

one click ahead
one click ahead
one click ahead



fluxx.com
[aktiengesellschaft]
Annual Report 2000

fluxx.com key data (IAS):

	2000		1999	
	TDM	T€	TDM	T€
Gross sales	65,702	33,593	26,092	13,341
Gambling stakes handled	32,619	16,678	8,400	4,295
Net sales	33,083	16,915	17,692	9,046
EBITDA	-14,349	-7,337	-12,159	-6,217
EBIT	-17,55	-8,975	-13,387	-6,845
Consolidated net loss for the year	-12,181	-6,228	-6,770	-3,462
Non-current assets	29,907	15,291	14,593	7,461
Equity and reserves	30,268	15,476	37,544	19,196
Balance sheet total	49,757	25,440	51,066	26,109

Other key data (at 31 December):

Employees	169	140
Registered customers	307,000	77,000
Venture partners	800	125

Contents

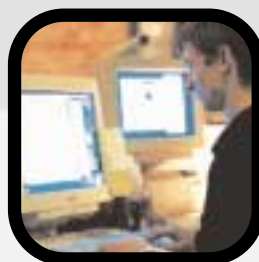


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Mission

*Services for
e-business marketing
and online gambling*

*are the core skills
with which fluxx.com
is substantially shaping
the digital economy.*



Introduction

Rainer Jacken
Chairman of the Board of
Directors of
fluxx.com Aktiengesellschaft



Dear Shareholders, Customers and Employees,

The year 2000 was once again a period of intensive growth for fluxx.com. Gross consolidated sales doubled to DM 65.7 million. The gambling and betting stakes included in this figure, which are handled by our lottery and horse betting services jaxx.de, horses.de and Telewette, soared by an even higher rate of almost 300 per cent to DM 32.6 million. Net sales revenues reached DM 33.1 million, a figure which is in line with our prediction at the time of our initial public offering in September 1999.

Even if the turbulence on stock markets has particularly affected forward-looking companies listed on the Neuer Markt, fluxx.com recorded notable operative successes in the past year. We sharpened the focus on our online expertise and considerably stepped up our activities in the online gambling market. Through the acquisition of horses.de, interjockey.com and DVR Telewette, fluxx.com is now in possession of valuable licences and exclusive rights for the horse betting sector. And in establishing the new sales company any-bet.com at the end of the year, we performed the groundwork for the worldwide marketing of the online gambling technology which we have developed ourselves.

Four letters in particular were the focus of much attention from the Internet sector, telecommunications companies and the Federal Minister of Finance throughout 2000: UMTS. With the auctioning of licences, the mobile Internet has finally got off the ground, and fluxx.com has already secured an outstanding position in this highly promising market. By developing a UMTS portal for a joint venture between the telecommunications groups Mobilcom and France Télécom, fluxx.com is one of only a few Internet companies to be already working on the future of the Internet.

A new Finance Director has been helping to shape the future of our company since March 2000: Holger Pilgenröther. With his support, we have acquired various interesting companies and have been able to integrate them successfully into our group.

Finally, on behalf of the Board of Directors, I should like to express my particular thanks to our employees for their outstanding achievements in circumstances that have not always been easy.

With best wishes,

A handwritten signature in blue ink, appearing to read 'R. Jacken', written over a faint circular stamp.

Rainer Jacken
Chairman of the Board of Directors

Structure and Strategy

fluxx.com – one click ahead

"To be in flux: to be in a continuous succession of changes" – remaining always in motion, always "one click ahead", is what fluxx – with the double x – is all about. fluxx.com has always been one step ahead of its competitors since the very beginning of electronic commerce on the Internet. In a market that is growing at a blistering pace, fluxx.com has secured a successful position in its two business areas **e-gambling** and **e-business services**, thanks to innovative developments and unconventional ideas.

With its **e-gambling** business area, fluxx.com is active in a lucrative market, the worldwide volume of which easily exceeds the billion euro mark. fluxx.com is already the market leader in Germany for the handling of lottery tickets and betting over the Internet and via other online media. By building on its core skills and through a number of acquisitions, it has moreover achieved an outstanding position in the worldwide market for online gambling and prize competitions. Through its **e-business services** division, fluxx.com assists business clients with developing and marketing their e-business activities successfully. In the process, it covers all the elements of the value chain of a forward-looking full-service Internet agency, from strategic consultancy and brand development to hardware and software implementation.

Whether as a source of ideas for new forms of gambling and betting or as an enabler of e-business strategies, fluxx.com offers a comprehensive portfolio for the highly promising e-business market in the guise of its services and gambling arrangements.

From unified business to unified betting

The common objective of e-gambling and e-business services is clear: through its products and services, fluxx.com is participating in the boom in the digital economy and is playing a central role in shaping it with forward-looking ideas and developments.

Examples of "mobile business": in 1999, fluxx.com became the first company in Europe to unveil a mature commercial platform for the mobile Internet in launching the WAP-based lottery service "wap-jaxx.de". New, even higher-performance technologies are now on the verge of making a breakthrough; fluxx.com is preparing products and services for these at both ends of the chain. There are concepts which pave the way for "unified business" for customers and consumers alike – the next stage of evolution after e-business and m-business. The customer benefits here from the integration of business processes and from the fact that its range of services is disseminated via cross-media portals. And the consumer benefits from media convergence: he can decide for himself when and via which medium he would like to obtain information, services or product offers. In the case of fluxx.com, this means "unified betting": imagine you are at a soccer match, and can place a bet via your mobile on whether a goal will be scored from a penalty or not. There are now no limits to either the consumer's imagination or the success of the fluxx.com business model.

e-gambling and e-business services – sound business models with vision

In the e-gambling segment, the range of services is divided into four areas:

- B2C Operations (handling of lottery products and betting in Germany, international online bookmaking business)
- B2B Operations (international sale of gambling software and gambling products)
- e-gambling Technology (software development)
- Business Development (development of new products and business models)

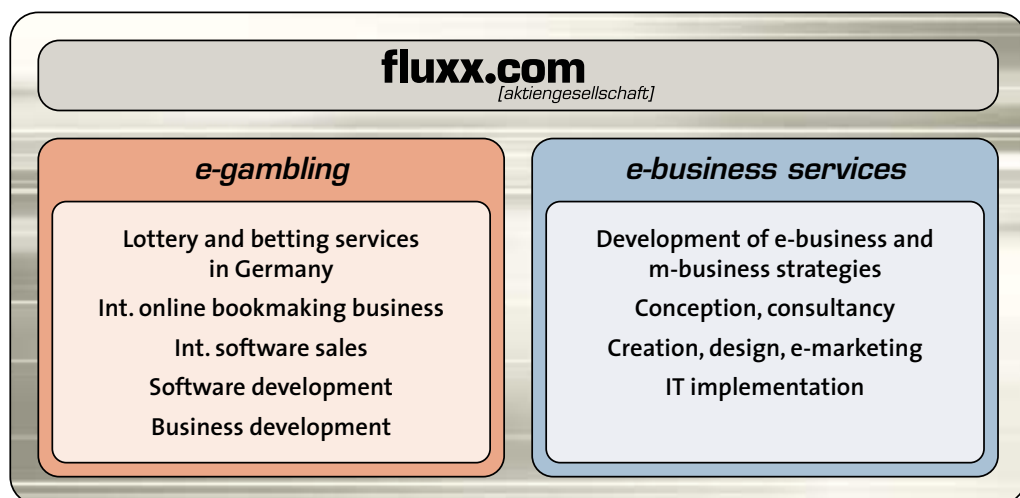
New products and business ideas from Business Development are used on the one hand on fluxx.com's own online platforms (B2C Operations), and on the other hand they are marketed world-wide via the international sales arm of the fluxx.com subsidiary any-bet.com (B2B Operations).

fluxx.com is in a position to generate profits all along the value chain for online gambling: from agency commission and handling fees to bookmaking revenues, licence fees and royalty fees. This business model clearly distinguishes fluxx.com from other Internet providers whose revenue models are based predominantly on advertising income.

In the e-business services area, the core skills fall into three categories:

- E-Strategy (strategy development, concept, consultancy)
- E-Brand (creation, Web design, e-marketing, e-branding)
- IT (logistical and technical implementation)

The combination of this range of services and a high-quality network of partners featuring players such as Oracle, debis and Deutsche Telekom means that both existing and new fluxx.com customers have access to tailor-made concepts for their e-business and m-business strategies. In this sector, fluxx.com generates added value via its agency services and from sales of hardware and software.



e-gambling

fluxx.com – first mover in online gambling

On 28 January, 1998 fluxx.com opened the first virtual lottery kiosk on the Internet, under the name of JAXX LottoKiosk. Following its successful launch, this online lottery agency was strategically developed into the e-gambling platform jaxx.de. The jaxx.de platform offers a wide range of gambling applications, from the virtual scratchcard and horse betting to prize competitions.

fluxx.com is the leading online provider in the German gambling market. For example, the number of registered users rose from 100,000 to well over 340,000 within the space of a year (period from February 2000 to February 2001).

The e-gambling portfolio was extended with the acquisition of horses.de at the end of 1999 and interjockey.com in the early part of 2000. Both companies on the one hand have given fluxx.com access to the lucrative horse betting market. On the other hand, interjockey.com has an international betting licence, providing a major step forward for fluxx.com in its efforts to establish its gambling activities on an international scale.

fluxx.com's range of horse betting facilities was rounded off last year through a further takeover. DVR Telewette GmbH enables punters to place bets on flat racing over the telephone, and its activities are complemented by a weekly TV programme on the news channel n-tv.

In addition to the various gambling options for the consumer market, fluxx.com is increasingly targeting the international gambling market for business customers. Sales structures for the fluxx.com Internet Lottery System were created in 2000, and initial projects have already been completed.

jaxx.de: the online gambling platform

fluxx.com operates Germany's leading online gambling platform under the name of jaxx.de. The year 2000 saw further diversification of the product range. The portal character of jaxx.de was visibly extended. jaxx.de now comprises seven different gambling channels: lottery, pools, sports betting, horse betting, prize competitions, class lotteries, and RubbelJAXX – the virtual scratchcard.



Lottery – Germany's favourite flutter

Germany's first state-backed cash lottery was staged in 1610 in Hamburg. The lottery channel on jaxx.de is the shape of things to come for what is surely the most successful type of gambling. The available options cover the entire spectrum of the offline version: Spiel 77 and Super 6 are included, as are pools and the South German and North German class lotteries. The virtual lottery kiosk offers a whole range of unique services for the online player. QuickTipp allows those who are in a hurry to choose their lucky numbers in an instant, with the aid of a random generator. The high winnings combination actually boosts the winnings of online punters. The high winnings options are combinations of numbers that are only rarely chosen, with the result that the winnings are shared out among relatively few people if these numbers come up. The winnings in such instances are on average 50 per cent higher.

The way jaxx.de is administrated is also a great advantage as compared to placing lottery bets at the conventional agency: the player is sent useful information by e-mail, such as how high the jackpot is, what the results of the various draws are, the level of prize money being paid out, and confirmation of receipt of lottery tickets. A player who has won is notified immediately. The winnings are automatically transferred to the player's account. So there is no such thing as unclaimed winnings at jaxx.de.



Oddset – the sports betting shop

jaxx.de has been offering the sports betting facilities of the German lottery and pools organisation since March 2000. Sports enthusiasts can place bets on results in various sports with Oddset. The range extends from soccer and ice hockey to handball.

In keeping with the customary high standard of service at jaxx.de, the online version of Oddset offers decisive advantages compared with the real-life betting shop. The jaxx.de team of sports reporters collates a host of up-to-the-minute information bulletins on each sporting event covered – from the results of recent games, tables and summaries to facts and figures on individual matches and teams. This unique information resource significantly boosts the player's chances of winning.

The new channel on jaxx.de: horse betting

fluxx.com has the only official Internet betting agency of Germany's flat and harness racecourses: horses.de. Although horses.de will continue to operate as an independent service, it was in addition integrated into the jaxx.de gambling platform in January 2001 as a separate channel. The horse betting channel is aimed at customers who wish to join in the elegant pastime of betting on horses. The user will find an easy-to-follow, informative range of services on the horse betting channel. This is the ideal way to get to know the fascinating world of horse betting. The expertly penned articles also improve the player's chances of winning.



Horse betting at jaxx.de



RubbelJAXX

RubbelJAXX – the virtual scratchcard

RubbelJAXX, Germany's first virtual scratchcard, was launched at the start of 2000. Every registered jaxx.de user receives three virtual scratchcards there each day – absolutely free. RubbelJAXX is one of the most popular services on jaxx.de: several million scratchcards have been played with the computer mouse over the past year.

Several series of scratchcards are launched throughout the year, each one in conjunction with venture partners such as freenet or handy.de.

Its popularity among online customers means that the virtual scratchcard provides attractive promotional opportunities. Sales are consequently being stepped up significantly in 2001. In addition to the option of creating scratchcard series that reflect the unique corporate image of the customer, software is being developed for sale as a stand-alone solution.

Prize competitions on jaxx.de

The prize competitions channel features a steady stream of new quizzes, games of skill and prize competitions covering a very wide range of subjects. Users of jaxx.de can, for instance, demonstrate their knowledge of travel, literature or sport. And there are of course attractive prizes to be won: mobile phones, fantastic trips and cinema tickets – this second area of the jaxx.de gambling platform, which costs nothing to use, offers prizes to suit every taste and significantly boosts customer loyalty.

jaxx.de: many new features in 2001

The technical basis of jaxx.de was optimised at the end of 2000. A new database system now provides improved access, a change that has been very well received by customers.

Now that the technical basis has been enhanced, developments within jaxx.de will focus on the product content in 2001. The launching of the horse betting channel extends the product portfolio, thus accentuating the portal character of jaxx.de. There are plans to introduce event betting, enabling fluxx.com to offer a further exciting, innovative form of gambling. Finally, new services such as multi-draw and jackpot games emphasise our efforts to capitalise to an even greater extent on the particular advantages of online lotteries compared with the offline versions.

Now that the gambling portal jaxx.de has become successfully established in the German market, fluxx.com is preparing to step up its international business operations. It aims to develop the domain jaxx.com into a central point of contact for gambling fans worldwide. For this venture, fluxx.com is benefiting in particular from its available resource of technical expertise, and from the sound knowledge of and contacts with the international gambling market that it has acquired in the B2B sector.



jaxx.de

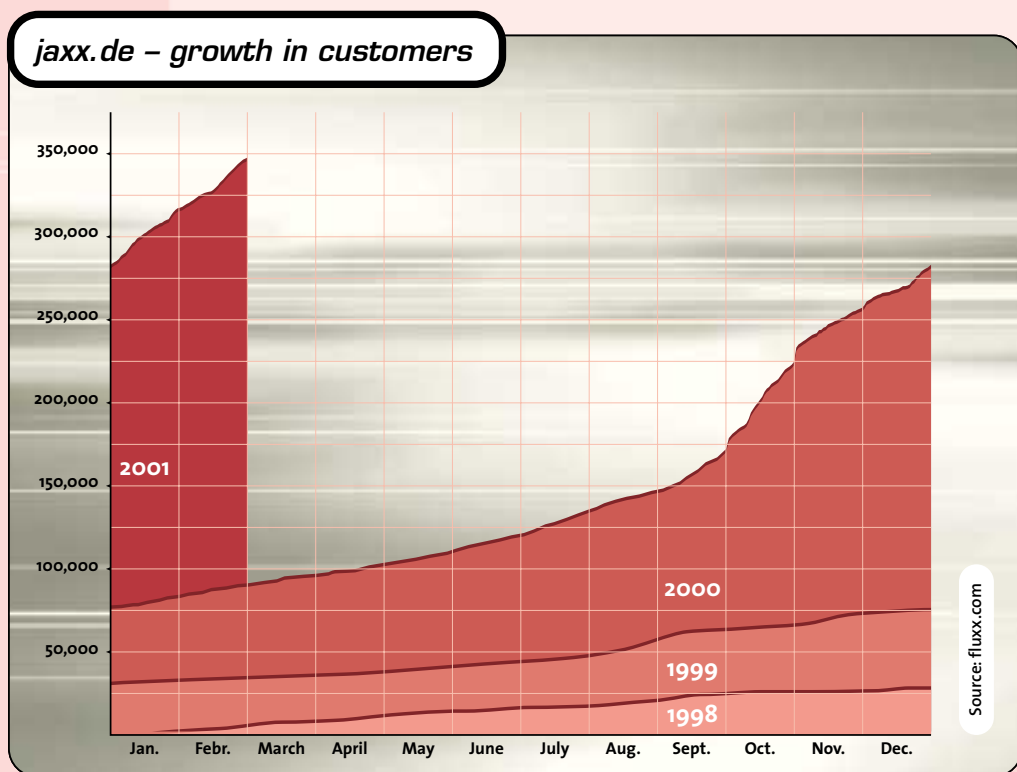


Prize competitions

e-gambling

jaxx.de's customers

Growth in the number of registered players at jaxx.de continues unabated. With 340,000 customers in February 2001, jaxx.de remains the clear market leader on the German e-gambling market. The rate of growth in 2000 remained constant compared with the previous year: in 1999 the number of registered players more than doubled, from 29,400 to 77,000. One year on, the number of those using the online services of jaxx.de was once again more than three times the previous year's total. In line with the general trend in Internet use in Germany, jaxx.de recorded a rise in the proportion of female users last year (1999: 10 per cent, 2000: 33 per cent). Along with the fall in the average monthly income of jaxx.de customers (1999: EUR 2,000; 2000: EUR 1,900) and the reduced prominence of certain professional groups which were more commonly represented than others in the previous year, these statistics reveal a continuing process of assimilation between jaxx.de users and offline gambling customers. This process will stabilise in 2001: more and more offline lottery players will become familiar with the Internet and its advantages, prompting steady growth in user totals.



Venture partners for jaxx.de

Partner schemes have been an important aspect of the sales strategy for jaxx.de ever since its launch. These venture partners have been able to set up virtual "branches" of certain gambling services on their own sites. The first partners to do this during the start-up phase were SAT.1 Online, ran Online and focus Online. The 100th partnership agreement was announced at the start of 2000, with the signing-up of Deutsche Post's eVita Internet marketplace.

As this sharp growth in customers has been achieved primarily through targeted marketing measures involving venture partners, our affiliate management activities were successfully extended during the 2000 financial year. This measure has proven a hit: at the end of the year, the number of partnerships reached a record total of 800. fluxx.com has thus easily passed its original target for the year of concluding partnership agreements with 500 partners. These partners include renowned Internet companies such as AOL, freenet.de and ricardo, as well as partners from other media sectors such as TV Today, Radio NRJ and the Hamburger Abendblatt newspaper. In the case of the Oddset sports betting service, strategic partnerships with sport sites such as eurosport, sport.de and sportal are of particular significance.

Prize competitions designed to direct additional users to jaxx.de were held as a means of extending the customer base. Such measures include series of scratchcards with partners such as handy.de and freenet.de, online prize competitions with Kinowelt AG, clickfish.com and the production company Me, Myself & Eye Entertainment, and the staging of a novel mobile phone SMS quiz in conjunction with the second line-up of the successful reality TV programme "Big Brother".



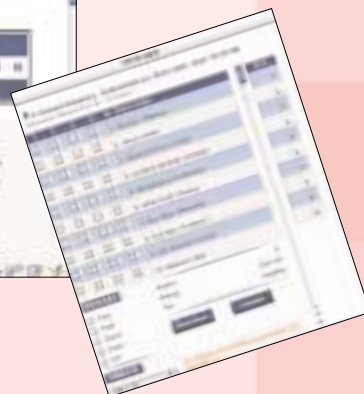
A classic in modern form: online horse betting

Betting is a segment of the German gambling market whose full potential has by no means yet been exploited. According to an Emnid study, the market potential of horse, sports and event betting in Germany is estimated at around DM 10 billion a year. fluxx.com has secured an outstanding position in this highly promising market through the acquisition of horses.de, interjockey.com and Telewette, and also by developing a horse betting channel. All these services complement each other on the strength of their different betting licences and target groups, and also through their cross-media capability: in addition to placing bets over the Internet, customers can do this by telephone, digital TV and mobile terminal devices such as mobile phones and personal organisers, or will be able to do so in the near future.

The exclusive nature of the agreements reached gives fluxx.com an unassailable position in the market segment of online horse betting.

horses.de: horse betting for Germany's flat and harness racecourses

fluxx.com acquired the business activities of horses.de Pferdesport-Services GmbH in December 1999. horses.de is the only official Internet betting agency of Germany's flat and harness racecourses. Bets can be placed via horses.de on horse races anywhere in Germany. To differentiate it from the horse betting channel on jaxx.de, horses.de is aimed at customers who already possess experience of horse betting. The connoisseur can consult statistics on the horses, jockeys and race results, find links to other racing-related sites and can of course place bets on all harness and flat races taking place on German racecourses.



interjockey.com: international horse betting

fluxx.com has held an attractive betting licence since the acquisition of interjockey.com Horsebet Ges. mbH. This Austrian Internet bookmaker is in possession of a betting licence for the Federal State of Vorarlberg and offers the opportunity to punters worldwide to bet on international horse racing events. This licence makes interjockey.com a vital component of fluxx.com's internationalisation strategy.



Telewette: horse betting via telephone and TV

The acquisition of DVR Telewette GmbH from the Directorate of Thoroughbred Breeding and Racing (DVR) in the third quarter of 2000 added further substance to the company's horse betting activities. Whereas horses.de acts as the sales partner of Germany's racecourses for the Internet, Telewette holds the only permit in the country to accept bets on flat racing over the telephone. Telewette's sales activities are promoted via a TV programme of the same name, broadcast every week live on the news channel n-tv.

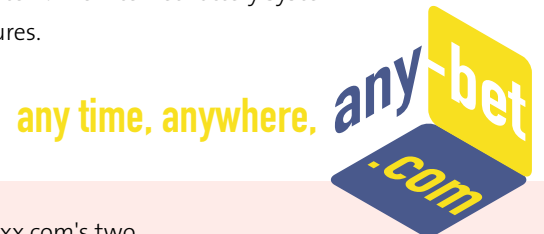
A special agreement has in addition been concluded with the DVR, through which fluxx.com has acquired the exclusive rights to market betting on flat racing in all online media (digital TV, Internet, WAP, UMTS, telephone). This has resulted in a cross-media platform concept that also incorporates forthcoming mobile telephony markets (UMTS).

There are already short-term plans to broadcast races on the Internet. Customers of jaxx.de and horses.de will then be able to follow the progress of their favourite horses live on the computer.



The fluxx.com Internet Lottery System

In December 2000, fluxx.com established any-bet.com, a new company with the purpose of marketing and distributing the fluxx.com Internet Lottery System. The Internet Lottery System is a form of software for complex gambling system architectures.



any-bet.com represents the point of intersection between fluxx.com's two corporate divisions, e-gambling and e-business services. This is where the technical know-how of fluxx.com's e-business services ideally complements the expertise gained through operating its own B2C platforms.

The modular Internet Lottery System not only covers online lotteries; it can also be used to offer customers virtual scratchcards, end-number lotteries and all forms of sports, event and horse betting. In common with the company's own platform jaxx.de, the Internet is not the only form of access. Telephone, WAP and forthcoming mobile networks, terminals and interactive digital TV offer scope for creating cross-media concepts.

Initial successful projects during 2000

fluxx.com's services have long since included activities in the B2B sector. fluxx.com developed the technology platform for the website of the state-licensed lottery corporation NordwestLotto Schleswig-Holstein, which went online in February 2000. NordwestLotto's lottery system was awarded a much-coveted certificate of excellence from the World Lottery Association (WLA) for satisfying the highest possible standards of security for lottery organisations.

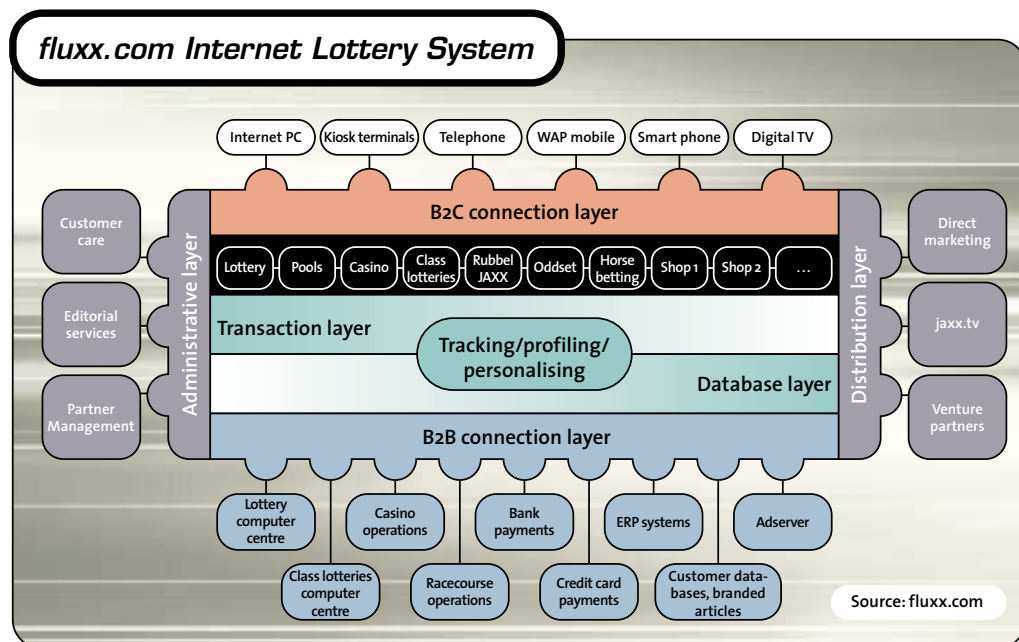
On the international scene, negotiations are under way with companies from Asia, Europe and North America.

The value chain in the B2B segment

The new unit any-bet.com now very much strengthens the company's international sales activities. fluxx.com is now in a position to generate profits all along the value chain. It provides the full spectrum of services, from consultancy and software licensing, to individual modifications, refinement and updating.

Security matters

Customer reservations regarding the security of their data are a major obstacle to e-commerce in Germany. Great importance is attached to security for all online activities of fluxx.com. 128-bit SSL encryption guarantees a superior standard of security and has earned jaxx.de the distinction of "Safest Tested Lottery Agency on the Internet" awarded by the renowned test magazine "Finanztest".



Accessing jaxx.de: multiple access channels

fluxx.com's range of online gambling services is not limited to the Internet. The platform can be accessed using a wide variety of terminal devices. In addition to the computer with Internet connection, budding players can use a conventional telephone, mobile phone or kiosk terminal to gain access.

JAXX LottoFon, on 01805 649649, is the first nationwide telephone-based lottery agency that is staffed round the clock.

fluxx.com established a new trend in providing access to its services from mobile phones: Europe's first WAP e-commerce application was developed for jaxx.de in November 1999. D1 and D2 customers can access the lottery options on <http://wap.jaxx.de/jaxx.wml>.

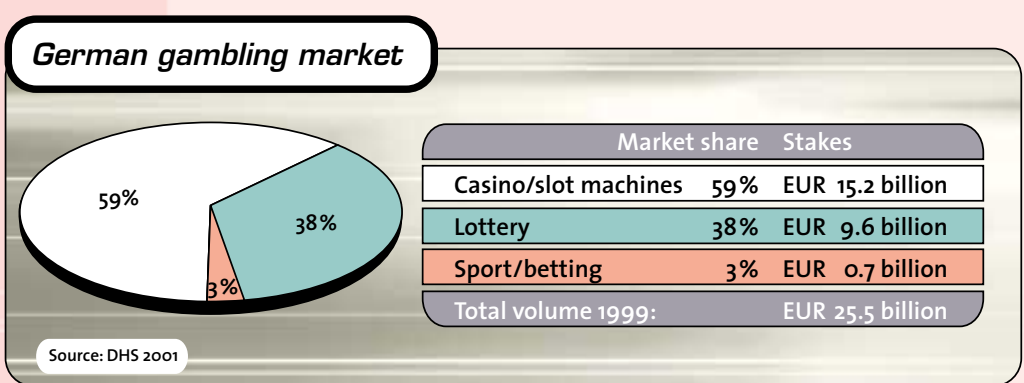
The JAXX LottoTerminal is a further platform. It denotes e.g. bank terminals from which it is also possible to play the lottery. The customer can effortlessly navigate through the menu and the services available with the aid of the touch screen principle.

Horse betting enthusiasts who have no Internet access of their own need not forgo the advantages of fluxx.com: bets can be placed over the phone using Telewette's service. Telephone-based betting on horse races is promoted on the news television station n-tv. The weekly "Telewette" feature is the only TV programme in Germany to carry regular live reports on flat racing and to provide an opportunity for placing bets by telephone on the races being covered.

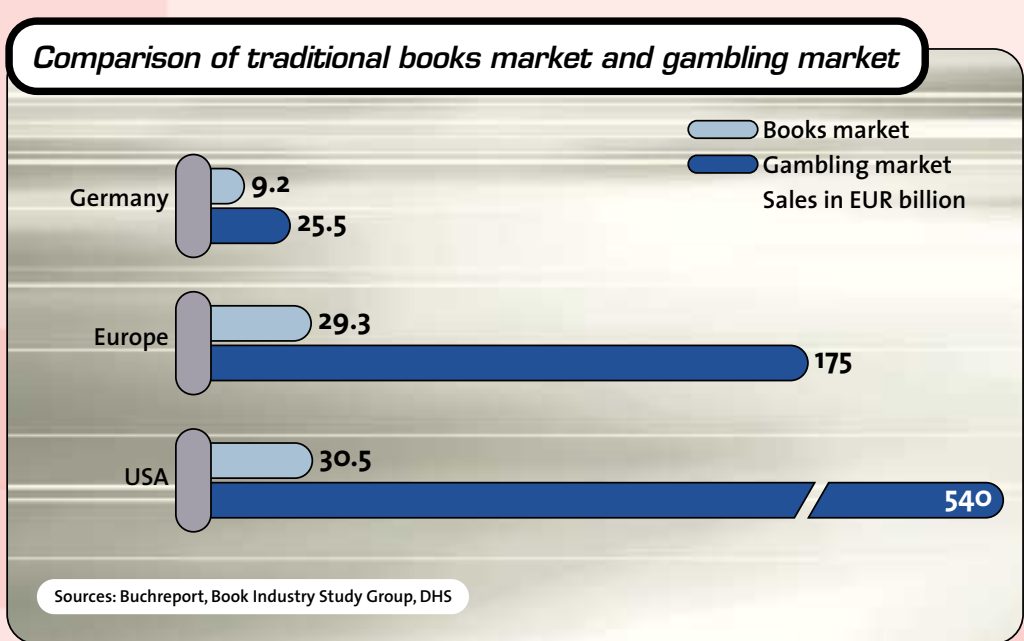
e-gambling

The traditional gambling market

The significance of the gambling market is brought vividly into perspective when one considers the sales generated by this industry. The gambling market in Germany generated total sales in the order of EUR 25,5 million in 1999 – a year-on-year increase of 6.8 per cent. After casinos, lotteries accounted for the largest share of this amount, contributing 38 per cent towards the total. Betting is well below the European average, at around 3 per cent. However, this will change in the near future along with the creation of new sales channels, new betting agencies and new opportunities for betting. The per capita spending on betting in Germany is below the European average, and there is consequently considerable potential for growth.



The volume of the European gambling market in 1999 was in the region of EUR 175 million. If by way of comparison one considers the market for books, which is still regarded as one of the most significant segments of e-commerce, it becomes fully apparent what immense potential there is in the gambling market.

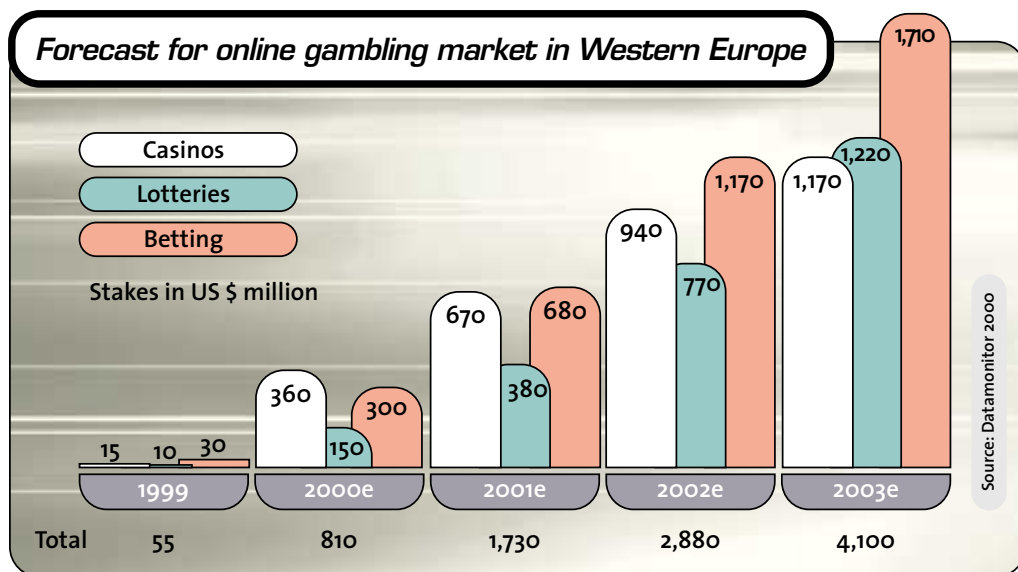


The online gambling market

Online gambling, in contrast to other market segments, harbours market potential that has so far gone almost entirely untapped. The principal advantage of transmitting a game of chance via online media is that such an activity provides scope for fulfilment that takes place exclusively online; in other words, the activity takes place entirely over the Internet. The Internet moreover offers considerable advantages to customers: it is convenient and easy to access, and the new, exciting games and uncomplicated forms of payment will both attract offline gamblers to the Internet and generate further new target groups.

These benefits of online gambling as opposed to traditional games of chance are also reflected in the market data and forecasts for the next decade. According to a study by Datamonitor, total sales worldwide will rise from USD 2,420 million in 2000 to USD 6,410 million in 2002. Developments on European markets in particular will fuel this rapid growth. Although European sales accounted for only USD 810 million of the total, by 2004 they are expected to equal American sales.

Datamonitor perceives the legal uncertainties on the American market as the reason for the above-average growth of the European online market. European providers will benefit to a considerable degree from the relocation of gambling services and the migration of customers.



e-business services

"There's no business like e-business"

And fluxx.com has been part of this briskly expanding market right from its inception. The e-business services division assists business clients with developing and marketing their e-business activities successfully. It covers all aspects of a full service Internet agency, from strategy development and brand creation to technical and logistical implementation.

fluxx.com devises complex Internet and m-business solutions for customers such as faircar, freenet, Grundig, handy.de, Henkel, Mobilcom, Philips, Provinzial Versicherungen, Thomson and Unilever.

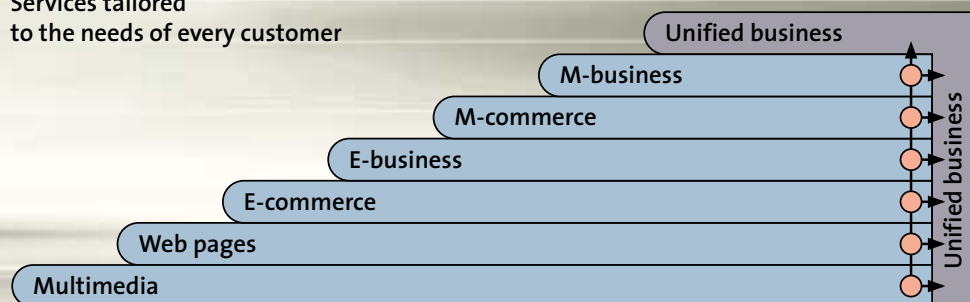
The e-business services division includes the companies fluxx.com e-production GmbH (consultancy, creative work, project management, Web design, software development, system engineering), fluxx.com new communication GmbH (online marketing and PR) and book & data Software-Entwicklung GmbH, which was acquired in September 2000.

New economy combining tradition and vision

Long before the term e-commerce had passed into general usage, fluxx.com was an active player in this forward-looking sector. Since the establishment of FLUX Multimedia GmbH in 1992, the e-business division has evolved from a multimedia agency into a full service company. fluxx.com's expertise always reflects the state of the art at any given moment in time: from the production of CD-ROMs and the launching of complex e-commerce applications to designing and implementing m-business applications, fluxx.com always offers the perfect solution for every customer need.

Unified business

Services tailored
to the needs of every customer

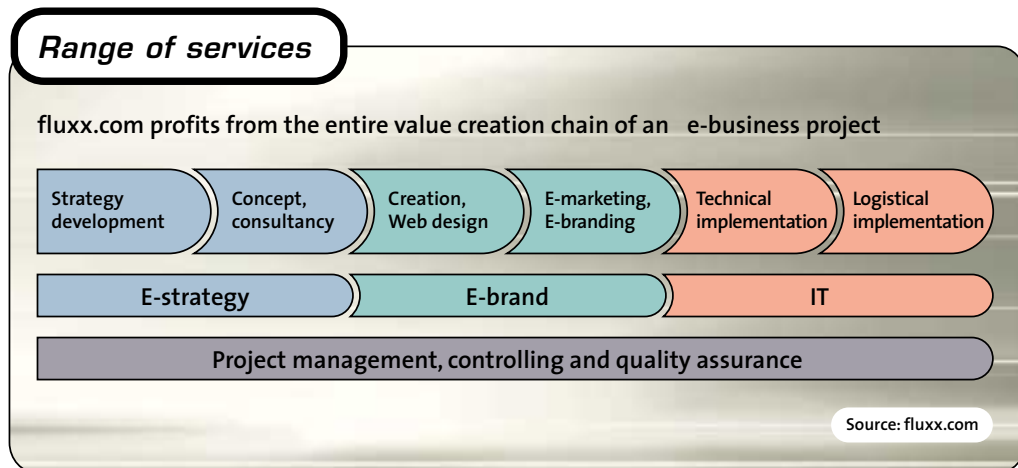


Source: fluxx.com

fluxx.com regards technological development as a logically structured, evolutionary process. The market of the future is all about combining present-day communication technologies with a variety of media: in the age of "unified business", the boundaries between telecommunications, entertainment, multimedia, websites and m-business and e-business will finally be eradicated by new technologies and highly integrated portals. fluxx.com has set itself the goal of playing a decisive part in shaping this new world of communication, and offers its clients the opportunity to be that decisive "click ahead" of their competitors.

Core skills in e-business: e-strategy, e-brand and IT

A whole string of factors has to be taken into account when establishing a successful e-business: a coherent strategy is as critical to success as the transformation of existing brands into new media or the logistical implementation of e-business in existing business processes.



fluxx.com's employees possess expertise spanning the entire chain of success factors. Their core skills are in integral consultancy, creation, production and coordination of the e-business disciplines strategy development, brand management and IT integration (e-strategy, e-brand and IT). This expertise, which constitutes the three pillars of e-business, means that fluxx.com is in a position to profit at all stages in a project's value creation chain.

The company structure, the focus of which was appreciably sharpened in 2000, enables fluxx.com to respond to specific customer wishes, irrespective of whether a project necessitates the entire spectrum of services or whether merely specific areas such as IT solutions, e-business strategies or e-brand campaigns are required.

All projects are coordinated by our project management from beginning to end. Expert link people act as the point of contact between customers, agencies and external partners.

The fluxx.com quality management approach guarantees an optimum work flow while each project is implemented.

E-strategy

Strategy is the starting point of any successful project. An analysis of the market situation and expert advice on the various e-business opportunities available to the customer constitute the basis of compelling strategic concepts. Whether it is a question of developing new e-business processes or optimising existing applications, fluxx.com's e-strategy expertise leads to optimum solutions that are devised in close collaboration with customers and external partners, including classic management consultants.

E-brand

The power of the brand, whether in the online or offline world, is of decisive importance. The brand possesses a high symbolic value and embodies consumer-relevant value systems. Consumer confidence is strengthened by systematically nurturing and refining these value systems, and the success of the company in question is thus boosted.

fluxx.com has many years of experience in the strategic development and enhancement of brands. Existing brands are implemented for e-business projects on the basis of the media for which they are intended. The screen design is adapted to the new medium in terms of corporate identity, corporate design and brand values and made as user-friendly as possible.

Experience in handling well-known brands such as Persil and becel can also be exploited for exclusively online products such as handy.de, where fluxx.com's consultancy services are a great advantage in the brand development process.

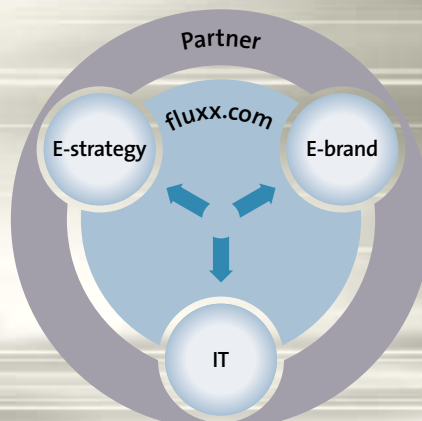
At the risk of stating the obvious, consumers will not buy products that they do not know. For this reason, the realm of the e-brand is rounded off by media and PR services. Both areas concentrate on the development of media-related communication strategies and the use of the most up-to-date means of communication.

IT – information technology

fluxx.com developed a new IT strategy in 2000. The result is a Java 2 EE framework on the basis of Bea Weblogic and Oracle systems. fluxx.com has thus established a strategically outstanding position at the onset of the UMTS age. This fluxx.com IT expertise moreover extends to other areas as well as m-business future markets. fluxx.com performs software development services (Java, XML, JSP, PHP, SQL, UML, etc.), IT consultancy and IT reviewing, porting and implementation of content management and customer relationship management systems, quality assurance, cross-platform testing, load testing (Mercury) and system engineering (Sun/Solaris, Oracle, Bea Weblogic, Linux, etc.). Thanks to this comprehensive IT spectrum, fluxx.com is not merely in a position to design complex e-business and m-business architectures. It can likewise implement games, CD ROMs and streaming media applications of the highest calibre.

Core skills

Specialist expertise
in conjunction
with a dynamic
network of partners



Source: fluxx.com

Concentrated expertise: the e-business partner network

The business model of fluxx.com e-business services involves joint ventures with strategic partners. Close cooperation over lengthy periods prevents attrition losses and enables fluxx.com to satisfy a wide variety of customer interests with optimum results.

These partners come from a wide variety of areas: strategy development and consultancy (Shaken-not-Stirred, CMG, Haarmann, Hemmelrath & Partner), software development (Integrata, Parity), hosting, service and support (debis, Deutsche Telekom) and also from the field of product and technology (Oracle, bea Systems, Sun).



M-business: the wonderful world of wireless markets

The next big boom involving new markets will result from the spread of the Internet to mobile devices. In addition to providing access to existing services via mobile terminal devices, this logical progression opens up entirely new horizons thanks to the independence of the media, transfer protocols and terminal devices in question. Situation-based use will generate new markets, because there are multifaceted advantages for the consumer: following a minor car accident, for instance, claims reports can be filled out in situ or professional experts summoned; or locating systems will allow the punter to place personalised sports bets directly from the stadium over the mobile phone – the possibilities are almost limitless!

fluxx.com is one of the few companies which recognised the potential of this market at an early stage, and it is already in a position to offer its customers mobile business solutions. Its IT strategy paves the way for professional e-business applications and is outstandingly suited to the integration of mobile concepts. These factors played a crucial part in the decision by Mobilcom AG and France Télécom to commission fluxx.com to design and implement their mobile portal.

Its m-business expertise is constantly being deepened through internal working parties and training courses, impressively underlining the fluxx.com mission to always be "one click ahead".



Customers and projects

fluxx.com is able to boast an extensive portfolio of customers from many different market segments: the spectrum ranges from telecommunications companies and the entertainment electronics sector to commerce and industry. The solutions that have been developed are as diverse as the customers themselves: from brand sites (Persil) and e-business solutions (teccus) to entertainment tools (Stella).

handy.de is a mobile portal with a manufacturer-independent mobile phone shop and numerous services. Its Internet presence has been comprehensively revised by fluxx.com. In addition to the new

design, a complex but clearly arranged portal navigation structure has been created. handy.de in addition dedicated its entire marketing budget to fluxx.com. Both online marketing and public relations activities are handled by fluxx.com's online media and PR professionals. handy.de attracted such a sizeable following and clientele within a very short time after its relaunch that it has become a central point of reference on the Internet for all mobile phone users.



Teccus is an extensive online shop, created by fluxx.com, for accessories for information technology, telecommunication and entertainment electronics. As a subsidiary of Vivanco AG, whose products are a familiar sight in entertainment electronics retail shops, the online identity "Teccus" has been established as a new brand by fluxx.com. Its corporate design, which is entirely distinct from that of Vivanco AG, is aimed primarily at online target groups. The online facility offers intelligent search functions (agents) and a dealers' programme.



fluxx.com was commissioned by the energy provider **Schleswig** to handle a comprehensive design relaunch of its website, retaining and building on the existing content. The key requirements for

this site were ease of navigation, short loading times, a brand-conforming, modern design, the restructuring and simplification of its content, and an extended range of services for private and business customers. Following the relaunch, Schleswig AG now projects an identity based on modern corporate communication involving the subtle use of various flash sequences and DHTML.



The novel, up-to-the-minute event, community and entertainment portal of the Munich-based **Events Today AG**, a fully owned subsidiary of Grundig AG, has been supplying online users with a wide range of news on music, fashion, people, parties, movies, culture, leisure and sports since November 2000. Within the individual subject areas there are, for example,

hosted video streams, live interviews with top stars, calendars of events, a ticket and travel service, and numerous free services on offer, such as own homepages and mail accounts. The task facing fluxx.com for this project, handled in conjunction with skillnet and Superscreen, was in particular to integrate and customise a content management system (CoreMedia) and a community platform (Cassiopeia).



Germany's largest publicsector insurance company, **Versicherungskammer Bayern**, engaged the services of fluxx.com for the relaunch of its website with over 1,000 pages of content. The core aspect of the relaunch was the "virtual insurance file". Within a closed user zone protected by SSL, customers can consult and manage their insurance policies online, and modify them if desired. Over and above the corporate presence, all sales partners with separate websites were gradually integrated. In addition to the extensive content of the VKB website, these websites provide access to the sales partners' con-

tent, which they can enter and update using an editing system developed specially on their behalf.

e-business services

Union Deutsche Lebensmittelwerke GmbH hired fluxx.com to design and execute a relaunch of the website for **becel**, the market leader for products for a low-cholesterol diet. fluxx.com developed a concept for the strategic brand management of becel on the Internet. A channel concept guarantees an accurate focus on the relevant target groups. This ensures that consumers, doctors, nutritionists and journalists are supplied with appropriate information, such as scientifically well-founded studies on the subject of cholesterol. An easy-to-use editing system simultaneously enables the customer's editorial team to update the database of recipes without undue complication.



Persil is the German detergent market's best-known product, and also the innovation leader. Henkel Waschmittel GmbH considers it vitally important that the online presence of the Persil brand should reflect this leading position. For this reason, fluxx.com was commissioned with relaunching the existing website, which had been in use since 1997. The objective was to establish Persil's reputation as the most experienced "laundry advisor" on the German-language Internet. fluxx.com consequently adopted the approach of "interlinked brand management" to expand on the idea of a comprehensive, cross-media brand image.

fluxx.com developed an entirely new corporate presence on www.vcc.de for **VCC Perfect Pictures AG**, one of the leading companies in the sector of post-production, high-end image processing and 3D computer animation. The strategic objectives were to develop a brand-suited, target group specific Internet presence, to sharpen its profile significantly and to differentiate it clearly from the competition. Since the entire content of the site was to be compiled from scratch, considerable emphasis was placed on the consultancy aspect.



The musical company **Stella AG** commissioned fluxx.com to develop a game in the vein of the famous "Moorhuhnjagd" game. The game was to be made available as a download from a subpage on Stella AG's website. The objective was to promote the musical "Tanz der Vampire" using a "viral marketing" strategy. Adopting the same hype principles that had made the grouse game so popular, it was to acquire cult character through its own intrinsic momentum, causing the vampire game to spread through the online community "like a virus". The resulting vampire game is now available in two variants. The emphasis when programming in C++ was on the data volume and compatibility. As the game is aimed at a broad target group, it had to be rapidly downloadable.



The m-portal will bracket all future activities of the private telecommunications provider in the field of mobile commerce. Together with fluxx.com, specimen applications from the fields

At the start of July, fluxx.com was commissioned by **Mobilcom** and France Télécom to develop a mobile portal platform. The object of this partnership is to conceive, create and realise a platform for the mobile commerce market that permits the integrated use of SMS, WAP, PDA and the forthcoming UMTS services.



of m-business, m-information and m-entertainment are being developed and made accessible via both the Internet and mobile phones. The forthcoming mobile telephony standard UMTS is a central component of the system architecture.

The Internet: from specialist network to mass medium

No medium has succeeded in developing from a network for specialists into a mass medium as rapidly as the Internet. At the start of 1998, only around 5 million people in Germany had Internet access. In the first quarter of 2000, Internet use outstripped that of the fax machine (around 11 million people in Germany aged 14 or over, compared with 12.4 million Internet users). According to the @facts study by the renowned market researcher forsa, there were 19.5 million Internet users in Germany at the end of 2000. This corresponds to 30.5 per cent of the total population. Before 1999, Internet users were still predominantly male, in employment, with a high formal level of education, and aged between 20 and 39. Today, the Internet is reaching increasingly diverse segments of the population. For instance, the highest growth rates in 2000 were among female users and certain age groups such as the over 50s. The number of Internet users with intermediate formal educational qualifications also rose (source: ARD/ZDF online study, 2000). The way it is used is likewise changing: only 13 per cent now surf the Net for work requirements. The trend towards a mass medium that will rank alongside TV, radio and the print media is therefore continuing relentlessly.

The virtual realms of the economy: e-business and m-business

The sharp rise in the number of users is prompting an increase in revenues for e-business providers: whereas e-commerce sales in Europe were in the order of EUR 36 billion in 1999, the market researcher Forrester Research is forecasting a figure five times as high for 2001. Sales are set to reach EUR 186 billion.

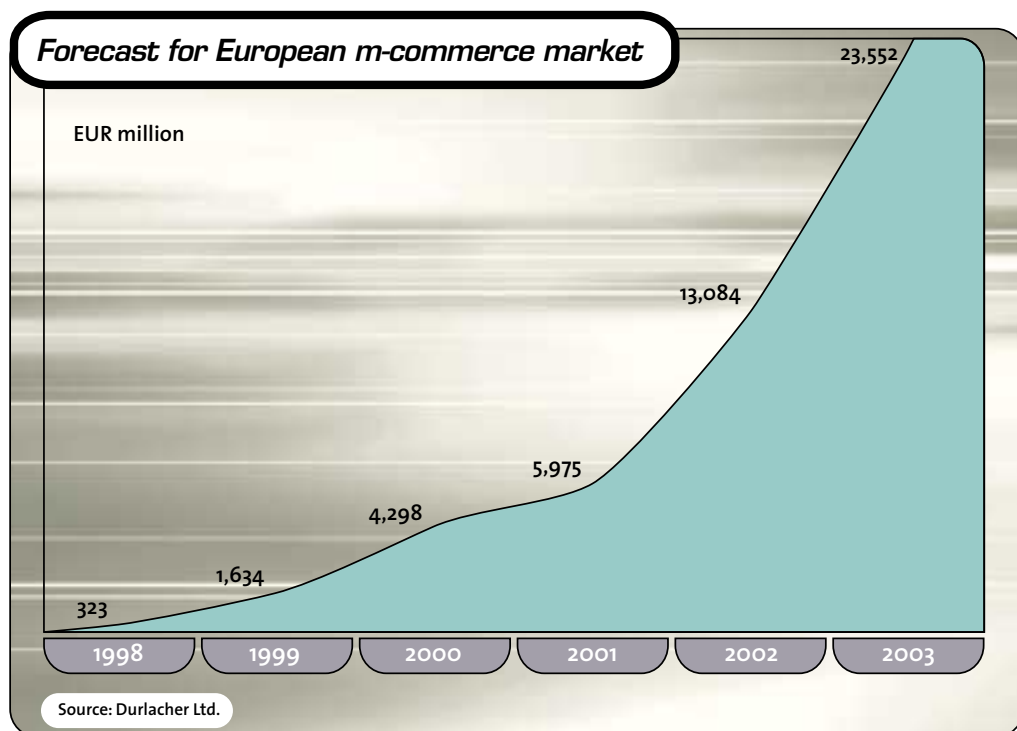
Sales by companies which offer consultancy services for e-business projects will likewise continue to grow: Forrester Research also forecasts sales for this sector of EUR 9.45 billion in 2005 (compared with around EUR 3 billion in 2000).

Whereas the Net is still used predominantly as a communication and information medium in the German B2C sector (source: ARD/ZDF online study 2000), e-commerce is on the verge of a major breakthrough. According to a study by ACNielsen eRatings.com, 51 per cent of all Germans with Internet access clicked on at least one e-commerce service last December. Although this figure indicates that e-commerce in Germany has not yet acquired the status it enjoys in the United States or Japan, Germany is right at the top of the rankings within the European context.



Germany, Italy and Great Britain leading the way in m-business

Following the auctioning of UMTS licences last summer, network operators anticipate that the technical framework for using the new mobile telephony standard will be in place by 2002. Initial terminal devices and applications which make the benefits of mobile business fully visible to users will appear in parallel. The slow transfer rates, high costs and largely unappealing services that characterise present-day GSM-based WAP services will become a thing of the past. Germany will be excellently positioned to take advantage of m-commerce: the number of mobile phone customers more than doubled in 2000, to around 48 million, and for the first time there were more mobile phones in circulation than there were landline connections. Durlacher Research Ltd. predicts that European m-commerce sales will rise from EUR 323 million in 1998 to EUR 23 billion in 2003. Germany, along with Italy and Great Britain, will be spearheading m-commerce.



"Wireless portals" will occupy a special position in the mobile business universe. These portals bring together a wide range of services, which can be accessed using mobile terminal devices via a wireless network. A study of wireless portals conducted by Ovum 2000 forecasts a rise in total sales handled via mobile portals in Germany from USD 30 million in 2001 to USD 381 million in 2003. However, before any money can be made with portals, the appropriate technical and conceptual models need to be developed. fluxx.com has been working on the m-portal for Mobilcom since October 2000, and is therefore one of the first agencies in Germany to possess both expertise and practical experience in this new market.

The fluxx.com strategy of developing expertise in the m-business sector at an early stage will make the company the leading mobile business enabler in Germany over the next few years.

Employees

Well qualified and dedicated: fluxx.com's employees

fluxx.com's employees are the lifeblood of the company. The well-qualified, dedicated people behind fluxx.com together ensure that the company achieves its objectives and that fluxx.com is that all-decisive "one click ahead" of its competitors.

In order to continue building on its employees' vast resource of knowledge and ideas, the company routinely holds internal workshops and professional skill-building seminars and lectures. At fluxx.com, management and employees share the responsibility for identifying and exploiting scope for skill-building. Creativity, knowledge, independence and self-motivation are consequently values that fluxx.com both expects and encourages.

fluxx.com is a living, learning, adaptable organisation. For this reason, our employees are not permanently assigned to specific posts. Rather, the company offers them scope to explore other areas of work in order to identify where their abilities and skills can best be maximised.

E-business is a global affair. In such an environment, cosmopolitan attitudes and tolerant interaction are vital conditions of success. It is therefore only logical that the fluxx.com team should have an international line-up. Highly qualified employees from the USA, Great Britain, Ireland, Spain, Greece, Bosnia, Austria and Switzerland give the company a global perspective. The careers which the company offers are even more diverse than the nationalities that work for it: modern occupations such as the m-business conceptualiser, Web designer or Java architect are as commonplace at fluxx.com as classic professions such as PR advisor, team assistant or project manager.

Personnel: development 1998–2001

Total employees of fluxx.com



Source: fluxx.com

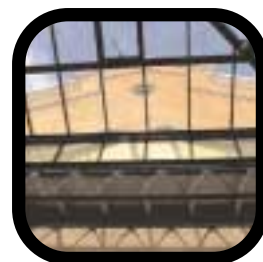
One team – many locations

The locations of the individual units are as exceptional as the people who work for fluxx.com: the "Herrenhaus Stift" in Altenholz, which houses the company's headquarters, the offices of the e-gambling staff in the Leik Shopping Centre in Kiel, and the new premises of fluxx.com e-business services on the site of the former gasworks in Hamburg-Bahrenfeld.

The "Herrenhaus Stift" houses the offices of the Board Chairman, Finance Director, and the Heads of Controlling, Personnel, Legal and Investor Relations. The imposing building, dating from 1920, had a succession of owners before being acquired by Designgruppe Transparent in 1997. fluxx.com Aktiengesellschaft was established one year later, and occupied the "Herrenhaus".

The employees of the division fluxx.com e-business services moved into new offices on the site of the former gasworks in Hamburg-Bahrenfeld in December 2000. Ultramodern offices covering 3,000 m² of floor space have been installed in the "Loftwerk". Cubic elements create surprising changes of perspective; the neo-Gothic shell of the building, almost 100 years old, stands in intriguing contrast to the modern building materials used inside. The resulting ambience guarantees a creative atmosphere that enhances communication.

The staff of the e-gambling division are based in offices above the bustling "Leik" shopping centre in Kiel. Here again, state-of-the-art office facilities and well-equipped workstations constitute an exemplary working environment.



Board of Directors

The Board of Directors, as the corporate body which is responsible for the running of fluxx.com Aktiengesellschaft, constitutes the top management level of the company. The Board of Directors comprises five members, three of whom are also the Managing Directors of other group companies.



Rainer Jacken (42),
Chairman of the Board of Directors

Holger Pilgenröther (36),
Finance Director

Mathias Dahms (38),
Deputy Chairman of the Board of Directors and
Managing Director of fluxx.com e-commerce GmbH

Christoph Tonn (36),
Board Member and Managing Director of
fluxx.com e-production GmbH

Uwe Wanger (43),
Board Member and Managing Director of
fluxx.com new communication GmbH

(from left to right)



Rainer Jacken, Chairman of the Board of Directors

In 1986 the design graduate Rainer Jacken teamed up with Uwe Wanger to found Designgruppe TRANSPARENT, thus laying the foundations for the company which was to evolve into fluxx.com Aktiengesellschaft. Following the company's successful start-up, he established numerous other companies in the marketing and Internet sector, three of which have since become part of fluxx.com Aktiengesellschaft: FLUX Multimedia (now: fluxx.com e-production), EIP Entertaining Interactive Productions (now: fluxx.com e-commerce) and Designgruppe TRANSPARENT (now: fluxx.com new communication). Based on his extensive experience of the gambling and Internet sector, Rainer Jacken enjoys a reputation as one of Germany's top experts in these segments. Jacken has been Chairman of the Board of Directors of fluxx.com Aktiengesellschaft since its establishment in December 1998.

Holger Pilgenröther, Finance Director

Holger Pilgenröther gained his degree in Economics at the European Business School in 1989. Following a series of international placements, he first joined the Controlling Division of Herberts GmbH, part of the Hoechst Group. He then moved to Spies Hecker GmbH, another Hoechst Group company, initially as Head of Controlling and then Head of Sales, before joining the Hamburg-based SKP Service GmbH as Managing Director in 1995. He has been Finance Director of fluxx.com Aktiengesellschaft since March 2000.

Mathias Dahms, Deputy Chairman of the Board of Directors

Mathias Dahms studied Information Technology and Business Studies. After graduating, he initially joined Softlab AG, Munich, as Senior Developer and Senior Consultant, then moved to the Hamburg company INFO AG as Head of Marketing. Before becoming Managing Director of the fluxx.com e-commerce predecessor EIP in 1997, he headed the Corporate Development Division of Talkline Management GmbH in Elmshorn. He has been a Board Member of fluxx.com Aktiengesellschaft since December 1998.

Christoph Tonn

Immediately after graduating in Design, Christoph Tonn joined forces with Rainer Jacken and Uwe Wanger in 1992 in establishing the agency FLUX Multimedia, which developed into one of Germany's top 10 multimedia agencies. It was transformed into fluxx.com e-production GmbH in 1998, and is still headed by Christoph Tonn. He is also a Board Member of fluxx.com Aktiengesellschaft, with responsibility for Projects and Technology. A pioneer of the Internet, he has a proven track record in the field of electronic business and is spearheading developments in the field of mobile commerce.

Uwe Wanger

Uwe Wanger, together with Rainer Jacken, is the co-founder of all fluxx.com companies. The graduate designer is one of the most acclaimed marketing experts in North Germany, and led Designgruppe TRANSPARENT – which now operates under the name of fluxx.com new communication – to its position as the largest advertising agency in Schleswig-Holstein. Uwe Wanger has been a Board Member of fluxx.com Aktiengesellschaft since its establishment at the end of 1998.

Supervisory Board

The Supervisory Board acts as the stock corporation's regulatory and supervisory body. It examines the Board of Director's decisions in light of the company's direction and strategy. The Supervisory Board of fluxx.com Aktiengesellschaft comprises the following six members:

Goetz Graf von Hardenberg, Chairman of the Supervisory Board

After completing his two-year training as a bank clerk with Deutsche Bank AG in Hamburg, Goetz Graf von Hardenberg (49) studied Political Economics and Agricultural Economics at the Christian Albrecht University of Kiel, graduating as an Agricultural Economist. He acquired experience in investment business as an assistant to a property investment company in the USA and Australia. After working for six years in South-East Asia as a project manager within the Consulting and Engineering Division of agro faber agricultural and food technologies GmbH, Count Hardenberg was appointed Managing Director of NIB Norddeutsche Innovations- und Beteiligungsgesellschaft mbH in 1987. As a venture capital business, NIB invests in SMEs. In his current post, Count Hardenberg supervises and generates new business among young, rapidly expanding companies.

Prof. Sönke Albers, Deputy Chairman of the Supervisory Board

Professor Albers (52) studied Business and Management Economics at the University of Hamburg, where he also took his doctorate. After submitting his professorial thesis at the University of Kiel, in 1984 he accepted the Chair of Business and Management Economics at the Academic College of Company Management (WHU) in Koblenz. Two years later he was appointed University Professor of Business and Management Economics at the University of Lüneburg. Since 1990, Professor Albers has been University Professor of Business and Management Economics at the Christian Albrecht University of Kiel, and Director of the Institute for Business and Management Economics. In 1999 he moved to a Chair of Innovation, New Media and Marketing, and was appointed Director of the Institute for Business Management Innovation Research. He is also Chairman of the Research Council of AMCON Analytical Marketing Consulting GmbH in Bremen and Chairman of the Supervisory Board of Bidbizz AG, Kiel. Professor Albers has published books on the management of field sales forces, marketing with interactive media, e-commerce and product management, and is co-editor of the Schmalenbach Journal of Business Management Research.

Antje Stoltenberg

Antje Stoltenberg (38) trained as a commercial clerk, then studied Business and Management Economics, majoring in Tax Law, Accounting and Financial Affairs. After completing her studies, she initially worked for Treugarant Revisions- und Treuhandgesellschaft mbH Wirtschaftsprüfungsgesellschaft in Kiel for two and a half years. Since April 1991, Antje Stoltenberg has been Managing Partner of GWU Gesellschaft für Wirtschaftsprüfung und Unternehmensberatung mbH. She sat her tax accountancy examinations in February 1993 and qualified as a tax consultant. After passing her examinations, she officially qualified as a chartered accountant in February 1998.

Matthias Hein

Matthias Hein (49) graduated from the Technical University of Karlsruhe in Industrial Engineering. He then qualified as a Master of Management Science from the University of Miami, before working for Apple Computer for three years in International Marketing/Sales, as Managing Director of German Operations. Matthias Hein worked for the Regional Bank of Schleswig-Holstein from 1982 to 1996, initially as Head of the Strategic Planning Division and then as Head of Marketing and e-banking. Matthias Hein has been Director of Spielbank SH GmbH, the parent company of the casinos in Travemünde, Schenefeld, Kiel, Flensburg and Westerland, since 1996.

Frank Motte

Frank Motte (37) is Chairman of the Board of Management of Motte Consult AG, based in Gerlingen. After studying Business and Management Economics, he initially worked for an American bank in Frankfurt, New York and Munich for three years. Since 1991 he has specialised in preparing companies for their IPO. He has in addition served in a temporary capacity as Finance Director of a growth company. In addition to his non-executive directorship, Frank Motte acts as an advisor to fluxx.com.

Gerhard Schmid

After training as a commercial clerk, Gerhard Schmid (48) studied Business and Management Economics, majoring in Information Technology, Operations Research and Marketing. Following his studies, he worked for Hutschenreuther AG for eight years, latterly as Head of the Marketing/Sales Division and as Director of Controlling. He then worked for the Baltic resort of Damp for three years as Director of Tourism and Staff Departments. He was appointed to the Board of Management of Sixt AG in 1989, with responsibility for Marketing and Sales. Gerhard Schmid has been a Board Member of the private telecommunications group MobilCom AG since 1991.

The Supervisory Board of
fluxx.com Aktiengesellschaft:
Goetz Graf von Hardenberg
(Chairman), Managing Director
of NIB GmbH;
Prof. Sönke Albers (Deputy
Chairman), University of Kiel,
and Antje Stoltenberg,
tax consultant and chartered
accountant ...



... and Matthias Hein, Director
of Spielbank SH GmbH;
Frank Motte, Board Chairman
of Motte Consult AG;
Gerhard Schmid, Board
Chairman of MobilCom AG.

Report of the Supervisory Board

The Supervisory Board actively followed the development of fluxx.com Aktiengesellschaft throughout the 2000 financial year and advised the Board of Directors in a wide variety of ways. The Board of Directors was monitored on the basis of regular written and oral reports on the progress and situation of the company.

During the past financial year, the Supervisory Board held four joint meetings. The principal topics of its deliberations, in addition to the latest progress of the e-gambling and e-business services divisions, were forthcoming takeovers and equity participations, questions of corporate strategy, and the company's plans for the future. In addition to the Personnel Committee formed in 1999, the Supervisory Board created a Planning Committee at its meeting on 25 January, 2000. The Personnel Committee did not meet and the Planning Committee met on one occasion in the 2000 financial year.

The annual financial statements as at 31 December, 2000 and the Management Report, including the accounts, have been examined by the auditors appointed at the Shareholders' Meeting, Susat + Partner OHG Wirtschaftsprüfungsgesellschaft, Hamburg, who have issued their unqualified certification thereof.

The Supervisory Board examined and approved the annual financial statements and the management report submitted by the Board of Directors for fluxx.com Aktiengesellschaft for the 2000 financial year at its meeting on 22 March, 2001, in the presence of the auditors. The Supervisory Board in addition discussed the consolidated financial statements and the group management report submitted to it. The annual financial statements, the management report and the audit report were available to all members of the Supervisory Board. During the Supervisory Board meeting, the auditors explained the principal findings of their audit and answered further questions of the Supervisory Board.

The Supervisory Board has endorsed the findings of the auditors. On the basis of the concluding findings of its own examination, it finds no cause for objection to the annual financial statements and the management report. The Supervisory Board ratifies the annual financial statements prepared by the Board of Directors, which are thus approved pursuant to § 172 of German Stock Corporation Law.

The members of the Supervisory Board take this opportunity to thank the Board of Directors and employees for their hard work and dedication throughout the past financial year.

Kiel, 22 March, 2001

The Supervisory Board
Goetz Graf von Hardenberg
Chairman

Consolidated Financial Statements of fluxx.com Aktiengesellschaft

In addition to this Group Management Report and these Consolidated Financial Statements, fluxx.com Aktiengesellschaft has published a separate management report and individual financial statements for the 2000 financial year in accordance with German Commercial Code (HGB); we will gladly send you a copy on request.

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HGB

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1. Business progress

1.1 Assessment of situation in the branch

Internet

At the start of 1998, only around 5 million people in Germany had Internet access. In the first quarter of 2000, Internet use outstripped that of the fax machine (around 11 million people in Germany aged 14 or over, compared with 12.4 million Internet users). According to the @facts study by the renowned market researcher forsa, there were 19.5 million Internet users in Germany at the end of 2000. This corresponds to 30.5 per cent of the total population.

Gambling market

As the gambling market in Germany is regulated to a high degree by state controls, gambling cannot be offered without a separate licence. In the German market, the services provided by fluxx.com involve acting as an agent on behalf of state-licensed suppliers of gambling products (German lottery and pools organisation, South German Class Lottery, North German Class Lottery, horse racing associations). These include in particular the Internet platforms jaxx.de and horses.de operated by fluxx.com e-commerce GmbH, together with the telephone betting agent Telewette acquired in the third quarter of the year in review.

The lucrative gambling market, the volume of which was around EUR 25.5 billion in Germany alone in 1999, naturally attracts imitators of fluxx.com's business model. At the start of the year, the first serious competitor – tipp24.de – appeared on the German market, though its range of services is limited to the handling of lottery products. Following the takeover of Telewette from the Directorate of Thoroughbred Breeding and Racing (DVR), the umbrella organisation of German flat racing, fluxx.com acquired the exclusive rights to market flat races via all online media (Internet, telephone, WAP, UMTS, digital TV). The entry of new market participants into this segment can therefore be excluded.

On behalf of the state lottery corporation NordwestLotto Schleswig-Holstein, fluxx.com has been operating a separate Internet service via its subsidiary e-sales.com GmbH since February 2000; on the basis of the regional market protection agreement between the lottery corporations, it exclusively targets the inhabitants of Schleswig-Holstein. Other lottery corporations likewise set up Internet agencies in the course of 2000. However, the lottery corporations' own activities have had no significant effect on the business operations of the fluxx.com companies. This can be attributed on the one hand to the strength of the jaxx.de brand, which has now been around for three years, and on the other hand to its broader range, which includes prize competitions, electronic scratch-cards and horse betting over and above lottery products.

Internationally, fluxx.com deals directly with the consumer via its company Interjockey.com Ges. mbH, based in Lustenau, Austria. The online bookmaker, acquired in February 2000, is in possession of a bookmaking licence for the Federal State of Vorarlberg and thus offers punters worldwide the opportunity to bet on horse races and sporting events.

In establishing the company any-bet.com GmbH in December 2000, fluxx.com has laid the foundation stone for the international sale of gambling software. In addition to its own developments, any-bet.com will sell third-party products which usefully complement the product range of the fluxx.com companies.

e-business services

The situation within the branch has likewise continued to develop positively for the B2B division of the fluxx.com Group (e-business services), in which the two subsidiaries fluxx.com e-production GmbH and fluxx.com new communication GmbH and the newly acquired book & data Software-Entwicklung GmbH are active.

On the strength of recent market research findings and forecasts, fluxx.com anticipates that the increasing significance of the Internet as a trading medium (e-business) will continue to induce a high propensity to invest among companies in the hardware and software sectors and those supplying agency and consultancy services. fluxx.com has moreover been able to take up a successful position in a strategically important emerging market: by developing a mobile portal (m-portal) for a joint venture between the telecom groups MobilCom and France Télécom, fluxx.com has become one of the first Internet companies to secure a competitive lead in this market of the future by implementing specific projects. Studies of the branch indicate that by 2005, around 30 million users will be spending USD 1.070 billion via the mobile Internet in Germany.

The e-business services division concentrated to an even greater degree on online projects in 2000. As a result of this strategic direction, traditional advertising activities were hived off in the form of a management buyout with effect from 1 October, 2000. The resources of IT expertise that are of decisive importance in e-business projects were increased with the takeover of book & data Software-Entwicklung GmbH. All in all, the e-business services division, with its competence centres e-strategy (strategy development, consultancy, conception), e-brand (creation, Web design, e-marketing, e-branding) and IT (technical and logistical implementation of software and hardware), is outstandingly positioned within the German and European market context.

The stock corporation

fluxx.com Aktiengesellschaft conducts no operations of its own, and in its capacity as a management holding company it holds 100 per cent of the shares in the three private limited companies (GmbH) fluxx.com e-production, fluxx.com e-commerce and fluxx.com new communication, as well as a 52.5 per cent stake in any-bet.com GmbH. The holding company handles the central functions Sales, Finance, Personnel, Legal and Investor Relations.

The Board of Directors comprises Rainer Jacken (Chairman), Holger Pilgenröther (Finance), Mathias Dahms, Christoph Tonn and Uwe Wanger. Dahms, Tonn and Wanger are simultaneously the managing directors of the three subsidiaries.

1.2 Development in sales and orders

e-gambling

In the course of 2000, the member companies of the fluxx.com group handled betting stakes totaling DM 32.6 million via its Internet services jaxx.de, horses.de and lotto-sh.de and via the telephone betting arrangements of Telewette. Compared with the growth of the Group and the market, this represents a disproportionately very high rate of increase of 288 per cent compared with the previous year (DM 8.4 million). The commissions and royalties resulting from the betting stakes handled are included in the group's net sales revenues.

The total number of customers who registered with fluxx.com's online gambling services by the end of 2000 has risen to 307,000. Around three-quarters (233,000) of this total have actually participated. This above-average growth is attributable in particular to targeted one-to-one marketing measures which were carried out in conjunction with venture partners from the e-commerce sector. The strategy of purposely building up a customer base with an affinity for e-commerce via other Internet providers has therefore proven to be very successful. By the end of 2000, the number of venture partners integrating the jaxx.de product universe into their own Internet pages and generating revenue from gambling on a commission basis had thus risen to 800.

e-business services

In addition to numerous e-business projects, the e-business services division has benefited in particular from securing the contract to develop the m-portal for MobilCom and France Télécom, as a result of which its order books will remain very healthy well into the future.

The focus on online expertise within the fluxx.com Group has simultaneously prompted an intensification of sales activities by this division. In addition to recruiting new customers, including Events Today, Faircar, Öger Tours, VCC Perfect Pictures, Schleswag and handy.de, the emphasis throughout 2000 was on deepening ties with existing customers. Customers on whose behalf fluxx.com has already conducted projects in the past are now being guided by fluxx.com towards the next stage of e-business. Companies such as Henkel, Unilever, Provinzial and Versicherungskammer Bayern continue to make use of fluxx.com's services.

Despite the shedding of traditional advertising activities on 30 September, 2000 and the resulting loss of sales revenue, total sales for the e-business services division were boosted by 58.1 per cent, from DM 16.2 million to DM 25.6 million.

1.3 Products

e-gambling

The sports betting service Oddset was added to jaxx.de in March. This product, which is also enjoying considerable success at traditional lottery agencies, developed into one of jaxx.de's most popular services within a matter of days. Its success is attributable to the fact that this form of sports betting has an extremely high Internet affinity.

Germany's first electronic scratchcard, launched at the start of the year under the name of Rubbel-JAXX, likewise enjoyed snowballing success. More than 5.2 million tickets in total were used by jaxx.de customers by the end of the year.

An exclusive service has been available to jaxx.de customers since May: playing the lottery according to the high quota system, which promises winnings that are on average 50 per cent higher to those who are in luck.

In addition to the WAP-based (Wireless Application Protocol) variant of jaxx.de that has been available from T-Mobil since autumn 1999, the German market leader D2 Vodafone launched WAP lottery access in May 2000. However, as the transfer rates currently possible with WAP are inadequate, this system will not be able to establish itself on a broad basis. Valuable findings on how to handle lottery applications can nevertheless already be derived from this field of activity and will facilitate the optimisation of mobile commerce applications. New technologies such as GPRS and UMTS will in turn offer an ideal basis for handling lottery tickets and bets via mobile terminal devices.

With the acquisition of horses.de at the end of 1999, Interjockey.com at the start of 2000 and Telewette at the end of September, fluxx.com has rapidly created an exclusive package of services for horse racing and betting enthusiasts. The portfolio comprises the betting channel on jaxx.de for novices, the Internet betting shop horses.de for proficient punters, with its array of tips from those in the know, the only telephone-based betting facility Telewette with the horse racing programme of the same name on the news channel n-tv, and the international online bookmaker interjockey.com.

The core of e-gambling activities, the fluxx.com Internet Lottery System, was optimised in 2000 such that it can now be marketed worldwide in the form of standard software by the newly founded sales company any-bet.com. The system, which is already being used by the lottery corporation NordwestLotto Schleswig-Holstein, has been accredited by the World Lottery Association for the superlative quality of its security concept. Initial contacts have been established in Korea, Canada, India and other countries worldwide.

e-business services

The e-business services division conducts no product development activities of its own. It does, however, develop expertise modules and abstract, universally usable software modules in the context of its project business. For example, central components of the system architecture of the m-portal can be reused in a modular form in other projects. In this context, fluxx.com developed a new IT strategy in 2000, giving it an outstanding position at the onset of the UMTS age.

1.4 Investments

e-gambling

The principal capital investments in the e-gambling division are in ongoing improvements to the system architecture, together with the development of new products such as Oddset for sports betting, the electronic scratchcard RubbelJAXX, the prize competitions channel and the horse betting channel on jaxx.de.

A high proportion of total capital investments in 2000 was devoted to the successful recruitment of new customers for jaxx.de. In addition to an extensive print media campaign in the early part of the year and joint activities with online partners, one of the most notable measures was the staging of an SMS quiz on the second line-up of the "Portakabin" show "Big Brother".

Marketing and sales expenses could not be capitalised and consequently resulted in the accounting loss in the financial year.

In February, fluxx.com e-commerce GmbH retroactively acquired 85.5 per cent of the Austrian online bookmaker interjockey.com Horsebet Ges. mbH with effect from 1 January, 2000. By way of a strategic investment, fluxx.com e-commerce acquired the activities of the Internet lottery agency Lottomax in May; its complete customer base was transferred to jaxx.de. At the end of September, an 80 per cent interest in DVR Telewette GmbH was acquired retroactively with effect from 1 January, 2000. The sales company any-bet.com GmbH, of which fluxx.com Aktiengesellschaft owns a 52.5 per cent share, was established at the end of December. NIB Norddeutsche Innovations- und Beteiligungsgesellschaft mbH, Hamburg is also a partner. Further capital investments were necessitated by the integration of the acquired companies and by the establishment of the Internet platform for NordwestLotto Schleswig-Holstein.

e-business services

The elaboration of the new IT strategy, which constitutes the basis for developing the m-portal and is the basis for the company's strategic direction, can be regarded as the most significant investment in the e-business services division. A substantial portion of the invested capital has therefore been devoted to hardware and software. To strengthen the development side of its online expertise, fluxx.com new communication GmbH acquired an initial 55 per cent shareholding in the IT consultant book & data Software-Entwicklung GmbH, of Laboe, near Kiel, in an agreement backdated to 1 January, 2000. The participation was increased to 100 per cent at the start of 2001.

fluxx.com Aktiengesellschaft made a strategic investment in acquiring a 2.5 per cent share in handy.de Vertriebs GmbH in February. The objective of this involvement in the online provider of products and services for mobile telephony – significantly broadening the customer base through joint sales activities and further consolidating customer profiles through targeted online marketing measures – has been achieved. The e-business services division has moreover performed a large volume of services on behalf of handy.de. As a result of dilutive effects, the shareholding in handy.de was 1.98 per cent at the end of the financial year.

1.5 Financing measures

To finance the acquisitions of DVR Telewette and book & data, fluxx.com Aktiengesellschaft increased its capital in September. 50,000 shares from the approved capital of fluxx.com Aktiengesellschaft were issued to institutional investors at a subscription price of EUR 44. Including the 8,000 shares from the authorised but unissued capital for the granting of conversion privileges, the total number of fluxx.com shares has thus risen to 5.058 million, and the share capital of fluxx.com Aktiengesellschaft is EUR 5.058 million.

In January 2001, fluxx.com Aktiengesellschaft secured additional credit arrangements to the tune of DM 10 million to finance its continuing growth. The loan, which was provided by the former shareholder NIB Norddeutsche Innovations- und Beteiligungsgesellschaft mbH, will be used for the most part to establish a sound basis on which the company can plan the expansion of its gambling business. An additional credit facility of EUR 2.5 million was arranged for the development of the business operations of any-bet.com GmbH, in other words the sale of software products and stand-alone solutions for lotteries and betting.

1.6 Personnel and welfare

The average number of staff rose in the course of the year from 106 to 196 employees and trainees. Of this total, 53 persons on average were employed in the e-gambling division. The e-business services division employed an average of 116 permanent staff and trainees throughout the year. In addition, freelancers were engaged at irregular intervals, and placement students were regularly employed on a temporary basis. The holding company employed an average of 27 persons. As a management holding company, fluxx.com Aktiengesellschaft is to remain a lean operation.

1.7 Important events in the financial year

Capital increase and ownership of shares

As a result of a capital increase in September and the issue of 8,000 shares from the authorised but unissued capital for the granting of conversion privileges, the total number of shares in fluxx.com Aktiengesellschaft has risen to 5,058,000. The capital which corresponds to the 8,000 bearer ordinary shares has not yet been entered in the Commercial Register and is therefore shown as a separate item in the commercial accounts. On 31 December, 2000, the share capital of EUR 5.058 million was distributed as follows:

- 24.1 per cent Free float
- 14.6 per cent NIB Norddeutsche Innovations- und Beteiligungsgesellschaft mbH
- 17.3 per cent Gerhard Schmid
- 44.0 per cent Board members and their families

fluxx.com shares closed at EUR 8.45 on the Frankfurt Stock Exchange on 29 December, 2000, representing market capitalisation of approx. EUR 42.7 million.

Acquisitions and equity holdings

The main developments in the financial year include the acquisitions mentioned above of interjockey.com, DVR Telewette and book & data, the takeover of the activities of Lottomaxx.de, the establishment of the sales company any-bet.com and the strategic involvement in handy.de Vertriebs GmbH.

Major contract from MobilCom

In securing a major MobilCom contract, fluxx.com has won the most extensive deal to date in the e-business services sector. This contract, to develop the m-portal for the joint venture between MobilCom and France Télécom, has a total volume in excess of DM 10 million.

Shedding of traditional advertising activities

The traditional activities that the company was still conducting as a former advertising agency were hived off in the form of a management buyout on 30 September; these activities no longer bear any direct link with the company's strategic focus on the business areas of Internet services and online gambling. The divested division will in future be run by 21 fluxx.com employees as an independent full-service advertising agency with a regional emphasis. The online PR and online media marketing areas which remain within the fluxx.com Group are being placed operatively under the control of fluxx.com e-production GmbH.

Holger Pilgenröther appointed Finance Director

Holger Pilgenröther has been Finance Director of fluxx.com Aktiengesellschaft since 27 March, 2000. Pilgenröther, an economist, was previously Managing Director of SKP Service GmbH in Hamburg and is regarded as a specialist in corporate acquisitions and mergers.

2. Representation of business position

The fluxx.com Group reported consolidated gross sales of DM 65.7 million in the 2000 financial year. This represents an increase of over 152 per cent on 1999, when the total was DM 26.1 million. The gross sales revenues include betting stakes totalling DM 32.6 million handled via the Internet services jaxx.de, horses.de and lotto-sh.de and by the telephone-based betting agent Telewette. Net sales rose year on year by 87 per cent, from DM 17.7 million to DM 31.1 million. The e-gambling division accounted for DM 7.5 million of this total (22.7 per cent), with the e-business services division contributing DM 25.6 million (77.3 per cent) towards net sales.

The above-average growth rate of the e-gambling segment was particularly notable; it expanded by 435 per cent compared with the previous year (DM 1.4 million). The e-business services division grew by 58 per cent (previous year: DM 16.2 million), even though sales that had originally been built into the calculations did not materialise as a result of the shedding of advertising activities. This effect was compensated for in part by the acquisition of book & data Software-Entwicklung GmbH.

On the costs side, expenses for personnel and social insurance totalled DM 17.1 million, representing an 81 per cent increase on the previous year. The personnel expenses ratio was cut slightly to 52 per cent. This ratio ought to fall more sharply in future, as the rise in staffing levels will be much slower than in previous years.

The cost of materials rose by 32 per cent to DM 15.3 million; it accordingly fell to well below 50 per cent of net sales revenues. Other operating expenses, which comprise in particular marketing and sales costs for the e-gambling division and consultancy services, rose in line with net sales revenues by 87 per cent, to DM 17.0 million.

The net loss for the year according to the German Commercial Code (HGB) rose by 10 per cent, from DM 16.6 million in 1999 to DM 18.3 million. fluxx.com e-production GmbH was able to achieve its target, with EBIT for the year as a whole just in the black. The consolidated net loss for the year was principally attributable to the companies in the e-gambling segment and to the loss-making advertising operations of fluxx.com new communication GmbH, which have now been hived off.

As a result of the net loss for the year and capital investments totalling DM 12.7 million, liquid funds fell from DM 31.4 million at the end of 1999 to DM 11.1 million at the end of the year under review. As outlined in Section 1.5, the future financing of business operations has been secured via additional credit arrangements.

3. Outline of significant risks to future development

The commercial progress of fluxx.com Aktiengesellschaft depends to a high degree on the continuing development of the Internet and of the related business areas e-business and m-business. If the markets do not expand to the degree predicted in market research studies, the future growth which fluxx.com Aktiengesellschaft anticipates will not be possible.

e-gambling

The principal risks to the economic development of the e-gambling division include below-par growth in customers and inadequate sales per customer. However, these risks can be rated as relatively low, as fluxx.com now possesses several years of planning experience in its core business area; this brings with it a measure of security. The steady rise in customer totals and the exponential growth in the betting stakes handled over the past three years underline this.

As in the case of every company which develops its own products, fluxx.com is fundamentally exposed to the risk of new products not being well received by the customer. On the other hand, the capital investment for new products on the Internet is moderate; the bulk of the costs is incurred through marketing and sales activities, following a test phase. The establishment of the sales company any-bet.com GmbH is to be considered in this context; it will not initially have to operate separate sales offices abroad, nor incur significant costs for personnel and materials. The emphasis of any-bet.com is rather on entering into strategic partnerships and alliances for the sale of gambling software. The major research and development work for this software has already been completed for our own e-commerce platforms.

The legal framework for the marketing and holding of gambling on the Internet varies from country to country. In order to keep the commercial risk as low as possible, fluxx.com spends considerable sums on assessing the legal situation in those countries in which it is considering launching gambling projects. At national level, the legal background situation constitutes no risk to the company, as fluxx.com operates solely as an agent of state-licensed gambling companies in Germany. This entrepreneurial activity was categorically declared to be legitimate by the Federal Supreme Court in 1999.

e-business services

The companies within the e-business services division boast a broad portfolio of clients and services, with the result that the loss of individual clients or business areas does not constitute an economic risk. Even the loss of a major project on the scale of the m-portal for MobilCom could be cushioned by short-term reorganisation of the project team. As it is standard practice to put together project teams comprising permanent staff, freelance collaborators and external service providers, at no one time will there be an above-average percentage of staff members working on one and the same project.

The aim of the e-business services division to become one of Germany's leading companies in the m-business segment within the next few years depends to a high degree on how the market itself develops. Its strategic direction consequently harbours the risk that the market for trading via the mobile Internet might not develop to the extent forecast by market researchers. On the other hand, until this market reaches a critical mass, the bulk of fluxx.com's sales will be generated via projects from the "traditional" markets e-commerce and e-business.

4. Outlook

e-gambling

The prospect of the continuing above-average growth of the online gambling market is extremely good. The market research institute Datamonitor forecasts that around USD 4.1 billion will be spent on gambling over the Internet in 2003. With its jaxx.de brand and the exclusive rights in the market segment for horse betting, fluxx.com is outstandingly placed to profit from this development.

To continue strengthening our position as market leader in Germany, it is of prime importance to develop our customer base systematically. In addition to absolute growth in the total number of customers, fluxx.com will above all work on measures to optimise customer loyalty, thereby boosting the readiness of customers to use existing services more frequently and try out new forms of gambling and betting. This potential for cross-selling will also be a major factor in our future cooperation with venture partners. The model for recruiting new customers via other Internet services is to be further refined.

Here again, in addition to boosting the number of venture partners, the question of how effectively it can acquire high-quality customers through an attractive range of products will decisively influence how it is incorporated into the fluxx.com partners concept. A multi-stage concept ranging from bonuses per head to a joint operating company is designed to increase the pool of online gamblers appreciably.

Whereas the end-user is for the time being fluxx.com's prime interest in the German market, in an international context it focuses more on established providers of gambling services. Other companies acquiring gambling products "made in Germany" via the new sales company any-bet.com can now benefit from our experience of the German gambling market, which already stretches back several years. In order to broaden its portfolio, any-bet.com is striving to forge sales partnerships with international technology suppliers.

The integration of the various jaxx.de services into mobile portals is the focal point of current research and development activities. This involvement is based on the rapidly growing significance of mobile applications. Exciting prospects for e-gambling applications will arise along with the advent of UMTS, which will permit higher data transfer rates. The following scenario illustrates the possibilities for the shape of betting in the future: during a soccer match, a foul in the penalty area results in the awarding of a penalty. The punter is notified directly on his UMTS device, and before the penalty is taken he can bet on whether he thinks a goal will be scored from the penalty. The transmitting of jaxx.de topics on digital TV platforms remains one of the strategic objectives of fluxx.com. Television and the Internet will draw closer together in the near future. This paves the way for interactive TV applications, in turn opening up interesting prospects for providers of gambling services. fluxx.com is already working on the development of specific applications for this market of the future. Negotiations with various television stations and operators of digital platforms have already made very promising progress. fluxx.com has already secured a domain name with considerable potential in acquiring jaxx.tv.

e-business services

Now that it has successfully completed measures to reposition itself in the e-business services sector, fluxx.com has paved the way for its future sales activities. A convincing IT strategy, the status of first mover in the field of mobile business, and the unified business vision focusing on profitable business now place fluxx.com in a position to develop existing customers and attract new ones through an array of attractive services. Particularly the development work being performed for the m-portal provides a sound basis on which to acquire new contracts successfully. Mobile concepts are being offered on a cross-branch basis: special expertise that has been built up through the development of individual projects is being applied systematically in our sales activities.

The network of partners, which is now almost complete, promises to bring in further business. A separate proactive sales organisation (Direct Sales Alliances) has been set up within fluxx.com to generate new projects in conjunction with our partners.

To ensure that projects are handled in a quality-conscious, cost-optimised manner, the quality management system "fluxx.system" is being introduced in 2001. This quality assurance approach, which accompanies a project throughout its entire duration, is designed to improve customer satisfaction and therefore bind the customer to the company; at the company end, meanwhile, an integral project-based controlling system will assure greater planning accuracy and profitability.

Kiel, 23 February, 2001
fluxx.com Aktiengesellschaft

R. Jacken H. Pilgenröther M. Dahms C. Tonn U. Wanger

Consolidated Financial Statements (HGB)

Consolidated Balance Sheets at 31.12.2000 and 1999 (HGB)

Assets	31.12.2000		31.12.1999	
	TDM	T€	TDM	T€
A. Cost of start-up and business expansion expenses	0	0	54	28
B. Fixed assets				
I. Intangible assets				
1. Goodwill	3,424	1,751	0	0
2. Other intangible assets	3,870	1,979	450	230
	7,294	3,729	450	230
II. Tangible assets	6,128	3,133	4,793	2,451
III. Financial assets	1,398	715	21	11
B. Total	14,820	7,577	5,264	2,691
C. Current assets				
I. Inventories				
1. Work in progress	333	170	82	42
2. Payments on account	840	429	0	0
	1,173	600	82	42
II. Accounts receivable and other assets				
1. Accounts receivable (trade debtors)	3,643	1,863	3,683	1,883
2. Other assets	1,633	835	1,189	608
	5,276	2,698	4,872	2,491
III. Cheques, cash on hand, cash in banks	11,070	5,660	31,446	16,078
C. Total	17,519	8,957	36,400	18,611
D. Prepayments	2,330	1,191	73	37
Total	34,669	17,726	41,791	21,367

Consolidated Balance Sheets at 31.12.2000 and 1999 (HGB)

Equity and liabilities	31.12.2000		31.12.1999	
	TDM	T€	TDM	T€
A. Equity				
I. Subscribed capital	9,877	5,050	9,779	5,000
II. Capital reserve	38,360	19,613	34,057	17,413
III. Accumulated losses brought forward	-16,789	-8,584	-174	-89
IV. Net loss for the year	-18,262	-9,337	-16,615	-8,495
V. Minority interest	776	397	0	0
A. Cumulative equity	13,962	7,139	27,047	13,829
B. Special item with an equity portion	1,218	623	1,221	624
C. Special item for implementing the capital increase for contributions	60	31	0	0
D. Provisions				
1. Provisions for pensions	0	0	0	0
2. Provisions for taxes	648	331	600	307
3. Other provisions	2,160	1,104	1,338	684
D. Total	2,808	1,436	1,938	991
E. Liabilities				
1. Bonds	65	33	44	22
2. Due to banks	4,945	2,528	5,231	2,675
3. Advances from customers	250	128	356	182
4. Trade accounts payable	8,110	4,147	4,918	2,514
5. Other liabilities	3,251	1,662	1,037	530
– of which in respect of taxes: TDM 507 (previous year: TDM 499)				
– of which in respect of social insurance: TDM 356 (previous year: TDM 440)				
E. Total	16,621	8,498	11,586	5,924
F. Prepayments	0	0	0	0
Total	34,669	17,726	41,791	21,367

Consolidated Financial Statements (HGB)

Consolidated Income Statements for the financial years 2000 and 1999 (HGB)

	01.01.-31.12.2000		01.01.-31.12.1999	
	TDM	T€	TDM	T€
1a. Gross sales revenues	65,702	33,593	26,092	13,341
1b. Betting stakes	32,619	16,678	8,400	4,295
1c. Net sales revenues	33,083	16,915	17,693	9,046
2. Change in inventory	251	128	82	42
3. Other operating income	1,515	775	281	144
4. Cost of materials				
a. Raw material, and consumables used	-438	-224	-63	-32
b. Cost of purchased services	-14,903	-7,620	-11,603	-5,933
	-15,341	-7,844	-11,666	-5,965
5. Personnel expenses				
a. Wages and salaries	-14,552	-7,440	-7,832	-4,005
b. Social insurance contributions and expenses for retirement benefits and maintenance payments	-2,545	-1,301	-1,618	-827
	-17,097	-8,742	-9,450	-4,832
6. Depreciation				
on intangible assets and on property, plant and equipment, and capitalised cost of start-up and business expansion expenses	-3,205	-1,639	-1,245	-637
7. Other operating expenses	-16,954	-8,668	-9,083	-4,644
8. Other interest and similar income	587	300	325	166
9. Interest and similar expenses	-428	-219	-412	-211
10. Result from ordinary activities	-17,589	-8,994	-13,475	-6,890
11. Extraordinary expense	-544	-278	-3,117	-1,593
12. Extraordinary income	739	378	0	0
13. Adjustment to result	-545	-279	0	0
14. Taxes on income	-180	-92	0	0
15. Other taxes	-143	-73	-23	-12
16. Net loss for the year	-18,262	-9,338	-16,615	-8,495

Cash Flow Statement at 31.12.2000 and 1999

	2000		1999	
	TDM	T€	TDM	T€
Cash outflow from operating activities				
Consolidated net loss	-18,262	-9,337	-16,615	-8,495
Depreciation	3,205	1,639	1,245	637
Change in provisions for pensions	0	0	-395	-202
Change in special item with an equity portion	-3	-2	-15	-8
Cash flow acc. to DVFA/SG	-15,060	-7,700	-15,780	-8,068
Changes:				
Inventories	-1,091	-558	-82	-42
Accounts receivable (trade debtors)	40	20	-2,836	-1,450
Prepayments and other assets	-2,701	-1,380	470	240
Short-term provisions	870	445	897	459
Trade accounts payable and advances from customers	3,086	1,578	4,657	2,381
Other liabilities	2,215	1,132	383	196
	-12,641	-6,463	-12,291	-6,284
Cash outflow from investing activities				
Disposals of fixed assets	430	220	136	70
Cash payments for investments in intangible assets and tangible assets	-13,137	-6,717	-3,120	-1,595
	-12,707	-6,497	-2,984	-1,526
Cash inflow from financing activities				
Issue of bonds	21	11	43	22
Repayment of loan liabilities	-86	-44	-60	-31
Changes in short-term amounts due to banks	-200	-102	-131	-67
Cash contributions by company members	4,461	2,281	43,160	22,067
Minority interest	776	397	0	0
	4,972	2,542	43,012	21,991
Overall effective change	-20,376	-10,418	27,737	14,182
Cash on 1 January	31,446	16,078	3,709	1,896
Cash on 31 December	11,070	5,660	31,446	16,078

Consolidated Financial Statements (HGB)

Development of Consolidated Fixed Assets from 01.01. to 31.12.2000

All figures in TDM	Acquisition or manufacturing costs				Position at 31.12.2000
	Position at 1.1.2000	Additions to reporting entity	Additions	Disposals	

A. Cost of start-up and business expansion expenses

217	0	0	0	217
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B. Fixed assets

I. Intangible assets

1. Concessions, industrial property rights and similar rights and values, as well as licences thereto	576	601	4,302	252	5,227
2. Goodwill	0	0	3,698	0	3,698
3. Payments on account	0	0	152	0	152

I. Total	576	601	8,152	252	9,077
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II. Tangible assets

1. Land and leasehold rights and buildings, including buildings on third-party land	2,596	0	0	0	2,596
2. Other fixtures and fittings, tools and equipment, minor assets	3,616	577	3,078	813	6,459

II. Total	6,212	577	3,078	813	9,055
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III. Financial assets

1. Participations	1	0	1,377	0	1,378
2. Investments held as fixed assets	20	0	0	0	20

III. Total	21	0	1,377	0	1,398
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B. Total

6,809	1,178	12,607	1,065	19,530
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Cumulative depreciation					Residual book value	
Position at 1.1.2000	Additions to reporting entity	Additions	Disposals	Position at 31.12.2000	Position at 31.12.2000	Position at 31.12.1999
163	0	54	0	217	0	54
126	131	1,277	25	1,509	3,718	450
0	0	274	0	274	3,424	0
0	0	0	0	0	152	0
126	131	1,551	25	1,783	7,294	450
154	0	50	0	203	2,393	2,443
1,266	293	1,550	386	2,724	3,735	2,350
1,420	293	1,600	386	2,927	6,128	4,793
0	0	0	0	0	1,378	1
0	0	0	0	0	20	20
0	0	0	0	0	1,398	21
1,546	424	3,151	411	4,710	14,820	5,264

1 General principles

The consolidated financial statements of fluxx.com Aktiengesellschaft at 31 December, 2000 have been prepared in accordance with German Stock Corporation Law and the German Commercial Code.

The annual financial statements of the consolidated subsidiaries are based on uniform presentation, accounting and valuation principles, in accordance with the legal requirements.

2 Consolidation principles

Consolidated companies

All subsidiaries of fluxx.com Aktiengesellschaft in which the company holds a voting majority are included in the consolidated financial statements.

any-bet.com GmbH, a subsidiary of the fluxx.com Aktiengesellschaft, book & data Software-Entwicklungsgesellschaft mbH, Kiel, a subsidiary of fluxx.com new communication GmbH, and Telewette GmbH and interjockey.com horsebet GmbH, subsidiaries of fluxx.com e-commerce GmbH, are included for the first time.

The option pursuant to § 296 Para. 2 of the German Commercial Code not to include subsidiaries in the consolidated financial statements in view of their minor importance was not exercised.

The following Group companies are therefore included in the consolidated accounts:

Consolidated companies

	Registered office	Equity		Shareholding per cent
		TDM	T€	
Parent company				
fluxx.com Aktiengesellschaft	Kiel	9,877	5,050	0
Direct participations				
fluxx.com new communication GmbH	Kiel	117	60	100
fluxx.com e-production GmbH	Hamburg	95	49	100
fluxx.com e-commerce GmbH	Kiel	215	110	100
any-bet.com GmbH	Kiel	50	25	52.5
Indirect participations				
e-sales.com GmbH	Kiel	49	25	100
interjockey.com horsebet GmbH	Lustenau, Austria	782	400	85.46
DVR Telewette GmbH	Hamburg	100	51	80
book & data Software-Entwicklung GmbH	Laboe	50	25	55.2

Consolidation methods

The annual financial statements of the subsidiaries included in the consolidated accounts have been prepared as at 31 December, 2000.

The consolidation of capital for companies acquired in previous years was performed by offsetting acquisition cost against the equity of the subsidiaries at the time of first-time consolidation (book value method); the assets-side differences with a goodwill character were already offset against the capital reserve in previous years.

The consolidation of capital for the subsidiaries acquired in the year under review was performed by offsetting acquisition cost against the equity of the subsidiaries at the time of first-time consolidation (book value method) and reporting the assets-side difference as goodwill, with a rate of amortisation of 16.67 per cent per year.

Accounts receivable and corresponding liabilities in respect of consolidated companies have been netted.

3 Accounting and valuation principles

Fixed assets

Intangible assets and tangible assets acquired for consideration are valued at acquisition cost less scheduled depreciation. Depreciation is always calculated according to the straight-line method.

On the basis of the fiscal simplification rule, the full yearly rate of depreciation is made on movable assets acquired in the first half of the year, and the half-yearly rate on those acquired in the second half of the year. Low-value assets are fully expensed in the year of acquisition.

Financial assets show participating interests and securities at acquisition cost.

Current assets

Accounts receivable and other assets are reported at nominal value. Individual adjustments and a general provision are applied for discernible risks.

Provisions and liabilities

The valuation of provisions for taxes and other provisions takes account of all discernible risks at the reporting date, contingent liabilities and impending losses on the base of sound commercial judgement.

Liabilities are always shown at the amount due.

4 Notes to the balance sheet

Fixed assets/special item with an equity portion

The item "Cost of start-up and business expansion expenses" represents expenses incurred for a multimedia electronic kiosk information system, the services of which are eventually to be offered to customers at a charge, as well as for a software library for CD-ROM production. This balancing item was depreciated by the straight-line method over a period of four years, ending in this financial year.

In previous years, special depreciation according to the Zonal Border Development Act totalling DM 420,671 and according to the Special Development Area Act totalling DM 1,218,014 was carried out. This was booked to equity and liabilities as a special item with an equity portion which is liquidated with an effect on net income in accordance with the useful life of the capital assets in question. A sum of DM 1,218,070 is reported as a special item with an equity portion at December 31, 2000, of which DM 56 are attributable to the Zonal Border Development Act and DM 1,218,014 to the Special Development Area Act. DM 2,509 have been liquidated under other operating income, with an effect on net income.

Subscribed capital

The subscribed capital of fluxx.com Aktiengesellschaft developed as follows:

Subscribed capital		
fluxx.com Aktiengesellschaft	TDM	T€
Position at 31.12.1998	500	256
Capital increase through cash contribution (resolution of 26 April, 1999)	125	64
Capital increase from company funds (resolution of 29 June, 1999)	7,198	3,680
Capital increase through issue of shares on the Neuer Markt (resolution of 20 August, 1999)	1,956	1,000
Position at 31.12.1999	9,779	5,000
Capital increase through cash contribution (resolution of 14 July, 2000)	98	50
Position at 31.12.2000	9,877	5,050

The capital stock entered in the Commercial Register is EUR 5,050,000. Diversified holdings account for 1,213,002 of the total of 5,050,000 individual share certificates (24 per cent).

The capital increase pursuant to the resolution of the Board of Management on July 14, 2000 and simultaneously approved by the Supervisory Board took the form of a cash contribution amounting to EUR 50,000 (DM 97,791.50). The subscription right of existing shareholders was excluded. The premium of EUR 2,200,000 (DM 4,302,826) was paid into the capital reserve. The subscribed capital is now divided into 5,050,000 (previous year: 5,000,000) bearer shares in the form of individual share certificates, with a par value of EUR 1 each.

Approved capital

On 29 June, 1999 the Ordinary Shareholders' Meeting passed a resolution on the creation of approved capital. As a result, the Board of Management is authorised to increase the capital stock on one or more occasions by up to a total of EUR 2,000,000 by 28 June, 2004, with the approval of the Supervisory Board, through the issue of new shares against contributions in cash or in kind. The shareholders shall be granted a fundamental subscription right; the Board of Management is, however, authorised to exclude the shareholders' subscription right in certain circumstances, with the agreement of the Supervisory Board.

As a result of the issue of 50,000 new bearer individual share certificates on the basis of the capital increase resolved on 14 July, 2000, the Board of Management is consequently now entitled to increase the capital stock on one or more occasions by up to a total of EUR 1,950,000 by 28 June, 2004, with the approval of the Supervisory Board, through the issue of new shares against contributions in cash or in kind.

Authorised but unissued capital and convertible bonds (par value: EUR 526,840)

Services and works

On 29 June, 1999 the Ordinary Shareholders' Meeting passed a resolution on the issue of convertible bonds and the creation of authorised but unissued capital. As a result, the Board of Management is, with the approval of the Supervisory Board, authorised to issue interest-bearing convertible bonds with a par value of EUR 1 each or a multiple thereof, up to a total nominal value of **EUR 75,000** and with a term of no more than seven years, on one or more occasions by 31 December, 2000. These convertible bonds shall carry conversion rights which entitle the buyer to acquire shares in the company according to the detailed specifications. The statutory subscription right of the shareholders is excluded.

The convertible bonds are to be available to persons and companies performing services or works on behalf of fluxx.com Aktiengesellschaft or its affiliated companies.

The purchase price is EUR 1 for each EUR 1 of the par value of the convertible bond issued. It shall accrue interest at the rate of at least 3 per cent p.a. decursively. The beneficiaries shall receive the right to exchange their convertible bonds wholly or in part for shares in fluxx.com Aktiengesellschaft within certain periods. In return for the convertible bonds being exchanged, the beneficiaries shall receive a number of shares representing the proportion of capital stock to which the total par value of the convertible bonds being exchanged corresponds. Following the initial public offering, the conversion price shall be the quoted price at the time of the rights issue.

On the basis of the conditional increase in the authorised but unissued capital stock of up to EUR 75,000 approved by the Ordinary Shareholders' Meeting on 29 June, 1999, 8,000 bearer individual share certificates representing a proportion of capital stock corresponding to EUR 8,000 were issued in the financial year ending on 31 December, 2000 in exchange for convertible bonds. The pre-emptive shares subscribed during the 2000 financial year from the conditional increase in capital stock were issued exclusively in fulfilment of the resolution on the conditional increase in capital stock and were not issued before full payment of the countervalue pursuant to the resolution. Following this conversion, the capital stock of the company rose by an authorised but unissued amount of EUR 67,000.

Supervisory Board members

The Ordinary Shareholders' Meeting on 29 June, 1999 moreover resolved to grant members of the Supervisory Board a one-off remuneration for their entire term of office, in the form of the entitlement to acquire a limited number of convertible bonds by 31 December, 1999. To this end, the capital stock of fluxx.com Aktiengesellschaft was increased by a further EUR 9,840. The conditions for the issue of convertible bonds are as described above, but with the following exceptions:

- The convertible bonds shall accrue interest at the rate of 6 per cent p.a. decursively.
- Upon exchange (after 2 and a 1/2 or 5 years at the earliest), a price amounting to the placing price for the share in the context of the initial public offering is to be paid.

Employees

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

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

Pursuant to a resolution of the Ordinary Shareholders' Meeting of 9 May, 2000, the Board of Management was in addition authorised to issue subscription rights on one or more occasions, with the agreement of the Supervisory Board, to employees of the company (including members of the Board of Management) and of affiliated companies for a period of five years, bearing the entitlement to subscribe to shares with a total par value of **EUR 210,000**. The capital stock was raised by a corresponding authorised but unissued amount.

A subscription right entitles the bearer to acquire a share at a strike price equivalent to the price upon issue.

Notes to the Consolidated Financial Statements at 31 December, 2000

Capital reserve

As a result of the capital increase, the capital reserve developed as follows in the financial year under review:

Capital reserves		
fluxx.com Aktiengesellschaft	TDM	T€
Position at 31.12.1998	176	90
Capital increase through cash contribution	5,874	3,003
Capital increase from company funds	-7,198	-3,680
Capital increase through the issue of shares on the Neuer Markt	35,205	18,000
Position at 31.12.1999	34,057	17,413
Capital increase through issue of shares	4,303	2,200
Position at 31.12.2000	38,360	19,613

Provisions

The provisions for taxes include deferred taxes totalling DM 600,000 for a fiscal allocation of losses in 1997 from the dormant equity holding of fluxx.com new communication GmbH in fluxx.com e-commerce GmbH.

The other provisions for the group relate principally to the personnel sector (DM 713,000; previous year: DM 368,000); services for which payment is still due (DM 966,000; previous year: DM 809,000) and warranty claims (DM 327,000; previous year: DM 135,000).

Liabilities

Liabilities have the following terms to maturity (prior-year values in brackets):

	Due in up to 1 year		Due in up to 5 years		Secured by mortgages			
	TDM	T€	TDM	T€	TDM	T€		
Bonds	65	33	50	25	8	4	0	0
– of which convertible DM 65,000 (DM 43,000)	(44)	(22)	(22)	(11)	(0)	(0)	(0)	(0)
Due to banks	4,945	2,528	654	334	3,949	2,019	2,464	1,260
	(5,231)	(2,675)	(828)	(423)	(4,080)	(2,086)	(2,532)	(1,294)
Advances from customers	250	128	250	127	0	0	0	0
	(356)	(182)	(356)	(182)	(0)	(0)	(0)	(0)
Trade accounts payable	8,110	4,147	8,110	4,146	0	0	0	0
	(4,918)	(2,514)	(4,918)	(2,514)	(0)	(0)	(0)	(0)
Liabilities to company members	2	1	2	1	0	0	0	0
	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Other liabilities	3,249	1,661	3,249	1,661	0	0	0	0
	(1,037)	(530)	(1,037)	(530)	(0)	(0)	(0)	(0)
	16,621	8,498	12,315	6,296	3,957	2,023	2,464	1,260
	(11,586)	(5,923)	(7,161)	(3,661)	(4,080)	(2,086)	(2,532)	(1,294)

Amounts due to banks are largely secured by mortgages. The trade accounts payable are secured by retention of title to the customary extent.

Other financial commitments

The consolidated companies have long-term commitments for licences, rental and leasing charges of DM 26,305 million (previous year: DM 13,266 million), and also for depository obligations towards participations totalling DM 579,000 (previous year: DM 1,584 million).

Notes to the Consolidated Financial Statements at 31 December, 2000

5 Segment reporting

Segment reporting

	e-business services		e-gambling		Other		Total	
	TDM	T€	TDM	T€	TDM	T€	TDM	T€
Sales	25,559	13,068	7,510	3,839	134	68	33,083	16,915
Net loss/income for the year	-3,197	-1,634	-15,394	-7,870	329	168	-18,262	-9,337
Start-up expenses, fixed assets, special items	5,933	3,033	5,856	2,994	1,813	926	13,602	6,954
Liabilities	7,564	3,867	7,255	3,709	1,802	921	16,621	8,498
Average employees	116		53		27		196	

6 Other particulars

Extraordinary income

Extraordinary income relates to income from loss compensation commitments and the transfer of losses from the former shareholders of one subsidiary.

Extraordinary expense

The extraordinary expense relates to subsequent costs for the initial public offering and to costs for the capital increase in the year under review.

Statement of interests

The full statement of interests is filed in the Commercial Register of the Local Court of Kiel, entry No. 5038.

Average employees

The group employed an average of 196 persons throughout the year (previous year: 106), as well as approx. 25 student casual workers employed on an occasional basis.

Corporate bodies

The members of the Board of Management are:

Rainer Jacken, Graduate Designer, Chairman
Holger Pilgenröther, Graduate Economist (since 27 May, 2000)
Mathias Dahms, Information Technology Graduate, Deputy Chairman
Christoph Tonn, Graduate Designer
Uwe Wanger, Graduate Designer

The members of the Supervisory Board are:

Goetz Graf von Hardenberg, Hamburg, Chairman, Company Director
Prof. Sönke Albers, Bordesholm, Deputy Chairman, Professor at the University of Kiel
Antje Stoltenberg, Kiel, Auditor
Gerhard Schmid, Schleswig, Board Chairman
Frank Motte, Gerlingen, Management Consultant
Matthias Hein, Molfsee, Company Director

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

Goetz Graf von Hardenberg: Tadoro AG, Berlin
Prof. Sönke Albers: bidbizz AG, Kiel
Frank Motte: aeonware AG, Stuttgart; octocom AG, Birkenwerder;
Research Medien AG, Rheda-Wiedenbrück
Gerhard Schmid: freenet.de AG, Hamburg

The total remuneration paid to members of the Board of Management was DM 1,188 million (previous year: DM 1,397 million). The previous year's figure includes DM 395,000 from the liquidation of provisions for pensions in previous years. No payments were made to members of the Supervisory Board, nor were they granted any loans. They are remunerated in the form of future conversion rights for bonds issued.

Kiel, 23 February, 2001
fluxx.com Aktiengesellschaft

R. Jacken H. Pilgenröther M. Dahms C. Tonn U. Wanger

Audit certificate

On the basis of the findings of our audit, we have issued the following

audit certificate

for the 2000 consolidated financial statements and the Group management report of fluxx.com Aktiengesellschaft, Kiel:

We have examined the consolidated financial statements and the Group management report compiled by fluxx.com Aktiengesellschaft, Kiel, for the financial year from 1 January to 31 December, 2000. The preparation of the consolidated financial statements and group management report in accordance with the requirements of German commercial law is the responsibility of the company's legal representatives. Our task is to pass judgement on the consolidated financial statements and Group management report, on the basis of our audit.

We have carried out our audit of the consolidated financial statements in accordance with § 317 of German Commercial Code, observing the German principles of proper auditing as laid down by the German Institute of Auditors (IDW). These principles state that the audit shall be planned and conducted such that it is possible to identify with sufficient accuracy any misrepresentations and violations which could have a significant impact on the presentation of the company's net worth, financial position and earnings situation in the consolidated financial statements, based on the principles of proper accounting, and in the Group management report. The scope of the audit is determined on the basis of a knowledge of the business activities and the economic and legal context of the group, as well as the likelihood with which particular errors are to be expected. In the context of the audit, the effectiveness of the internal financial controlling system and evidence of the details provided in the consolidated financial statements and Group management report are examined largely on the basis of random checks. The audit encompasses an assessment of the annual financial statements of the companies included in the consolidated financial statements, and also of the scope of the reporting entity, the accounting and consolidation principles and key judgements made by the legal representatives; it in addition includes an appraisal of the overall presentation of the consolidated financial statements and Group management report. We are of the opinion that our audit constitutes a sufficiently reliable basis for our findings.

No objections are made on the basis of our audit.

We are convinced that the consolidated financial statements present, in compliance with adequate and orderly accounting principles, a true and fair view of the net worth, financial position and earnings situation of the Group. The Group management report as a whole provides an accurate picture of the Group's position and of its future risks.

Hamburg, 23 February, 2001
Susat & Partner OHG
Wirtschaftsprüfungsgesellschaft

Dr. Wiechmann
Independent auditor

Genz
Independent auditor



Consolidated Financial Statements (IAS) on the basis of the HGB/IAS reconciliation accounts

Notes to the reconciliation accounts for the 2000 Consolidated Financial Statements for the progression from HGB to International Accounting Standards (IAS)

fluxx.com Aktiengesellschaft initially prepared the consolidated financial statements for 2000 according to the German Commercial Code (HGB). The progression was then made from the HGB to the IAS consolidated result and consolidated equity for 2000. This progression involved only adjustments which affected net income. In this respect, both the tax loss carryforwards and the expenses incurred in connection with the initial public offering were of significance.

The consolidated balance sheet and consolidated income statement were in addition prepared in accordance with IAS formatting principles. The IAS figures nevertheless do not constitute a complete set of consolidated financial statements according to IAS, and are only reconciliation accounts as envisaged in the regulations for the Neuer Markt.

According to IAS, it is obligatory to capitalise tax accruals and deferrals for benefits which will arise with sufficient likelihood from tax loss carryforwards. According to the HGB, on the other hand, these may not be capitalised. The existing full tax loss carryforwards were taken as the assessment basis for deferred tax assets, i.e. no downward valuation adjustment was made. This approach was based on the consideration that, according to the company's plans, the tax loss carryforwards can be used in the medium term. A corporation tax and trade tax percentage of 42 per cent was applied in the calculation of deferred tax assets.

According to IAS, expenses incurred directly in connection with the initial public offering and a capital increase are moreover to be offset against the capital reserve – taking into account their effect on taxes – and not treated as an expense. A tax rate of 50 per cent was assumed for their calculation, as a result of which 50 per cent of the costs incurred in connection with the initial public offering and the capital increase during the year under review were taken and offset against the capital reserve.

Certain intangible fixed assets are, according to IAS, to be capitalised at acquisition or manufacturing cost if on the one hand it is probable that the company will benefit economically from these fixed assets, and if on the other hand the acquisition or manufacturing cost can be estimated reliably. The costs to be capitalised also include software development costs if they satisfy the requirements for capitalisation. The effects on the result from the capitalisation of software development costs were indicated for information purposes only, as in the previous year. In addition to the higher earnings as a result of capitalisation, the depreciation charges in subsequent years on the capitalised amounts were taken into account, together with the deferred tax liabilities for the effect on the overall result.

The progression from the commercial annual result to the IAS annual result and the result for information purposes are calculated as follows:

Reconciliation accounts for the progression from HGB to IAS

	2000		1999	
	TDM	T€	TDM	T€
Commercial annual result	-18,262	-9,337	-16,615	-8,495
Effects of IAS adjustments				
1. Costs of capital increase IPO expenses	544	278	3,117	1,593
./. 50% tax burden (offset against the capital reserve)	272	139	1,558	796
2. Deferred tax assets on loss carryforward	5,809	2,970	8,286	4,236
Annual result acc. to IAS	-12,181	-6,228	-6,770	-3,461
For information purposes				
Development costs capitalised acc. to IAS	595	304	1,098	561
Depreciation on development costs	-433	-221	-215	-109
Deferred tax for effect on result	-81	-41	-442	-225
Result for development costs recognised as assets	-81	-41	-441	-225
Result for information purposes	-12,100	-6,186	-6,329	-3,235

The companies book & data Software-Entwicklung GmbH and Telewette GmbH acquired in the third quarter of the year were included in the consolidated income statement retroactively with effect from 1 January, 2000. The acquired companies generated a result of DM 545,000 in the first nine months of the 2000 financial year, i.e. up to the time of first-time consolidation (30 September, 2000). This result was neutralised in the consolidated result by the inclusion of an adjustment to the result as an expense item.

Consolidated Financial Statements (IAS reconciliation)

Consolidated Balance Sheets at 31.12.2000 and 1999

Assets	31.12.2000		31.12.1999	
	TDM	T€	TDM	T€
A. Non-current assets				
I. Intangible assets	7,294	3,729	504	258
II. Property, plant and equipment	4,910	2,510	3,572	1,826
III. Financial assets	1,398	715	21	11
IV. Deferred tax	16,305	8,337	10,496	5,367
A. Total	29,907	15,291	14,593	7,461
B. Current assets				
I. Inventories	1,173	600	82	42
II. Receivables from related parties	4	2	4	2
III. Receivables and other assets	5,273	2,696	4,868	2,489
IV. Cash on hand, cash in banks	11,070	5,660	31,446	16,078
V. Prepayments	2,330	1,191	73	37
B. Total	19,850	10,149	36,473	18,648
Total assets	49,757	25,440	51,066	26,110

Consolidated Balance Sheets at 31.12.2000 and 1999

Equity and liabilities	31.12.2000		31.12.1999	
	TDM	T€	TDM	T€
A. Equity and reserves				
I. Issued capital	9,877	5,050	9,779	5,000
II. Reconciling item	18	9	18	9
III. Capital reserves	41,336	21,135	37,305	19,074
IV. Loss carryforward	-9,558	-4,887	-2,788	-1,425
V. Net loss for the year	-12,181	-6,228	-6,770	-3,461
A. Total	29,492	15,097	37,544	19,196
B. Special item for capital increase	60	31	0	0
C. Minority interest	776	397	0	0
D. Non-current liabilities				
1. Provisions for pensions	0	0	0	0
2. Provisions for taxes	47	24	0	0
3. Provisions for deferred tax	600	307	600	307
4. Long-term borrowings	4,292	2,194	4,402	2,251
5. Bonds	65	33	44	22
D. Total	5,004	2,559	5,046	2,580
E. Current liabilities				
1. Other provisions	2,160	1,104	1,337	684
2. Short-term borrowings	518	265	718	367
3. Short-term component of long-term borrowings	135	69	111	57
4. Advances received	250	128	356	182
5. Trade receivables	8,110	4,147	4,918	2,515
6. Other liabilities	3,252	1,663	1,036	530
E. Total	14,425	7,375	8,476	4,334
Total equity and liabilities	49,757	25,440	51,066	26,110

Consolidated Financial Statements (IAS reconciliation)

Consolidated Income Statement for the period 01.01. to 31.12.2000 and 1999

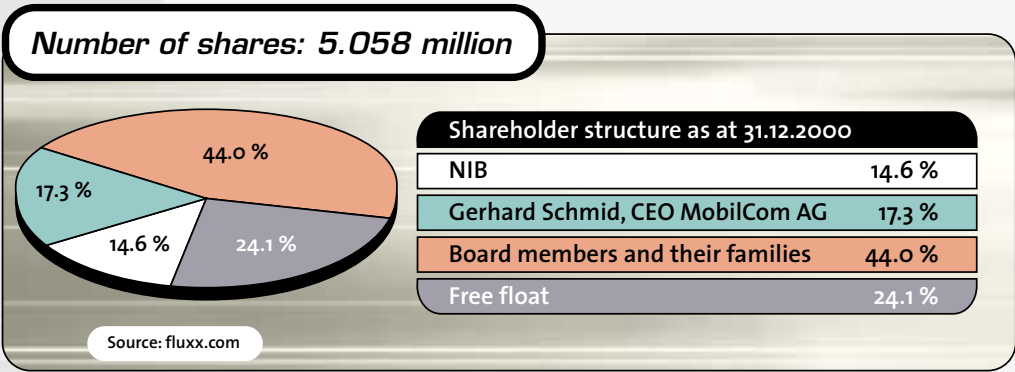
	01.01.–31.12.2000		01.01.–31.12.1999	
	TDM	T€	TDM	T€
1a. Gross sales revenues	65,702	33,593	26,092	13,341
1b. Betting stakes	32,619	16,678	8,400	4,295
1c. Net sales revenues	33,083	16,915	17,693	9,046
2. Change in inventory	251	128	82	42
3. Other operating income	1,515	775	265	135
4. Cost of materials				
a. Raw material and consumables used	-438	-224	-63	-32
b. Cost of purchased services	-14,903	-7,620	-11,603	-5,933
	-15,341	-7,844	-11,666	-5,965
5. Personnel expenses				
a. Wages and salaries	-14,552	-7,440	-7,832	-4,004
b. Social insurance contributions and expenses for retirement benefits and maintenance payments	-2,545	-1,301	-1,618	-827
	-17,097	-8,742	-9,450	-4,832
6. Depreciation				
on intangible assets and on property, plant and equipment	-3,205	-1,639	-1,229	-628
7. Other operating expenses	-16,954	-8,668	-9,083	-4,644
8. Other interest and similar income	587	300	325	166
9. Interest and similar expenses	-428	-219	-412	-211
10. Result from ordinary activities	-17,589	-8,993	-13,475	-6,890
11. Extraordinary result	739	378	0	0
12. Adjustment to result	-545	-279	0	0
13. Taxes on income	5,357	2,739	6,728	3,440
14. Other taxes	-143	-73	-24	-12
15. Net loss for the year	-12,181	-6,228	-6,771	-3,462
For information purposes:				
Development costs recognisable acc. to IAS	595	304	1,098	561
Depreciation on development costs	-433	-221	-215	-110
Deferred tax from effects of the result	-81	-41	-441	-225
Result for recognised development costs	81	41	442	226
Net earnings for information purposes	-12,100	-6,187	-6,329	-3,236

Cash Flow Statements from 01.01. to 31.12.2000 and 1999

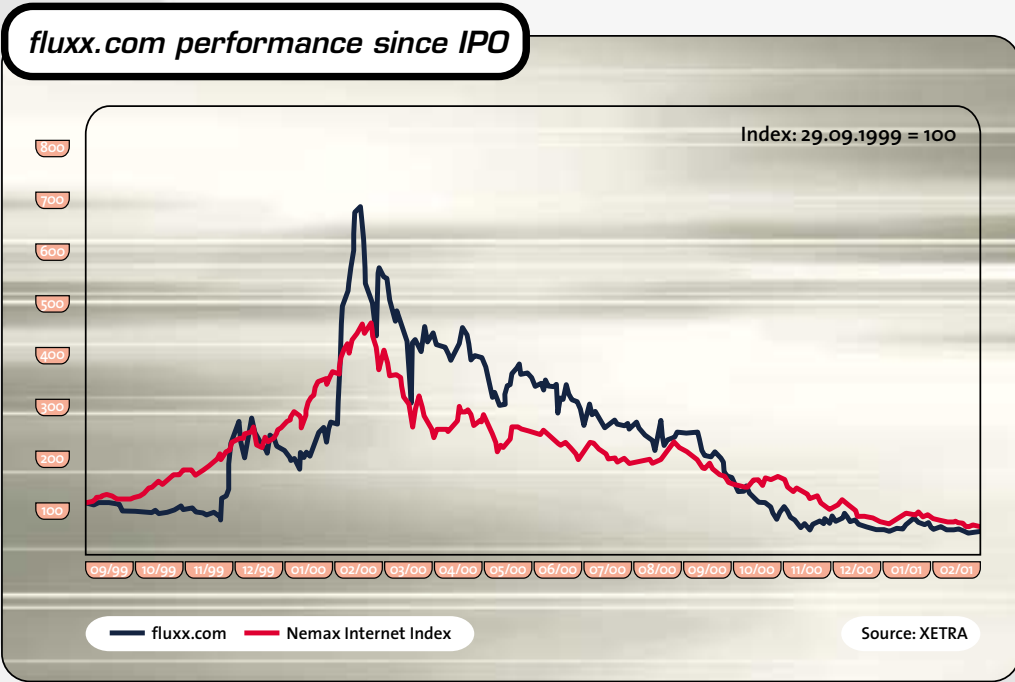
	2000		1999	
	TDM	T€	TDM	T€
Net loss for the year	-12,181	-6,228	-6,770	-3,461
Depreciation on fixed assets	3,205	1,639	1,229	628
Increase in provisions	870	445	2,061	1,054
Cash flow	-8,106	-4,145	-3,480	-1,779
Increase in inventories, trade receivables and other assets	-9,290	-4,750	-10,734	-5,488
Increase in trade payables and other liabilities	5,102	2,609	5,040	2,577
Cash outflow from operating activities	-12,294	-6,286	-9,174	-4,691
Cash proceeds from asset disposals	430	220	136	70
Cash payments for investments in fixed assets	-13,140	-6,718	-3,120	-1,595
Cash outflow from investing activities	-12,710	-6,499	-2,984	-1,526
Cash receipts from capital increases and contributions by company members	4,461	2,281	43,160	22,067
Increase in minority interest	776	397	0	0
Cash receipts from the issue of bonds	21	11	43	22
Cash payments for the repayment of bonds and financing credit	-86	-44	-191	-98
Cash payments for costs of the initial public offering	-544	-278	-3,117	-1,594
Cash inflow from financing activities	4,628	2,366	39,895	20,398
Effective change in cash	-20,376	-10,418	27,737	14,182
Cash on 1 January	31,446	16,078	3,709	1,896
Cash on 31 December	11,070	5,660	31,446	16,078

Stock Information

German Securities Code Number: 576 350
 ISIN: DE 0005763502
 Reuters Code: FXXG.DE
 Stock market segment: Neuer Markt, Frankfurt
 Designated sponsors: Sal. Oppenheim jr. & Cie. KGaA, Vereins- und Westbank AG
 First day of trading: 28.09.1999
 Issuing consortium: Sal. Oppenheim jr. & Cie. KGaA, Vereins- und Westbank AG, DG Bank AG
 Issue volume: 1 million non-par value bearer ordinary shares
 Capital stock: EUR 5.058 million



Price spread: EUR 19 to 21
 Initial price: EUR 19
 Price on 29.12.2000: EUR 8.45 (Xetra)
 Price on 28.02.2001: EUR 7.59 (Xetra)



Milestones

- 1986 Founding of fluxx.com new communication GmbH (formerly: Designgruppe Transparent GmbH) in Kiel
- 1992 Founding of fluxx.com e-production GmbH (formerly: FLUX Multimedia GmbH) in Hamburg
- 1997 Founding of fluxx.com e-commerce GmbH (formerly: E.I.P. Entertaining Interactive Productions GmbH) in Kiel
- Jan 1998 Launch of the jaxx.de online gambling platform, with JAXX LottoKiosk, the first professional Internet lottery agency
- Dec 1998 The three companies are brought together under the umbrella of fluxx.com Aktiengesellschaft
- Sep 1999 IPO of fluxx.com Aktiengesellschaft
- Nov 1999 Start of partnership with NordwestLotto Schleswig-Holstein
- Dec 1999 Takeover of horses.de Pferdesport-Service GmbH, the only official horse betting agency on the Internet
- Feb 2000 fluxx.com e-business services becomes "preferred partner" of debis Systemhaus IBS
Takeover of the Austrian online bookmakers Interjockey.com Horsebet GmbH
- Mar 2000 Launch of the sports betting service ODDSET within jaxx.de
jaxx.de celebrates its 100,000th registered player
Venture partnership with Deutsche Telekom
- May 2000 Acquisition of the virtual lottery kiosk "Lottomaxx.de"
D2 follows Telekom in launching WAP lottery powered by jaxx.de
- Jul 2000 Development work starts on the UMTS platform for MobilCom and France Télécom
- Aug 2000 Partnership agreement with the South Korean media group YBM for the marketing of gambling software in Asia
- Sep 2000 Takeover of DVR Telewetten GmbH
Takeover of book & data Software-Entwicklung GmbH
MBO of traditional advertising agency division
- Oct 2000 fluxx.com acquires exclusive rights for the handling of horse betting via online media
- Nov 2000 Launch of jaxx.tv television activities (telebetting on n-tv)
- Dec 2000 NordwestLotto's online services, developed and operated by fluxx.com, are certified by the World Lottery Association (WLA)
- Jan 2001 Launch of the horse betting channel on jaxx.de
jaxx.de registers its 300,000th customer



Contact

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Important Dates in 2001

23 March, 2001	Publication of the 2000 Annual Report
23 March, 2001	Annual Press Conference in Hamburg
26 March, 2001	DVFA Analysts' Presentation
3 May, 2001	Annual Shareholders' Meeting in Hamburg
30 May, 2001	Publication of the 1st-quarterly report
14 August, 2001	Publication of the 1st-half-yearly report
13 November, 2001	Publication of the nine-month report

*March, May,
August and November
Dates 2001*



