's current assets	(1,931)
amiando's liabilities	2,492
XING Events GmbH equity	(25)
<b>Goodwill</b>	<b>7,923</b>

In June 2010, XING İnsan Kaynakları Uluslararası Danışmanlık Hizmetleri Ltd. Sti. was founded with equity of 5 thousand Turkish lira. The equity has not been paid in as of yet.

### Stock Option Plan

During the period under review, 40 thousand stock options were issued within the scope of the 2010 Stock Option Plan while another 50 thousand stock options were issued to members of the Executive Board based on individual agreements. Expenditure for existing and new option emissions amounted to €691 thousand during the period under review (€911 thousand during the same period of the previous year).

The Stock Option Plan was evaluated by Mercer Deutschland GmbH.

### Additions and disposals of assets

From January 1, 2011, to September 30, 2011, €1,829 thousand (2010 comparative period: €2,335 thousand) was invested in software developed in house and to develop the XING platform together with its feature set. From January 1, 2011, to September 30, 2011, €464 thousand (2010 comparative period: €287 thousand) were made available for the mobile versions of the XING platform, while €114 thousand (2010 comparative period: €0 thousand) were invested in the XING testing tool.

Alongside the planned platform depreciation, one-time depreciations of €1,014 thousand were performed in 2011 for modules that are no longer used. Of that amount, around €600 thousand were attributable to the fundamental changes and redesign in Q2.

In the first nine months of 2011, the Company invested €2,463 thousand (2010 comparative period: €1,352 thousand) in EDP software and hardware, and for other office equipment.

### Breakdown of other operating expenses

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

in € thousand	01/01/2011 - 09/30/2011	01/01/2010 - 09/30/2010
IT services, management services and services for new markets	2,037	2,880
Legal advice and accounting fees	1,542	1,047
Office costs	1,106	990
Payment costs	1,283	956
Rental/leasing	158	565
Server hosting, management and traffic	1,618	551
Travel, entertainment and other business expenses	891	530
Other personnel expenses	393	298
Other	1,821	1,017
<b>Total</b>	<b>10,849</b>	<b>8,834</b>

In contrast to 2010, rental/leasing expenses and costs for server hosting, management and traffic will be listed separately and last year's figures adjusted accordingly.

The "Other" operating expenses primarily include payments for office space, office supplies, communications costs, insurance policies, fees and taxes. Expenses for exchange rate differences and losses on receivables are also included.

## Segment information

XING AG has one segment subject to reporting requirements, with the business areas "Subscriptions", "e-Recruiting" (Jobs and Recruiter memberships), "Advertising" (display advertising, Enterprise Groups, Top Deals and Company Profiles), "Events" and "Others". Growth in "Events" is attributable to the acquisition and initial consolidation of the Munich-based events platform amiando AG.

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

in € thousand	01/01/2011 - 09/30/2011	01/01/2010 - 09/30/2010	07/01/2011 - 09/30/2011	07/01/2010 - 09/30/2010
Subscriptions	33,843	31,381	11,387	10,792
E-Recruiting	8,569	4,890	3,048	1,900
Advertising	3,701	2,544	1,172	893
Events	1,778	16	722	7
Other	40	45	14	19
<b>Total</b>	<b>47,931</b>	<b>38,876</b>	<b>16,343</b>	<b>13,611</b>

in € thousand	01/01/2011 - 09/30/2011	01/01/2010 - 09/30/2010	07/01/2011 - 09/30/2011	07/01/2010 - 09/30/2010
D-A-CH	45,762	37,535	15,563	13,146
International	2,169	1,341	780	465
<b>Total</b>	<b>47,931</b>	<b>38,876</b>	<b>16,343</b>	<b>13,611</b>

As there are no considerable changes to long-term assets, these have not been listed in the table.

### Contingent liabilities

As was the case from January 1, 2010, to September 30, 2010, none of XING's assets was leased during the same period in 2011. There were no contingent liabilities during the period under review, nor during the 2010 comparative period.

### Related parties

In the first three months of 2010, payments amounting to €34 thousand were made to epublica (comparative period: €72 thousand).

In addition, payments amounting to €60 thousand (comparative period: €90 thousand) were made to DLD Media GmbH, which is owned by the Burda Group.

Revenues of €4 thousand (comparative period: €0 thousand) were achieved with epublica GmbH and €2 thousand (comparative period: €0 thousand) with Burda Creative Group GmbH.

### Significant events during and after the interim reporting date

No significant events have occurred during the first nine months of 2011.

Hamburg, November 14, 2011

Dr. Stefan Groß-Selbeck

Ingo Chu

Dr. Helmut Becker

Jens Pape

## FINANCIAL CALENDAR 2011

Date	Event
November 14, 2011	Interim Report for Q3/2011

## MASTHEAD & CONTACT

This interim financial report is available in German and English. You can find both versions and additional press information on the Internet at [www.xing.com](http://www.xing.com).

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