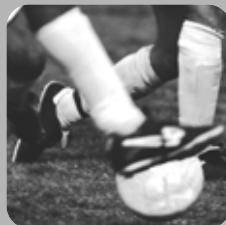


Three month' report January 1 to March 31, 2005 (IFRS)

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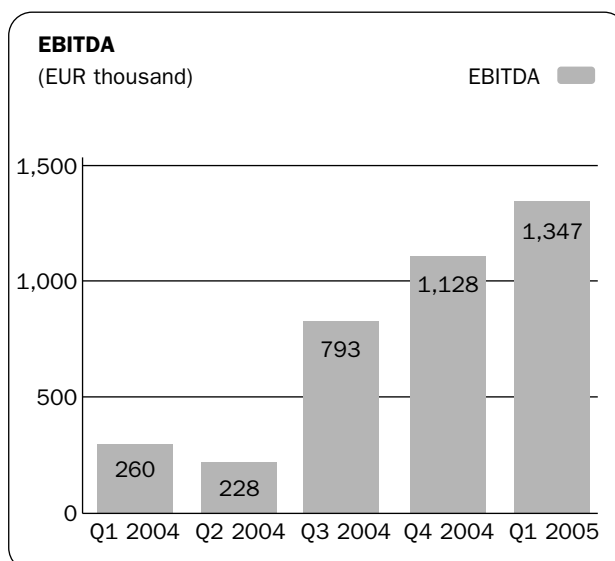
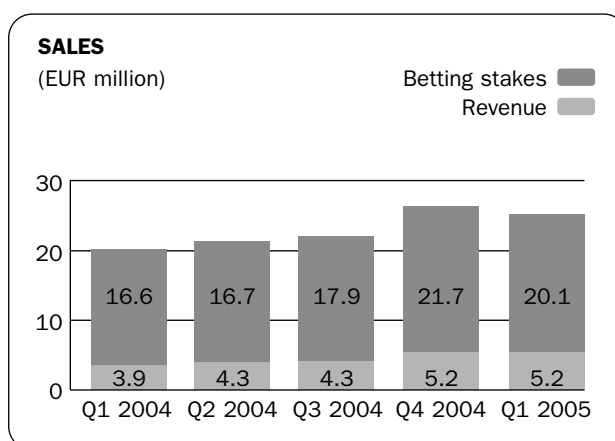
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FLUXX key data (IFRS)

FLUXX KEY DATA (IFRS)		
INCOME STATEMENT	Q1 2005	Q1 2004
	T€	T€
Gross sales	25,291	20,510
Betting stakes	20,065	16,646
Revenues	5,226	3,864
EBITDA	1,347	260
EBIT	417	60
Consolidated earnings	362	98
Earnings per share (€)		
basic	0.04	0.02
diluted	0.03	0.02
Employees, average for year		
	94	90
Revenue per employee		
	56	43
Personnel expenses per employee		
	15	14
Balance Sheet	31/12/2005	31/12/2004
	T€	T€
Non-current assets	20,595	20,874
Net Cash	4,597	5,073
Liquidity ratio 2	150%	133%
Shareholders' equity	19,906	17,230
Balance sheet total	29,140	29,592
Equity ratio	63,3%	58,2%

FLUXX at a glance





■ | **Group Management Report
of fluxx.com Aktiengesellschaft (FLUXX AG)
at March 31, 2005**

■ | **1. Business progress**

The first quarter of the 2005 financial year has followed on seamlessly from the successful 2004 financial year and the strong fourth quarter of 2004. Profits for the first quarter of 2005 were boosted by 269 per cent compared with the corresponding prior-year quarter, from EUR 98 thousand to EUR 362 thousand. Revenue was up 35 per cent from EUR 3.9 million in the first quarter of 2004 to EUR 5.2 million in the first quarter of 2005, thus matching the record level achieved in the fourth quarter of 2004.

1.1 Assessment of the market

The market context in macroeconomic terms failed to improve in the first quarter of 2005. The persisting negative mood on the labour market and industry's reticence to invest continue to have an adverse effect on consumer behaviour.

The European gaming market, which has attracted attention through both the drive towards further liberalisation and sports betting scandals, has moved increasingly into focus. Whereas there are as yet no signs of a uniform nationwide legal position in Germany on the licensing of private sports betting providers, competitors in countries such as Great Britain, Austria and Malta are lining up to take advantage in particular of the sports betting market in Europe. In Germany, a ruling by the Federal Constitutional Court which could provide clear guidelines on the development of sports betting products in Germany is due in the summer.

The extent to which this could have an impact on the monopoly position of German lottery companies remains

unclear. The lottery companies currently operate the only nationwide licensed sports betting service ODDSET, which is offered by JAXX among others.

Contrasting with the underlying economic situations, the lottery companies posted a rise in sales of more than five per cent compared with the prior-year quarter. A total amount of EUR 2,089 million was betted on lotteries and similar, compared with EUR 1,980 million in the first quarter of 2004. Their success in this respect was helped by the successful launch of the new KENO lottery in certain federal states, and an above-average jackpot in March.

The proportion of betting stakes handled by online media in the first quarter of 2005 rose further; the company estimates that it is now around four per cent.

1.2 Business progress

The betting stakes processed by the FLUXX Group for lottery companies and racecourses showed a 21 per cent increase on the prior-year quarter, from EUR 16.6 million to EUR 20.1 million.

Highly profitable syndicate business continued to enjoy disproportionately high growth in the first quarter of 2005. In this area, FLUXX is now profiting primarily from the intensive build-up in its portfolio of contracts in the second half of 2004. On the other hand, capitalisation of these contracts resulted in a sharp rise in amortisation in the first quarter of 2005.



The self-marketed and third-party-marketed online platforms likewise made very positive progress in the first quarter of 2005. Although there was only one jackpot of particular magnitude, the lottery and betting stakes handled were again in excess of EUR 20 million. Collaboration with our partners was moreover further intensified. For instance, AOL introduced a new horse betting service in February and the new KENO lottery was integrated into the online ranges of Lotto Brandenburg and Lotto Mecklenburg-Vorpommern; KENO is scheduled to go online at Lotto Schleswig-Holstein in May. Furthermore, Lotto Brandenburg commissioned the FLUXX subsidiary ANYBET with a relaunch of its entire online presence.

FLUXX continues to be involved in legal proceedings against WEB.DE in an effort to achieve fulfilment of the contract by WEB.DE.

In January 2005, WEB.DE AG announced its intention to channel via a competitor the entire business that it has previously been processing through ANYBET, despite the existence of a contract valid until May 2006. An appeal was lodged against a course of action that ANYBET considers to be in gross violation of the contract. As a result, WEB.DE was summonsed to reinstate the former contractual position. Thanks to FLUXX's now broader customer base and its good progress in other areas, it is working on the assumption that the potential loss of the customer WEB.DE will not have any significant impact on its economic situation. The sharp fall in sales with WEB.DE in the first quarter was by and large counterbalanced by the growth of other platforms, for instance.

1.3 Investment

In investment terms, the first quarter was dominated by the further expansion of syndicate business and the resulting investment in customer contracts. Preparatory investments were moreover made in order to pave the way for the sale of lottery tickets at supermarkets. A total of EUR 644 thousand

was invested in the first quarter, including in self-created software. The syndicate contracts to be recognised as an intangible asset pursuant to IAS 38 account for the lion's share of capital expenditure in the period.

1.4 Personnel and welfare

The average total of permanent employees rose from 90 in the first quarter of 2004 to 94 in the first quarter of 2005. Additional personnel have been recruited in particular for the areas of software development and product management, in preparation for Direct Lottery activities.

1.5 Capital measures

In July 2004, FLUXX placed a zero convertible bond, divided into 3.2 million debentures, on the capital market. The convertible bond has a term lasting until the end of 2008. In 2004, 1,290,775 debentures in total were converted. A further 1,228,396 debentures were converted in the first conversion window, which ended on February 20, leaving 680,829 debentures outstanding. In view of the present price level, it can be expected that all the remaining bonds will be converted in the course of the current financial year.

1.6 Financing

Operating activities during the reporting period were financed from the cash flow from operations.

1.7 Miscellaneous

■ Capital stock, shareholder structure

At March 31, 2005 the capital stock of fluxx.com Aktiengesellschaft amounting to EUR 10,636,984 was distributed as follows:



- 86.5 per cent Free float
- 8.2 per cent DSM Direct Sales Marketing GmbH
- 5.3 per cent Management

The shares declared under the heading "Management" comprise 2.65 per cent held by Carpe.di Verwaltungs GmbH, which are considered to be under the control of Management Board spokesman Rainer Jacken, and 2.65 per cent held by VV-Consult GmbH, which are considered to be under the control of Head of the Business Development Department Christoph Tonn.

The shares of Millenium GmbH shown in the 2003 accounts are allocated to the free float in this representation of the

shareholder structure. The last official communication pursuant to Section 41 of German Securities Trading Law (WpHG) at April 1, 2002 refers to a total number of shares of 838,302. As Millenium GmbH moved below the reporting limits as a result of the capital measures implemented in 2003 and 2004 but did not notify the company pursuant to WpHG, the Management Board suspects that the shareholding has fallen significantly.

■ **Directors' holdings**

The shareholdings of the individual directors on either corporate body are as follows:

Name	Position	Type of security	Position at 31/12/2004	Additions	Disposals	Position at 31/03/2005
Rainer Jacken	Management Board spokesman	Shares	280,000	0	0	280,000
		Options	15,583	0	0	15,583
Mathias Dahms	Management Board member	Shares	0	0	0	0
		Options	15,583	0	0	15,583
Stefan Hänel	Management Board member	Shares	3,800	0	0	3,800
		Options	15,583	0	0	15,583
Goetz Graf von Hardenberg	Chairman of the Supervisory board	Shares	2,848	0	0	2,848
		Convertible bonds	0 €	0	0	0 €
Frank Motte	Supervisory board	Shares	7,885	0	0	7,885
		Convertible bonds	0 €	0 €	0 €	0 €
Antje Stoltenberg	Supervisory board	Convertible bonds	0 €	0 €	0 €	0 €



■ **Market capitalisation**

The closing price of FLUXX shares on the Frankfurt Stock Exchange (Xetra) on March 31, 2005 was EUR 7.50, representing market capitalisation of EUR 79.8 million based on a total of 10,636,984 shares. The share price on March 31, 2004 was EUR 3.92 (market capitalisation: EUR 23.2 million, based on 5,915,390 shares).

■ **Admission to SDAX**

On the strength of its market capitalisation and trading volume, FLUXX AG was admitted to the SDAX share index of Deutsche Börse on March 21, 2005. As recently as the start of the year, FLUXX AG had switched to Deutsch Börse's Prime Standard, which requires a greater degree of transparency and publications from the companies listed on it and is a condition of admission to one of the share indices.

■ **2. Representation of the financial position and financial performance**

2.1 Development in revenue

Gross consolidated sales rose by 23 per cent in the first quarter of 2005, from EUR 20.5 million to EUR 25.3 million. Net revenues rose by 35 per cent, from EUR 3.9 million in the prior-year period to EUR 5.2 million. The lottery and betting stakes handled by the company's own services and via partner platforms rose by around 21 per cent in the same period, from EUR 16.6 million to EUR 20.1 million.

The margin on the revenues generated by the handling of betting stakes improved from 23.2 per cent in the first quarter of 2004 to 26.1 per cent in the first quarter of 2005.

This development was prompted largely by the continuing high growth in high-margin syndicate business.

55 per cent of revenues were generated by the business-to-business segment and 45 per cent by the business-to-consumer segment.

Around 92 per cent of revenue stems from commissions and handling fees for betting stakes. Fees and betting stakes were a further source of revenue.

2.2 Expenses

The 35 per cent growth in sales contrasts with a moderate rise in expenses. The cost of materials, which largely comprises the payment of dividends by the online bookmaker Interjockey.com, actually fell by 32 per cent compared with the first quarter of 2004 to EUR 143 thousand. Personnel costs rose by just under 14 per cent to EUR 1,416 thousand and result principally from the recruitment of additional personnel. Other operating expenses, which include marketing expenses of EUR 776 thousand and in particular commissions paid to platform clients, rose by less than four per cent to EUR 2,477 thousand.

Finally, higher expenses were incurred in the first quarter in preparation for trialling the marketing of lottery products at retail outlets from April onwards.

2.3 Earnings

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 418 per cent in the first quarter to reach EUR 1,347 thousand, the highest quarterly operating profit in the history of the FLUXX Group. This meant that over half of the entire previous year's EBITA of EUR 2,409 thousand had been achieved after only three months.



Despite the EUR 730 thousand increase in depreciation and amortisation, largely as a result of the recognition of syndicate contracts as an intangible asset in line with IAS 38, EBIT for the first quarter likewise improved from EUR 60 thousand to EUR 417 thousand.

Consolidated earnings rose by 269 per cent from EUR 98 thousand in the first quarter of 2004 to EUR 362 thousand. Despite the dilutive effect of the capital measures in 2004, the absolute dilutive earnings per share were increased from EUR 0.02 to EUR 0.03.

2.4 Cash flow

As a result of good business progress in the first quarter, FLUXX was in turn able to post a positive cash flow from operating activities in addition to the profitable result. This placed FLUXX in a position to be able to finance capital expenditure largely from its operating activities. The net position was moreover that for the first time it was possible to invest freely available financial resources over and above the cash flow from operations, in order to generate market potential and returns in particular in the areas of syndicate business and sales via retail outlets. Liquidity ratio 2, which represents the ratio between current assets and current liabilities, showed a renewed rise compared with December 31, 2004 from 131 per cent to 150 per cent.

2.5 Shareholders' equity

The capital resources available to the FLUXX Group have further improved as a result of the net profit for the period of EUR 362 thousand and the conversion of bonds from the 2004/2008 convertible bond. The accumulated shareholders' equity rose by just under EUR 2.7 million to EUR 19.9 million, and the equity ratio increased from 55 to 68 per cent compared with December 31, 2004.

2.6 Liabilities

The non-current liabilities at March 31, 2005 amounted to EUR 3.5 million, with the approximately 680 thousand outstanding debentures from the convertible bond accounting for EUR 1.3 million of this amount. Amounts due to banks represent a further EUR 2.1 million and relate to a mortgage loan and a Reconstruction Loan Corporation loan.

3. Significant risks to future development

Market researchers expect the gaming market in Germany and Europe to enjoy continued growth, and forecast disproportionately high rates of increase particularly for the online gaming market. Despite these positive market conditions, FLUXX is exposed to a large number of risks. The barriers to market entry in this young, rapidly expanding market are fundamentally low, as a result of which FLUXX has to face up to competition from an array of other companies in at least certain subsidiary areas. FLUXX therefore has to contend with a number of potential and actual competitors.

The field of competitors can be divided into three categories:

1. Direct competitors:

providers of online games such as Tipp24 AG, BETandWIN.com Interactive Entertainment AG and Sportwetten.de AG, which offer largely substitutive products and from which FLUXX differentiates itself through its online gaming products on jaxx.de, with a more extensive range of products.

2. Complementary providers:

domestic and foreign companies that are active in both the online and offline gaming market and offer basically complementary products such as sports betting or casinos; they both tie up purchasing power in the leisure market and could enter into direct competition with FLUXX by launching new products.



3. Lottery companies and other providers

of state-licensed gaming which are in direct competition through their own online solutions and offline sales.

At present, no tendency among complementary providers to position themselves in the core area of activity of the FLUXX Group has been observed. As a result of FLUXX's good customer relations and process expertise, the barriers to entry in this domain are high.

The overall competitive situation for the FLUXX Group is positive, and competition is helping to develop the market more rapidly. The presence of competitors nevertheless harbours significant risks. The market is becoming less transparent, the probability of losing particularly new customers to competitors is rising, and there is consequently the risk that the relative market share will fall. Meanwhile the costs of marketing and conducting competitor analyses are rising.

As a systems supplier of special software for handling lotteries and betting, FLUXX is in competition with companies such as Lotto Bayern which manage the Internet presence of individual lottery companies. FLUXX's advantage is based on the compactness of the group and its flexibility as a result.

Further risks involve the size and creditworthiness of FLUXX as a young company. In view of the high proportion of fixed costs, FLUXX has limited scope for responding to fluctuations in capacity utilisation and employment, and in this respect is exposed to risks from a downturn in business. At the same time, the group requires a relatively high critical mass of customers in order to cover its fixed costs, though it can scale up to an almost unlimited degree. The continuing success of the FLUXX Group depends on further growth and the acquisition of new customers in both the B2B and B2C segments, as well as on consolidating existing customer relations.

The continuing positive share price development in the first quarter of 2005 and last year's successful placement of the capital increases on the capital market demonstrate that the situation on the stock market has improved substantially, and that smaller stock corporations such as FLUXX AG are likewise once again to finance themselves through equity injections. The rise in the equity ratio and the reduced loan liabilities give FLUXX a substantially improved basis on which to finance the company's further development. It nevertheless remains a matter of key importance to maintain the positive development in cash flow as a means of financing operating activities.

Defending our advantage as first mover, together with our superior development know-how and skills, remains a key priority. Success here depends substantially on the extent to which FLUXX is able to identify market trends and customer requirements early on, and implement them. FLUXX has no influence over the product developments of competitors, which could cancel out FLUXX's existing lead. There is fundamentally a risk of FLUXX losing its market status. There is moreover no guarantee that the previous high level of acceptance among customers will hold up.

FLUXX generates a large portion of revenue from ongoing operation and hosting and therefore from continuous streams of royalties, and also to a lesser extent from the sale of technology licences and the resulting granting of rights of use. The sale of a licence is entered in the books at the time the right is granted, i.e. the software made available, and a profit thus realised. Deficiencies in the software and in the hosting service provided could result in recourse and in a price reduction or the cancellation of purchase contracts, and thus harbour a future risk of losses.

There furthermore exists a general risk in connection with the further development and use of the Internet. Technical bottlenecks due to the unstinting high growth in its use and



the growing complexity of the software could restrict future use despite the fact that data transfer concepts are becoming increasingly efficient. The high availability of systems during the big-jackpot phases in December 2004 and March 2005, when the level of use of the platforms was up to five times the annual average, nevertheless demonstrates that FLUXX's IT infrastructure is well equipped to accommodate further growth.

The frequently unclear and internationally inconsistent legal position on the Internet and competition is as much a source of risks as the possibility of state controls. This too could affect the future success of FLUXX.

The reform of the State Treaty on lotteries took effect on July 1, 2004. The State Treaty stipulates among other things the even, weighted distribution of lottery stakes between the individual federal states, and limits the level of administrative fees that can be charged by private handling agents. FLUXX, however, made preparations for the new legislation at an early stage by suitably modifying product configurations or business models which were in conflict with it. FLUXX furthermore fully complies with the obligation to involve an independent fiduciary and with the notification requirements that proceed from the State Treaty with regard to the declaration of the betting stakes passed on to the individual lottery companies.

The continuing liberalisation of the European gaming market opens up opportunities for a large number of foreign betting providers to make their platforms also accessible across national boundaries to German users. Although the legal position on the processing of betting from abroad is not yet clear, a trend towards a gradual opening of the market have been observed. Apart from the state sports betting system ODDSET and horse betting, FLUXX is not yet involved in any

sports betting products which could enter into competition with the products of foreign bookmakers.

It is a matter of key importance that the management remains able to identify risks to future development promptly in the future, and implement effective countermeasures. The risk management system set up for this purpose is a central aspect of obtaining early warning of risks and developments which pose a threat to the existence of the FLUXX group. Risk management takes the form of a score card. Potential risks are registered and analysed with the aid of key data and reports from all sections of the company, which are prepared on a monthly basis. In addition to predefined risk categories, the reporting corporate units bear a high degree of individual responsibility for registering potential new risks on their own initiative, and independently of central guidelines.

4. Events of particular significance occurring after the balance sheet date

At the start of April, the Management Board of Kiel-based FLUXX AG announced its intention to venture into over-the-counter sales of lottery products at retail outlets. Following an intensive analysis of the legal, technical and market-specific framework conditions, the Management Board has resolved to go ahead with the project on a pilot basis in selected supermarkets. To kick off this venture, FLUXX has already been able to secure retail partners such as EDEKA and Fotopoint, with which a long-term partnership is planned subject to the pilot scheme proving a success. The trials are initially concentrating on the federal state of Schleswig-Holstein and will last for approximately three months.

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



5. Future developments and opportunities

The future development of the FLUXX Group is shaped essentially by three areas: products, market and sales. The already very extensive portfolio of lottery and horse betting products is to be supplemented by further product segments such as sports betting and casino games, which are gradually gaining in significance as a result of the continuing deregulation of the European gaming market. Particularly in view of the fact that Germany is playing host to football's 2006 World Cup, it is very important for us to position ourselves in good time in this market segment.

The expansion of syndicate business will again play a major role in 2005. The plan is to achieve similar growth rates to last year through incorporating new venture partners and increased internal and external call centre capacity.

As well as several major online services and lottery companies, on a sales level FLUXX is addressing a large number of other companies that have extensive relations with end customers. The current sales project for the over-the-counter retail trade in partnership with EDEKA and Fotopoint is to be viewed in this context. In addition to gaining access to a broad additional channel of distribution, FLUXX aims to safeguard its channels of distribution for the German lottery companies by launching the new service. In the event of liberalisation of the markets in Europe, the multiple-store retail companies with nationwide activities would be prime targets for competitors entering the market, particularly from abroad. The state lottery companies are at a disadvantage here in view of their federal structure. FLUXX

is consequently now offering a network of nationwide spread into which it intends to integrate the individual lottery companies both contractually and technically.

From an economic point of view, the Management Board expects the 2005 financial year to be comparable to 2004. In other words, likewise in 2005 the scalability of the business model will contribute towards earnings rising more steeply than revenue.

Kiel, May 9, 2005

Rainer Jacken

Mathias Dahms

Stefan Hänel



Consolidated Balance Sheet March 31, 2005

ASSETS	Note	31/03/2005 T€	31/12/2004 T€
A. Non-Current Assets		20,595	20,874
I. Intangible assets	5.1.1	7,457	7,755
1. Goodwill		5,943	5,943
2. Other intangible assets		1,514	1,812
II. Property, plant and equipment	5.1.1	1,539	1,527
1. Land and buildings		1,036	1,040
2. Other plant and equipment		503	487
III. Financial assets	5.1.1	6	6
Investments		6	6
IV. Deferred taxes	5.1.1	11,593	11,586
B. Current Assets		8,545	8,718
I. Receivables and other assets	5.1.2	958	935
1. Trade accounts receivable		572	307
2. Receivable from investments		84	96
3. Miscellaneous assets		302	532
II. Cash on hands, cash in banks	5.1.2	7,514	7,756
of which freely available (net cash)		4,597	5,073
III. Prepaid expenses	5.1.2	73	27
Total Assets		29,140	29,592



Consolidated Balance Sheet March 31, 2005

SHAREHOLDER'S EQUITY AND LIABILITIES	Note	31/03/2005 T€	31/12/2004 T€
A. Shareholder's equity		19,906	17,230
I. Share capital	5.2.1	10,637	9,409
II. Additional paid-in capital	5.2.1	29,686	28,600
III. Profit/loss carry-forward	5.2.1	-20,779	-21,690
IV. Net profit for the year	5.2.1	362	911
B. Minority interests	5.2.2	5	5
C. Non-current liabilities		3,533	5,799
1. Tax accrual	5.2.3	166	156
2. Bonds	5.2.3	1,276	3,534
3. Due to banks	5.2.3	2,091	2,109
D. Current liabilities		5,696	6,558
1. Due to banks	5.2.4	0	6
2. Advances received for orders	5.2.4	1,183	2,193
3. Trade accounts payable	5.2.4	3,292	3,152
4. Other liabilities	5.2.4	995	1,013
5. Deferred income	5.2.4	226	194
Total shareholder's equity and liabilities		29,140	29,592



Consolidated Income Statements for the period January 1 to March 31, 2005

	Note	31/03/2005 T€	31/03/2004 T€
Gross sales		25,291	20,510
Betting stakes		20,065	16,646
1. Sales	5.3.1	5,226	3,864
2. Production for own assets capitalised	5.3.2	58	51
3. Other operating income	5.3.3	99	193
4. Cost of purchased materials	5.3.4	142	211
a) Raw material and consumables used		7	101
b) Cost of purchased services		135	110
5. Personnel expenses	5.3.5	1,417	1,247
a) Wages and salaries		1,212	1,070
b) Social insurance		205	177
6. Depreciation and amortisation on intangible assets and on property, plant and equipment	5.3.6	930	200
7. Other operating expenses	5.3.7	2,477	2,390
Result from operating activities		417	60
8. Other interest and similar income	5.3.8	14	4
9. Interest and similar expenses	5.3.10	66	122
Finance result		-52	-118
10. Result from ordinary activities	5.3.11	365	-58
11. Income tax	5.3.12	-4	156
12. Other tax	5.3.13	1	0
13. Net profit for the period	5.3.14	362	98
14. Loss carry-forward from previous year		-20,779	-22,316
15. Accounting loss		-20,417	-21,218
16. Earnings per share			
Basic earnings per share (€)		0,04	0,02
Diluted earnings per share (€)		0,03	0,02



Cash Flow Statement for the period January 1 to March 31, 2005

	31/03/2005 T€	31/03/2004 T€
• Net profit for the period before extraordinary expenses	362	98
• Depreciation on fixed assets	930	200
• Amortisation and write-down on financial assets and marketable securities	0	0
• Increase/decrease in long-term accruals	10	-3
• Finance income	-14	-4
• Interest expense	66	122
• Other non-cash expenses and income/deferred taxes	-45	-115
• Profit/loss from the disposal of fixed assets	0	0
Cash flow before changes to working capital	1,309	298
• Change in receivables and other assets	-68	45
• Change in liabilities and other items on the shareholders' equity and liabilities side	-838	-20
• Increase/decrease in short-term accruals	-18	-55
Cash flow from operating activities	385	268
• Extraordinary expenses	0	0
• Interest paid	-33	-202
• Income taxes paid	0	-1
Cash flow from operating activities	352	65
• Cash receipts from disposals of fixed assets	0	0
• Cash payments for investments in fixed assets	-585	-37
• Acquisition of investments and other financial assets	0	0
• Interest received	14	4
Cash flow from investing activities	-571	-33
• 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	0	0
• Repayments of bonds and loans	-23	-30
Cash flow from financing activities	-23	-30
Overall effective adjustment	-242	2
• Cash and cash equivalents at the start of the period	7,756	3,060
Cash and cash equivalents at the end of the period	7,514	3,062
• Progression from financial resources to net cash position	7,514	3,062
• Betting stakes passed on	2,728	730
• Securities provided	189	175
Net cash position	4,597	2,157



Development in Capital Accounts for the period January 1, 2004 to March 31, 2005

T€	Share capital	Additional paid-in capital	Accounting loss	Total	Bonds convertible
Position at December 31, 2003	5,915	22,289	-21,690	6,514	
Capital increase for DSM takeover	1,660	3,121		4,781	
From employee optionsn	5			5	
Capital increase for cash	538	860		1,398	
Costs of raising equity		-35		-35	
Earnings for 1st half of 2004			99	99	
Position at June 30, 2004	8,118	26,235	-21,591	12,762	
Issue of convertible bond		1,397		1,397	5,803
Conversion of bond at August 20, 2004	309	253		562	-562
Conversion of bond at November 20, 2004	982	825		1,807	-1,807
Costs of raising equity		-110		-110	
Interest on bond					100
Earnings for 2nd half of 2004			812	812	
Position at December 31, 2004	9,409	28,600	-20,779	17,230	3,534
Conversion of bond at February 20, 2005	1,228	1,060		2,288	-2,288
Interest on bond					30
Premiums earned from employee stock options		26		26	
Result for 1st quarter of 2005			362	362	
Position at March 31, 2005	10,637	29,686	-20,417	19,906	1,276

fluxx.com Aktiengesellschaft Consolidated Financial Statements at March 31, 2005 (IFRS)

FLUXX AG is a company specialising in the handling of lotteries and betting, with registered office in Kiel and on the Commercial Register of the Local Court of Kiel under Entry No. 5038 KI. The rights and licences held by the company and the technical and market-relevant expertise place FLUXX in a position to be able to arrange any form of licensed gaming along a variety of sales channels, between

the consumer and state-owned lotteries and betting providers, as well as to accept bets itself.

In addition to the self-marketed services jaxx.de, jaxxhorses.de, interjockey.com and Telewette.de, FLUXX makes its products and services available to other companies and organisations with extensive customer contacts. The latter include the Internet portal freenet.de, the online services WEB.DE, AOL and Lycos the lottery companies Nordwest-Lotto Schleswig-Holstein, Lotto Brandenburg and Lotto Mecklenburg-Vorpommern.



1. General principles

The Consolidated Financial Statements of FLUXX AG at March 31, 2005 are in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB).

According to Section 315a of German Commercial Code, it is consequently not necessary to prepare separate consolidated financial statements or a group management report in accordance with the requirements of German Commercial Code.

The application of the following IAS standards results in discrepancies with the result for the period in the German Commercial Code accounts:

IFRS 2/

IAS 19: Measurement of employee stock options

IFRS 3: Business combinations

IAS 12: Recognition of deferred tax according to the balance-sheet oriented liability method; recognition of deferred tax assets from deferred tax loss carry-forwards

IAS 22: Business combinations, in particular IAS 22.25, capitalisation of incidental acquisition costs for the acquisition of companies

IAS 38: Capitalisation of self-created intangible assets, capitalisation of intangible assets

IAS 32/39: Measurement of financial instruments and liabilities

No differences compared with the German Commercial Code accounts currently arise from the application of the remaining standards.

IFRS 2 is applied for the first time in these accounts. This standard specifies, among other things, that stock options issued to employees are to be measured at their fair value and recognised as an expense as a component of remuneration in return for the employees' services. The balancing entry is made under shareholders' equity, which it increases as a consequence. Detailed information on the FLUXX options scheme and on the approach is provided in section 6.8.

IFRS 3 was applied for the first time in 2004 in the determination and amortisation of the goodwill from the takeover on April 1, 2004 of 100 % of the shares of DSM Lottoservice GmbH. The requirement prohibits the amortisation of goodwill for company acquisitions completed after March 31, 2004. Instead, the value of the company is to be subjected to an impairment test and an adjustment in the valuation with an effect on income only made in the event of lasting impairment. From January 1, 2005, IFRS 3 is also to be applied to all existing business combinations. There is consequently no longer any goodwill amortisation in these financial statements.

In connection with the recognition and measurement of the convertible bond issued, the application of IAS 32 and IAS 39 results in differences both in the value shown in the balance sheet, as the convertible bond is divided into an equity capital and a borrowed capital portion, and in the earnings, as the non-interest-bearing borrowed capital portion is discounted and the resulting purely imputed interest is shown in the Consolidated Income Statements as an expense.

In respect of the assessment of prior-year comparative data, it should be noted that DSM Lottoservice GmbH, which was not consolidated until April 1, 2004, is not included in the figures for the first quarter of 2004. The business figures for DSM Lottoservice GmbH are included in full in the first quarter of 2005. For this reason, there may be disproportionately high changes between the first quarter of 2004 and the first quarter of 2005.



2. Consolidated companies

The Consolidated Financial Statements include five domestic and one foreign company in which FLUXX AG directly or indirectly holds a majority of voting rights.

By resolution of the Management Board and Supervisory Board, 100 per cent of the shares of DSM Lottoservice GmbH were acquired in March 2004, with an effect on the consolidated companies from April 1, 2004. The acquisition took place by way of a capital increase for contribution in kind. The capital increase was entered in the Commercial Register on May 3, 2004.

SUMMARY OF INVESTMENTS	Registered office	Nominal capital T€	Proportionate interest %
Parent company FLUXX AG	Kiel	10,637	–
Direct investments			
ANYBET GmbH (formerly fluxx.com new communication GmbH)	Kiel	110	100.00
JAXX GmbH (formerly fluxx.com e-commerce GmbH)	Kiel	110	100.00
DSM Lottoservice GmbH	Hamburg	30	100.00
Mittelbare Beteiligungen			
book + data Software-Entwicklung GmbH	Kiel	25	100.00
fluxx.com Telewette GmbH	Hamburg	51	80.00
interjockey.com horsebet GmbH	Lustenau/ Austria	400	85.46



3. Consolidation principles

According to IAS 22.12, the transfer of the three subsidiaries ANYBET GmbH, PDS production GmbH and JAXX GmbH at December 21, 1998 is to be treated as a reverse acquisition, and not as a company acquisition by the holding company. For this purpose FLUXX AG, which issued shares in exchange for the transferred companies, is considered to have been acquired by the other companies.

As FLUXX AG was no more than a bare-shell company at the time of the reverse acquisition, this has the effect that the IAS Consolidated Financial Statements reflect the cumulative shareholders' equity of these group companies.

The consolidation of capital is performed pursuant to IAS 22.32 in accordance with the benchmark treatment (carrying at proportionate revalued amounts). The carrying values of investments are netted against the proportionate revalued equity of the subsidiaries at the time of their acquisition. Assets and liabilities are recognised at their fair values. Goodwill resulting from any remaining differences in value is recognised and no longer amortised from January 1, 2005 in accordance with the specifications of IFRS 3. Goodwill is assessed regularly for impairment and revalued where necessary. There are currently no differences compared with application of the carrying amount method as a result of unidentifiable hidden reserves or charges from the assets and liabilities. Intermediate gains or losses, sales, expenditure and earnings, together with receivables and liabilities between the consolidated companies, have been eliminated. Income tax effects of consolidation entries recognised in the Income Statement are taken into account and deferred taxes recognised.

4. Principles of recognition and measurement

Uniform principles of recognition and measurement were used in the preparation of the individual financial statements at the date of the Consolidated Financial Statements for the subsidiaries included in the Consolidated Financial Statements.

■ Intangible assets

Under IFRS 3, the derivative goodwill resulting from the acquisition of subsidiaries is no longer amortised, but instead regularly subjected to an impairment test. There is currently no need for an adjustment in its value. Other purchased intangible assets are measured at cost of purchase, and self-created intangible assets at cost of construction, in each case less amortisation according to the straight-line method. The useful life is taken to be three to four years.

As a result of the acquisition of DSM Lottoservice GmbH and the resulting substantial expansion in the level of contracts for syndicate business at DSM Lottoservice GmbH, the acquisition costs of these contracts are capitalised pursuant to IAS 38. The average useful economic life of these contracts based on the current contractual terms of 3-36 months is taken as the basis for the amortisation period. Including a deduction as a precautionary measure, the amortisation period thus determined is 6 months. Self-created software to the value of EUR 58 thousand was capitalised in the period under review, and will be amortised over a useful life of four years. No borrowing costs were to be capitalised. Pursuant to IAS 23, these costs will be recognised as an expense in the period in which they have occurred and reported in the Income Statement under interest expense.



The value of intangible assets, and in particular of goodwill, is regularly examined in accordance with IAS 36 and an appropriate impairment loss applied where necessary. No impairment losses were applied in the reporting period.

We refer to the notes in Section 5.1.1. with regard to the composition of self-created software.

■ **Property, plant and equipment**

Property, plant and equipment are measured at acquisition cost, less depreciation. Buildings are depreciated according to the straight-line method over a useful life of 50 years. Movable assets are always depreciated by the straight-line method; the useful life in the case of leasehold improvements is based on the term of the tenancy agreements; for other assets, fixtures and fittings, the useful life is between three and fifteen years. Property, plant and equipment that has been depreciated in full is reported under acquisition cost and cumulative depreciation until the assets in question are taken out of service. The acquisition costs and accumulated depreciation are deducted in the case of the disposal of assets, and results from the disposal of assets are shown in the Income Statement.

Where the value of assets determined in accordance with the above principles is above or below their fair value at the reporting date, this is taken into account by means of write-downs or write-ups pursuant to IAS 36. The fair value is determined from the market value or – if higher – the present value of the estimated future cash flows from the use of the asset.

■ **Financial assets**

Financial assets are recognised on the basis of IAS 39 (Financial Instruments) unless other standards specify

different treatment. Assets available for sale are consequently measured at fair value.

The company's financial assets are to be categorised as available for sale even if short-term realisation does not appear to be possible. There exist no interest rate risks.

■ **Deferred taxes**

Pursuant to IAS 12, deferred tax assets on loss carry-forwards that can probably be utilised in the future are capitalised. Deferred tax expenses for temporary differences from the capitalisation and amortisation of self-created intangible assets are created.

A total rate of corporation and trade tax of 38 per cent, based on the current tax rates, has been used as a basis for calculating the future level of tax relief. We moreover refer to the explanatory remarks in Section 5.1.1.

■ **Current assets**

The receivables and other assets are measured at their fair value or at amortised cost (= cost of purchase, generally the original invoiced amount or the balance of a loan) according to IAS 39. Discernible individual risks are taken into account by means of individual valuation allowances; a general credit risk is likewise taken into account. All current assets are to be classified as available-for-sale financial assets or as loans and receivables originated by the company.

Prepaid expenses resulting from payments which were made for expenses incurred in the subsequent periods are likewise reported under current assets. There exist no interest rate risks.



■ **Accrued expenses**

Accrued expenses are measured according to IAS 37 by the best possible estimate of the extent of the obligation.

They are formed for an obligation towards a third party arising from a past occurrence that will lead to an outflow of funds in the future and where it is possible to estimate the level of this financial burden reliably.

The valuations are continually checked and the accrued expenses regularly adjusted.

■ **Contingent liabilities and other financial obligations**

A summary of the contingent liabilities and other financial obligations at March 31, 2005 is provided in Section 6 "Further notes".

■ **Realisation of expenses and revenues**

Expenses and revenues for the period under review are recognised upon realisation, irrespective of payment. Proceeds from the sale of services are realised once the service due has been rendered.

■ **Leasing**

The lease agreements concluded by the company consist exclusively of operating lease agreements. Obligations resulting from these are shown in the Income Statement as expense, pursuant to IAS 28.25. Details of the expenditure arising in subsequent periods are provided in Section 5.3.7.

■ **Events occurring after the balance sheet date**

There were no disclosable events occurring after March 31, 2005, as defined in IAS 10.



5. Notes to the items in the Consolidated Balance Sheet and Consolidated Income Statement

5.1. Consolidated Balance Sheet

5.1.1. Non-current assets

Intangible assets

The intangible assets totalling EUR 7,457 thousand include primary, derivatively acquired and self-created assets. In addition to goodwill totalling EUR 5,943 thousand, which was unchanged since December 31, 2004, software and licence purchases and other purchased intangible assets totalling EUR 1,125 thousand, this item includes capitalised internally produced software to the total value of EUR 389 thousand. Despite the high level of amortisation, other intangible assets remain largely at the level of December 31, 2004. This valuation results largely from the capitalisation of the syndicate contracts acquired by DSM Lottoservice GmbH amounting to EUR 850 thousand.

The software and licence purchases and other purchased intangible assets are generally amortised by the straight-line method over a useful life of three years. The syndicate contracts, which have an economic term of 3-36 months, are amortised over an average of 6 months.

The goodwill differences from the consolidation of capital of investments acquired were measured at amortised cost at December 31, 2004. The useful life of these intangible assets was assumed to be five to six years. Linear amortisation in line with their useful life was performed up to and including December 31, 2004. The intangible assets capitalised as goodwill relate in the main to the investments in interjockey.com horsebet GmbH, anybet.com GmbH (now merged with ANYBET GmbH) and fluxx.com Telewette GmbH.

A goodwill amount of EUR 1,447 thousand had already been written down in full for book + data Software-Entwicklung GmbH in the 2002 financial year.

From January 1, 2005, this goodwill will no longer be amortised, pursuant to IFRS 3. The goodwill resulting from the acquisition of DSM Lottoservice GmbH has not been amortised since its acquisition in April 2004, pursuant to IFRS 3. If it had been amortised, the volume of amortisation in the period under review would have totalled EUR 326 thousand.

The reconciliation of goodwill required in accordance with IAS 22 is given in the enclosed Assets Movement Schedule.

The capitalised self-created software consists of new and refined software packages that are amortised by the straight-line method over a useful life of four years.



■ **Property, plant and equipment**

The item Property, plant and equipment includes three parcels of real estate, together with holiday apartments that are both rented out and used internally as business centres. The real estate and buildings were acquired in 1996 and measured at cost, less scheduled depreciation, based on a useful life of 50 years. A write-up was performed in 2002 to reverse the write-downs of the previous years. FLUXX intends to dispose of the holiday apartments in the medium term. Their sale that has already been initiated via an estate agent and the market valuation confirm the values shown on the balance sheet. However, the general state of the economy and the unfavourable investment climate in Germany mean that a sale cannot be expected in the short term.

The remaining property, plant and equipment components relate to hardware, office equipment and furnishings, and other fixtures and fittings. Hardware is depreciated by the straight-line method over a period of three to four years, and office equipment and furnishings and other fixtures and fittings are depreciated by the straight-line method over a useful life of between four and 10 years.

Further details of costs and depreciation are provided in the Assets Movement Schedule.

■ **Financial assets**

The financial assets continue to show investments in new communication GmbH & Co. KG, Seepark Sellin AG and TRANSPARENT Design Management GmbH.

Consolidated Assets Movement Schedule

	COST				DEPRECIATION				Carrying value 31/12/2004 T€	
	Position at 01/01/2005 T€	Additions T€	Disposals T€	Position at 31/03/2005 T€	Position at 01/01/2005 T€	Additions T€	Disposals T€	Position at 31/03/2005 T€		Carrying value 31/03/2005 T€
I. Intangible assets										
1. Concessions, industrial property rights, licences, software	6,737	530	0	7,267	5,287	855	0	6,142	1,125	1,450
2. Goodwill	8,899	0	0	8,899	2,956	0	0	2,956	5,943	5,943
3. Payments on account	0	0	0	0	0	0	0	0	0	0
4. Self-created software	867	58	0	925	505	31	0	536	389	362
	16,503	588	0	17,091	8,748	886	0	9,634	7,457	7,755
II. Property, plant and equipment										
1. Real estate and buildings	1,327	0	0	1,327	287	4	0	291	1,036	1,040
2. Other assets, fixtures and fittings	2,539	56	0	2,595	2,052	40	0	2,092	503	487
	3,866	56	0	3,922	2,339	44	0	2,383	1,539	1,527
III. Investments										
1. Subsidiaries	6	0	0	6	0	0	0	0	6	6
	6	0	0	6	0	0	0	0	6	6
Total Consolidated Assets Movement	20,375	644	0	21,019	11,087	930	0	12,017	9,002	9,288



■ Deferred taxes

For purposes of the capitalisation of deferred taxes, an unchanged total rate of corporation and trade tax of 38 per cent was used as the basis for calculating the future level of tax relief on the loss carry-forwards.

The tax rate of 38 per cent applied takes account of the 1999 Tax Adjustment Law and the October 2000 Tax Reduction Law, together with a tax rate for corporation tax of 25 per cent, a solidarity surcharge of 5.5 per cent and a municipal trade tax rate of 17 per cent at a municipal trade tax factor of 430 per cent. Deferred taxes totalling EUR 11,593 thousand were capitalised on the tax loss carry-forwards of EUR 29,434 thousand (from January 1, 2005 to March 31, 2005: EUR 7 thousand). The tax loss carry-forwards for DSM Lottoservice GmbH include an asset item before inclusion in the consolidated companies of EUR 319 thousand, and EUR 88 thousand result from the netting of equity-raising costs against shareholders' equity. On the basis of current plans, it is therefore expected that tax will be payable for the first time from 2007.

The tax effects on the temporary differences from capitalised self-created intangible assets and capitalised incidental acquisition costs for the acquisition of a subsidiary of EUR 166 thousand are shown separately under deferred tax liabilities.

We refer to Section 5.3.12 by way of supplementary information.

5.1.2. Current assets

■ Payments on account, receivables and other assets, prepaid expenses

The receivables and other assets are made up as follows:

RECEIVABLE AND OTHER ASSETS T€	Total	Total	Term to maturityt over 1 year
	31/03/2005	31/12/2004	
1. Trade accounts eceiveable	572	307	0
2. Receivables from investments	84	96	0
3. Miscellaneous assets	302	532	0
	958	935	0

The other assets in addition include receivables from credit card players totalling EUR 3 thousand (previous year EUR 377thousand). These relate to receivables from players who pay their stakes by credit card. The sharp fall compared with the previous year results from the prompt transfer of payments by credit card companies as at the end of March 2005.

No impairment losses affecting the Income Statement were applied.



■ **Cash on hand, cash in banks**

The cash on hand and cash in banks totalling EUR 7,514 thousand includes cash in banks of EUR 2,917 thousand which is not freely accessible due to the security rights of third parties. The freely available cash position amounted to EUR 4,597 thousand at March 31, 2005 and was consequently EUR 2,440 thousand higher than the reference figure for March 31, 2004. Compared with December 31, 2004 the freely available cash position has fallen by EUR 476 thousand as a result of the healthy progress of syndicate business and the associated capital expenditure on contracts and initial preparatory capital expenditure on over-the-counter sales.

5.2. Shareholders' equity and liabilities

5.2.1. Capital and reserves

■ **Share capital**

Following the partial conversion of debentures from the convertible bond issued in summer 2004, the share capital of FLUXX AG totals EUR 10,636,984 and is divided into the same number of individual share certificates with no par value. We refer to the remarks in the Management Report with regard to the structure and composition of the capital stock.

■ **Approved capital**

The company had approved capital of EUR 3,787,695, as approved at the Shareholders' Meeting on May 12, 2004. The authorisation period was simultaneously extended to May 11, 2009. Following the partial utilisation of the approved capital, the Management Board is now authorised to increase the share capital on one or more occasions by up to a total of EUR 3,249,933, with the approval of the Supervisory Board, through the issue of new shares against contributions in cash or in kind. The Supervisory Board has approved an appropriate amendment to the articles of incorporation. The shareholders shall be granted

a fundamental subscription right; the Management Board is, however, authorised to exclude the shareholders' right to subscribe to capital increases in certain circumstances, with the agreement of the Supervisory Board. The resolutions from the Shareholders' Meeting of May 12, 2004 were entered in the Commercial Register on June 7, 2004.

■ **Authorised but unissued capital**

Convertible bonds

On June 29, 1999 the Shareholders' Meeting in addition passed a resolution on the issue of convertible bonds and the creation of authorised but unissued capital. As a result, the Management Board was, with the approval of the Supervisory Board, authorised to issue interest-bearing convertible bonds with a par value of EUR 1.00 each or a multiple thereof, up to a total nominal value of EUR 75,000 and with a term of no more than seven years, on one or more occasions by December 31, 2000. These convertible bonds were to carry conversion rights entitling the buyer to acquire shares in the company according to the detailed specifications. The statutory subscription right of the shareholders was excluded.

The convertible bonds are to be available for purchase by persons and companies performing services or works on behalf of FLUXX AG or its affiliated companies.

The purchase price was EUR 1.00 for each EUR 1.00 of the par value of the convertible bond issued. It accrues interest at the rate of at least three per cent p.a. decursively. The beneficiaries receive the right to exchange their convertible bonds wholly or in part for shares in FLUXX AG within certain periods. In return for the convertible bonds being exchanged, the beneficiaries shall receive a number of shares representing the proportion of capital stock to which the total par value of the convertible bonds being exchanged corresponds. Following the initial public offering, the conversion price shall be the quoted price at the time of the rights issue.



As a result of the exchanging of convertible bonds with a total nominal value of EUR 8,000.00 into 8,000 bearer individual share certificates, the authorised but unissued capital is now EUR 67,000.00 (authorised but unissued capital 1999/I).

The Shareholders' Meeting of May 12, 2004 resolved to increase the authorised but unissued capital stock by an amount of up to EUR 3,200,000. The Management Board was authorised, with the agreement of the Supervisory Board, to equip convertible bonds with conversion rights on one or more occasions up until December 31, 2008, entitling the acquirer to purchase shares in the company. The conversion rights may refer to shares in the company with a mathematical nominal value of up to EUR 3,200,000.

The issue price payable for a new individual share certificate shall be at least 66 per cent of the average market price of the shares – closing price in the electronic share dealing system XETRA – on the 10 trading days prior to the day of the resolution by the Management Board on the issue of the convertible bonds, but no less than € 1.00. The authorised but unissued capital shall only be increased to the extent that the bearers of convertible bonds exercise their rights to convert them into shares. A convertible bond, divided into 3,200,000 debentures, was successfully placed at a price of EUR 2.25 per debenture, with the right to convert each debenture into a share with a par value of one euro. As a result of the exchanging of a total of 2,519,171 convertible bonds in 2004 and 2005 into 2,519,171 bearer individual share certificates, the authorised but unissued capital now totals EUR 680,829 (authorised but unissued capital 2004/I).

Supervisory Board members

The Shareholders' Meeting on June 29, 1999 moreover resolved to grant members of the Supervisory Board a one-off remuneration for their entire term of office, in the form of the entitlement to acquire a limited number of convertible bonds by December 31, 2001. To this end, the capital stock of FLUXX AG was increased by a further EUR 9,840. The

conditions for the issue of convertible bonds are as described above, but with the following exceptions:

- The convertible bonds shall accrue interest at the rate of six per cent p.a. decursively.
- Upon conversion (after 2 1/2 or five years at the earliest), a price amounting to the placement price for the share in the context of the initial public offering is to be paid.

Convertible bonds of a total nominal value of EUR 7,216 were issued to members of the Supervisory Board, and were bought back in full by the company by December 31, 2003 (authorised but unissued capital 1999/II).

In respect of the overall remuneration of the Supervisory Board members, we in addition refer to Section 6.5.

Employees

Pursuant to the Annual General Meeting of Shareholders on August 20, 1999, the Management Board was authorised to issue subscription rights on one or more occasions, with the agreement of the Supervisory Board, to employees of the company (including members of the Management Board) and of affiliated companies for a period of five years, bearing the entitlement to subscribe to shares with a total par value of EUR 240,000. The capital stock was raised by a corresponding authorised but unissued amount.

A subscription right entitles the bearer to acquire a share at a strike price equivalent to the price upon issue, or at EUR 3.85 in the case of subscription rights issued before the initial public offering.

Following the issue of pre-emptive shares in the 2004 financial year, this authorised but unissued capital now totals EUR 235,339.00 (authorised but unissued capital 1999/III).



The Annual General Meeting of Shareholders on May 9, 2000 in addition increased the capital stock by a further authorised but unissued amount of EUR 210,000 to grant permission to issue subscription rights to the management and employees of the company and of affiliated companies (authorised but unissued capital 2000/1).

The capital stock was increased by a further authorised but unissued amount of EUR 55,800 at the Annual General Meeting of Shareholders on May 3, 2001. This is to service the subscription rights of employees of the company and of its affiliated companies which were promised to these employees before the initial public offering and confirmed by the conclusion of stock option agreements dated January 31, 2000 (authorised but unissued capital 2000/I).

■ Accounting loss

The accounting loss is comprised as follows:

	31/03/2005 T€
Loss carry-forward at 01/01/05	-20,779
Net profit for the period	362
Accounting loss at 31/03/05	-20,417

5.2.2. Minority interests

Interests of minority shareholders in the share capital and the additional paid-in capital are reported here. There was no netting of shares in the result for the period, as the minority shareholders do not participate in the loss.

5.2.3. Non-current liabilities

■ Tax accrual

An accrual for corporation and trade tax on the first-half profits of one subsidiary was reported under income taxes for the first half of 2004. This gain is to be transferred within the group under a profit transfer agreement that has now been wound up, with the result that the corresponding accrual was to be reversed.

The deferred taxes relate to the temporary differences from the capitalisation of self-created assets and the resulting amortisation. Capitalisation initially improves the result in commercial/IFRS terms, but not fiscally in the period in which capitalisation takes place. A deferred tax expense is recognised on the difference. Amortisation in subsequent periods results in fiscally nondeductible expenses, the commercial/IFRS result is consequently lower than the fiscal result and deferred tax accruals as a result of capitalisation are reversed again.

TAX ACCRUAL						
T€	Position at 01/01/2005	Changes in consolidated companies	Con- sumed	Re- versed	Allo- cated	Position at 31/03/2005
1. Income taxes	0	0	0	0	0	0
2. Deferred taxes	156	0	0	12	22	166
	156	0	0	12	22	166



■ Loan and bonds

LOANS AND BONDS T€	Total 31/03/2005	Total 31/12/2004	With a term to maturity of		
			less than 1 year	1 - 5 years	> 5 years
1. Bonds	1,276	3,534	0	1,276	0
2. Due to banks	2,091	2,109	55	2,036	0
	3,367	5,643	55	3,312	0

■ Non-current loans

Amounts due to banks totalling EUR 1,083 thousand are secured by mortgages. According to IAS 1.63, the current portions of non-current loans are likewise reported under non-current liabilities. Interest not yet paid at the balance sheet date is reported under current liabilities, as other liabilities

■ Bonds

The amounts shown under bonds relate to convertible bonds and to the portion of these debt instruments that is allocable to liabilities pursuant to IAS 32. The portion that is not allocable to liabilities is reported under the equity item of additional paid-in capital.

The successful issue of a convertible bond on the basis of a resolution by the Shareholders' Meeting of May 12, 2004 resulted in a cash inflow of EUR 7,200 thousand in the 2004 financial year. Pursuant to IAS 32, the convertible bond, which was issued interest-free as a zero-coupon bond, is to be broken down into an equity capital and a borrowed capital portion upon reporting for the first time. To this end, the countervalue of the bond is to be discounted at 5 per cent.

The amount resulting from discounting totalling EUR 5,803 thousand was allocated to borrowed capital. Following the conversions already performed in 2004 and 2005, there remains a portion allocable to borrowed capital totalling EUR 1,276 thousand, which is reported under the item bonds, including imputed interest resulting from the measurement of the liability portion pursuant to IAS 39. This states that interest is to be calculated on liabilities granted interest-free, with the interest expense recognised as an expense in the Income Statement. At no time does the entry affect the cash flow.

The equity capital portion determined in the course of these measurements is reported under additional paid-in capital. The subsequent conversions of the bond into shares in the company have been added to shareholders' equity accordingly.

The equity capital portion determined in the course of these measurements is reported under additional paid-in capital.

The subsequent conversions of the bond into shares in the company have been added to shareholders' equity accordingly.



5.2.4. Current liabilities

■ Other accruals

Other accruals are comprised as follows:

OTHER ACCRUALS T€	Position at 01/01/2005	Consumed	Reversed	Allocated	Position at 31/03/2005
1. Personnel cost	300	251	0	212	261
2. Suppliers in arrears	270	134	78	143	201
3. Costs of annual accounts and audit	61	1	3	17	74
4. jaxx points und bonus points	360	67	0	157	450
5. Litigation costs	12	6	1	0	5
6. Remuneration of Supervisory Board	10	10	0	4	4
	1,013	469	82	533	995

The accruals for personnel costs substantially comprise obligations for outstanding vacation leave, bonuses and industrial accident insurance contributions. The accruals for suppliers in arrears relate for example to legal and

consultancy costs not yet invoiced. All accruals are short-term in nature, with a term of up to one year; no reimbursements are expected.

■ Current loans and liabilities, other liabilities

CURRENT LOANS AND LIABILITIES, OTHER LIABILITIES T€	Total 31/03/2005	Total 31/12/2004	With a term to maturity of		
			less than 1 year	1 - 5 years	> 5 years
1. Due to banks	0	6	0	0	0
2. Trade accounts payable	1,183	2,193	1,183	0	0
3. Other liabilities	3,292	3,152	3,292	0	0
	4,475	5,351	4,475	0	0



■ Trade accounts payable

The trade accounts payable totalling EUR 1,183 thousand (EUR 2,193 thousand) have a term of up to one year. They are secured to the customary extent by retention of title. The high level in the previous year stems largely from the high sales in December 2004 due to the size of the jackpot and the resulting sharp rise in commission payments to partners which had not yet been paid by the end of 2004, as well as from the higher volume of business in connection with the acquisition of DSM Lottoservice GmbH. These liabilities have now been reduced significantly to an average level.

■ Other liabilities

Other liabilities are comprised as follows:

OTHER LIABILITIES	31/03/2005 T€	31/12/2004 T€
Liabilities from lottery players	2,678	2,790
Sales tax	225	93
Income tax and church tax	111	67
Social security contributions	120	103
Other	158	99
	3,292	3,152

The liabilities from lottery players include winnings not yet paid out to players and stakes that have not yet been passed on to the lottery companies. The continuing high level compared with the previous year is due to the relatively high jackpot in March 2005 and the rapid expansion in syndicate business.

■ Deferred income

The item includes pro rata sales for syndicate games already played that were not billed until April 2005.

5.3. Consolidated Income Statement

5.3.1. Sales

Sales include revenue from the handling of lottery and horse bets, as well as from sales of licences.

The commissions from the handling of lottery and horse bets are not shown as sales until the state lotteries or racecourses have received the tickets or slips. The sales generated by the sale of licences are not reported as such until acceptance reports or other equivalent confirmations of acceptance have been received.

SALES	31/03/2005 T€	31/03/2004 T€
Commissions	1,769	1,651
Handling fees	3,064	1,188
Licence sales	0	211
Fees	87	147
Betting stakes	143	115
Revenue from call centres	0	112
Production output	51	329
Other	112	111
	5,226	3,864



The continuing high growth in the various platforms in the first quarter is reflected only to a disproportionately low extent in the revenue from commissions, in particular compared with the first quarter of 2004. This is because the lottery companies paid substantially higher commissions in the first half of 2004. The monopolistic organisation of the lottery companies within the context of the Regionalisation State Treaty since July 1, 2004 results in lower, uniform commissions for agents nationwide, with the result that revenue from commissions has risen more slowly despite the higher level of betting stakes.

On the other hand, handling revenues rose by almost than 200 per cent as a result of customer growth and the integrated syndicate business of DSM Lottoservice GmbH. It should be noted in particular that the comparative figures for the previous year do not yet include DSM Lottoservice GmbH, as the company was not included in consolidation until April 1, 2004.

The revenue from production output in connection with the administration of the syndicates and the revenue from call centre services have fallen, as these services are provided substantially for DSM Lottoservice GmbH and therefore now eliminated as intra-group transactions. It was not possible to realise any licence sales in the first quarter. The betting stakes comprise the revenue of Interjockey.

5.3.2. Production for own assets capitalised

Production for own assets capitalised relates to self-created intangible assets. These comprise exclusively software, the anticipated future benefit of which exceeds the capitalised cost.

5.3.3. Other operating income

OTHER OPERATING INCOME	31/03/2005 T€	31/03/2004 T€
Income from the reversal of accruals	82	61
Other income	17	132
	99	193

The other operating income arises substantially in connection with the reversal of accruals.

5.3.4. Cost of purchased materials

In the year under review, the cost of raw materials and consumables used amounted to EUR 7 thousand (previous year EUR 101 thousand) and the cost of purchased services totalled EUR 135 thousand (previous year EUR 110 thousand). The items relate to purchased services, the cost of which was passed on, as well as to reimbursed betting stakes. The year-on-year fall in raw materials and consumables used results from the consolidation of DSM Lottoservice GmbH, which did not yet form part of the group in the first quarter of 2004 but already had business associations with FLUXX.

5.3.5. Personnel expenses

Expenses for wages and salaries totalled EUR 1,212 thousand (previous year EUR 1,070 thousand), and social insurance contributions and expenses came to EUR 205 thousand (previous year EUR 177 thousand). No additional expenses for retirement benefits and maintenance payments were incurred.



The increase results from the recruitment of additional personnel during 2004, which had not yet filtered through into the first-quarter figures for 2004 but is evident in the first quarter of 2005 in conjunction with the employee total at the end of 2004. 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 26 thousand.

There were 95 employees at the reporting date (previous year 88). The average number of employees for the quarter was 94 (previous year 90). New employees were recruited largely for the software development and product management areas in order to help meet the requirements of lottery sales at supermarkets.

5.3.6. Depreciation and amortisation

Depreciation and amortisation totalling EUR 930 thousand (previous year EUR 200 thousand) includes EUR 886 thousand for amortisation of intangible assets and EUR 44 thousand for depreciation of property, plant and equipment. The increase results largely from the amortisation of the capitalised syndicate contracts, which result in a rise in the volume on account of the short amortisation period; this will increase further in the future. In view of the restrained investment policy, capital expenditure is relatively low apart from spending intended to expand the syndicate product. Depreciation of property, plant and equipment in particular consequently shows a downward trend. However, essential expenditure on replacement equipment and promising investments in expanding the field of business will continue to be made.

5.3.7. Other operating expenses

OTHER OPERATING EXPENSES	31/03/2005 T€	31/03/2004 T€
Marketing	776	609
Commissions	862	966
Expenses for premises	84	92
Collection charges	92	107
Rental for fixtures and fittings	8	49
Losses on receivables	108	82
Costs of annual accounts and audit	15	12
Legal and consultancy costs	89	75
Vehicle costs	26	19
Insurance, donations, membership fees	53	50
Postage	148	80
Other personnel costs	11	12
Telephone costs	68	44
Fees for data lines	31	7
Travel and entertaining expenses	42	44
Periodicals and books	3	3
Incidental costs of monetary transactions	2	2
Office supplies	7	8
Other costs	52	129
	2,477	2,390



Other operating expenses have risen only slightly by EUR 87 thousand since the first quarter of 2004, even though the 2004 figures did not yet include DSM Lottoservice GmbH. In essence, only the marketing expenses and losses on receivables rose; commission payments to partners actually showed a slight decrease.

Marketing expenses are attributable above all to more intensive marketing work at JAXX.de, which is having a highly positive impact on the acquisition of new customers by JAXX.de. The losses on receivables rose as a result of the continuing growth in revenue and the higher revenue share of syndicate business. The downturn in commissions stems from the reduced volume of business from WEB.de. The inclusion of DSM Lottoservice GmbH in the Consolidated Financial Statements is the reason for the quarter-on-quarter rise in postage costs.

The company leases vehicles, office machinery and telecommunications systems through operating lease agreements. The agreements concluded have residual terms of between one and three years. As the principal agreements have expired without being renewed, corresponding savings have been realised.

The expense from these operating lease agreements and from tenancy agreements for furniture and fittings totalled EUR 24 thousand in the quarter, and the expense from tenancy agreements EUR 70 thousand. The expenses are reported in other operating expenses under vehicle costs, rental for fixtures and fittings and expenses for premises. There are no 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 6.3).

TENANCY AND LEASE AGREEMENTS	31/03/2005 T€	31/03/2004 T€
Tenancy agreements		
Term up to 1 year	46	67
Term 1 to 5 years	185	352
Lease agreements		
Term up to 1 year	18	50
Term 1 to 5 years	103	34

5.3.8. Other interest and similar income

The other interest and similar income amounts to EUR 14 thousand (previous year EUR 4 thousand). It consists of interest on bank credit balances and loans issued. The interest was collected during the reporting period.

5.3.9. Amortisation on investments

No amortisation was made in the reporting period.

5.3.10. Interest and similar expenses

The interest and similar expenses relate to interest expenses for non-current loans and imputed interest of EUR 30 thousand pursuant to IAS 32 for the convertible bond granted interest-free. Interest is fundamentally not booked against income; it is initially added to the figure for liabilities from bonds and then, following conversion, to shareholders' equity. Of the total interest expense of EUR 66 (previous year EUR 122) thousand, an amount of EUR 36 thousand was booked against income in the period under review.



5.3.11. Result from ordinary activities

The result from ordinary activities for the group is EUR 365 thousand, compared with EUR –58 thousand for the first quarter of 2004, and has therefore improved substantially.

5.3.12. Income tax

The income tax essentially comprises the capitalised tax assets on the loss carry-forwards (tax income), and the deferred tax expense on production for own assets capitalised and on the amortisation on this. The unrecognised business expenses result predominantly from the non-recognition of interest payments between subsidiaries as a result of the new fiscal rules on shareholder debt financing (German Thin Capitalisation Rules).

With regard to income tax, we additionally make reference to the deferred taxes in Section 5.1.1. Detailed notes on how the tax rate was calculated were published in the Notes to the Consolidated Financial Statements for 2001.

5.3.13. Other tax

Other tax, where applicable, consists of motor vehicle tax and real property tax.

5.3.14. Net profit for the period

The net profit for the period is EUR 362 thousand, as against EUR 98 thousand for the prior-year period.

INCOME TAX T€	31/03/2005 Assessment base	31/03/2005 Tax expense	31/03/2004 Assessment base	31/03/2004 Tax expense
Result from ordinary activities	362		98	
Other tax	0		0	
IAS accounting profit	362	138	98	38
Fiscally unrecognised goodwill amortisation	0	0	59	23
Fiscally recognised amortisation on investments	0	0	0	0
Other differences from consolidation	–427	–163	–588	–224
Fiscally unrecognised business expenses	24	9	0	0
Temporary differences (intangible assets)	26	10	10	4
Tax result	–15	–6	–421	–159
Tax rebate for previous years		0		0
Deferred taxes on temporary differences and loss carry-forwards from previous years		10		3
Reduction in deferred tax items from 42 per cent to 38 per cent		0		0
Reported income tax expense (-) = income		4		–156



5.3.15. Earnings per share

EARNINGS PER SHARE	31/03/2005 T€	31/03/2004 T€
Consolidated earnings	362	98
Weighted average number of ordinary shares outstanding during the period under review	9,927	5,915
Basic earnings per share €	0.04	0.02
Number of dilutive shares under option	1,605	29
Number of shares that would have been issued at fair value	-647	-8
Total	10,885	5,936
Consolidated earnings (€ thousand)	362	98
Number of shares	10,885	5,936
Diluted earnings per share €	0.03	0.02

6. Further notes

6.1. Contingent liabilities

There are contingent liabilities totalling EUR 189 thousand; these consist substantially of guarantees on tenancy agreements.

6.2. 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. The following table shows the levels of cover for the principal credit risks.

Insured type	Insured total T€
Third-party insurance Business, product and environmental liability	2,000
Activity of corporate bodies	2,500
Business interruption	2,500
Electronics insurance	1,682
Accident insurance	2,500

6.3. Other financial obligations

The other financial commitments at March 31, 2005 totalled EUR 497 thousand (December 31, 2004: EUR 580 thousand). These obligations above all comprised tenancy, maintenance and lease agreements.



6.4. Segment reporting

SEGMENT REPORTING T€	B2C	B2B	Other	Consolidated transfers	Total
External sales	2,354	2,871	1	0	5,226
31/03/2004	782	3,082	0	0	3,864
Sales with other segments	1,017	870	241	-2,127	0
31/03/2004	715	344	261	-1,320	0
Total sales	3,371	3,740	242	-2,127	5,226
31/03/2004	1,497	3,426	261	-1,320	3,864
Gross income	3,234	3,640	242	-1,975	5,141
31/03/2004	1,354	3,375	234	-1,260	3,703
EBITDA	996	792	-414	-26	1,348
31/03/2004	-60	698	-349	-29	260
Result for segment before interest and taxes	73	387	-422	379	417
31/03/2004	-186	277	-353	322	60
Net interest	-190	-281	419	0	-52
31/03/2004	-178	-308	368	0	-118
Income taxes	42	-46	0	0	-4
31/03/2004	148	13	-5	0	156
Net profit or loss for the period	-76	63	-3	378	362
31/03/2004	-216	-18	10	322	98
Gross carrying value of assets	11,717	18,420	41,639	-42,707	29,069
31/12/2004	11,255	18,390	42,111	-42,164	29,592
Liabilities	18,094	22,976	2,189	-34,012	9,247
31/12/2004	17,584	23,027	4,653	-33,101	12,163
Investment	474	150	20	0	644
31/03/2004	2	87	1	0	90
Depreciation and amortisation	922	405	8	-405	930
31/03/2004	125	422	4	-351	200
Non-cash expenses	109	-130	17	0	-4
31/03/2004	-40	-75	-83	0	-198

In all, the segment results for the first quarter of 2005 compared with the corresponding quarter of the previous year have continued to improve, mirroring the positive development in the consolidated result. The B2B segment continues to generate the highest sales, at EUR 3.7 million. As this segment generated external sales (first

quarter of 2004) from the processing of syndicate business on behalf of DSM Lottoservice GmbH before the inclusion of DSM in the consolidated companies and these sales are now assigned to sales with other segments in the first quarter of 2005, the external sales are down on the prior-year quarter.



As a result of the inclusion of DSM Lottoservice GmbH in the consolidated companies and the allocation of this company to the B2C segment, the latter has posted a disproportionately steep rise in sales. The gross profit has risen by a correspondingly steep 138 per cent since the first quarter of 2004. With expenses running at a moderate level, the result is high EBITDA in conjunction with a sharp rise in depreciation and amortisation, leaving a just positive EBIT for the segment.

The B2B segment continues to contribute high earnings and generates the lion's share of consolidated EBIT.

The B2B segment still has to absorb the cost of purchasing software licences for both segments and the resulting amortisation, as well as the cost of assuming the B2C segment's liabilities in respect of the holding company for the payment of the purchase price for these software licences. The amortisation and interest expense are consequently very high, and continue to diminish the segment result for the period substantially. The same applies to the interest burden for the B2C segment. In this segment, there are still high loans from the financing of the high losses of 2000-2002 by the holding company. The interest burden is correspondingly high. Both segments therefore report high liability items, which are mirrored by corresponding loans receivable for the holding company. Capital expenditure in the B2C segment has risen sharply as a result of the expansion of syndicate business, as has the raising of loans within the group to finance capital expenditure.

Secondary data structured by geographical region have not been provided, since well over 90 per cent of sales are generated within Germany.

6.5. Finance and investment

In the first quarter of 2005, FLUX AG accrued cash from the earnings before depreciation and amortisation, deferred tax, interest and other non-cash expenses of EUR 1,309 thousand. The build-up of accounts receivable

and other assets resulted in short-term tied-up capital of EUR –68 thousand. The reduction in liabilities and accruals compared with the high levels at December 31, 2004 resulted in an outflow of EUR –856 thousand. Further funds totalling EUR –33 thousand were used for interest payments. The cash flow from operating activities amounted to EUR 352 thousand.

A sum of EUR –585 from the positive cash flow was used for capital expenditure predominantly on software, hardware infrastructure components and syndicate contracts; this contrasts with interest receipts totalling EUR 14 thousand. The result is a cash flow from investing activities of EUR –571 thousand. The net cash flow before investing activities is thus EUR –219 thousand.

The company was thus again largely able to finance its own activities in the first quarter of 2005.

The repayment of loans for Sellin resulted among other things in an outflow of funds of EUR –23 thousand. The overall cash flow for the period is consequently EUR –242 thousand.

6.6. Total remuneration of the Supervisory Board and Management Board

The total remuneration of the Management Board in the period under review was EUR 121 thousand. The Shareholders' Meeting on May 14, 2002 moreover approved an annual remuneration of EUR 5 thousand per member, plus proven expenses, for the work of the Supervisory Board, until further notice. Insofar as sales tax is due on the remuneration, the company is obliged to refund it. Supervisory Board members who have belonged to the Supervisory Board for only part of a financial year receive a pro rata payment. A sum of EUR 4 thousand was set aside in the period under review. The underlying resolution by the Shareholders' Meeting was entered in the Commercial Register on October 23, 2002.



6.7. Related parties

Accounts receivable from members of the Board of Management totalled EUR 3 thousand. The following table shows the amounts due to related parties which diminished the result for 2005. The amounts concerned are in respect of consultancy fees and interest.

	31/03/2005 T€	31/03/2004 T€
GWU mbH (Managing Director Antje Stoltenberg, Supervisory Board member)	5	0
NIB (shareholder)	0	68
Total	5	68

GWU mbH provides general and tax consultancy services for the company.

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 business premises in Altenholz, near Kiel, which FLUXX AG occupied in May 2004, are rented from the shareholder DSM Direct Sales Marketing GmbH. A monthly rent of EUR 6 thousand, including ancillary costs, is paid. There were receivables totalling EUR 31 thousand from DSM Direct Sales Marketing GmbH.

6.8. Stock option plans

The Shareholders' Meetings of August 20, 1999, May 9, 2000 and May 3, 2001 passed resolutions to increase the authorised but unissued capital stock by a total of up to 505,800 individual share certificates exclusively for the granting of subscription rights in the context of stock option schemes, and as the basic framework for the stock option schemes to be established by the Management Board.

The conditional increase in capital stock is only to be implemented insofar as the bearers of the stock options issued actually exercise their stock option in accordance with § 192 Para. 2 No. 3 of German Stock Corporation Law. The strike price corresponds to the actual market price at the time of the stock options' issue. The strike price for options issued before the initial public offering is EUR 3.85. A condition of exercising the options granted is that the share price must have reached at least 120 per cent of the share price at the time of issue (strike price).

An employee may exercise up to one-third of their stock options after a period of two years, in other words no earlier than 2001, up to two-thirds of their stock options after a further year and all their stock options after a period of five years. The options must be exercised within a period of no more than eight years. The above periods begin upon issue of the options. In each year, the options may only be exercised within two-week periods beginning on the ninth trading day

- After the Ordinary Shareholders' Meeting of the company,
- After the Annual Press Conference and
- After the day on which Deutsche Börse AG has made available the company's quarterly report to the public.

At March 31, 2005 there remained 227,792 stock options issued under the various schemes. In April 2005, 25,953 stock options were exchanged for shares in the company.



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 shareholders' equity entry is corrected again.

A total of 148,600 options issued after November 7, 2002 fall under the rules of IFRS 2. Of these options, a total of 12,000 were issued to members of the Management Board at the start of 2003, as well as 101,851 options to members of the group in June/July 2004 and 34,749 options to members of the Management Board. The options were measured at market price upon issue, applying the Black Scholes option price model. The weighted average share price upon issue of the shares was EUR 2.31. The money market interest rate was assumed to be 2.2 per cent and the volatility of the shares 65%, based on current market data at the time of preparation of these accounts. The 20 per cent exercise threshold was taken into account in the calculating using the above model. The staggered vesting period and a fluctuation based on the average for the past 3 years of 20 per cent per year were likewise taken into account. On the basis of these parameters, the average option price was EUR 0.87 per option and the total value of all options EUR 129 thousand before fluctuation, over the entire term. The pro rata expense for the first quarter is EUR 26 thousand, taking fluctuation into account.

All options issued and falling under IFRS 2 existed at the reporting date of March 31, 2005. No options had expired or been exercised.

7. Other particulars

■ Corporate bodies

The members of the Management Board are

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

Members of the Supervisory Board

- Goetz Graf von Hardenberg, Hamburg, Chairman, company director
- Antje Stoltenberg, Kiel, auditor
- Frank Motte, Gerlingen, management member

In addition to their membership of the Supervisory Board of FLUXX.AG, the following persons hold other non-executive directorships as follows:

- Frank Motte: Weigl Group AG, Pöttmes

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

Susat & Partner oHG was not mandated in the first quarter. This company is in the first instance mandated by FLUXX to audit the annual accounts.

Kiel, May 9, 2005

Rainer Jacken Mathias Dahms Stefan Hänel