

Three month' report
January 1 to March 31, 2008
(IFRS)





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FLUXX key data

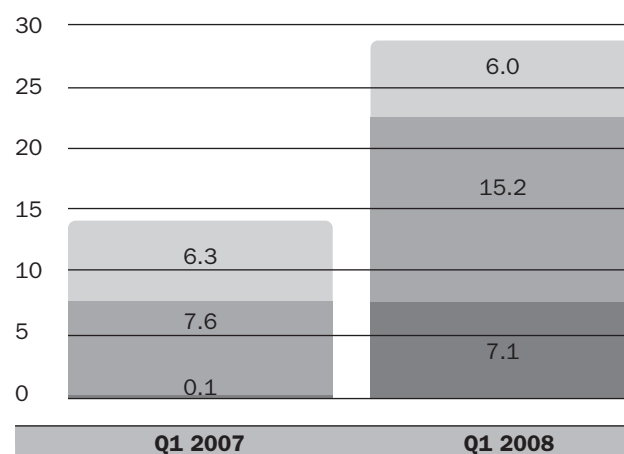
FLUXX KEY DATA (IFRS)

■ Income Statement	Q1 2008	Q1 2007
	T€	T€
Gross sales	41,942	27,850
Betting stakes	13,666	13,833
Revenues	28,276	14,017
EBITDA	2,069	1,703
EBIT	-377	-792
Consolidated earnings	-520	-637
<hr/>		
Earnings per share (€)	-0.03	-0.04
<hr/>		
Employees (average for the period)	181	145
Revenue per employee	156	97
Personnel expenses per employee	13	13
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■ Balance Sheet	31/03/2008	31/12/2007
	T€	T€
Non-current assets	41,231	37,912
Net cash	11,186	15,261
Shareholder's equity	37,712	38,521
Balance sheet total	62,889	56,985
Equity ratio	60.0%	67.6%

FLUXX at a glance

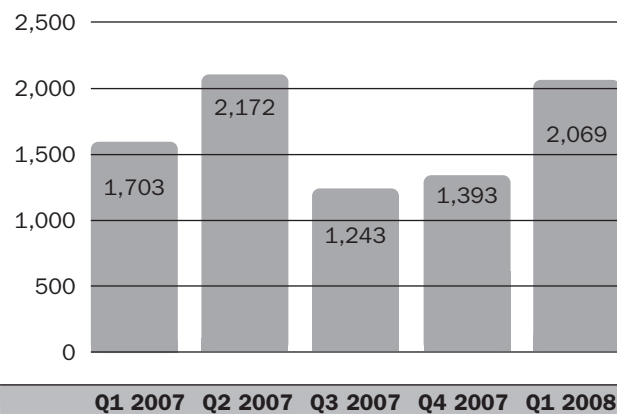
SALES (EUR million)

- Lotteries
- Sport Betting
- Horse Betting



EBITDA (EUR thousand)

- EBITDA





Interim Group Management Report of FLUXX AG at March 31, 2008

1. Business and general situation

a. Development of the general economic situation

The market indicators in Europe have weakened in recent months, but remain at a relatively high level. Growth will probably lose momentum over the coming quarters and fall short of the potential growth of around 2 per cent. A growth rate of 1.6 per cent is expected for 2008 in the eurozone. Economists believe that growth is likely to dwindle to 1.3 per cent in 2009.

The German economy is expected to achieve real growth of around 1.3 per cent in 2008. Export business and equipment investment is expected to provide a positive impetus for growth. Personal consumption will contribute slightly more to growth in 2008, though the higher growth rate over the year as a whole is mainly due to an underlying effect. This is because personal consumption had nosedived at the start of 2007 following the rise in the VAT rate.

The State Treaty on gaming (German GlüStV), which took effect at the start of the year, has already had an impact on the German gaming market within the space of just a few weeks. According to media reports, there has been a drastic fall in the revenue of lottery companies due to the new restrictive regulations. For example, revenue for the ODDSET sports betting service at Lotto Niedersachsen and Lotto Schleswig-Holstein had experienced a collapse by around 50 per cent after the first 15 weeks of the year. Revenue for the standard numbers lottery at Lotto Schleswig-Holstein fell by around 11 per cent over the same period. Germany's casinos also experienced a 17.6 per cent drop in revenue in the first quarter after the State Treaty on gaming took effect.

Whereas revenue is sharply down in Germany due to the tighter regulatory framework, growth remains strong particularly from online business in liberalised markets such as the UK and Spain.

b. Regulatory developments

The controversial State Treaty on gaming took effect on January 1, 2008 despite huge reservations under constitutional and EU law. FLUXX initially modified its products and services to comply with the requirements of the State Treaty on gaming; in particular, this renders it appreciably more difficult for the company to acquire new customers on the internet and to advertise and market its products. The system adopted by the FLUXX Group to verify the age of new customers met with praise from the Commission for Media Protection of Young Persons (KJM), making FLUXX the first commercial gaming agent to comply with the new legal requirements. Basically nothing therefore stands in the way of approval being obtained, as envisaged in the implementing statutes of all 16 federal states. FLUXX has nevertheless so far received only two permits from the authorities to act as a commercial agent of online gaming.

The EU Commission reaffirmed its opinion that extensive sections of the State Treaty are incompatible with European Union law. It then initiated formal infringement proceedings against the Federal Republic of Germany at the end of January 2008. The Commission had initially granted the German government two months in which to submit its official statement of position, and this period was subsequently extended until the start of June. If this statement of position is not accepted by the Commission and if the aspects of the State Treaty that are criticised (internet ban, restriction on advertising, restriction on capital movements, authorisation procedure) are not subsequently relaxed or abolished, action before the European Court of Justice (ECJ) is highly likely.

Numerous courts now refer to the position under European law when dealing with proceedings against providers of



sports betting. Various administrative courts have referred proceedings to the ECJ for its verification.

c. Business progress

The successful strategic shift from German lottery agent to European gaming group is clearly in evidence in the first quarter of 2008. Despite the more difficult framework conditions following the introduction of the GlüStV in Germany, FLUXX nevertheless succeeded in posting improved sales and earnings compared with the corresponding quarter of the previous year. Revenue was up 102 per cent year on year to EUR 28.3 million thanks to strong growth in the sports betting area and the acquisition of Sportwetten.de AG. EBIT improved from EUR -792 thousand to EUR -377 thousand. Around EUR 0.4 million of this figure is attributable to start-up losses in the UK.

In November 2007, FLUXX had submitted a voluntary takeover bid to the shareholders of the Hamburg-based company SPORTWETTEN.DE AG. After the expiry of the extended deadline for acceptance on January 11, 2008 FLUXX AG held 59.6 per cent of the shares in SPORTWETTEN.DE AG. Following the acquisition of a further 300,000 shares, FLUXX currently holds 62.4 per cent of the shares. Although there are currently no plans to increase the holding, we will not fundamentally exclude that possibility.

■ Sports Betting

The Sports Betting business area again made positive progress in the first quarter of 2008. Its products are benefiting from a European-wide rise in demand for both online gaming options and physical betting shops. Sales doubled compared with the prior-year quarter, from EUR 7.6 million to EUR 15.2 million. The bulk of this amount was generated by the FLUXX subsidiary QED Ventures Ltd. (myBet). With myBet already having reached the break-even point in the fourth quarter of 2007, profitability was further increased in the first quarter of 2008.

The British subsidiary JAXX UK Ltd., which commenced trading in November 2007, acquired a further venture partner in the first quarter. From the 2008/09 season, the players of Scottish Premier League club Motherwell F.C. will sport the JAXX logo on their shirts. JAXX will in addition become the official betting partner for online activities and provide a website tailor-made specially for the club's fans. The start-up loss for the first quarter was EUR 0.4 million. It aims to break even by the start of 2009. JAXX UK's losses will be much lower in subsequent quarters.

■ Horse Betting

SPORTWETTEN.DE AG completed its preparations for launching horse betting activities in the USA in the first quarter. The betting range on the website www.pferdewetten.de will shortly include races at the leading US racecourses. This development is based on a partnership agreement between SPORTWETTEN.DE AG and the leading American player Magna Entertainment Corp. (MEC). The SPORTWETTEN.DE Group posted sales of EUR 6.8 million in the first quarter of 2008. The result was marginally positive at EUR 48 thousand.

■ Lottery agency operations

The betting stakes handled via services supervised by FLUXX reached EUR 13.7 million in the first quarter of 2008 and were thus on a par with the first quarter of 2007. The slump in sales in Germany was more or less counter-balanced by strong growth in the Spanish lottery market. The reason for the downturn in Germany is less the absence of attractive lottery jackpots in the first quarter than the decline in registrations of new customers. The registration process for new players on the internet has become much more arduous now that German GlüStV has taken effect.

Sales from terrestrial outlets of lottery products in supermarkets, filling stations and branches of the drugstore chain SCHLECKER were well up on the prior-year quarter in



the first quarter of 2008, but still down on the fourth quarter of 2007, in which the record jackpot had prompted the placing of above-average betting stakes on all sales platforms.

The Spanish FLUXX subsidiary DigiDis S.L. has extended its partnership with the leading Spanish lottery agent "La Bruixa d'Or". The joint activities, launched successfully last year for the sale of tickets for the "El Gordo" Christmas lottery, were thus extended in the current financial year. DigiDis broke even in the first quarter of 2008 – much sooner than planned – with earnings of around EUR 200 thousand.

■ **Syndicates**

Syndicate business was cut back further in the first quarter of 2008, as planned. On the sales side, this consequently led to a drop in earnings from commission and handling fees on betting stakes. On the other hand, depreciation of acquisition costs was lower. Whereas the acquisition of new customers in Germany was scaled back due to the tougher regulatory framework, such activities have been stepped up substantially outside Germany. Based on the pan-European lottery "EuroMillions", FLUXX has developed a syndicate product that can be offered in various different European countries.

(myBet), as well as EUR 6.8 million as a result of the first-time inclusion of the SPORTWETTEN.DE Group in the accounts. If this acquisition is eliminated, the growth rate is 53 per cent. The betting stakes handled, on which the lottery companies and racecourses pay commission, were on a par with the previous year at EUR 13.7 million. Gross consolidated sales (revenues plus betting stakes handled) were around 51 per cent up on the prior-year quarter (EUR 27.9 million) at EUR 41.9 million.

78 per cent of revenue for the first quarter of 2008 stemmed from sports betting, 4 per cent from commissions on lottery stakes and 17 per cent from handling fees. Further income was generated in the form of fees for software development and licence income.

SALES	Q1 2008 T€	Q1 2007 T€	Change %
Gross sales	41,942	27,850	+51
Betting stakes	13,666	13,833	-1.2
Revenue of which	28,276	14,017	+102
• commissions	1,191	1,169	+1.9
• handling fees	4,824	4,316	+11.8
• bookmaking revenues	21,937	7,732	+184

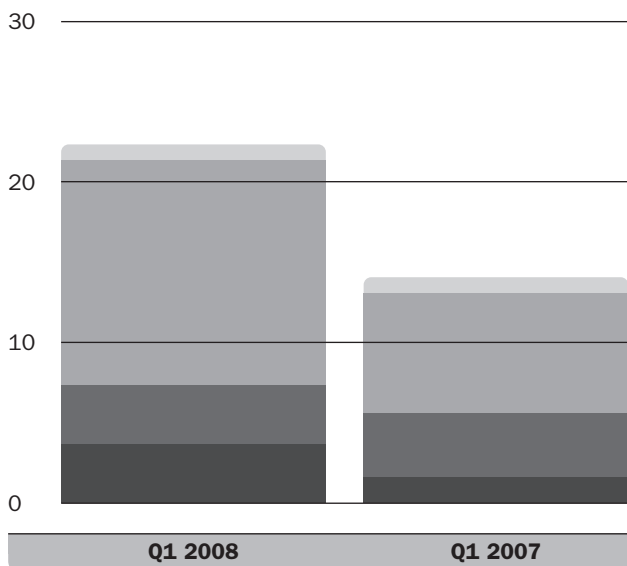
2. Financial performance

Consolidated revenues rose by 102 per cent in the first quarter compared with the prior-year period, from EUR 14.0 million to EUR 28.3 million. This figure includes a portion of bookmaking revenues amounting to EUR 15.1 million generated largely through the products of the QED Group



DEVELOPMENT IN REVENUE

(EUR Thousand)



Source: FLUXX

- Others
- Sports Betting
- Handling
- Commissions

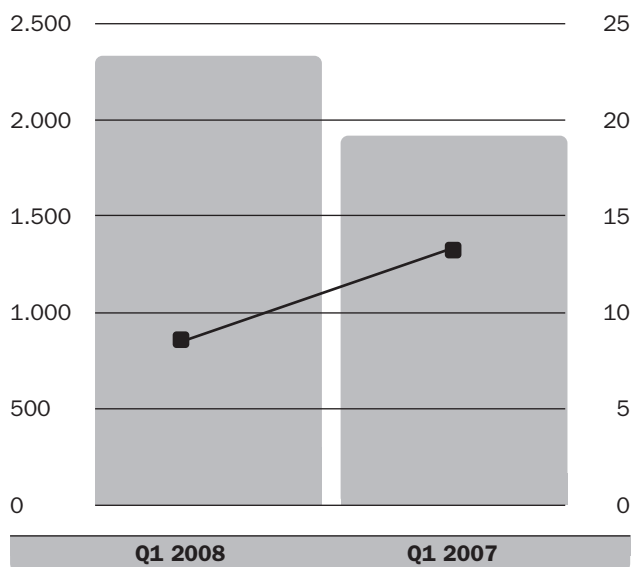
Mirroring the rise in betting stakes, the cost of materials was likewise well up on the prior-year quarter because it includes the betting winnings paid out. In the first quarter of 2008, the cost of materials totalled EUR 17.3 thousand.

Personnel expenses were just under 21 per cent up on the prior-year period at EUR 2.3 million, reflecting the expansion in business in other European countries and the acquisition of the SPORTWETTEN.DE Group, which was responsible for EUR 0.3 million of these expenses. The average number of employees rose from 145 to 181, including 31 employed by the SPORTWETTEN.DE Group. Per capita expenditure remained unchanged in the first quarter of 2008 at EUR 13 thousand. Per capita revenues rose from EUR 97 thousand to EUR 156 thousand in the first quarter. The personnel expenses ratio was reduced from 13.6 per cent to 8.1 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 2007 Annual Report, in section 8.8.

DEVELOPMENT IN PERSONNEL EXPENSES

EUR Thousand/per cent



Source: FLUXX

- Personnel costs
- Expenses ratio

Other operating expenses increased by 33 per cent in the first quarter of 2008 compared with the prior-year period, from EUR 5.6 million to EUR 7.4 million. EUR 0.6 million of this amount was contributed by SPORTWETTEN.DE AG. In addition to agency commission on betting stakes due to partner organisations (EUR 2.3 million), the costs of legal consultancy (EUR 0.5 million) in particular rose. The expenses ratio nevertheless fell from 40 to 26 per cent. Marketing costs rose by 51 per cent to EUR 2.2 million, and therefore by a slower rate than the strong growth in the Sports Betting area. Marketing costs as a proportion of revenue reached around 8 per cent in the first quarter of 2008, compared with 11 per cent in the prior-year quarter.


DEVELOPMENT OF THE PRINCIPAL EXPENSE ITEMS

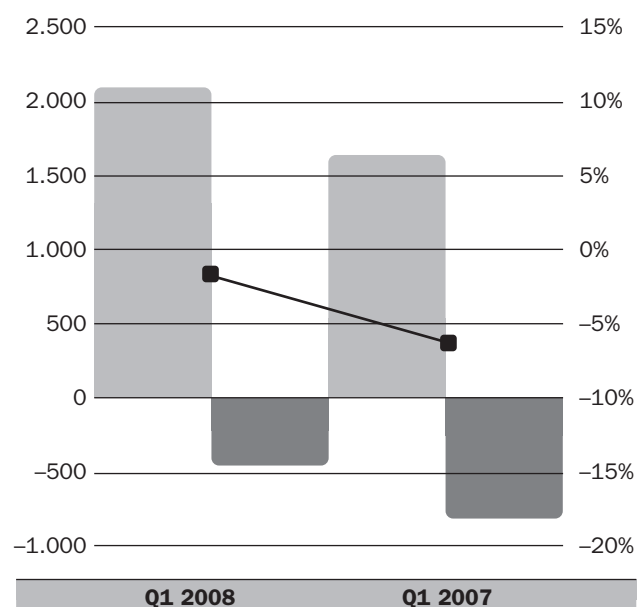
	Q1 2008 T€	Q1 2007 T€	Change %
Cost of purchased materials	17,274	5,102	+239
Personnel expenses	2,298	1,904	+21
Employees (average of the year)	181	145	
Other operating expenses of which	7,378	5,550	+33
• marketing	2,245	1,485	+51
• legal and consultancy costs	516	407	+27

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 21 per cent, from EUR 1.7 million to EUR 2.1 million, thanks to the high growth.

Depreciation and amortisation was slightly lower than in the first quarter of 2007 at EUR 2.4 million. Earnings before interest and taxes (EBIT) improved from EUR –792 thousand in the first quarter of 2007 to EUR –377 thousand in the first quarter of 2008. The EBIT of SPORTWETTEN.DE AG was EUR -56 thousand.

DEVELOPMENT IN EARNINGS (EBITDA/EBIT)

EUR Thousand/per cent



Source: FLUXX

- EBITDA
- EBIT
- EBIT-Marge

Consolidated earnings improved from EUR –637 thousand to EUR –520 thousand. Some EUR 400 thousand of this loss is attributable to start-up costs for the British subsidiary JAXX UK, which commenced trading at the end of 2007. SPORTWETTEN.DE AG contributed around EUR 48 thousand to the improved result. Earnings per share improved from EUR –0.04 to EUR –0.03 in the first quarter of 2008.

EARNINGS	Q1 2008 T€	Q1 2007 T€	Change %
EBITDA	2,069	1,703	+21
EBIT	-377	-792	+52
Consolidated earnings	-520	-637	+19
Earnings per share	-0.03	-0.04	



3. Financial position

Operating activities during the first quarter of 2008 were financed from cash flow from operations. The expenses remaining from the acquisition of SPORTWETTEN.DE AG and investment spending on fixed assets were financed to some extent from monetary holdings.

The overall cash flow in the first quarter of 2008 amounted to EUR –2.6 million. Cash and cash equivalents totalled EUR 11.2 million at March 31, 2008. In its finance management approach, FLUXX strives for predominantly short-term investments of a money market character with a balanced risk/reward ratio.

LIQUIDITY	31/03/2008 T€	31/12/2007 T€
Cash	11,186	13,808
Liquidity ratio 2	137 %	163 %

4. Net worth

Net worth rose by EUR 3.8 million in the first quarter of 2008 compared with the reporting date of December 31, 2007. The increase is largely due to the acquisition of SPORTWETTEN.DE AG. Current assets fell only marginally by EUR 21 thousand, to EUR 21.7 million.

The accumulated shareholders' equity showed an increase of EUR 1.6 million since the reporting date of December 31, 2007, to EUR 37.7 million. With a balance sheet total of EUR 62.9 million, the equity ratio is 60.0 per cent.

The non-current liabilities have risen by EUR 1.4 million to EUR 9.3 million as a result of the higher tax on profit and deferred tax liabilities. The current liabilities rose by EUR 0.8 million to EUR 15.8 million at March 31, 2008.

SHAREHOLDER'S EQUITY AND BORROWED CAPITAL	31/03/2008 T€	31/12/2007 T€
Shareholders' equity	37,712	36,093
Borrowed capital (long-term)	9,349	8,000
Equity ratio	60.0 %	61.0 %

5. Report on post-balance sheet date events

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

6. Risk report

A comprehensive analysis of the risks that could have a negative impact on the economic and financial position of the FLUXX Group and a description of the risk management system are published in the 2007 Annual Report. No material changes to the assessment of risks and opportunities occurred in the first quarter of 2008.



7. Report on expected developments

The second quarter is expected to bring a rise in sales, above all in the sports and horse betting areas. Although Europe's football associations are about to take their summer break, the European Championship – one of the year's top sporting events – will be taking place in Austria and Switzerland at the start of June, and all betting platforms of the FLUXX Group stand to benefit from this occasion. Business in the UK in particular, which will become increasingly important in the future, should acquire critical momentum as a result of the European Championship. The investment-intensive start-up phase of JAXX UK is scheduled to be completed by the end of the year.

Horse betting business will receive a boost on the one hand from the start of the summer season and on the other hand from the forthcoming inclusion of US races on the platform www.pferdewetten.de. There are also plans to include the products of pferdewetten.de in the JAXX platform in the second quarter, increasing the customer base for the horse betting products of the newly acquired subsidiary SPORTWETTEN.DE AG more than ten-fold.

Amid the plethora of proceedings at administrative courts to consider the lawfulness of closing-down orders against betting shops (most of which are won by the shop owners), two dates in the next few weeks stand out: the extended deadline for the Federal German government to submit a statement of position to the EU Commission expires on June 2. The EU Commission had made it clear at the end of January that it will bring an action before the European Court of Justice if its criticisms of the new State Treaty on gaming are not addressed.

On June 8 the Federal Supreme Court will then be announcing its verdict on the competition dispute between the Federal Competition Authority and the lottery companies, which are accused of anti-competitive practices. Even if the

proceedings are based on the old legislation, observers expect the court to provide an indication of whether it considers the new GlüStV to be lawful. Reports suggest that in the oral proceedings held at the end of April, the court had already voiced the opinion that particularly the ban on lottery agency activities over the internet was clearly incompatible with European law.

In light of the outstanding progress being made with European-wide expansion and the forecasts for SPORTWETTEN.DE AG, which only today were revised upwards, the Management Board expects to see a marked improvement in cash flow over the next quarters, with profitability rapidly reached. The Management Board of FLUXX AG confirms its forecast of double-digit revenue growth for 2008 as a whole, along with a clearly positive result.

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, May 15, 2008

Rainer Jacken

Mathias Dahms

Stefan Hänel





Consolidated Balance Sheet at March 31, 2008

ASSETS	Note	31/03/2008 T€	31/12/2007 T€
A. NON-CURRENT ASSETS		41,231	37,476
I. Intangible assets	6.1.1	26,492	18,444
1. Goodwill		15,978	10,977
2. Other intangible assets		10,514	7,467
II. Property, plant and equipment	6.1.2	6,350	6,049
1. Land and buildings		1,179	1,192
2. Other plant and equipment		3,844	3,530
3. Payments on account		1,327	1,327
III. Financial assets	6.1.3	2	4,466
Investments in associates		2	4,466
IV. Deferred taxes	6.1.4	8,387	8,517
B. CURRENT ASSETS		21,658	21,678
I. Inventories	6.2.1	30	26
II. Receivables and other assets	6.2.2	9,862	7,116
1. Trade accounts receivable		3,663	3,792
2. Other assets		6,199	3,324
III. Cash and cash equivalents	6.2.3	11,186	13,808
of which freely available (net cash)		8,711	11,133
IV. Prepaid expenses	6.2.4	580	728
TOTAL ASSETS		62,889	59,154



Consolidated Balance Sheet at March 31, 2008

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31/03/2008 T€	31/12/2007 T€
A. SHAREHOLDERS' EQUITY		37,712	36,093
I. Share capital	6.3.1	16,003	16,002
II. Additional paid-in capital	6.3.4	55,141	55,139
III. Accounting loss	6.3.5	-36,235	-35,608
IV. Exchange differences on translation		157	61
V. Minority interest	6.3.6	2,646	499
B. NON-CURRENT LIABILITIES		9,349	8,000
1. Deferred tax liabilities	6.4.1	1,690	575
2. Tax on profit	6.4.1	413	62
3. Bonds	6.4.2	5,484	5,414
4. Finance lease liabilities	6.4.2	1,631	1,949
5. Due to banks	6.4.2	31	0
C. CURRENT LIABILITIES		15,828	15,061
1. Bonds	6.4.2	96	91
2. Due to banks	6.5.2	943	946
3. Current finance lease liabilities	6.4.2	1,250	1,236
4. Trade accounts payable	6.5.2	3,827	3,273
5. Other liabilities	6.5.2	7,669	6,545
6. Other accrued expenses	6.5.1	1,981	2,938
7. Deferred tax liabilities	6.5.3	62	32
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		62,889	59,154

Consolidated Income Statements for the period January 1 to March 31, 2008

	Note	31/03/2008	31/03/2007	Change		31/12/2007
		T€	T€	T€	%	T€
Gross sales		41,942	27,850	14,091	50.6	142,776
Betting stakes		13,666	13,833	-168	-1.2	68,925
1. Sales	4.2	28,276	14,017	14,259	101.7	73,851
2. Changes in inventories	4.3	0	0	0	0	0
3. Production for own assets capitalised	4.3	324	86	238	276.7	1,176
4. Other operating income	4.4	419	156	263	168.5	1,108
5. Cost of purchased materials	4.5	17,274	5,102	12,172	238.6	35,032
Cost of purchased services		17,274	5,102	12,172	238.6	35,032
6. Personnel expenses	4.6	2,298	1,904	394	20.7	8,243
a) Wages and salaries		1,988	1,641	348	21.2	7,100
b) Social insurance		310	263	47	17.7	1,143
7. Depreciation and amortisation on intangible assets and on property, plant and equipment	4.7	2,446	2,495	-49	-2.0	11,387
8. Other operating expenses	4.8	7,378	5,550	1,828	32.9	26,349
Operating profits/loss		-377	-792	415	52.4	-4,876
9. Other interest and similar income	4.9	165	95	70	74.2	84
10. Interest and similar expenses	4.9	135	82	53	63.9	383
Finance result	4.9	30	13	17	133.4	-299
11. Result before tax	4.10	-347	-779	433	55.5	-5,175
12. Income tax	4.11	-173	142	-315	-221.2	-524
13. Net profit/loss for the period	4.12	-520	-637	117	18.4	-5,699
14. Minority interest in earnings		-107	33	-139	-426.0	28
15. Earnings less minority interest		-627	-604	-22	3.7	-5,671
16. Loss carry-forward from previous year		-35,608	-28,137			-28,137
17. Put option of minority interest in QED, reported under borrowed capital		0	0			-1,800
18. Accounting loss		-36,235	-28,741			-35,608
19. Earnings per share						
Basic earnings per share (€)		-0.03	-0.04			-0.38



Cash Flow Statement for the period January 1 to March 31, 2008

	31/03/2008 T€	31/03/2007 T€	31/12/2007 T€
• Net profit/loss for the period	-520	-637	-5,699
• Depreciation of fixed assets	2,446	2,495	11,387
• Increase/decrease in long-term accruals	351	2	6
• Finance income	-165	-95	-84
• Interest expense	135	82	383
• Other non-cash expenses and income/deferred taxes	-152	-80	-514
• Profit/loss from the disposal of fixed assets	0	0	-36
Cash flow before changes to working capital	2,095	1,767	5,443
• Change in inventories, receivables and other assets	-1,494	-111	-1,028
• Change in liabilities and other items on the shareholders' equity and liabilities side	1,081	2,201	32
• Increase/decrease in short-term accruals	-854	-70	1,339
Cash flow from operating activities	828	3,787	5,446
• Interest paid	-61	-82	-340
Cash flow from operating activities	767	3,705	5,786
• Cash receipts from disposals of fixed assets		0	34
• Cash payments for investments in fixed assets	-896	-3,422	-11,283
• Cash payments for investments in consolidated companies		0	0
• Acquisition of QED investment		0	-548
• Acquisition of investments in Sportwetten.de AG	-2,223	0	-4,463
• Interest received	37	43	84
Cash flow from investing activities	-3,082	-3,379	-16,176
• Cash receipts/payments from the issue of bonds and from the raising of loans	0	-290	8,576
• Cash receipts/payments for current investments	0	420	2,579
• Repayments of bonds and loans	-307	-12	-1,136
Cash flow from financing activities	-307	118	10,019
Overall effective adjustment	-2,622	443	-711
Cash and cash equivalents at the start of the period	13,808	14,519	14,519
Cash and cash equivalents at the end of the period	11,186	14,962	13,808
• Progression from financial resources to net cash position	11,186	14,962	13,808
• Betting stakes passed on	2,406	1,809	2,604
• Securities provided	71	51	71
Net cash position	8,711	13,102	11,133

Development in capital accounts for the period January 1, 2007 to March 31, 2008

T€	Share capital	Additional pay-in capital	Accounting loss	Exchange differences	Minority interest	Total	Bonds convertible
Position at December 31, 2006	14,563	52,112	-28,137	0	497	39,035	88
Interest on bond						0	43
Issue of convertible bond October 2007		910				910	8,846
Conversion of bond	1,427	2,045				3,472	-3,472
Premiums earned from employee stock options		66				66	
Exercising of employee stock options	12	6				18	
Purchase/capital increase, MyBet (QED)					-36	-36	
Put option of minority interest in QED			1,800			-1,800	
Capital increase for Digidis					66	66	
Exchange differences on translation				61		61	
12-month earnings, 2007			-5,671		-28	-5,699	
Position at December 31, 2007	16,002	55,139	-35,608	61	499	36,093	5,505
Conversion of bond	1	2				3	
Interest on bond						0	75
Exchange differences on translation				95		95	
Acquisition of Sportwetten.de AG investment					2,040	2,040	
3-month earnings, 2008			-627		107	-520	
Position at December 31, 2008	16,003	55,141	-36,235	157	2,646	37,712	5,580



FLUXX AG Interim Report at March 31, 2008

Consolidated Financial Statements at March 31, 2008 (IFRS)

Notes on consolidation and measurement

1. General principles

The FLUXX Group is a leading agent and licensed organiser of gaming. The Interim Consolidated Financial Statements at March 31, 2008 of FLUXX AG, with its registered office in Altenholz, near Kiel, Germany, 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 Consolidated Financial Statements at December 31, 2007. 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 2007 financial year are applied for the three-month report. For further details, we accordingly refer to the Consolidated Financial Statements at December 31, 2007. In the opinion of the Management Board, the Interim Consolidated Financial

Statements reflect all the customary, routinely performed adjustments that are necessary in order to present the net worth, financial performance and financial position of the group appropriately.

From January 1, 2008 FLUXX applies IFRS 8 "Operating Segments", principally with the result that the segments are composed according to products. In future, business will be represented according to the business areas Lotteries, Sports Betting and Horse Betting, as well as the holding company. The respective reference figures for the previous year have been adjusted accordingly.

2. Consolidation

2.1 Consolidated companies

In the first quarter of 2008 FLUXX acquired a 59.58% interest in SPORTWETTEN.DE AG (SPAG), which had been included in the Consolidated Financial Statements for the previous year merely according to the equity method, on the basis of an interest of 34.73%. The company together with its subsidiaries was fully consolidated from January 1, 2008. Its inclusion in the Interim Consolidated Financial Statements of FLUXX at March 31, 2008 is based on provisional, unaudited consolidated financial statements of SPORTWETTEN.DE AG at December 31, 2007 and March 31, 2008.



A further subsidiary, C-Serve Ltd., was established in the context of the expansion of business activities in the UK. Its share capital is GBP 100 and is 100 per cent allocable to the FLUXX Group. The company is not yet trading.

2.2 Acquisitions

The preparations made in the second half of 2007 for the acquisition of SPORTWETTEN.DE AG, a company that is the market leader in Germany for the brokering and organising of horse betting, were completed at the start of January 2008. Upon completion of the acquisition, FLUXX achieved its aim of control over the company by holding 59.58 per cent of the shares carrying voting rights.

The purchase price including costs allocable to the acquisition amounted to EUR 7,589 thousand at the time of acquisition and was paid in cash.

Cash and cash equivalents acquired amounted to EUR 902 thousand. The purchase price allocation has not yet been definitively completed. Based on a provisional purchase price allocation, EUR 1,993 thousand were allocated to intangible, depreciable assets (customer base, video archive) that are subject to depreciation, and EUR 1,447 thousand to the non-depreciable intangible assets (brands, licences of no determinable useful life) as well as EUR 2,212 thousand (EUR 1,140 thousand goodwill plus EUR

1,072 thousand deferred tax on identifiable intangible assets) reported as goodwill. The goodwill reflects the anticipated synergy benefits and growth prospects of SPORTWETTEN.DE AG following completion of its restructuring.

The increase in the scope of consolidation affects the income statement as shown below:

	T€
Sales/betting stakes	6,819
Cost of purchased materials/betting winnings	6,132
Gross profit / hold	687
Distribution costs	153
Depreciation of property, plant and equipment	79
Personnel expenses	294
Other operating income	-20
Other operating expenses	236
	743
Operating profit/loss	-56
Interest income	-114
Interest expense	10
Finance result	-104
Result before tax	48
Income taxes	0
Result after tax	48



The following assets and liabilities were moreover included in the Interim Consolidated Financial Statements of FLUXX at the date of inclusion of SPORTWETTEN.DE AG, initially at carrying amounts:

	01/01/2008 T€
Non-current assets	
Property, plant and equipment	667
Intangible assets	674
Goodwill	2,789
Other non-current assets	0
Total non-current assets	4,131
Current assets	
Cash & cash equivalents	902
Trade accounts receivable	234
Prepaid expenses and other current assets	2,286
Total current assets	3,422
Total assets	7,553
Current liabilities	
Trade accounts payable	1,182
Other current liabilities	768
Tax accruals	370
Other accrued expenses	184
Total current liabilities	2,505

3. Principles of recognition and measurement

Unless separately indicated, the principles of recognition and measurement correspond to the principles already indicated for the Consolidated Financial Statements at December 31, 2007.

4. Notes to the Consolidated Income Statement

4.1 Consolidated companies

Expenses and revenues for the period under review are realised according to the same principles outlined in the 2007 Consolidated Financial Statements

4.2 Sales

REVENUE	31/03/2008 T€	31/03/2007 T€
Commissions	1,191	1,169
Handling fees	4,824	4,316
Fees	11	26
Betting stakes	21,937	7,732
Production output	0	351
Other	313	423
	28,276	14,017

Sales overall have doubled compared with the first quarter of 2007 as a result of the strong growth of myBet and the inclusion of SPORTWETTEN.DE AG in consolidation. Of the total growth of EUR 14,259 thousand, SPORTWETTEN.DE AG is responsible for around EUR 6,800 thousand and myBet for EUR 7,400 thousand. Betting stakes have almost trebled.

4.3. Production for own assets capitalised

There is a considerable level of software to be capitalised as a result of the further development of the platforms, particularly the international services JAXX.com in the UK and of the myBet Group. The self-produced software modules amounting to EUR 324 thousand in the first quarter comprise predominantly payment, sports betting and poker modules.



4.4. Other operating income

OTHER OPERATING INCOME	31/03/2008 T€	31/03/2007 T€
Income from the reversal of accruals	67	53
Income from the reduction in impairment losses on receivables	3	0
Income from the disposal of fixed assets	186	0
Other income	163	103
	419	156

4.5. Cost of purchased materials

MARGE/HOLD	31/03/2008 T€	31/03/2007 T€
Betting stakes	21,937	7,732
Betting winnings	17,274	5,102
Hold	4,663	2,630
Hold in %	21	34

The cost of purchased materials substantially comprises winnings paid out as a result of sports and horse betting business. The fall in the margin is attributable to the higher horse betting stakes following the consolidation of SPORTWETTEN.DE AG, which has an average margin of 15 per cent and therefore dilutes the overall margin.

4.6. Personnel expenses

The rise in personnel expenses of 21 per cent is almost entirely due to SPORTWETTEN.DE AG. 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 2 thousand.

There were 184 employees at the reporting date (previous year 145). The average number of employees for the first three months of the year was 181 (previous year 145). SPORTWETTEN.DE AG has 31 employees.

4.7. Depreciation and amortisation

Depreciation and amortisation remained virtually constant compared with the prior-year quarter. The reduction in the portfolio of syndicate contracts that has already been implemented will not start to affect depreciation and amortisation until the second quarter. The volume of depreciation and amortisation will be significantly lower in future, as existing contracts are expiring.



4.8. Other operating expenses

OTHER OPERATING EXPENSES	31/03/2008 T€	31/03/2007 T€
Commissions for venture partner	2,265	1,714
Marketing/Sales/IR	2,245	1,668
Legal and consultancy costs	516	407
Collection and bank charges	355	273
Other operating expenses	301	192
Expenses for premises	257	171
Disposal of operating assets	186	0
Losses on receivables	180	315
Hosting	156	174
Membership and other fees, insurance	140	85
Data lines	132	175
Exchange differences on translation	111	0
Travel expenses, entertainment costs	78	79
Vehicle costs	65	48
Other personnel costs	63	15
Costs of annual accounts and audit	61	12
IT service and maintenance	57	146
Telephone	43	30
Office supplies	37	8
Ancillary costs of monetary movements	30	14
Allocation to specific/general bad debt charges	23	0
Other services	18	0
Other operating supplies	13	17
Bookkeeping costs	12	12
Computer leasing	11	1
Postage	10	-9
Supervisory Board remuneration	9	0
Periodicals, books	5	4
Total	7,378	5,550

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 three months of 2007. The increase in expenses overall is EUR 1,828 thousand or 33 per cent.

4.9. Interest result and other finance result

Interest income stems mainly from interest receivable by SPORTWETTEN.DE AG from input tax receivable, and from time deposit investments of FLUXX AG.

The interest expense comprises EUR 60 thousand for finance lease liabilities and due to banks, as well as EUR 75 thousand for bonds.

4.10. Result before tax

The quarterly result before tax is EUR -347 thousand, compared with EUR -779 thousand in the prior-year quarter. This result is largely attributable to the start-up of business operations in the UK and corresponds to the loss of the subsidiary JAXX UK Ltd.

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. Overall, the improved financial performance particularly of the subsidiaries in Spain and Malta results in a tax expense from the liquidation of deferred tax assets.



4.12. Net profit / loss for the period

The net loss for the three-month period is EUR –520 thousand, as against EUR –637 thousand for the prior-year period.

5. Notes on the Cash Flow Statement

The negative cash flow for the period broadly corresponds to the balance of the purchase price paid for the shares in SPORTWETTEN.DE AG. FLUXX generated a positive cash flow of EUR 767 thousand from operating activities, which largely covered capital expenditure in the first quarter.

Based on the developments of the first quarter and the outlook for the coming quarters, FLUXX expects to generate a positive cash flow in the 2008 financial year.

6. Consolidated Balance Sheet

6.1 Non-current assets

6.1.1 Intangible assets

The intangible assets amount to EUR 26,492 thousand. The growth is largely attributable to the inclusion of SPORTWETTEN.DE AG in consolidation and the provisional purchase price allocation to intangible assets and goodwill.

6.1.2. Property, plant and equipment

Property, plant and equipment barely changed compared with the position at December 31, 2007 due to low investment spending. The change relates principally to SPORTWETTEN.DE AG.

6.1.3. Financial assets

The investment in Seepark Sellin AG is shown under financial asset. The investment in SPORTWETTEN.DE AG reported at December 31, 2007 is no longer included here following the comprehensive consolidation of the company.

6.1.4. Deferred taxes

The item was liquidated due to the lesser use of loss carry-forwards.

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 the settlement of commission, 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. The growth is attributable to the change in consolidation.

6.2.3. Cash and cash equivalents

Cash and cash equivalents amount to EUR 11,186 thousand and have fallen since December 31, 2007 principally from payment of the balance of the purchase price for the takeover of SPORTWETTEN.DE AG.



6.2.4. Prepaid expenses

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

6.3. Capital and reserves, minority interest

6.3.1. Share capital

The share capital of FLUXX AG amounts to EUR 16,002,562 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. Conditional capital

Following the registration of the resolutions from the Shareholders' Meeting of May 10, 2007 on August 16, 2007, the company has conditional capital for the issuing of subscription rights to employees totalling EUR 982,870 and conditional unissued capital for the issuing of convertible bonds totalling EUR 4,573,257.

6.3.4. Reserves

The company has additional paid-in capital pursuant to Section 272 (2) of German Commercial Code totalling EUR 55,141 thousand. No further reserves exist.

6.3.5. Accounting loss

The accounting loss is comprised as follows:

ACCOUNTING LOSS	31/03/2008 T€
Loss carry-forward at 31/12/06	-35,608
Minority interest in earnings	-107
Net loss at 31/03/07	-520
Accounting loss	-36,235

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, of QED Ventures Ltd., Malta, and of SPORTWETTEN.DE AG. 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, the resulting amortisation and deferred tax liabilities on the intangible assets identified during purchase price allocation (Section 2.2.).

The tax accruals have increased particularly for tax on profit, as a result of the change in consolidation.



6.4.2 Loans and bonds

LOANS AND BONDS T€	Total 31/03/2008	Total 31/12/2007	With a term to maturity of		
			less than 1 year	1 - 5 years	> 5 years
1. Finance lease liabilities	2,881	3,184	1,250	1,631	0
2. Bonds	5,580	5,505	96	5,484	0
3. Due to banks	1,074	946	943	131	0
	9,535	9,636	2,290	7,245	0

6.5. Current liabilities

6.5.1. Accrued expenses

The other accrued expenses have fallen considerably compared with the position at December 31, 2007. 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 have short maturities, with a term of up to one year.

6.5.2. Current loans and liabilities, other liabilities

CURRENT LOANS AND LIABILITIES, OTHER LIABILITIES T€	Total 31/03/2008	Total 31/12/2007	With a term to maturity of		
			less than 1 year	1 - 5 years	> 5 years
1. Due to banks	0	0	0	0	0
2. Trade accounts payable	3,827	3,273	3,827	0	0
3. Other liabilities	7,669	6,545	7,669	0	0
	11,96	9,818	11,496	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€	Horse Betting	Lottery	Sports Betting	Miscellan- eous	Consolidated transfer	Total
External sales	7,106	5,981	15,189	0	0	28,276
31/03/2007	116	6,285	7,616	0	0	14,017
Sales with other segments	14	22	0	322	-358	0
31/03/2007	0	2,231	0	528	-2,760	0
Total sales	7,120	6,003	15,189	322	-358	28,276
31/03/2007	116	8,516	7,616	528	-2,760	14,017
Gross income	1,128	6,475	4,124	364	-346	11,746
31/03/2007	39	8,307	2,731	439	-2,359	9,157
EBITDA	9	2,403	5	-369	21	2,069
31/03/2007	-11	1,912	142	-383	42	1,703
Result for segment before interest and taxes	-72	327	-165	-635	168	-377
31/03/2007	-13	-669	76	-566	380	-792
Net interest	54	-474	-42	493	0	31
31/03/2007	-48	-493	-24	525	52	11
Income taxes	-1	-84	-123	35	0	-173
31/03/2007	0	-2,961	-118	-787	4,009	143
Net profit or loss for the period	-20	-231	-331	-107	168	-520
31/03/2007	-62	-4,123	-66	-828	4,442	-637
Gross carrying value of assets	7,418	15,082	8,601	64,731	-32,943	62,889
31/12/2007	455	31,829	9,492	64,853	-47,475	59,154
Liabilities	5,919	44,619	8,210	9,927	-40,851	27,823
31/12/2007	3,986	50,602	8,217	9,686	-49,430	23,061
Investment	7	678	363	3,138	-1,067	3,119
31/03/2007	0	2,695	177	550	0	3,422
Depreciation and amortisation	82	2,077	170	266	-149	2,446
31/03/2007	3	2,581	66	183	-338	2,495
Non-cash expenses	0	0	0	0	0	0
31/03/2007	0	0	0	0	110	110



8. Other particulars

8.1 Earnings per share

EARNINGS PER SHARE	31/03/2008 T€	31/03/2007 T€
Consolidated earnings	-520	-637
Weighted average number of ordinary shares outstanding during the period under review	16,002,491	14,562,854
Earnings per share in (€)	-0.03	-0.04

8.2 Contingent liabilities

There are contingent liabilities totalling EUR 71 thousand; these consist of guarantees on licences 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 5,783 thousand (previous year: EUR 5,839 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 operating-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).

TENANCY AND LEASE AGREEMENTS	31/03/2008 T€	31/03/2007 T€
Tenancy agreements		
Term up to 1 year	585	289
Term 1 to 5 years	1,228	37
Lease agreements		
Term up to 1 year	206	253
Term 1 to 5 years	157	330



8.7 Related parties

The following table shows the amounts due to related parties which diminished the three-month result for 2008. The amounts concerned are in respect of consultancy fees and office rent.

	31/03/2008 T€	31/03/2007 T€
GWU mbH (Geschäftsführerin Antje Stoltenberg, Aufsichtsratsmitglied)	20	0
DSM Marketing GmbH, Mietvertrag Altenholz	27	27

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. 118,012 options remained in existence at the reporting date. The options were measured at market price upon issue, applying the Black-Scholes option pricing model. The exercise threshold was taken into account in the calculation using the above model. The staggered vesting period and employee fluctuation of around 10 per cent for 2008 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 2007	Average strike price 2007 in €	Total 2008	Average strike price 2008 in €
Options outstanding at January 1	134,144	3.90	118,146	4.11
Granted in the period	0		0	
Forfeited in the period	-6,263	2.31	-134	2.31
Exercised in the period	-9,735	2.31		
Expired in the period	0			
Options outstanding at 31/03	118,146	4.11	118,012	4.11
Options available for exercise at 31/03	77,504		54,586	
Average weighted share price		3.58		2.78



Personnel expenses from the granting of options amounting to EUR 2 thousand were reported in the period under review (previous year EUR 22 thousand).

8.9 Events occurring after the balance sheet date

There were no disclosable events occurring after March 31, 2008, 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.

Particularly the provisional purchase price allocation based on provisional financial statements of SPORTWETTEN.DE AG may give rise to differences in the final figures for the fair values of the acquired assets.

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 2007 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

Of the FLUXX AG Supervisory Board members, only Goetz Graf von Hardenberg exercised a supervisory function also in another company, ROPAL AG, Hamburg.

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

In the first quarter of the 2008 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 16 thousand were recorded in the period of 2008 under review for the auditing of the annual accounts.

Altenholz, May 15, 2008

Rainer Jacken

Mathias Dahms

Stefan Hänel



Important Dates

- **May 21, 2008**
Shareholders' Meeting 2008
- **August 7, 2008**
Publication of the first-half report 2008
- **November 6, 2008**
Publication of the nine-month report 2008
- **November 10 – 12, 2008**
Analysts Meeting during Eigenkapitalforum
in Frankfurt am Main

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