

Nine month' report
January 1 to September 30 2007
(IFRS, unaudited)





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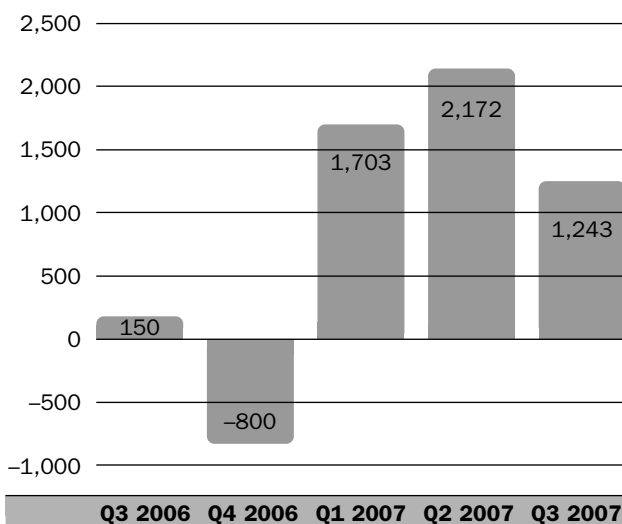
FLUXX key data

FLUXX KEY DATA (IFRS)

Income Statement	Q1-Q3 2007	Q1-Q3 2006	Q3 2007	Q3 2006	Q2 2007	Q1 2007
	T€	T€	T€	T€	T€	T€
Gross sales	92,243	93,490	32,455	31,379	31,938	27,850
Betting stakes	44,206	58,195	15,722	19,560	14,651	13,833
Revenues	48,037	35,295	16,733	11,819	17,287	14,017
EBITDA	5,118	1,334	1,243	150	2,172	1,703
EBIT	-4,056	-3,012	-1,897	-1,464	-1,367	-792
Consolidated earnings	-4,559	-1,523	-2,844	-792	-1,078	-637
Earnings per share (€), Basic	-0.31	-0.10	-0.19	-0.05	-0.08	-0.04
Earnings per share (€), Diluted	-0.31	-0.10	-0.19	-0.05	-0.08	-0.04
Employees (average for the period)	148	124	147	137	145	145
Revenue per employee	325	285	114	86	119	97
Personnel expenses per employee	41	42	14	14	14	13
Balance sheet	30/09/2007	31/12/2006				
	T€	T€				
Non-current assets	34,407	31,690				
Cash & cash equivalents (incl. securities)	8,425	17,098				
Shareholders' equity	34,563	39,035				
Balance sheet total	50,995	55,629				
Equity ratio	67.8 %	70.2 %				

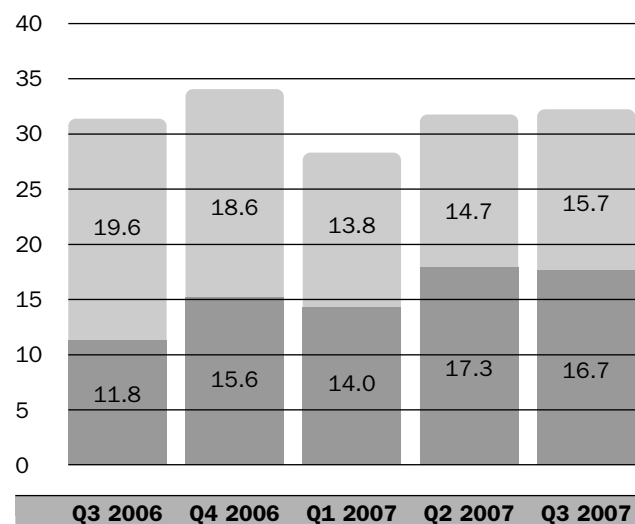
EBITDA (EUR thousand)

■ EBITDA



SALES (EUR million)

■ Betting stakes ■ Revenue





Interim Group Management Report of FLUXX AG at September 30, 2007

1. Business and general situation

a. Development of the general economic situation

The positive overall economic situation in Germany and Europe gained further stability in the third quarter of 2007. Although the Ifo business barometer has fallen slightly in the past three months, it remains close to its record level. Both business expectations and the current business situation point towards robust economic growth in the coming quarters. The consumer climate, having recovered from the shock of the VAT rate increase at the start of the year, is in itself now also showing a growth rate of almost 3.0 per cent. Experts forecast that real gross domestic product for 2007 should be up approximately 2.8 per cent on the previous year. A more restrictive monetary and fiscal policy and the appreciation of the euro have not yet had any noticeable negative impact, as the global economy continues to grow dynamically. Since the recovery in the labour market will continue and disposable incomes will rise following higher collectively negotiated pay settlements, private consumption will make a slightly bigger contribution towards growth.

The market indicators throughout Europe 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 show considerable confidence, experts expect the economy to develop robustly in 2007, too. The subprime crisis in the USA should have only a marginal impact on European growth. Private consumption is profiting from the recovery in the labour markets. Thanks to increased company profits and a slightly higher level of capacity utilisation, companies' propensity to invest will also rise. In the eurozone, experts expect a growth rate of 2.7 per cent for 2007.

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. In our assessment the sales of German lottery companies continue to fall as a result of slightly reduced advertising in anticipation of the planned State Treaty on gaming. Sales in the field of sports betting typically recover somewhat in the third quarter due to the seasonal factor that Europe's football leagues start their new season in mid-August.

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.

The EU Commission has reaffirmed its belief that the planned State Treaty is incompatible with current EU law. The commissioners have furthermore pointed out that not just the State Treaty itself but also each of the 16 state implementing statutes falls under the notification requirements as they would in some cases involve tighter controls than the State Treaty. This would prevent ratification of the State Treaty by the scheduled deadline of the end of the year, as the process of notifying the EU of laws includes a three-month cooling-off period. As far as the company is aware, none of the 16 federal states has initiated a notification procedure to date.

In a report by the Research Service of the Schleswig-Holstein State Parliament, it voiced legal reservations regarding core aspects of the State Treaty on gaming, which could pose a considerable threat to the overall survival of the State Treaty on gaming. The President of the State Parliament, Martin Kayenburg, responded by calling on its members to "review whether the State Treaty is fit for approval".

**c. Business progress**

Thanks to strong growth in the sports betting and lottery syndicates areas, revenue in the first nine months of 2007 was boosted by 36 per cent compared with the same period of 2006, to EUR 48.0 million. Earnings before interest, tax, depreciation and amortisation (EBITDA) also improved by more than 284 per cent to EUR 5.1 million thanks to the disproportionately low increase in operating costs. However, high depreciation and amortisation on the substantially increased volume of syndicate contracts and the continuing high level of expenses for legal proceedings and legal consultancy in connection with the regulatory developments in the German gaming market continue to be a burden on earnings before interest and tax (EBIT), which is clearly negative at EUR -4.1 million. Nevertheless, rapid growth in the sports betting and syndicates areas indicates that profitability can be reached rapidly if the regulatory framework is relaxed.

■ Sports Betting

FLUXX was able to maintain growth at the previous rate in the sports betting area. In the third quarter of 2007, bets of around EUR 10.3 million were placed on sporting events, for the most part via myBet.com's products. This represents a year-on-year increase of 56 per cent compared with the third quarter of 2006. The bookmaking margin was increased from 15 per cent to 20 per cent. The betting volume rose by 43 per cent in the first nine months of the year, from EUR 19.8 million in 2006 to EUR 28.4 million, and the average margin for the nine-month period was up from 15 to 22 per cent.

The subsidiary JAXX UK Ltd., established at the end of December in the UK, did not yet generate any sales in the first nine months of 2007. The betting range is to be launched on the British market in November, slightly later than originally scheduled. JAXX has succeeded in recruiting the online portal AOL and the Premier League football clubs Newcastle United and West Ham United as marketing partners.

■ Online lottery agency operations

The betting stakes handled using services supervised by FLUXX amounted to EUR 15.7 million in the third quarter of 2007 and were thus 20 per cent down on the corresponding figure for the third quarter of 2006. On the other hand, sales were seven per cent up on the second quarter of 2007, thanks mainly to two relatively large jackpots at the start of July and the end of September. Compared with the previous year's nine-month period, lottery stakes handled were down 24 per cent, from EUR 58.2 million to EUR 44.2 million. The commissions resulting from this agency business consequently fell by over 15 per cent to EUR 4.2 million at the nine-month mark.

As expected, sales by the Spanish investment DigiDis have notably recovered. This development is attributable to tickets for the popular Spanish Christmas lottery going on sale in August. To extend its sales scope, DigiDis has entered into an online partnership with one of the largest and best-known ticket sellers in the Spanish market, the "Golden Witch" (La Bruja de Oro). An amount of approx. EUR 0.5 million was invested in this partnership.

■ Syndicates

The pace of expansion for syndicate business was reined in as planned in the third quarter of 2007. Depreciation and amortisation, which results largely from the capitalisation of contract acquisition costs, correspondingly fell to around EUR 3.1 million in the third quarter. The handling income, which is generated mainly by handling syndicate business, amounted to EUR 4.5 million for the third quarter. Cumulatively, depreciation and amortisation after nine months reached EUR 9.2 million (previous year: EUR 4.3 million) and handling income EUR 14 million (EUR 8.7 million).



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

FLUXX has been operating a system for playing the state lottery at around 10,000 branches of the drugstore chain SCHLECKER since August 2007. Individual state lottery companies persist in their attempts to obstruct the service by means of public campaigns and legal recourse, even though the legitimacy of the JAXX Lottery Service has been endorsed by a supreme-court ruling.

In response to an advertising campaign by individual lottery companies, JAXX has cut the prices for lottery tickets, in consultation with SCHLECKER, with the result that in certain states it is now cheaper to buy lottery tickets at SCHLECKER stores than at conventional lottery agencies. This price reduction has no significant impact on FLUXX's profit margin.

The Lottery Service is not yet currently available in Saxony-Anhalt as a result of a state-specific implementing statute that has already been declared non-applicable at the court of first instance. In the Saarland, the service has been temporarily suspended due to an injunction. The legal advisors of JAXX and SCHLECKER nevertheless expect that the injunction will be lifted once the matter has been considered in depth by the court.

From an economic viewpoint, the Lottery Service at Schlecker is progressing in line with FLUXX management's expectations. An amount of approx. EUR 0.8 million was invested in the partnership by FLUXX.

In addition to the SCHLECKER branches, FLUXX has installed a more elaborate terminal version for the JAXX Lottery Service at around 700 other supermarkets, filling stations and other retail outlets. As the investment and operating cost for the latter is substantially higher than for the technically straightforward Schlecker version because of the additional hardware required and the cost of running it, the agency proceeds are not yet sufficient to cover the cost of operating and financing these terminals.

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 36 per cent in the first nine months of 2007 compared with the prior-year period, from EUR 35.3 million to EUR 48.0 million. This figure includes bookmaking revenues of EUR 28.4 million generated largely via the betting and casino operations of myBet.com. The betting stakes processed by FLUXX on behalf of lottery companies in the first nine months dropped by 24 per cent to EUR 44.2 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 92.2 million at the end of the third quarter, compared with EUR 93.5 million in the prior-year period.

59 per cent of revenue in the period under review stemmed from bookmaking revenues from sports and horse betting, nine per cent from commissions on lottery stakes and 29 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 18 per cent and sports betting business for 57 per cent.



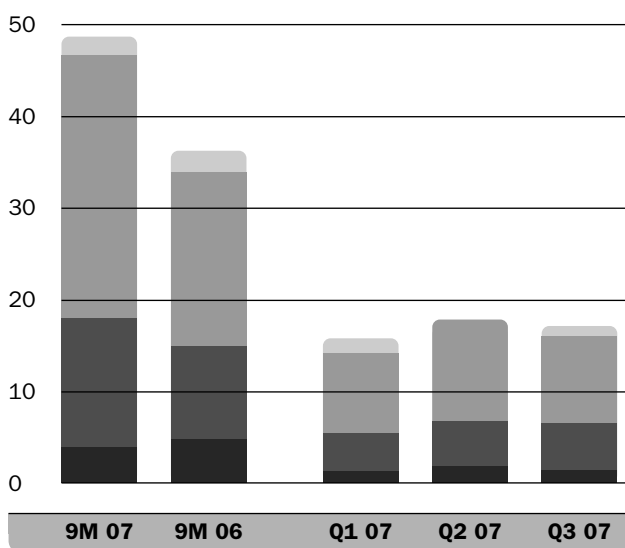
Revenue rose by 42 per cent, from EUR 11.8 million in the third quarter of 2006 to EUR 16.7 million in the third quarter of 2007, with bookmaking revenues contributing EUR 10.3 million of this amount. Betting stakes fell from EUR 19.6 million to EUR 15.7 million; gross sales were marginally up on the previous year at EUR 32.5 million.

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 thanks to optimised risk management.

REVENUE	9M 2007 T€	9M 2006 T€	Change %	Q1 2007 T€	Q2 2007 T€	Q3 2007 T€	Q3 2006 T€	Change %
Gross sales	92,243	93,490	-1.3	27,850	31,938	32,455	31,379	+3.4
Betting stakes	44,206	58,195	-24	13,833	14,651	15,722	19,560	-20
Revenues of which	48,037	35,295	+36	14,017	17,287	16,733	11,819	+42
• commissions	4,215	4,985	-15	1,169	1,601	1,445	1,637	-12
• handling fees	14,025	8,739	+60	4,316	5,227	4,482	3,102	+44
• bookmaking revenues	28,373	19,820	+43	7,732	10,362	10,279	6,585	+56

DEVELOPMENT IN REVENUE

(sales EUR million)



Source: FLUXX

The cost of materials was up 31 per cent on the same period of the previous year, from EUR 16.8 million to EUR 22.0 million; the figures for the third quarter showed a rise of 46 per cent, from EUR 5.6 million to EUR 8.2 million.

Personnel expenses likewise rose much more slowly than revenues in the first nine months of 2007, up 15 per cent from EUR 5.2 million to EUR 6.0 million. In the third quarter of 2007, personnel expenses amounted to EUR 2.1 million, as against EUR 1.9 million in the third quarter of 2006.

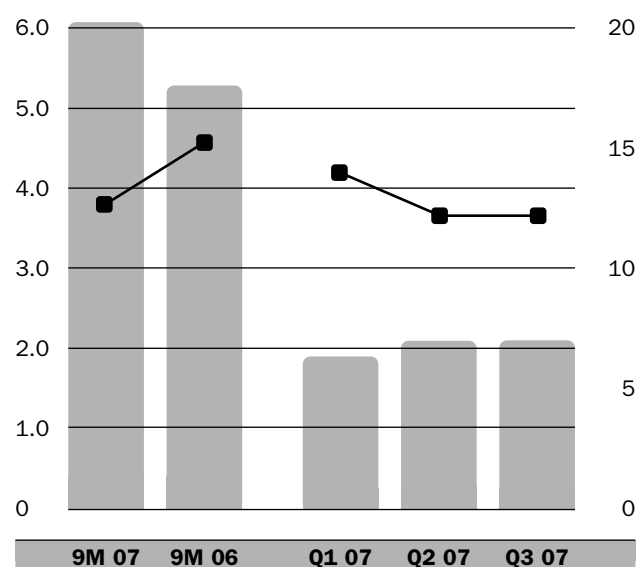


The average number of employees rose from 117 in the first nine months of 2006 to 148. Per capita expenditure was slightly down on the previous year's level at EUR 41 thousand. Per capita revenues rose from EUR 285 thousand to EUR 325 thousand. The personnel expenses ratio was further reduced from 14.9 per cent to 12.6 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 21 per cent in the first three quarters of 2007 compared with the prior-year period, from EUR 13.6 million to EUR 16.5 million. In addition to agency commission on the lottery and betting stakes due to partner organisations (EUR 4.8 million), there was a sharp rise particularly in legal and consultancy costs (EUR 1.7 million). Marketing spending of EUR 5.1 million was barely seven per cent up on the prior-year period despite the high activity designed to acquire new customers in the Sports Betting segment. Marketing costs as a proportion of revenue consequently fell from 14 to 11 per cent. The other operating expenses ratio was down slightly from 39 to 34 per cent.

DEVELOPMENT IN PERSONNEL EXPENSES

(EUR million/per cent)



Source: FLUXX

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose sharply by 284 per cent in the first nine months, from EUR 1.3 million to EUR 5.1 million, as a

DEVELOPMENT OF THE PRINCIPAL EXPENSE ITEMS	9M 2007 T€	9M 2006 T€	Change %	Q1 2007 T€	Q2 2007 T€	Q3 2007 T€	Q3 2006 T€	Change %
Cost of purchased materials	22,020	16,779	+31	5,102	8,738	8,180	5,560	+47
Personnel expenses	6,036	5,243	+15	1,904	2,065	2,067	1,900	+8.8
Employees (average)	148	124		145	145	145	137	
Other operating expenses of which	16,475	13,635	+21	5,550	5,215	5,710	4,798	+19
• marketing	5,099	4,876	+4.6	1,485	1,944	1,670	1,832	+29
• legal and consultancy costs	1,720	1,023	+68	407	586	727	290	+151



result of the high growth and the disproportionately low increase in expenses. In the third quarter, EBITDA rose by 734 per cent from EUR 149 thousand to EUR 1.2 million. This was however nearly EUR 1 million down on EBITDA for the second quarter of 2007, mainly as a result of significantly higher legal and consultancy costs as well as up-front payments for sales partnerships.

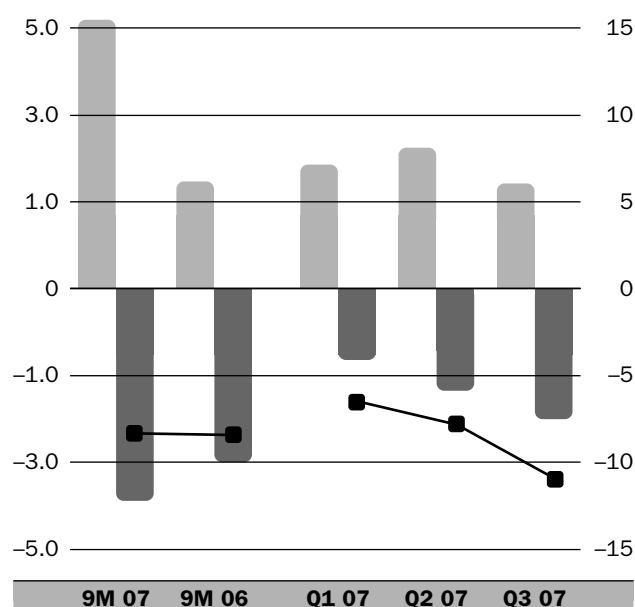
Depreciation and amortisation as a result of the capitalisation of the acquisition costs for syndicate contracts rose sharply in consequence of the expanded portfolio. In the first nine months of 2007, depreciation and amortisation reached EUR 9.2 million compared with EUR 4.3 million in 2006. Earnings before interest and taxes (EBIT) thus fell from EUR –3.0 million in the first nine months of 2006 to EUR –4.1 million in 2007. In a direct comparison of the third quarters, EBIT was down from EUR –1.5 million in 2006 to EUR –1.9 million in 2007.

The consolidated result for the third quarter of 2007 amounted to EUR –2.8 million, as against EUR –0.8 million for the third quarter of 2006. For the nine-month period, the result deteriorated from EUR –1.5 million in 2006 to EUR –4.6 million in 2007. Earnings per share amounted to EUR –0.31, compared with EUR –0.10 in the first nine months of 2006.

The corporate tax reform passed by the Federal Council at the start of July and taking effect from January 1, 2008 is treated as a one-off effect and results in the remeasurement of deferred taxes. The deferred tax assets have been

DEVELOPMENT IN EARNINGS (EBITDA/EBIT)

(EUR million/per cent)



Source: FLUXX

- EBITDA
- EBIT
- EBIT-Marge

adjusted by EUR 1.5 million as an expense, booked against income, and the deferred tax liabilities by EUR 139 thousand, booked against earnings. Taxes on current earnings for the reporting period have been created at the anticipated tax rate of 30 per cent where it is expected that they will only be used from 2008.

EARNINGS	9M 2007 T€	9M 2006 T€	Change %	Q1 2007 T€	Q2 2007 T€	Q3 2007 T€	Q3 2006 T€	Change %
EBITDA	5,118	1,333	+284	1,703	2,172	1,243	149	+734
EBIT	-4,056	-3,012	-35	-792	-1,367	-1,897	-1,464	-30
Consolidated earnings	-4,559	-1,523	-104	-637	-1,078	-2,844	-792	-259
Earnings per share	-0,31	-0,10		-0,04	-0,08	-0,19	-0,05	



3. Financial position

Operating activities during the first three quarters 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. The overall cash flow for the first nine months of 2007 therefore amounted to EUR –6.3 million.

In connection with the announced takeover bid for SPORTWETTEN.DE AG, FLUXX AG already accumulated minor levels of shares in SPORTWETTEN.DE AG of less than three per cent in September. As part of this process securities amounting to around EUR 1,250 thousand were sold, with the transaction now booked to investments.

Cash and cash equivalents, including shareholdings, therefore amounted to only EUR 8.4 million at September 30, 2007. The successfully placed 2007/2011 convertible bond (see also “5. Report on post-balance sheet date events”) will generate a renewed inflow of cash of around EUR 9.8 million in the fourth quarter.

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	30/09/2007 T€	31/12/2006 T€
Cash	8,425	17,098
Liquidity ratio 2	132 %	199 %

4. Net worth

The net worth rose by EUR 2.7 million in the first nine months of 2007 compared with the position at the reporting date of December 31, 2006. The rise stems largely from the capitalisation of syndicate contracts. Current assets fell by EUR 7.4 million to EUR 16.6 million mainly as a result of the outflow of liquid funds.

With a balance sheet total of EUR 51 million, the equity ratio has fallen slightly to 67.8 per cent.

Non-current liabilities fell by EUR 731 thousand to EUR 3.8 million, as the Direct Lotto terminals are financed and paid for by means of a lease agreement. The current liabilities rose by EUR 569 thousand and amounted to EUR 12.6 million at September 30, 2007.

SHAREHOLDER'S EQUITY AND BORROWED CAPITAL	30/09/2007 T€	31/12/2006 T€
Shareholders' equity	34,563	39,035
Borrowed capital (long-term)	3,834	4,565
Equity ratio	67.8 %	70.2 %

■ Voting rights

At the reporting date of September 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 14,569,171. 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.



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 September 30, 2007 are as follows:

Name	Position	Type of security	Position at 31/12/2006	Additions	Disposals	Position at 30/09/2007
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

On October 16, 2007 FLUXX AG announced its decision to submit a takeover bid to the shareholders of SPORTWETTEN.DE AG.

FLUXX proposes to pay the shareholders of SPORTWETTEN.DE AG the sum of EUR 1.05 per SPORTWETTEN.DE share in cash, by way of a voluntary public takeover bid. This puts the value of SPORTWETTEN.DE AG at EUR 11.35 million.

FLUXX AG intends to use the takeover bid as a means of strengthening its market position in the field of horse betting. SPORTWETTEN.DE AG has developed into one of the leading providers of horse betting on the internet in recent years. Bets can be placed on horse races in 14 countries, some of which are broadcast live on the internet. Sports betting is no longer offered in view of recent developments affecting the legal framework.

In a separate ad hoc information, FLUXX AG likewise announced on October 16, 2007 that it has already acquired 25.4 per cent of the shares in SPORTWETTEN.DE AG.

FLUXX AG placed a convertible bond on the capital market to finance the takeover. 3,640,000 debentures in total were issued at a price of EUR 2.68 each. The units not subscribed by the existing shareholders by virtue of their subscription right were placed with institutional investors. FLUXX AG has thus accrued a total of EUR 9.755 million from the proceeds of the issue.

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. The planned takeover of SPORTWETTEN.DE AG is likewise to be viewed in this context. The company also considers the acquisition of further 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

FLUXX will be placing the spotlight on European-wide expansion in the remaining weeks of the 2007 financial year and at the start of the next financial year. The emphasis will be on launching the sports betting service at AOL UK, clinching further partnership agreements, extending the product portfolio of JAXX in the United Kingdom, stepping up the online and offline activities of the myBet Group, and the lottery agency activities by DigiDis in Spain.

The regulatory debate in Germany is now entering its decisive phase, because the state parliaments will have to approve the state-specific implementing statutes by the end of the year if the State Treaty is to be ratified in time.



So far, however, only the parliament of North Rhine-Westphalia has approved the legislation and some states have not even presented a draft for debate.

Most of the implementing statutes that have been presented contain amendments or more stringent provisions than the general State Treaty on gaming. The EU Commission therefore believes that these likewise require notification. The Federal government officially confirmed this in response to a query by a state parliament member. As the notification procedure begins with a three-month cooling-off period, ratification by December 31 will no longer be possible. If the law is nevertheless ratified, it will take effect but legal experts believe that it could not be enforced by the courts and the EU Commission could suspend it again.

In view of the exceptional burden of costs incurred in the first nine months of 2007, the Management Board of FLUXX AG believes it will no longer be possible to break even for 2007 as a whole solely on the strength of business operations. In the fourth quarter of 2007, it may be possible to achieve a substantially better result through the long-planned disposals of assets such as syndicate contracts. It can then be assumed that the anticipated gains will suffice to cancel out the cumulative losses of the preceding quarters.

With regard to revenue, the Management Board confirms its expectations of double-digit growth both for the current financial year and for 2008. In embarking on a drive to curtail acquisitions of new syndicate contracts, the Management Board is moreover planning gradually to realise the cash flow reserves of some EUR 15.0 million that are tied up in the portfolio of contracts.

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, November 7, 2007

Rainer Jacken

Mathias Dahms

Stefan Hänel



Consolidated Balance Sheet at September 30, 2007

ASSETS	Note	30/9/2007 T€	31/12/2006 T€
A. NON-CURRENT ASSETS			
I. Intangible assets	6.1.1	18,307	16,278
1. Goodwill		10,962	10,400
2. Other intangible assets		7,345	5,878
II. Property, plant and equipment	6.1.2	6,328	6,562
1. Land and buildings		1,201	1,191
2. Other plant and equipment		3,799	2,821
3. Payments on account		1,328	2,550
III. Financial assets	6.1.3	1,252	3
Investments		1,252	3
IV. Deferred taxes	6.1.4	8,520	8,847
B. CURRENT ASSETS			
I. Inventories	6.2.1	23	30
II. Receivables and other assets	6.2.2	6,421	6,350
1. Trade accounts receivable		2,251	1,764
2. Miscellaneous assets		4,170	4,586
III. Securities	6.2.3	184	2,579
IV. Cash on hand, cash in banks	6.2.4	8,241	14,519
of which freely available (net cash)		5,278	12,539
V. Prepaid expenses	6.2.5	1,719	461
TOTAL ASSETS		50,995	55,629



Consolidated Balance Sheet at September 30, 2007

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	30/09/2007 T€	31/12/2006 T€
A. SHAREHOLDERS' EQUITY		34,563	39,035
I. Share capital	6.3.1	14,569	14,563
II. Additional paid-in capital	6.3.4	52,179	52,112
III. Accounting loss	6.3.5	-32,510	-28,137
IV. Minority interest	6.3.6	325	497
B. NON-CURRENT LIABILITIES		3,834	4,565
1. Deferred tax liabilities	6.4.1	576	388
2. Tax on profit	6.4.1	56	56
3. Finance lease liabilities	6.4.2	2,292	3,184
4. Due to banks	6.4.2	910	937
C. CURRENT LIABILITIES		12,598	12,029
1. Bonds	6.4.2	91	88
2. Due to banks	6.5.2	1,083	1,146
3. Current finance lease liabilities	6.4.2	1,193	1,179
4. Trade accounts payable	6.5.2	2,208	1,936
5. Other liabilities	6.5.2	6,240	6,031
6. Other accruals	6.5.1	1,722	1,598
7. Deferred tax liabilities	6.5.3	61	51
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		50,995	55,629

Consolidated Income Statements for the period January 1 to September 30, 2007

	Note	30/09/2007 T€	30/09/2006 T€
Gross sales		92,243	93,490
Betting stakes		44,206	58,195
1. Revenue	4.2	48,037	35,295
2. Production for own assets capitalised	4.3	1,205	441
3. Other perating income	4.4	407	1,255
4. Cost of purchased materials	4.5	22,020	16,779
a) Raw material and supplies		0	0
b) Cost of purchased services		22,020	16,779
5. Personnel expenses	4.6	6,036	5,243
a) Wages and salaries		5,208	4,507
b) Social insurance		828	736
6. Depreciation and amortisation on intangible assets and on property, plant and equipment	4.7	9,174	4,345
7. Other operating expenses	4.8	16,475	13,635
Operating profit/loss		-4,056	-3,012
8. Other interest and similar income	4.9	260	682
9. Depreciation of marketable securities	4.9	0	37
10. Interest and similar expenses	4.9	242	432
Finance result	4.9	18	213
11. Result before tax	4.10	-4,038	-2,799
12. Income tax	4.11	852	1,276
13. Adjustment for tax carry-forwards	4.11	-1,373	0
14. Other tax	4.12	0	0
15. Net profit or loss for the period	4.13	-4,559	-1,523
16. Minority interest in earnings		186	395
17. Earnings less minority interest		-4,373	-1,128
18. Loss carry-forward from previous year		-28,137	-19,045
19. Accounting loss		-32,510	-20,173
20. Earnings per share			
Basic earnings per share (€)		-0.31	-0.10
Diluted earnings per share (€)		-0.31	-0.10

Consolidated Income Statements for the period July 1 to September 30, 2007

	Note	Q3 2007 T€	Q3 2006 T€	Q2 2007 T€	Q1 2007 T€
Gross sales		32,455	31,379	31,938	27,850
Betting stakes		15,722	19,560	14,651	13,833
1. Revenue	4.2	16,733	11,819	17,287	14,017
2. Production for own assets capitalised	4.3	411	205	708	86
3. Other perating income	4.4	56	383	195	156
4. Cost of purchased materials	4.5	8,180	5,560	8,738	5,102
a) Raw material and supplies		0	0	0	0
b) Cost of purchased services		8,180	5,560	8,738	5,102
5. Personnel expenses	4.6	2,067	1,900	2,065	1,904
a) Wages and salaries		1,784	1,635	1,783	1,641
b) Social insurance		283	266	282	263
6. Depreciation and amortisation on intangible assets and on property, plant and equipment	4.7	3,140	1,613	3,539	2,495
7. Other operating expenses	4.8	5,710	4,798	5,215	5,550
Operating profit/loss		-1,897	-1,464	-1,367	-792
8. Other interest and similar income	4.9	87	196	78	95
9. Depreciation of marketable securities	4.9	0	9	0	0
10. Interest and similar expenses	4.9	75	93	85	82
Finance result	4.9	12	94	-7	13
11. Result before tax	4.10	-1,885	-1,370	-1,374	-779
12. Income tax	4.11	414	578	296	142
13. Adjustment for tax carry-forwards	4.11	-1,373	0	0	0
14. Other tax	4.12	0	0	0	0
15. Net profit or loss for the period	4.13	-2,844	-792	-1,078	-637
16. Minority interest in earnings		64	149	89	33
17. Earnings less minority interest		-2,780	-643	-989	-604
18. Loss carry-forward from previous year		-29,730	-19,530	-28,741	-28,137
19. Accounting loss		-32,510	-20,173	-29,730	-28,741
20. Earnings per share					
Basic earnings per share (€)		-0.19	-0.05	-0.08	-0.04
Diluted earnings per share (€)		-0.19	-0.05	-0.08	-0.04



Cash Flow Statement for the period January 1 to September 30, 2007

	30/09/2007 T€	30/09/2006 T€
• Net profit or loss for the period	-4,559	-1,523
• Depreciation on fixed assets	9,174	4,345
• Depreciation on financial assets and marketable securities	0	0
• Increase/decrease in long-term accruals	0	225
• Finance income	-260	-682
• Interest expense	242	432
• Other non-cash expenses and income/deferred taxes	-661	-1,391
• Profit/loss from the disposal of fixed assets	-36	-975
Cash flow before changes to working capital	3,900	431
• Change in inventories, receivables and other assets	-1,322	1,804
• Change in liabilities and other items on the shareholders' equity and liabilities side	492	1,060
• Increase/decrease in short-term accruals	123	-245
Cash flow from operating activities	3,193	3,050
• Interest paid	-242	-420
• Income taxes paid	0	0
Cash flow from operating activities	2,951	2,630
• Cash receipts from disposals of fixed assets	34	975
• Cash payments for investments in fixed assets	-9,153	-7,380
• Cash payments for investments in consolidated companies	0	0
• Cash payments for investments in subsidiaries	-548	-3,000
• Acquisition of investments and other financial assets	-1,249	0
• Interest received	260	588
Cash flow from investing activities	-10,657	-8,817
• 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	-878	2,813
• Cash receipts/payments for current investments	2,395	0
• Repayments of bonds and loans	-90	-363
Cash flow from financing activities	1,427	2,450
• Change in consolidated companies	0	-2,814
Overall effective adjustment	-6,279	-6,552
Cash and cash equivalents at the start of the period	14,519	26,230
Cash and cash equivalents at the end of the period	8,241	19,678
• Progression from financial resources to net cash position	8,241	19,678
• Betting stakes passed on	1,924	2,331
• Securities provided	1,039	63
Net cash position	5,278	17,283

Development in capital accounts for the period January 1, 2007 to September 30, 2007

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	3
Premiums earned from employee stock options		64			64	
Exercising of employee stock options	6	3			9	
Capital increase for myBet (QED)				100	100	
Purchase of myBet (QED) shares			0	-86	-86	
Result, for 9M/2007			-4,373	-186	-4,559	
Position at September 30, 2007	14,569	52,179	-32,510	325	34,563	91



FLUXX AG Interim Report at September 30, 2007

Consolidated Financial Statements at September 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 nine-month financial statements at September 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 nine-month 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	14,569	–
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	183	70.00
JAXX.COM Holding Ltd.	Malta	1	99.20
QED Ventures Ltd.	Malta	4	82.42
JAXX.COM UK Ltd.	London, UK	0.2	100.00
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	82.42
JAXX.COM Sportsbetting Ltd.	Malta	20	99.20
JAXX.COM Lottery Ltd.	Malta	10	99.20
PEI Ltd.	Malta	3	82.42
SWS Wettshopservice GmbH	Berlin	25	82.42
myBet GmbH	Vienna, Austria	35	82.42

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	30/09/2007 T€	30/09/2006 T€
Commissions	4,215	4,985
Handling fees	14,025	8,739
Licence sales	0	420
Fees	145	196
Betting stakes	28,373	19,820
Production output	0	351
Other	1,279	784
	48,037	35,295

4.3 Production for own assets capitalised

An amount of EUR 1,205 thousand was invested in self-created software in the first nine months 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	30/09/2007 T€	30/09/2006 T€
Income from the reversal of accruals	85	149
Income from the reduction in impairment losses on receivables	0	0
Income from the disposal of fixed assets	29	975
Other income	293	131
	407	1,255

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 19 per cent.

4.6 Personnel expenses

Personnel expenses rose by 15 percent. 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 64 thousand. There were 156 employees at the reporting date (previous year 141). The average number of employees for the first nine months of the year was 148 (previous year 124).



4.7 Depreciation and amortisation

The almost 100 per cent increase in the level of syndicate contracts compared with the first nine months of 2006 results in correspondingly higher depreciation and amortisation, representing a significant portion of the total for this item.

4.8 Other operating expenses

OTHER OPERATING EXPENSES	30/09/2007 T€	30/09/2006 T€
Marketing	5,099	4,876
Commissions	4,790	3,980
Expenses for premises	453	488
Collection charges	501	460
Losses on receivables	473	774
Costs of annual accounts and audit	71	72
Legal and consultancy costs	1,720	1,023
Vehicle costs	166	133
Insurance, donations, membership fees	311	254
Postage	386	300
Other personnel costs	59	66
Telephone costs	122	118
Fees for data lines	470	127
Travel and entertaining expenses	344	284
Incidental costs of monetary transactions	311	65
Other costs	1,199	615
	16,475	13,635

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 nine months 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 consolidated nine-month result before tax is EUR –4,038 thousand, compared with EUR –2,799 thousand for the first nine months 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.



Effects of the 2008 corporate tax reform on the tax calculation in the interim report at September 30, 2007

By resolution of the Federal Council dated July 6, 2007 on the implementation of the 2008 corporate tax reform, the new tax legislation that contains significant changes to the tax rates was approved. From 2008, the corporation tax rate will be cut from 25 per cent to 15 per cent and the maximum trade tax base rate will simultaneously be reduced from 5 per cent to 3.5 per cent across the board. Trade tax will in future be a nondeductible business expense.

Pursuant to IAS 12, changes in tax rates are to be taken into account if the new tax legislation is substantively enacted. This is generally assumed to be the case in Germany once an act has been approved by the Federal Council. The tax rate changes that will apply from January 1, 2008 are consequently already to be taken into account in the third quarter of 2007.

They are relevant for the measurement of deferred tax if the temporary differences that previously led to the recognition of deferred tax will be reversed in 2008 or later. All deferred taxes on temporary differences that will be liquidated in the current 2007 financial year are still subject to the current tax rate and need not be adjusted.

The tax rate change was treated as a one-off effect in these interim financial statements pursuant to IAS 34 and a remeasurement of the deferred tax performed. The deferred tax assets were adjusted by EUR 1.512 thousand as an expense, booked against income, and the deferred tax liabilities by EUR 139 thousand, booked against earnings. Taxes on current earnings for the reporting period were created at the expected tax rate of 30 per cent where it is expected that they will only be used from 2008.

4.12 Other tax

No other taxes arose in the quarter under review.

4.13 Net profit or loss for the period

The net loss for the nine-month period is EUR –4,559 thousand, as against EUR –1,523 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 3,193 thousand during the period under review. This is attributable to the high EBITDA of EUR 5,118 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 –9,701 thousand. Investments amounting to EUR 1,249 thousand have in addition been acquired, leaving a negative cash flow of EUR 6,279 thousand after financing activities.

6. Consolidated Balance Sheet

6.1 Non-current assets

6.1.1 Intangible assets

The intangible assets amount to EUR 18,307 thousand. Alongside the higher goodwill of EUR 10,962 thousand following the increase in the investment in mybet, this figure includes syndicate contracts worth EUR 3,608 thousand (previous year EUR 2,640 thousand).



6.1.2 Property, plant and equipment

The largest individual items under Property, plant and equipment are Plant and equipment, amounting to EUR 3,799 thousand, and Construction in progress, amounting to EUR 1,328 thousand (Direct Lotto terminals infrastructure).

6.1.3 Financial assets

The investments in Seepark Sellin AG and in Sportwetten.de AG are recognised at cost under financial assets. The carrying amount corresponds to the fair value.

6.1.4 Deferred taxes

The item has fallen by the balance of reductions for impairment on tax loss carry-forwards as a result of the corporate tax reform and the capitalisation of deferred tax on losses deemed sound for individual subsidiaries.

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 8,425 thousand. The portion that is not freely available amounts to EUR 2,963 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. The increase results from the partnership with SCHLECKER and the purchase of tickets for the Christmas lottery in Spain.

6.3 Capital and reserves, minority interest

6.3.1 Share capital

The share capital of FLUXX AG amounts to EUR 14,569,171 and is divided into the same number of no par value registered shares.

6.3.2 Approved capital

Following the registration of the resolutions from the Shareholders' Meeting of May 10, 2007 on August 16, 2007, the company has approved capital totalling EUR 7,207,602.



6.3.3 Authorised but unissued capital

Following the registration of the resolutions from the Shareholders' Meeting of May 10, 2007 on August 16, 2007, the company has authorised but unissued capital for the issuing of subscription rights to employees totalling EUR 995,562 and authorised but unissued capital for the issuing of convertible bonds totalling EUR 6,055,383.

6.3.4 Reserves

The company has additional paid-in capital pursuant to Section 272 (2) of German Commercial Code totalling EUR 52,179 thousand. No further reserves exist.

6.3.5 Accounting loss

The accounting loss is comprised as follows:

ACCOUNTING LOSS	30/09/2007 T€
Loss carry-forward at 31/12/06	-28,137
Minority interest in earnings	186
Net loss at 30/09/07	-4,559
Accounting loss	-32,510

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 30/09/2007	Total 31/12/2006	With a term to maturity of		
			less than 1 year	1 - 5 years	> 5 years
T€					
1. Finance lease liabilities	3,485	4,363	1,193	2,292	0
2. Bonds	91	88	91	0	0
3. Due to banks	1,993	2,018	1,083	910	0
	5,569	6,469	2,367	3,202	0

6.5 Current liabilities

6.5.1 Accrued expenses

The accrued expenses have risen slightly 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

CURRENT LOANS AND LIABILITIES, OTHER LIABILITIES	Total 30/09/2007	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	2,208	1,936	2,208	0	0
3. Other liabilities	6,240	6,031	6,240	0	0
	8,448	8,032	8,448	0	0

The other liabilities include liabilities from gaming operations.

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	12,117	8,541	27,379	0	0	48,037
30/09/2006	8,298	9,144	17,850	3	0	35,295
Sales with other segments	3,058	4,423	0	1,878	-9,359	0
30/09/2006	5,986	2,695	0	2,282	-10,963	0
Total sales	15,175	12,964	27,379	1,878	-9,359	48,037
30/09/2006	14,284	11,839	17,850	2,285	-10,963	35,295
Gross income	14,329	13,033	6,801	1,749	-8,283	27,629
30/09/2006	10,503	11,799	2,779	455	-6,580	18,956
EBITDA	4,486	2,549	-406	-1,424	-87	5,118
30/09/2006	4,240	1,618	-1,799	-2,617	-109	1,333
Result for segment before interest and taxes	-3,176	1,069	-671	-2,098	820	-4,056
30/09/2006	391	99	-1,982	-2,674	1,154	-3,012
Net interest	-759	-878	-78	1,656	77	18
30/09/2006	-621	-881	-25	1,739	1	213
Income taxes	715	-163	60	35	-1,166	-521
30/09/2006	183	344	599	346	-196	1,276
Net profit or loss for the period	-3,221	27	-689	-407	-269	-4,559
30/09/2006	-47	-437	-1,407	-589	957	-1,523
Gross carrying value of assets	13,420	18,474	9,715	62,300	-52,914	50,995
31/12/2006	11,969	20,639	7,190	64,307	-48,476	55,629
Liabilities	28,955	23,628	6,696	4,205	-46,726	16,757
31/12/2006	23,677	26,184	4,782	5,783	-43,832	16,594
Investment	7,948	345	1,673	1,327	-1,592	9,701
30/09/2006	4,534	4,383	1,326	6,210	-2,799	13,654
Depreciation and amortisation	7,663	1,480	265	673	-907	9,174
30/09/2006	3,849	1,520	181	57	-1,262	4,345
Non-cash expenses	0	0	0	0	0	0
30/09/2006	11	148	70	0	0	229



8. Other particulars

8.1 Earnings per share

EARNINGS PER SHARE	30/09/2007 T€	30/09/2006 T€
Consolidated earnings	4,559	1,523
Weighted average number of ordinary shares outstanding during the period under review	14,568	14,530
Basic earnings per share in €	-0.31	-0.10
Number of dilutive shares under option	136	250
Number of shares that would have been issued at fair value	-82	-104
Total	14,623	14,675
Consolidated earnings (T€)	-4,559	-1,523
Number of shares	14,623	14,675
Diluted earnings per share (€)	-0.31	-0.10

8.2 Contingent liabilities

There are contingent liabilities totalling EUR 1,039 thousand; these consist of guarantees on client money and tenancy agreements.

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 5,216 thousand (previous year: EUR 2,018 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	30/09/2007 T€	30/09/2006 T€
Tenancy agreements		
Term up to 1 year	439	229
Term 1 to 5 years	88	0
Lease agreements		
Term up to 1 year	220	0
Term 1 to 5 years	206	350



8.7 Related parties

Accounts receivable from members of the Management Board totalled around EUR 17 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.

	30/09/2007 T€	30/09/2006 T€
GWU mbH (Managing Director Antje Stoltenberg, Supervisory Board member)	5	3
DSM Marketing GmbH, tenancy agreement for Altenholz	81	81
Total	86	84

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. 124,044 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 ten per cent for 2007 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	Average 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 €	-6,186	2.31 €
Expired in the period	0		0	
Options outstanding at 31/12	134,144	3.90 €	124,044	4.03 €
Options available for exercise at 31/12	3,297		0	
Average weighted share price		6.87 €		3.78 €



Personnel expenses from the granting of options amounting to EUR 64 thousand were reported in the period under review (previous year EUR 40 thousand).

8.9 Events occurring after the balance sheet date

There were no disclosable events occurring after September 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 Estimates and evaluations by the management

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 57 thousand were recorded in the period of 2007 under review for the auditing of the annual accounts.

Altenholz, November 7, 2007

Rainer Jacken Mathias Dahms Stefan Hänel



Important Dates

- **November 12, 2007**
Analysts Meeting during Eigenkapitalforum
in Frankfurt am Main

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