

Six month' report
January 1 to June 30 2007
(IFRS, unaudited)





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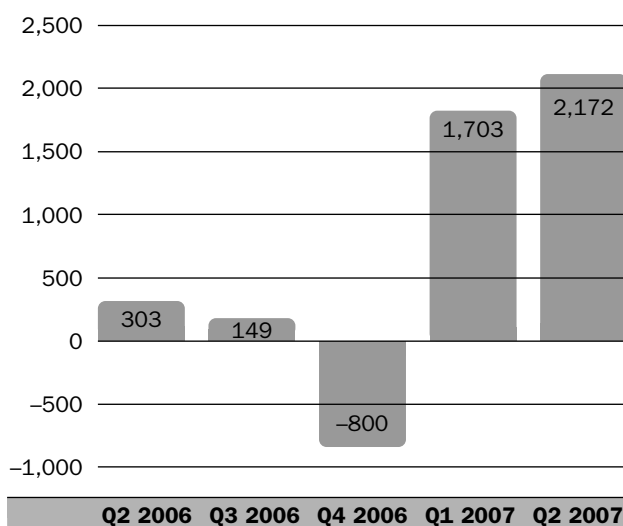
FLUXX key data/FLUXX at a glance

FLUXX KEY DATA (IFRS)

■ Income Statement	H1 2007	H1 2006	Q2 2007	Q2 2006	Q1 2007
	T€	T€	T€	T€	T€
Gross sales	59,788	62,111	31,938	31,907	27,850
Betting stakes	28,484	38,635	14,651	17,615	13,833
Revenues	31,304	23,476	17,287	14,292	14,017
EBITDA	3,875	1,184	2,172	303	1,703
EBIT	-2,159	-1,548	-1,367	-1,199	-792
Consolidated earnings	-1,715	-731	-1,078	-747	-637
Earnings per share (€), Basic	-0.12	-0.05	-0.08	-0.05	-0.04
Earnings per share (€), Diluted	-0.12	-0.05	-0.08	-0.05	-0.04
Employees (average for the period)	145	117	145	121	145
Revenue per employee	216	201	119	118	97
Personnel expenses per employee	27	29	14	15	13
■ Balance sheet					
	30/06/2007	31/12/2006			
	T€	T€			
Non-current assets	33,419	31,690			
Cash & cash equivalents (incl. securities)	12,240	15,118			
Shareholders' equity	37,466	39,035			
Balance sheet total	51,907	55,629			
Equity ratio	72.2 %	70.2 %			

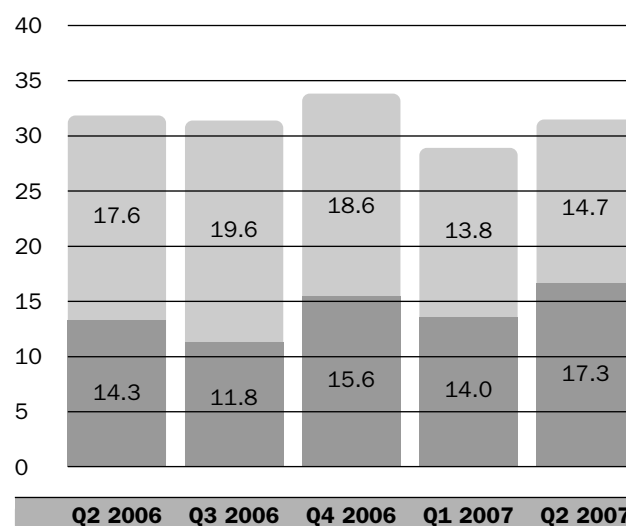
EBITDA (EUR thousand)

■ EBITDA



SALES (EUR million)

■ Betting stakes ■ Revenue





Interim Group Management Report of FLUXX AG at June 30, 2007 (unaudited)

1. Business and general situation

a. Development of the general economic situation

The overall economic situation in Germany developed positively in the first half of 2007. The Ifo business barometer remains at a record level. Both business expectations and the current business situation point towards robust economic growth in the coming quarters. The consumer climate, having recovered after the shock of the VAT rate increase at the start of the year, is in itself now also showing a growth rate of almost 3 per cent. According to political economists, real gross domestic product for 2007 should be up 2.8 per cent on the previous year. As the recovery in the labour market will continue and disposable incomes will rise following higher collectively negotiated pay settlements, private consumption will contribute towards growth despite the VAT rate increase.

The market indicators throughout Europe, too, remain at a high level. Until now, the weakening of the US economy has not had any negative impact. Because both consumers and companies continue to reveal considerable confidence, the economy will develop robustly in 2007, too. In the euro-zone, economic experts expect a growth rate of 2.8 per cent for 2007. Even real GDP growth of 3 per cent appears to be possible over the year as a whole.

The market for lotteries and sports betting in Germany continues to be dominated very much by the debate surrounding how the gaming market should be regulated in future. We estimate that the sales of German lottery companies are continuing to fall as a result of smaller jackpots and slightly reduced advertising in anticipation of the planned State Treaty on gaming. Sales in the sports betting area usually experience a downturn in the second quarter for seasonal reasons, as Europe's leading footballing nations

Germany, the UK, Spain, France and Italy enter their summer break from mid-May onwards. Business only picks up again in mid-August, along with the start of the new season. Sales in the Spanish lottery market are likewise traditionally lower in the first half of the year than in the second. Only when tickets for the biggest Spanish lottery "El Gordo" come on sale in August do the sales figures recover noticeably.

b. Regulatory developments

Despite considerable legal and economic doubts, the German federal states are standing by their plans to ratify the controversial State Treaty on gaming. The federal states' governments have submitted the treaty to their parliaments for ratification. If the parliaments approve the treaty, it will take effect on January 1, 2008 with a transitional period of one year.

However legal scholars, politicians and the EU Commission continue to point out that the treaty violates both the German constitution and European community and competition law. The lack of unanimity in Germany's policy on gaming in particular is a bar to the imposing of a monopoly on lotteries and sports betting. The running of slot machines and casinos, which are acknowledged to constitute an addiction risk to some degree, is in the hands of private operators and is unaffected by the new State Treaty on gaming. Yet forms of gaming that are demonstrably harmless such as sports betting and particularly lotteries are to be nationalised for reasons of preventing addiction. In its much-discussed Placanica ruling the European Court of Justice had made it clear that a state monopoly could only be entertained as the last resort if there were a coherent, conclusive policy on gaming. It also ruled that the member state must first examine and prove that no milder means than a state monopoly is available as a means of achieving its objectives. Other national and international courts have now adopted this line of argument.



c. Business progress

In response to the more difficult underlying situation in Germany, the FLUXX Group has already successfully shifted the emphasis of its activities towards other European countries. myBet.com now generates the greater portion of its sales from sports betting operations outside Germany. FLUXX has moreover established highly promising subsidiaries in attractive, regulated markets in the guise of its Spanish subsidiary DigiDis and also JAXX UK Ltd., which was established in the UK at the end of 2006. Highly profitable syndicate business, too, is now based entirely in other European countries.

The gradual movement away from German core business is reflected in the sales and cash inflow structure of the FLUXX Group. Based on strong growth in the sports betting and lottery syndicates product areas compared with the first half of 2006, revenue was boosted by 33 per cent to EUR 31.3 million. Earnings before tax, interest, depreciation and amortisation (EBITDA) rose much more steeply by 227 per cent, to EUR 3.9 million. High depreciation and amortisation on the substantially increased volume of syndicate contracts in turn dented the consolidated net result, which is well in the red at EUR -1.7 million. The high level of contracts nevertheless assures future earnings and high cash flow running into the double-digit millions.

■ Sports Betting

The Sports Betting segment was able to maintain its strong growth, even bettering the outstanding prior-year sales figure in the second quarter of 2007, bearing in mind that the football World Cup took place during that period in 2006. Sales generated substantially via myBet.com's services showed a rise of 11 per cent to EUR 10.4 million in the second quarter of 2007, compared with the "World Cup quarter" of 2006. Growth for the first half is even more marked. Sales in the Sports Betting segment rose by 37 per cent from EUR 13.2 million to EUR 18.1 million. The high rate of growth consequently brought the second quarter to a successful conclusion, even though it normally

tends to be on the slack side due to football's close season. The average bookmaking margin even showed a substantial improvement from 15 to 24 per cent. Increased expenses for the acquisition of new customers nevertheless meant that the Sports Betting segment made a slightly negative contribution to the overall result in the first half of 2007.

The subsidiary JAXX UK Ltd. established in the United Kingdom at the end of December did not yet post any sales in the first half of 2007, and incurred start-up costs of around EUR 100 thousand. JAXX is to launch an extensive sports and horse betting service during August in partnership with AOL UK, one of the leading online services in the United Kingdom. The British betting market is one of the biggest in the world, with an annual volume of some EUR 70 billion, though the online sector still offers considerable potential for growth. An additional sales volume of between EUR 20 and 30 million would appear to be possible over the next two years as a result of JAXX UK's entry into the British market. UK business should be making a positive contribution to the result by the start of 2009 at the latest.

■ Online lottery agency operations

The betting stakes handled via services supervised by FLUXX amounted to EUR 28.5 million in the first half of 2007 and were thus 26 per cent down on the corresponding figure for the first half of 2006. This downturn in betting stakes is attributable to the portals operated by FLUXX on behalf of the state lottery companies in Schleswig-Holstein, Brandenburg and Mecklenburg-Western Pomerania, which shut down their online services at the start of November 2006 amid the dispute over competition law. The commissions resulting from these agency operations consequently fell by over 17 per cent compared with the first half of 2006, to EUR 2.8 million.

The FLUXX Group's self-marketed products, and in particular the lottery syndicate product "Superbonus49", continue to deliver steady growth. The Spanish lottery business handled by the FLUXX subsidiary DigiDis together with the



venture partners Yahoo! and Terra was somewhat weaker in the second quarter due to seasonal factors. Sales will enjoy a considerable boost from August, when tickets for the El Gordo lottery go on sale.

■ Syndicates

Syndicate business continued to expand rapidly in the second quarter of 2007. The doubling of customer numbers and betting stakes has resulted in the highest level of handling income that FLUXX has ever posted in a single quarter. Handling income reached EUR 5.2 million, double the figure for the prior-year quarter. The cumulative income for the first half of 2007 was moreover up 69 per cent to EUR 9.5 million.

The sharp increase in the portfolio and the resulting rise in investment in customer contracts pushes up depreciation and amortisation at the time the contracts are secured. The latter item likewise more than doubled in the first half of 2007 compared with the prior-year period, and was a major factor behind the negative consolidated result. The high volume of contracts nevertheless harbours considerable potential for income and cash flow in future quarters, even though this is offset by depreciation, amortisation and capital investment in the current financial year. In the medium term FLUXX aims to increase its portfolio by a moderate rate, producing an overproportional increase in the profit contributions from syndicate business.

■ Lottery via retail outlets

In May, the cut-price drugstore SCHLECKER and FLUXX signed an agreement on the installation of Lottery Service terminals in almost all SCHLECKER stores in Germany. The four-month pilot phase in around 400 SCHLECKER stores in the Krefeld region lived up to the expectations of FLUXX and SCHLECKER, with the result that up to 11,000 drugstores are now to be equipped with Lottery Service facilities. The JAXX Lottery Service enables lottery express bets to be placed easily and conveniently via bank-card termi-

nals at the till. Winnings are paid directly into customers' bank accounts. Around half of the stores had been equipped with the JAXX Lottery Service by the end of the first half of the year. The technical principle is exclusively software-based and uses the infrastructure already present at the stores, as a result avoiding any further outlay on hardware and peripheral equipment.

Of the 1,000 lottery terminals acquired in 2005 for supermarkets and filling stations, around three-quarters were in operation at 550 supermarkets and filling stations at the end of the first half. The plan is to have all of the terminals installed by the end of the year.

According to FLUXX's legal advisors, over-the-counter sales would still be possible even after the scheduled State Treaty on gaming takes effect. Although the State Treaty envisages a blanket ban on online agency activities for lotteries and sports betting, sales via a terrestrial structure cannot be prevented because the lottery companies themselves have a network of some 25,000 agents.

2. Financial performance

Consolidated revenues rose by 33 per cent in the first half of 2007 compared with the prior-year period, from EUR 23.5 million to EUR 31.3 million. This figure includes book-making revenues of EUR 18.1 million generated largely via the betting and casino operations of myBet.com. The betting stakes processed by FLUXX on behalf of lottery companies and racecourses slumped by 26 per cent to EUR 28.5 million, largely as a result of the lottery companies shutting down their own platforms. Gross consolidated sales (revenues plus betting stakes handled) thus amounted to EUR 59.8 million – slightly down on the prior-year figure of EUR 62.1 million.



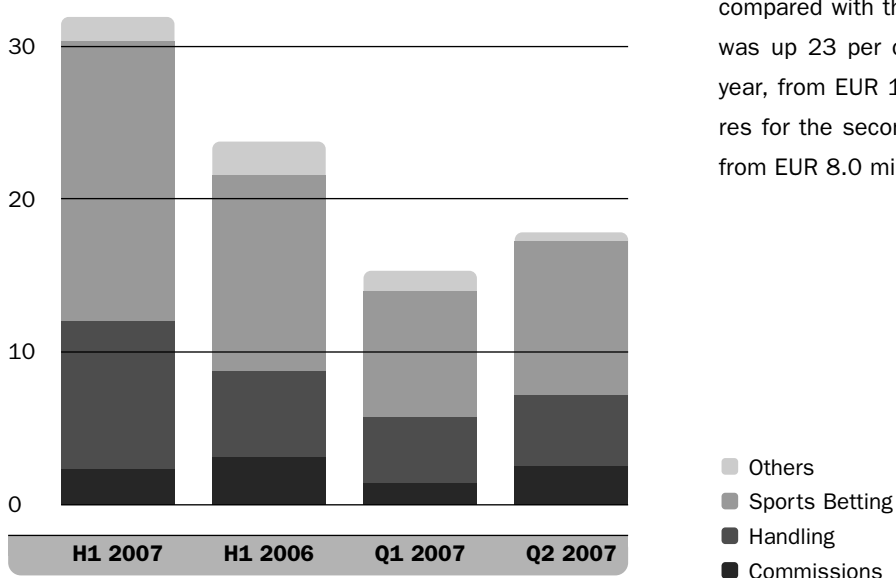
58 per cent of revenue for the first half of 2007 stemmed from sports betting, 9 per cent from commissions on lottery stakes and 30 per cent from handling fees. Further proceeds were generated in the form of fees for software development and licence income. The B2C segment accounted for 25 per cent of cash inflow, the B2B segment for 19 per cent and sports betting business for 56 per cent.

Revenue rose by 21 per cent from EUR 14.3 million in the second quarter of 2006 to EUR 17.3 million in the second quarter of 2007, with bookmaking revenues contributing EUR 9.7 million of this amount. Betting stakes fell from EUR 17.6 million to EUR 14.7 million; gross sales were on a par with the previous year, at EUR 31.9 million.

REVENUE	H1 2007 T€	H1 2006 T€	Change %	Q1 2007 T€	Q2 2007 T€	Q2 2006 T€	Change %
Gross sales	59,788	62,111	-3.7	27,850	31,938	31,907	+0.1
Betting stakes	28,484	38,635	-26	13,833	14,651	17,615	-17
Revenues of which	31,304	23,476	+33	14,017	17,287	14,292	+21
• commissions	2,770	3,348	-17	1,169	1,601	1,539	+4
• handling fees	9,543	5,637	+69	4,316	5,227	2,585	+102
• bookmaking revenues	18,094	13,235	+37	7,732	10,362	9,312	+11

DEVELOPMENT IN REVENUE

(sales EUR million)



Source: FLUXX

As a result of the higher bookmaking margin, the cost of materials, which comprises largely payouts of betting winnings, rose at a slower rate than the bookmaking revenues compared with the prior-year period. The cost of materials was up 23 per cent on the same period of the previous year, from EUR 11.2 million to EUR 13.8 million; the figures for the second quarter showed a rise of 10 per cent, from EUR 8.0 million to EUR 8.7 million.



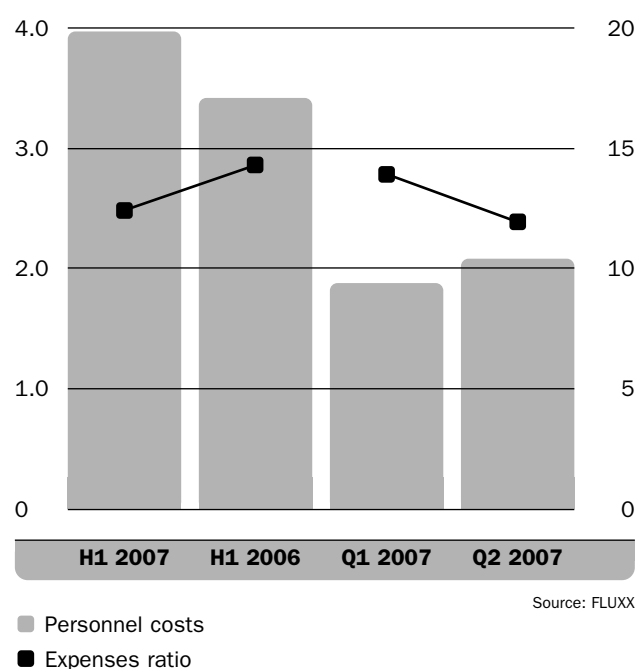
Personnel expenses increased by 19 per cent in the first six months of 2007 as a result of expansion in other European countries, to EUR 4.0 million. In the second quarter of 2007, personnel expenses amounted to EUR 2.1 million, as against EUR 1.8 million in the second quarter of 2006.

The average number of employees rose from 117 in the first half of 2006 to 145. Per capita expenditure fell slightly from EUR 29 thousand in the first six months of 2006 to EUR 27 thousand in the same period of 2007. Per capita revenues rose from EUR 201 thousand to EUR 216 thousand. The personnel expenses ratio was further reduced from 14.2 per cent to 12.7 per cent. In addition to performance-related pay components, the Management Board, managing directors and employees are able to share in the company's economic development via a stock options scheme. The stock options schemes are explained in the notes to the consolidated financial statements in the 2006 Annual Report, in section 8.8.

Other operating expenses increased by 22 per cent in the first half of 2007 compared with the prior-year period, from EUR 8.8 million to EUR 10.8 million. In addition to agency commission on the lottery and betting stakes due to partner organisations (EUR 3.0 million), there was a sharp rise particularly in legal and consultancy costs (EUR 1.0 million) and in losses on receivables (EUR 0.4 million).

DEVELOPMENT IN PERSONNEL EXPENSES

(EUR million/per cent)



The expenses ratio nevertheless eased back from 38 to 34 per cent. Marketing costs as a proportion of revenue reached around 11 per cent in the first half of 2007, compared with 13 per cent in the prior-year period.

DEVELOPMENT OF THE PRINCIPAL EXPENSE ITEMS	H1 2007			H1 2006			Change %
	H1 2007 T€	H1 2006 T€	Change %	Q1 2007 T€	Q2 2007 T€	Q2 2006 T€	
Cost of purchased materials	13,840	11,220	+23	5,104	8,738	7,953	+10
Personnel expenses	3,969	3,343	+18	1,904	2,065	1,764	+16
Employees (average)	145	117		145	145	121	
Other operating expenses of which	10,765	8,837	+22	5,550	5,215	4,757	+10
• marketing	3,429	2,951	+16	1,485	1,944	1,508	+29
• legal and consultancy costs	993	733	+35	407	586	470	+25



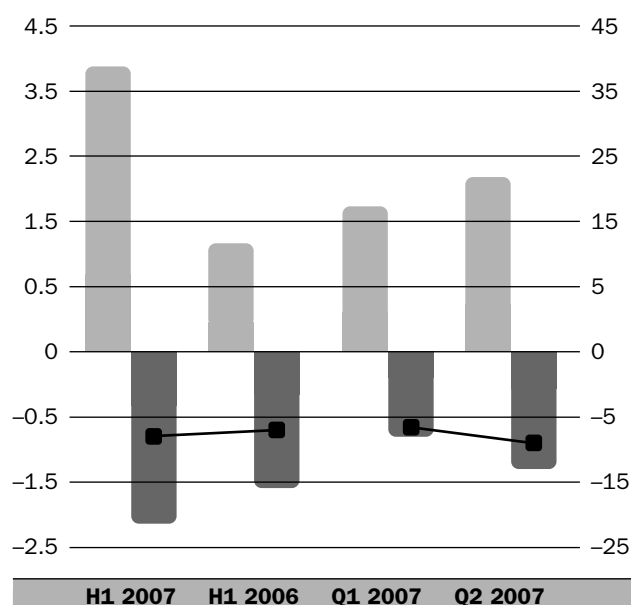
Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 227 per cent in the first half of the year, from EUR 1.2 million to EUR 3.9 million, as a result of the high growth and the disproportionately low increase in expenses. In the second quarter, EBITDA rose by 617 per cent from EUR 303 thousand to EUR 2.2 million.

Depreciation and amortisation as a result of the capitalisation of the acquisition costs for syndicate contracts rose sharply in consequence of the expanded portfolio. In the second quarter of 2007, depreciation and amortisation reached EUR 3.5 million, compared with EUR 1.5 million in the second quarter of 2006. In the first half of 2007, depreciation and amortisation consequently totalled EUR 6.0 million, compared with EUR 2.7 million in the first half of 2006. Earnings before interest and taxes (EBIT) therefore fell from EUR –1.2 million in the second quarter of 2006 to EUR –1.4 million in the second quarter of 2007. For the six-month period, EBIT was down from EUR –1.5 million in 2006 to EUR –2.1 million in 2007.

The consolidated result in the second quarter of 2007 amounted to EUR –1.1 million, as against EUR –0.7 million in the second quarter of 2006. For the six-month period, the result deteriorated from EUR –0.7 million in 2006 to EUR –1.7 million in 2007. Earnings per share were EUR –0.12, compared with EUR 0.05 Euro in the first half of 2006.

DEVELOPMENT IN EARNINGS (EBITDA/EBIT)

(EUR million/per cent)



Source: FLUXX

- EBITDA
- EBIT
- EBIT-Marge

EARNINGS	H1 2007 T€	H1 2006 T€	Change %	Q1 2007 T€	Q2 2007 T€	Q2 2006 T€	Change %
EBITDA	3,875	1,184	+174	1,703	2,172	303	+617
EBIT	-2,159	-1,548	-76	-792	-1,367	-1,199	-14
Consolidated earnings	-1,715	-731	-135	-637	-1,078	-747	-44
Earnings per share	-0.12	-0.05		-0.04	-0.08	-0.05	



3. Financial position

Operating activities during the first six months of 2007 were financed largely from cash flow from operations. The expenditure resulting from investment in the expansion of syndicate business was financed from monetary holdings and through leases.

The overall cash flow in the first half of 2007 amounted to EUR -3.4 million. Cash and cash equivalents, including shareholdings, reached EUR 13.8 million at June 30, 2007, of which EUR 1.5 million is not freely accessible due to the security rights of third parties. In its finance management approach, FLUXX strives for predominantly short-term investments of a money market character with a balanced risk/reward ratio. Over and above this, it invests to a limited extent in financial instruments in order to optimise the low performance of the assets over the full year.

LIQUIDITY	30/06/2007 T€	31/12/2006 T€
Freely available cash	12,240	15,118
Liquidity ratio 2	181 %	200 %

4. Net worth

The net worth rose by EUR 1.7 million in the first half of 2007 compared with the reporting date of December 31, 2006. The rise stems largely from the capitalisation of syndicate contracts. Current assets fell by EUR 5.5 million to EUR 18.5 million.

With a balance sheet total of EUR 51.9 million, the equity ratio rose slightly to 72.2 per cent.

Non-current liabilities fell by EUR 337 thousand to EUR 4.2 million, as the Direct Lotto terminals are financed and paid for by means of a lease agreement. The current liabilities fell by EUR 1.8 million to EUR 10.2 million at June 30, 2007.

SHAREHOLDER'S EQUITY AND BORROWED CAPITAL	30/06/2007 T€	31/12/2006 T€
Shareholders' equity	37,466	39,035
Borrowed capital (long-term)	4,228	4,565
Equity ratio	72.2 %	70.2 %

■ Voting rights

At the reporting date of June 30, 2007, the free float as defined by Deutsche Börse accounted for 100 per cent of the capital stock of FLUXX AG, amounting to EUR 14,562,854. The company has not been notified of any major shareholdings representing more than ten per cent. There exist no special restrictions concerning voting rights or the transfer of shares, or shares bearing special rights that bestow powers of control. Nor have any particular stipulations regarding the control of voting rights been agreed if employees hold a share of the capital and do not exercise their rights of control directly.

The authorised but unissued capital and approved capital, over and above the subscribed capital, are explained in detail in the Notes to the Consolidated Financial Statements, on page 77 of the 2006 Annual Report. No authorisation of the Management Board to purchase treasury shares exists.



In accordance with the articles of incorporation, the Management Board of FLUXX AG comprises one or more persons. The Supervisory Board may appoint a Management Board Chairman and a Management Board Deputy Chairman. Amendments to the articles of incorporation must be carried by a three-quarters majority of the Shareholders' Meeting. The Supervisory Board may perform amendments to the articles of incorporation that relate to the wording alone.

■ Director's Holdings

The shareholdings of directors on either corporate body at June 30, 2007 are as follows:

Name	Position	Type of security	Position at 31/12/2006	Additions	Disposals	Position at 30/06/2007
Rainer Jacken	Management Board spokesman	Shares	1,333	0	0	1,333
		Options	27,667	0	0	27,667
Mathias Dahms	Management Board	Shares	7,906	0	4,184	3,722
		Options	22,474	0	0	22,474
Stefan Hänel	Management Board	Shares	5,220	0	0	5,220
		Options	22,480	0	0	22,480
Frank Motte	Supervisory Board	Shares	4,972	0	0	4,972

5. Report on post-balance sheet date events

No events of particular significance occurred after the balance sheet date.



6. Opportunities and risks report

A comprehensive analysis of the principal opportunities and risks that could have an impact on the economic and financial position of the FLUXX Group and a description of the risk management system are published in the 2006 Annual Report.

Further opportunities and risks arise from the FLUXX Group's acquisitions strategy. Our existing business activities are to be complemented by strengthening our market position and expanding business operations in further European markets, to boost our independence from the German market. In this connection, the company considers the acquisition of companies or business units. Even if the company exercises extreme care in preparing and assessing potential acquisitions, any acquisitions and strategic expansion or relocations of the commercial activities of the FLUXX Group's companies may harbour considerable entrepreneurial risk, which could have a considerable impact on the result of the FLUXX Group. Such a risk may arise in particular if the conclusions or assumptions made prior to the acquisition of a company subsequently prove to be inaccurate or if anticipated market opportunities cannot be exploited in the extended business fields and by the acquired companies. Changing market, competitive and legal conditions in particular may prevent the company from realising anticipated revenues and income, and may even yield losses because the acquisitions and strategic expansion prove disadvantageous.

7. Report on expected developments

With Schleswig-Holstein's Prime Minister Peter Harry Carstensen the last of Germany's 16 state leaders to approve the ratification process for the State Treaty on gaming, it is becoming increasingly likely that the controversial draft legislation will come into force on January 1, 2008. Even if it envisages an initial transitional period of one year and a ban on the organising and arranging of

gaming on the internet would not take effect until January 1, 2009, FLUXX will be considering how to extend its business activities to other European markets as a priority in the remaining months of 2007.

In parallel, FLUXX will continue to take all preparatory measures to have a patently illegal State Treaty repealed by the courts, as it violates both the German constitution and European community and competition law. Initial infringement proceedings have already been brought before the European Court of Justice. FLUXX will moreover apply for temporary legal protection and examine whether to file compensation and public liability claims for a figure running into the three-digit millions.

Until the situation in the German market has been definitively clarified, the companies of the FLUXX Group will be reviewing their domestic activities in the light of the new legal situation and holding back with their expansion. However, FLUXX will be devoting most of its capacity to pan-European expansion. The process of development that was already embarked on last year for the sports betting brand myBet.com and the Spanish subsidiary DigiDis is to be further accelerated. The subsidiary JAXX UK Ltd. is moreover about to enter the British betting market in partnership with the leading online marketer AOL and with a competitive product range. FLUXX is furthermore currently analysing various interesting, profitable companies in the European gaming market as prospective takeover targets.

Other factors that will stimulate sales in the second half of the year will be the start of the new football season, over-the-counter business in conjunction with SCHLECKER, the continued flourishing of syndicate business and the sales start of the Spanish lottery "El Gordo".

In terms of revenue and earnings, FLUXX still expects double-digit growth that will enable it to break even for 2007 as a whole.



8. Responsibility statement by the management

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view, as well as providing a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

This Management Report contains predictive statements and information – in other words, statements about events that lie ahead rather than in the past. These predictive statements can be identified by words such as “expect”, “anticipate”, “intend”, “plan”, “believe”, “aim”, “estimate”, “assess” and similar. Such predictive statements are based on our present expectations and on certain assumptions. They therefore entail a number of risks and uncertain factors. The business activities, success, business strategy and results of FLUXX are influenced by a great many factors, many of which are beyond the control of FLUXX. These factors may mean that the actual results, achievements and performance of the FLUXX Group could depart substantially from the figures used to indicate results, achievements or performance, whether explicitly or implicitly, in the predictive statements.

Altenholz, August 8, 2007

Rainer Jacken

Mathias Dahms

Stefan Hänel


Consolidated Balance Sheet at June 30, 2007 (unaudited)

ASSETS	Note	30/6/2007 T€	31/12/2006 T€
A. NON-CURRENT ASSETS		33,419	31,690
I. Intangible assets	6.1.1	17,399	16,278
1. Goodwill		10,500	10,400
2. Other intangible assets		6,899	5,878
II. Property, plant and equipment	6.1.2	6,455	6,562
1. Land and buildings		1,187	1,191
2. Other plant and equipment		3,810	2,821
3. Payments on account		1,458	2,550
III. Financial assets	6.1.3	2	3
Investments		2	3
IV. Deferred taxes	6.1.4	9,563	8,847
B. CURRENT ASSETS		18,488	23,939
I. Inventories	6.2.1	42	30
II. Receivables and other assets	6.2.2	4,362	6,350
1. Trade accounts receivable		1,892	1,764
2. Miscellaneous assets		2,470	4,586
III. Securities	6.2.3	2,656	2,579
IV. Cash on hand, cash in banks	6.2.4	11,095	14,519
of which freely available (net cash)		9,584	12,539
V. Prepaid expenses	6.2.5	333	461
TOTAL ASSETS		51,907	55,629


Consolidated Balance Sheet at June 30, 2007 (unaudited)

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	30/06/2007	31/12/2006
		T€	T€
A. SHAREHOLDERS' EQUITY		37,466	39,035
I. Share capital	6.3.1	14,563	14,563
II. Additional paid-in capital	6.3.4	52,157	52,112
III. Accounting loss	6.3.5	-29,730	-28,137
IV. Minority interest	6.3.6	476	497
B. NON-CURRENT LIABILITIES		4,228	4,565
1. Deferred tax liabilities	6.4.1	602	388
2. Tax on profit	6.4.1	116	56
3. Finance lease liabilities	6.4.2	2,588	3,184
4. Due to banks	6.4.2	922	937
C. CURRENT LIABILITIES		10,213	12,029
1. Bonds	6.4.2	90	88
2. Due to banks	6.5.2	1,082	1,146
3. Current finance lease liabilities	6.4.2	1,193	1,179
4. Trade accounts payable	6.5.2	1,036	1,936
5. Other liabilities	6.5.2	5,171	6,031
6. Other accruals	6.5.1	1,600	1,598
7. Deferred tax liabilities	6.5.3	41	51
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		51,907	55,629


Consolidated Income Statements for the period January 1 to June 30, 2007 (unaudited)

	Note	30/06/2007 T€	30/06/2006 T€
Gross sales		59,788	62,111
Betting stakes		28,484	38,635
1. Revenue	4.2	31,304	23,476
2. Production for own assets capitalised	4.3	794	236
3. Other operating income	4.4	351	872
4. Cost of purchased materials	4.5	13,840	11,220
a) Raw material and supplies		0	0
b) Cost of purchased services		13,840	11,220
5. Personnel expenses	4.6	3,969	3,343
a) Wages and salaries		3,424	2,873
b) Social insurance		545	470
6. Depreciation and amortisation on intangible assets and on property, plant and equipment	4.7	6,034	2,732
7. Other operating expenses	4.8	10,765	8,837
Operating profit/loss		-2,159	-1,548
8. Other interest and similar income	4.9	173	486
9. Depreciation of marketable securities	4.9	0	28
10. Interest and similar expenses	4.9	167	339
Finance result	4.9	6	119
11. Result before tax	4.10	-2,153	-1,429
12. Income tax	4.11	438	698
13. Other tax	4.12	0	0
14. Net profit or loss for the period	4.13	-1,715	-731
15. Minority interest in earnings		122	246
16. Earnings less minority interest		-1,593	-485
17. Loss carry-forward from previous year		-28,137	-19,045
18. Accounting loss		-29,730	-19,530
19. Earnings per share			
Basic earnings per share (€)		-0.12	-0.05
Diluted earnings per share (€)		-0.12	-0.05


Consolidated Income Statements for the period April 1 to June 30, 2007 (unaudited)

	Note	Q2 2007 T€	Q2 2006 T€	Q1 2007 T€
Gross sales		31,938	31,907	27,850
Betting stakes		14,651	17,615	13,833
1. Revenue	4.2	17,287	14,292	14,017
2. Production for own assets capitalised	4.3	708	102	86
3. Other operating income	4.4	195	383	156
4. Cost of purchased materials	4.5	8,738	7,953	5,102
a) Raw material and supplies		0	0	0
b) Cost of purchased services		8,738	7,953	5,102
5. Personnel expenses	4.6	2,065	1,764	1,904
a) Wages and salaries		1,783	1,522	1,641
b) Social insurance		282	242	263
6. Depreciation and amortisation on intangible assets and on property, plant and equipment	4.7	3,539	1,502	2,495
7. Other operating expenses	4.8	5,215	4,757	5,550
Operating profit/loss		-1,367	-1,199	-792
8. Other interest and similar income	4.9	78	256	95
9. Depreciation of marketable securities	4.9	0	28	0
10. Interest and similar expenses	4.9	85	291	82
Finance result	4.9	-7	-63	13
11. Result before tax	4.10	-1,374	-1,262	-779
12. Income tax	4.11	296	515	142
13. Other tax	4.12	0	0	0
14. Net profit or loss for the period	4.13	-1,078	-747	-637
15. Minority interest in earnings		89	156	33
16. Earnings less minority interest		-989	-591	-604
17. Loss carry-forward from previous quarter		-28,741	-18,939	-28,137
18. Accounting loss		-29,730	-19,530	-28,741
19. Earnings per share				
Basic earnings per share (€)		-0.08	0.05	-0.04
Diluted earnings per share (€)		-0.08	-0.05	-0.04



Cash Flow Statement for the period January 1 to June 30, 2007 (unaudited)

	30/06/2007 T€	30/06/2006 T€
• Net profit or loss for the period	-1,715	-731
• Depreciation on fixed assets	6,034	2,732
• Depreciation on financial assets and marketable securities	0	0
• Increase/decrease in long-term accruals	274	109
• Finance income	-173	-486
• Interest expense	167	399
• Other non-cash expenses and income/deferred taxes	-356	-569
• Profit/loss from the disposal of fixed assets	-36	-600
Cash flow before changes to working capital	4,195	794
• Change in inventories, receivables and other assets	2,104	1,735
• Change in liabilities and other items on the shareholders' equity and liabilities side	-1,770	1,006
• Increase/decrease in short-term accruals	2	-354
Cash flow from operating activities	4,531	3,181
• Interest paid	-167	-331
• Income taxes paid	0	0
Cash flow from operating activities	4,364	2,850
• Cash receipts from disposals of fixed assets	34	600
• Cash payments for investments in fixed assets	-7,257	-4,540
• Cash payments for investments in consolidated companies	0	0
• Cash payments for investments in subsidiaries	0	-3,000
• Acquisition of investments and other financial assets	0	-1,191
• Interest received	96	389
Cash flow from investing activities	-7,127	-7,742
• Cash receipts from capital increases	0	0
• Other cash receipts for capital	0	0
• Cash receipts/payments from the issue of bonds and from the raising of loans/finance leases	-582	2,813
• Cash receipts/payments for current investments	0	0
• Repayments of bonds and loans	-79	-189
Cash flow from financing activities	-661	2,624
• Change in consolidated companies	0	-2,814
Overall effective adjustment	-3,424	-5,082
Cash and cash equivalents at the start of the period	14,519	26,230
Cash and cash equivalents at the end of the period	11,095	21,148
Net cash position	9,584	18,359

Development in capital accounts for the period January 1, 2007 to June 30, 2007 (unaudited)

T€	Share capital	Additional paid-in capital	Accounting loss	Minority interest	Total	Bonds, convertible
Position at December 31, 2005	14,523	51,989	-19,904	105	46,714	89
Conversion of bond	2	2			4	-4
Dilution compensation for convertible bond	0	0			0	
Interest on bond					0	3
Premiums earned from employee stock options		101			101	
Exercising of employee stock options	38	20			58	
Acquisition of remainder of Interjockey				5	5	
Acquisition of MyBet (QED) investment				788	788	
Capital increase for MyBet (QED)				106	106	
Net profit/loss for 2006			-8,233	-507	-8,740	
Position at December 31, 2006	14,563	52,112	-28,137	497	39,035	88
Interest on bond					0	2
Premiums earned from employee stock options		45			45	
Capital increase for MyBet (QED)				102	102	
Net profit/loss for H1/2007			-1,593	-122	-1,715	
Position at June 30, 2007	14,563	52,157	-29,730	476	37,466	90



FLUXX AG Interim Report on the first half of 2007 (unaudited)

Consolidated Financial Statements at June 30, 2007 (IFRS)

Notes on consolidation and measurement

1. General principles

The FLUXX Group is a leading agent of lotteries and sports betting and organiser of sports and horse betting. The interim financial statements at June 30, 2007 of FLUXX AG, with its registered office in Altenholz, near Kiel, are in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) that are to be applied in the EU, as well as with the requirements of commercial law pursuant to Section 315a Para.1 of German Commercial Code. In agreement with IAS 34 "Interim Financial Reporting", a shorter reporting scope is chosen for the representation of these Consolidated Financial Statements than for the representation of the full-year accounts. Separate Consolidated Financial Statements and a separate group management report in accordance with the requirements of German Commercial Code are not prepared. The Consolidated Financial Statements comply with all IFRS the application of which was mandatory by the balance sheet date.

Unless indicated otherwise in these Notes, the same recognition and measurement principles as for the Consolidated Financial Statements for the 2006 financial year are applied for the half-year report. For further details, we accordingly refer to the Consolidated Financial Statements at December 31, 2006.

■ Changes in recognition and measurement principles

The International Accounting Standards Board (IASB) has approved a number of revisions to existing International Financial Reporting Standards (IFRS) as well as certain new IFRS. Of these standards, the application of IFRS 7 became mandatory on January 1, 2007. This standard has been recognised by the EU. All other revisions reflect the status described in the 2006 annual report.

IFRS 7: *Financial Instruments: Disclosures*

The notes to be observed for financial instruments that were previously dealt with in IAS 32 and the disclosures of IAS 30 which previously only needed to be observed by banks and similar financial institutions will be combined and extended; they are to be applied in all sectors in future. With the publication of IFRS 7, IAS 1 has been extended to include disclosures on capital management. The application of IFRS 7 and of the new rules in IAS 1 is mandatory from financial years commencing on or after January 1, 2007.



■ New accounting standards

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have approved further standards and interpretations, the application of which was not yet mandatory for the 2006 financial year and which were still awaiting recognition by the EU. The following IFRS have now been recognised by the EU and are therefore to be applied for financial years beginning on or after January 1, 2007:

IFRIC 7: *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* clarifies questions in connection with the application of IAS 29 in the event of the country whose currency is the functional currency of the company preparing financial statements becomes a hyperinflationary economy. The application of IFRIC 7 is mandatory for the first time for financial years beginning on or after March 1, 2006.

IFRIC 8: *Scope of IFRS 2* clarifies the applicability of IFRS 2 *Share-based Payment* to agreements where the company preparing financial statements grants share-based payments for no or inadequate consideration. The interpretation is to be applied for the first time for financial years beginning on or after May 1, 2006.

IFRIC 9: *Reassessment of Embedded Derivatives* deals with the question of whether a contract need be examined for an embedded derivative pursuant to IAS 39 *Financial Instruments: Recognition and Measurement* merely at the time of its conclusion or throughout its entire term. The interpretation is to be applied for the first time for financial years beginning on or after June 1, 2006.

IFRIC 10: *Interim Financial Reporting and Impairment* concerns itself with the relationship between the rules of IAS 34 on interim financial reporting and the rules of IAS 36 and IAS 39 on the reversal of impairment losses for certain assets. The interpretation clarifies that impairment losses performed in interim financial reports may not be reversed. It is to be applied for the first time for financial years beginning on or after November 1, 2006.

IFRIC 11: *IFRS 2 Group and Treasury Share Transactions* answers the question of how IFRS 2 is to be applied to share-based payment agreements which involve the company's own equity instruments or the equity instruments of another company in the same group. The interpretation is to be applied for the first time for financial years beginning on or after March 1, 2007.

It is expected that all these interpretations will have no or no material impact on the net worth, financial position and financial performance of FLUXX.

2. Consolidation

2.1 Consolidated companies

The Consolidated Financial Statements include six domestic and eleven foreign companies in which FLUXX AG directly or indirectly holds a majority of voting rights.

A further subsidiary, JAXX.com UK Ltd, was established in connection with the securing of a sports betting licence in the United Kingdom. Its share capital is GBP 100 and is 100 per cent allocable to the FLUXX Group. The company commenced its business operations in the second quarter.



SUMMARY OF INVESTMENTS	Registered office	Nominal capital T€	Proportionate interest %
Parent company FLUXX AG	Altenholz	14,563	–
Direct investments			
ANYBET GmbH	Hamburg	110	100.00
JAXX GmbH	Hamburg	110	100.00
DSM Lottoservice GmbH	Hamburg	30	100.00
DigiDis S. L.	Madrid, Spain	182	72.50
JAXX.COM Holding Ltd.	Malta	1	100.00
QED Ventures Ltd.	Malta	4	79.92
Indirect investments			
book + data Software-Entwicklung GmbH	Altenholz	25	100.00
fluxx.com Telewette GmbH	Hamburg	51	80.00
JAXX GmbH (vorm. interjockey.com horsebet GmbH)	Lustenau, Austria	400	100.00
DSM Lottoservice GmbH	Lustenau, Austria	35	100.00
JAXX.COM Casino Ltd.	Malta	20	79.92
JAXX.COM Sportsbetting Ltd.	Malta	20	100.00
JAXX.COM Lottery Ltd.	Malta	10	100.00
PEI Ltd.	Malta	3	79.92
SWS Wettshopservice GmbH	Berlin	25	79.92
myBet GmbH	Vienna, Austria	35	79.92
JAXX.COM UK Ltd.	London, UK	0.2	100.00

3. Principles of recognition and measurement

Apart from the newly established JAXX.com UK Ltd, which prepares its accounts in pounds sterling, the euro is the currency of all group companies. Exchange differences from consolidation are recognised within shareholders' equity as balancing items from foreign currency translation. Business transactions in foreign currency have been recognised at the exchange rate at the date of the transaction. Gains and losses from exchange rate movements are correspondingly reflected in income.

Unless otherwise indicated in individual instances, there were no interest rate risks.

4. Notes to the Consolidated Income Statement

4.1 Realisation of expenses and revenues

Expenses and revenues for the period under review are realised according to the same principles outlined in the 2006 annual financial statements.



4.2 Revenue

REVENUE	30/06/2007 T€	30/06/2006 T€
Commissions	2,770	3,348
Handling fees	9,543	5,637
Licence sales	0	420
Fees	103	147
Betting stakes	18,094	13,235
Production output	0	351
Other	794	338
	31,304	23,476

4.3 Production for own assets capitalised

An amount of EUR 794 thousand was invested in self-created software in the first half of 2007. The sharp rise results mainly from self-created software arising in 2007 within the myBet Group in contrast to sourcing predominantly third-party software in 2006. The software in question comprises predominantly the poker and casino platform and the implementation of the gaming platform for the British market, including the multi-currency capability of the central ANYBET Gaming Platform.

4.4 Other operating income

OTHER OPERATING INCOME	30/06/2007 T€	30/06/2006 T€
Income from the reversal of accruals	84	150
Income from the reduction in impairment losses on receivables	0	0
Income from the disposal of fixed assets	29	600
Other income	238	122
	351	872

4.5 Cost of purchased materials

The cost of purchased materials substantially comprises winnings paid out as a result of sports and horse betting business. The latter rose very sharply as a result of the integration of myBet.com. The margin on betting stakes in the period under review was around 31 per cent.

4.6 Personnel expenses

Personnel expenses rose by 18 per cent. The value of the stock options issued to employees is likewise included in salary expenses pursuant to IFRS 2/IAS 19, at the amount of EUR 45 thousand. There were 147 employees at the reporting date (previous year 125). The average number of employees for the first year was 145 (previous year 117).



4.7 Depreciation and amortisation

The approximately 100 per cent increase in the level of syndicate contracts compared with the first half of 2006 results in high depreciation and amortisation, representing a significant portion of the total for this item.

4.8 Other operating expenses

OTHER OPERATING EXPENSES	30/06/2007 T€	30/06/2006 T€
Marketing	3,429	2,951
Commissions	2,995	2,654
Expenses for premises	332	330
Collection charges	347	292
Losses on receivables	411	295
Costs of annual accounts and audit	34	54
Legal and consultancy costs	993	733
Vehicle costs	111	85
Insurance, donations, membership fees	187	169
Postage	331	385
Other personnel costs	45	38
Telephone costs	84	75
Fees for data lines	276	76
Travel and entertaining expenses	212	168
Incidental costs of monetary transactions	196	28
Other costs	782	504
	10,765	8,837

Rapid growth in the sports betting area is the main factor behind the rise in expenses, in particular for the items marketing, commissions and payment transaction costs. Legal and consultancy costs have likewise risen compared with the first half of 2006.

4.9 Interest result and other financial result

The lower monetary holdings and the restrained investment strategy have led to lower interest and finance income. The interest expense has risen markedly as a result of finance lease payments.

4.10 Result before tax

The result for the first half before tax is EUR –2,153 thousand, compared with EUR –1,429 thousand in the first half of 2006. The result is attributable largely to the rapid expansion of syndicate business and the associated depreciation and amortisation, and stems accordingly from DSM Austria.

4.11 Income tax

Income tax includes corporate taxes such as corporation and trade tax, or similar taxes of domestic and foreign companies. Deferred tax assets have been created to make use of the company's anticipated losses. Taxes on gains by subsidiaries were provided for and deferred tax assets reversed.

4.12 Other tax

No other taxes arose in the half-year under review.

4.13 Net profit or loss for the period

The net loss for the first half is EUR –1,715 thousand, as against a profit of EUR –731 thousand for the prior-year period.



5. Notes on the Cash Flow Statement

FLUXX AG generated a high cash flow from operating activities of EUR 4,531 thousand during the period under review. This is attributable to the high EBITDA of EUR 3,875 thousand. The high growth in syndicate business is behind this development. That business area results in high investment spending on contracts, accounting for a substantial portion of cash outflows for investment spending totalling EUR –7,257 thousand. This leaves a negative cash flow of EUR –3,424 thousand after financing activities.

6. Consolidated Balance Sheet

6.1 Non-current assets

6.1.1 Intangible assets

The intangible assets amount to EUR 17,399 thousand. Alongside unchanged goodwill of EUR 10,500 thousand, this figure includes syndicate contracts worth EUR 3,600 thousand (previous year EUR 1,900 thousand).

6.1.2 Property, plant and equipment

The largest individual items under Property, plant and equipment are Plant and equipment, amounting to EUR 3,810 thousand, and Construction in progress, amounting to EUR 1,458 thousand (Direct Lotto terminals infrastructure).

6.1.3 Financial assets

The investment in Seepark Sellin AG is shown at cost under financial assets. The carrying amount corresponds to the fair value.

6.1.4 Deferred taxes

This item has risen by the tax component for losses of individual subsidiaries deemed sound.

6.2 Current assets

6.2.1 Inventories

Inventories include infrastructure components for betting shops that are sold to the shops' franchisees.

6.2.2 Receivables and other assets

This item comprises trade accounts receivable originating primarily from syndicate business and commissions, as well as miscellaneous assets. These include among other things receivables from payments of withholding tax, sales tax, guarantees and credit card payments, as well as other payment services. Impairment losses were applied in particular to the betting shops.

6.2.3 Securities

This item includes asset backed securities with an average yield of 10 per cent p.a. in 2007.

6.2.4 Cash and cash equivalents

Including securities, cash and cash equivalents amount to EUR 13,751 thousand. The portion that is not freely available amounts to EUR 1,511 thousand.



6.2.5 Prepaid expenses

Prepaid expenses resulting from payments which were made for expenses incurred in the subsequent periods are likewise reported under current assets.

6.3 Capital and reserves, minority interest

6.3.1 Share capital

The share capital of FLUXX AG remains unchanged at EUR 14,562,854 and is divided into the same number of no par value shares.

6.3.2 Approved capital

The company's approved capital remains unchanged at EUR 2,107,602. The resolutions of the Shareholders' Meeting in May 2007 have not yet been registered.

6.3.3 Authorised but unissued capital

The authorised but unissued capital amounts remain unchanged from the 2006 annual financial statements, as the resolutions from the Shareholders' Meeting have not yet been registered.

6.3.4 Reserves

The company has additional paid-in capital pursuant to Section 272 (2) of German Commercial Code totalling EUR 52,157 thousand. No further reserves exist.

6.3.5 Accounting loss

The accounting loss is comprised as follows:

ACCOUNTING LOSS	30/06/2007 T€
Loss carry-forward at 31/12/06	-28,137
Minority interest in earnings	122
Net loss at 30/06/07	-1,715
Accounting loss	-29,730

6.3.6 Minority interest

Interests of minority shareholders in the share capital and the additional paid-in capital are reported here. Minority interest in the result for the period relates to the other shareholders of the Spanish subsidiary DigiDis and of QED Ventures Ltd., Malta. There was no netting of other interests in earnings, as the other minority shareholders do not respectively participate in earnings.

6.4 Long-term debt

6.4.1 Deferred tax liabilities, tax on profit

The deferred taxes relate to the temporary differences from the capitalisation of self-created intangible assets and the resulting amortisation. The use of loss carry-forwards for DSM Lottoservice GmbH, Hamburg, results in the recognition of an accrual for corporation and trade tax.



6.4.2 Loans and bonds

LOANS AND BONDS	Total T€ 30/06/2007	Total 31/12/2006	With a term to maturity of		
			less than 1 year	1 - 5 years	> 5 years
1. Finance lease liabilities	3,781	4,363	1,193	2,588	0
2. Bonds	90	88	90	0	0
3. Due to banks	2,004	2,018	1,082	922	0
	5,875	6,469	2,365	3,510	0

6.5 Current liabilities

6.5.1 Accrued expenses

The accrued expenses remain unchanged compared with the position at December 31, 2006. They are created for outstanding vacation leave, employee bonuses, industrial accident insurance contributions and suppliers' invoices (predominantly marketing expenses and legal and consultancy fees).

All accrued expenses are short-term in nature, with a term of up to one year; no reimbursements are expected.

6.5.2 Current loans and liabilities, other liabilities

The other liabilities include liabilities from gaming operations.

CURRENT LOANS AND LIABILITIES, OTHER LIABILITIES	Total T€ 30/06/2007	Total 31/12/2006	With a term to maturity of		
			less than 1 year	1 - 5 years	> 5 years
1. Due to banks	0	65	0	0	0
2. Trade accounts payable	1,036	1,936	1,036	0	0
3. Other liabilities	5,171	6,031	5,171	0	0
	6,207	8,032	6,207	0	0



6.5.3 Deferred tax liabilities

Game fees that have already been collected but do not produce revenue until the subsequent period are reported under this item.

7. Segment reporting

SEGMENT REPORTING T€	B2C	B2B	Sports Betting	Other	Consolidated transfer	Total
External sales	7,804	6,037	17,463	0	0	31,304
30/06/2006	5,071	6,184	12,218	3	0	23,476
Sales with other segments	1,984	2,875	0	1,261	-6,120	0
30/06/2006	3,580	1,709	0	2,143	-7,432	0
Total sales	9,788	8,912	17,463	1,261	-6,120	31,304
30/06/2006	8,651	7,893	12,218	2,146	-7,432	23,476
Gross income	9,303	8,706	4,185	1,165	-4,750	18,609
30/06/2006	6,772	7,836	1,794	345	-4,252	12,495
EBITDA	2,906	1,637	-589	-759	680	3,875
30/06/2006	3,011	1,093	-1,166	-1,657	-98	1,183
Result for segment before interest and taxes	-2,159	627	-748	-1,172	1,293	-2,159
30/06/2006	528	112	-1,250	-1,698	760	-1,548
Net interest	-487	-591	-49	1,056	77	6
30/06/2006	-407	-582	-10	1,077	41	119
Income taxes	716	-164	41	35	-190	438
30/06/2006	-3	192	376	235	-101	698
Net profit or loss for the period	-1,930	-128	-756	-81	1,180	-1,715
30/06/2006	118	-278	-883	388	700	-731
Gross carrying value of assets	12,770	19,280	6,342	63,391	-49,879	51,904
31/12/2006	11,969	20,634	7,190	64,308	-48,476	55,625
Liabilities	27,072	24,355	4,218	4,980	-45,709	14,916
31/12/2006	23,677	26,184	4,782	5,783	-43,832	16,594
Investment	5,253	300	1,110	1,813	0	8,477
31/12/2006	6,863	748	716	6,298	-3,270	11,355
Depreciation and amortisation	5,065	1,010	159	413	-613	6,034
31/12/2006	5,574	2,044	219	250	-1,668	6,419
Non-cash expenses	0	0	0	0	0	0
31/12/2006	0	0	0	0	110	110



8. Other particulars

8.1 Earnings per share

EARNINGS PER SHARE	30/06/2007 T€	30/06/2006 T€
Consolidated earnings	-1,715	-731
Weighted average number of ordinary shares outstanding during the period under review	14,563	14,525
Basic earnings per share in €	-0.12	-0.05
Number of dilutive shares under option	165	248
Number of shares that would have been issued at fair value	-108	-84
Total	14,620	14,689
Consolidated earnings (T€)	-1,715	-731
Number of shares	14,620	14,689
Diluted earnings per share (€)	-0.12	-0.05

8.2 Contingent liabilities

There are contingent liabilities totalling EUR 209 thousand; these consist of guarantees on tenancy agreements, among other things.

8.3 Hedging policy and derivative financial instruments

There exists no interest rate risk in view of the long-term loan agreements with fixed interest rates. No hedging of the interest rate risk is therefore practised. The company has concluded insurance policies to cover various operating risks.

8.4 Other financial obligations

The company must spend EUR 5,459 thousand (previous year: EUR 2,569 thousand) in the future for rent and similar obligations. This figure also includes the further finance lease repayment, as well as the associated interest.

8.5 Contingent liabilities and other financial obligations

Contingent liabilities are potential obligations towards third parties or actual obligations where an outflow of resources is unlikely. They are not recognised in the Consolidated Balance Sheet, but explained in the Notes.

8.6 Leases

The lease agreements concluded by the company consist of both operating lease agreements and finance lease agreements.

The following table shows the future minimum expenses that will be incurred from lease and tenancy agreements in view of the terms and notice periods of these agreements. These come under other financial obligations (see also Section 8.4). The rise in lease agreements results largely from switching company cars from short-term rental agreements to lower-priced but longer-term lease agreements.

TENANCY AND LEASE AGREEMENTS	30/06/2007 T€	30/06/2006 T€
Tenancy agreements		
Term up to 1 year	349	258
Term 1 to 5 years	21	0
Lease agreements		
Term up to 1 year	234	0
Term 1 to 5 years	253	368



8.7 Related parties

Accounts receivable from members of the Management Board totalled around EUR 20 thousand. The following table shows the amounts due to related parties which diminished the result for 2007. The amounts concerned are in respect of consultancy fees and office rent.

	30/06/2007 T€	30/06/2006 T€
GWU mbH (Managing Director Antje Stoltenberg, Supervisory Board member)	0	0
DSM Marketing GmbH, tenancy agreement for Altenholz	57	48
Total	57	48

The prices are in line with the market. The consultancy services are invoiced on the basis of hours worked, at hourly rates that are in line with the market, or on the basis of the applicable fee scales. The rent is in line with the customary rent for office space in the locality.

8.8 Stock option plans

Pursuant to IFRS 2, for financial years from January 1, 2005 all options issued after November 7, 2002 and still subject to a vesting period at January 1, 2005 are to be

measured and reported as salary expenses. For this purpose it is assumed that the value of the options – provided they are granted free of charge – represents remuneration for the period from the time the options were granted until the expiry of the vesting period. The value of the options is to be determined correspondingly and spread over the vesting period, taking account of such factors as fluctuation. As the options can be exchanged for shares in the company (equity settled) and are not redeemed in cash, the booking of salary expenses increases the additional paid-in capital. The expense entry simultaneously reduces the profit in the period when the expense is recorded, with the result that the effect on shareholders' equity is corrected again.

A total of 188,851 options issued after November 7, 2002 fell under the rules of IFRS 2. 130,230 options remained in existence at the reporting date. The options were measured at market price upon issue, applying the Black-Scholes option pricing model. The exercise threshold was taken into account in the calculation using the above model. The staggered vesting period and employee fluctuation of around 10 per cent for 2006 were likewise taken into account. No fluctuation was assumed for the Management Board.

The development in the options to be reported pursuant to IFRS 2 is shown below:

	Total 2006	Average strike price 2006	Total 2007	Average strike price 2007
Options outstanding at January 1	179,015	3.50 €	134,144	3.90 €
Granted in the period	0		0	
Forfeited in the period	-9,999	2.31 €	-3,914	2.31 €
Exercised in the period	-34,872	2.31 €	0	
Expired in the period	0		0	
Options outstanding at 31/03	134,144	3.90 €	130,230	3.95 €
Options available for exercise at 31/03	3,297		0	
Average weighted share price		6.87 €		3.86 €



Personnel expenses from the granting of options amounting to EUR 45 thousand were reported in the period under review (previous year EUR 28 thousand).

8.9 Events occurring after the balance sheet date

There were no disclosable events occurring after June 30, 2007, as defined in IAS 10.

8.10 Discretionary decisions in the application of the recognition and measurement principles

Discretionary decisions are required in applying the recognition and measurement principles. This is particularly the case regarding the following matter:

Past statistical data was used in measuring the accrual for bonus points.

8.11 Schätzungen und Beurteilungen des Managements

The preparation of the Consolidated Financial Statements necessitates certain assumptions and estimates that apply to the carrying amounts of the assets, liabilities, income and expenditure recognised in the accounts.

8.12 Impairment test for goodwill

The impairment test for goodwill is based on forward-looking assumptions. These assumptions have been made on the basis of the estimated situation at the balance sheet date.

An assumption on the future development of the economic context that was considered to be realistic at that point in time was moreover taken into account in estimating future business development. The actual amounts may differ from the estimates as a result of differences between actual

developments in the underlying situation and the assumed developments. In such instances the assumptions and, if necessary, the carrying amounts of the assets and liabilities in question, are adjusted.

8.13 Corporate bodies

The members of the Management Board are:

- Rainer Jacken, Graduate Designer, Spokesman
- Mathias Dahms, Information Technology Graduate
- Stefan Hänel, Graduate Economist

Details of the remuneration are provided in the corporate governance report, which forms part of the 2006 annual financial statements.

Members of the Supervisory Board

- Goetz Graf von Hardenberg, Hamburg, Chairman, management board member
- Antje Stoltenberg, Kiel, auditor
- Frank Motte, Gerlingen, managing partner

Over and above their activities as Supervisory Board members of FLUX AG, the members of the Supervisory Board had not been mandated to any other regulatory bodies of other companies.

8.14 Mandate relationship with the auditor of the annual accounts, Susat & Partner oHG, Hamburg

In the current 2007 financial year, Susat & Partner oHG was not mandated to perform any further tasks over and above the auditing of the annual accounts. Expenses of EUR 31 thousand were recorded in the period of 2007 under review for the auditing of the annual accounts.

Altenholz, August 8, 2007

Rainer Jacken Mathias Dahms Stefan Hänel



Important Dates

- **November 8, 2007**
Publication of the nine-month report 2007
- **November 12, 2007**
Analysts Meeting during Eigenkapitalforum
in Frankfurt am Main

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