

Six month' Interim Report
Januar 1 to June 30, 2008
(IFRS)





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Note

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.



JAXX key data

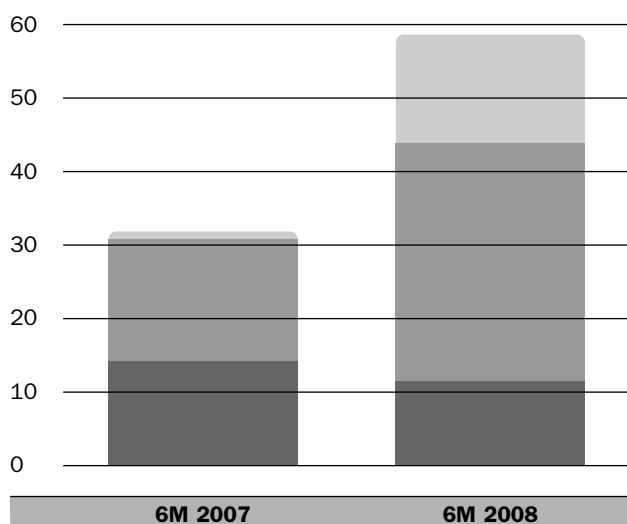
JAXX KEY DATA (IFRS)

■ Income Statement	6M 2008 T€	6M 2007 T€	Q2 2008 T€	Q2 2007 T€	Q1 2008 T€
Gross sales	83,362	59,788	41,420	31,938	41,942
Betting stakes	25,258	28,484	11,592	14,651	13,666
Revenues	58,104	31,304	29,828	17,287	28,276
EBITDA	3,921	3,875	1,852	2,172	2,069
EBIT	-537	-2,159	-159	-1,367	-377
Consolidated earnings	-790	-1,715	-270	-1,078	-520
Earnings per share (€)	-0.05	-0.12	-0.02	-0.08	-0.03
Employees (average for the period)	180	145	180	145	181
Revenue per employee	323	216	166	119	156
Personnel expenses per employee	28	27	15	14	13

■ Balance sheet	30/06/2008 T€	31/12/2007 T€
Non-current assets	42,032	37,476
Cash and cash equivalents	8,800	13,808
Shareholders' equity	36,519	36,093
Balance sheet total	62,202	59,154
Equity ratio	58.7 %	61.0 %

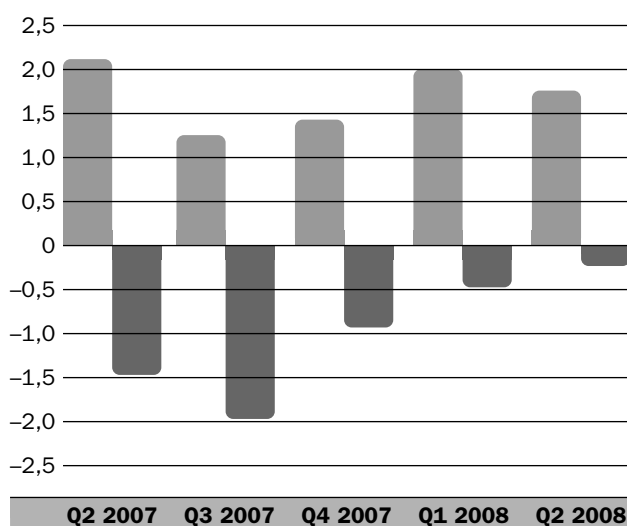
SALES (EUR million)

■ Lottery ■ Sports Betting ■ Horse Betting



EBITDA/EBIT (EUR million)

■ EBITDA ■ EBIT





Interim Group Management Report of JAXX AG at June 30, 2008

The company has been operating under the name of “JAXX AG” since the end of June, the Shareholders’ Meeting having approved the change of name on May 21, 2008. The change was entered on the Commercial Register on June 20, 2008.

1. Business and general situation

a. Development of the general economic situation

The overall economic situation in Germany deteriorated markedly in the first half of 2008. High energy prices, rising fears of a recession and the renewed problems on financial markets have severely unsettled consumers both in Germany and throughout Europe.

The market for gaming in Germany is increasingly feeling the impact of the State Treaty on gaming, which took effect at the start of the year. Lottery companies and casino operators are reporting a dramatic slump in sales of up to 50 per cent. The impact on the classic “6 from 49 Lotto” was relatively slight, with sales dipping by only 2.4 per cent in the first half of 2008. However, this is largely due to the fact that the lottery companies, which are regarded as the prime movers behind the new State Treaty, still enjoy an extensive sales network of around 25,000 agencies throughout Germany. On the other hand lotteries such as SKL, NKL, Aktion Mensch and the ARD television lottery have suffered a “life-threatening slump in sales” now that the new regulations have taken away their advertising and sales basis. Casino operators, too, are lamenting a drop of up to 30 per cent in sales since last year.

Elsewhere in Europe, the company believes that the market for gaming has continued to benefit from ongoing liberalisation. The sports betting segment in particular gained fresh appeal thanks to Euro 2008. However, no detailed figures on sales for the individual market segments are available yet.

b. Regulatory developments

Since the State Treaty on gaming took effect at the start of the year, a large number of courts in Germany have already had to consider the lawfulness of the new regulations. 17 administrative courts have meanwhile expressed their doubts about the State Treaty’s compatibility with the German constitution and European law, and in eight cases proceedings have been brought before the European Court of Justice (ECJ).

As expected, in its statement of position to the EU Commission the Federal Republic of Germany reasserted its belief that the new regulations conform to the constitution and European law. The Commission has yet to respond. Experts in European law believe, however, that charges will now be brought against the Federal Republic of Germany by the ECJ as a result of the infringement proceedings initiated in January.

Shortly before the set date of July 8, the Federal Supreme Court surprisingly put back the announcement of its verdict on the competition dispute between the Federal Competition Authority and the state lottery companies until mid-August. The reasons given were that new difficulties and doubts had been expressed at the last meeting of the Senate and that the matter was “too important to be rushed”.

Those following the proceedings expect that the Federal Supreme Court will broadly endorse the verdict of the Higher Regional Court of Düsseldorf and therefore the Federal Competition Authority’s ruling. Yet another further court, this time at the highest level, will then have empha-



sised that there are no grounds for preventing the processing of lottery tickets via terrestrial sales outlets and that a commercial agent such as JAXX is fundamentally not subject to any restrictions in its choice of sales channel.

It is uncertain whether the Federal Supreme Court's ruling will have any direct impact on the new State Treaty. This also depends, for instance, on whether the pronouncement of judgement repeats the belief expressed in the oral proceedings that parts of the State Treaty such as the internet ban is in conflict with European law.

c. Business progress

As previously in the first quarter, the State Treaty on gaming again produced a mixed picture in the business fortunes of the JAXX Group in the second quarter of the current financial year. Whereas the areas that are not affected by the new regulations – sports betting, horse betting, casino and poker, as well as lottery operations outside Germany – continued to enjoy very strong growth, lottery agency business in Germany has suffered considerably from the sales and advertising restrictions.

Nevertheless, in the second quarter the JAXX Group as a whole moved much closer to its goal of becoming independent from the German lottery market. Euro 2008 and the German Jumping Derby in Hamburg in June pushed up sales to a record level, more than compensating for the traditionally weak end-of-season months April and May. To consolidate the company's independence further, the highlights in the sporting calendar during second quarter provided an opportunity to step up the acquisition of new customers, and this in turn prompted an increase in sales and marketing expenses. The result nevertheless showed a considerable improvement year on year.

Consolidated revenues rose to EUR 29.8 million in the second quarter of 2008, an increase of 73 per cent on the prior-year quarter. Compared with the first half of 2007, revenues showed an increase of 86 per cent from EUR

31.3 million to EUR 58.1 million. EBIT for the second quarter of 2008 was EUR –0.2 million (Q2 2007: EUR –1.4 million), and EUR –0.5 million for the first half (1st half 2007: EUR –2.2 million).

In all, the development in earnings is below-average, in line with the pattern for this quarter. The high sales growth in the areas of sports and horse betting was offset by increased expenditure for the acquisition of new customers (Euro 2008 in June) and the end of the football season in May, with typical wins by favourites and higher payouts of winnings. The customary investor relations expenditure in the second quarter is moreover well above average in the second quarter due to the costs of the Shareholders' Meeting and production of the Annual Report.

■ Sports Betting

The Sports Betting segment was able to maintain its strong growth. Thanks to the satisfying outcome of Euro 2008 – at least from the bookmakers' viewpoint – the segment enjoyed an 87 per cent rise in sales to EUR 32.7 million, from EUR 17.5 million in the first half of 2007. Meanwhile gross profit grew overproportionally by 115 per cent from EUR 4.2 million to EUR 9.0 million thanks to improved margins and the increased volume of casino and poker business.

Whereas the QED Group (myBet.com) grew further in the second quarter, the outlay involved in building up UK business continued to dominate the overall result for the segment. The partnerships with Premier League clubs in England and Scotland will only start to show their real potential once the new season has started. The British subsidiary JAXX UK Ltd. aims to break even by the start of 2009.



■ Horse Betting

Integration of the horse betting activities of SPORTWETTEN.DE AG into the JAXX platform was not entirely completed during the second quarter. US races were only placed on the platform pferdewetten.de towards the end of the second quarter, with the result that these too were unable to have any significant effect on sales for the first half. The German Jumping Derby in Hamburg brought in record sales for the JAXX Group's betting platform, a small portion of which are reflected in the first-half result. The greater part of these sales were only generated at the end of the Derby week, in July, with the result that this income will only become evident in the third-quarter figures.

At the start of July, JAXX concluded an agreement with the Win Race marketing company on the handling of betting in Germany and Sweden and on the use of live pictures. The aim is to enhance the appeal of JAXX's horse betting products and thus extend its market lead for online agency operations in Germany.

Sales for the Horse Betting segment in the first half of 2008 were well up on the prior-year period, at EUR 14.0 million. This development is attributable to the consolidation of SPORTWETTEN.DE AG since the start of the 2008 financial year. The gross profit in the first half of 2008 amounted to EUR 2.3 million. EBIT was EUR 90 thousand.

■ Lotteries

Lottery stakes handled in the first half of 2008 amounted to EUR 25.3 million, which was 11 per cent down on the first-half figure for 2007. Business processed on behalf of the lottery companies in the second quarter of 2008 amounted to EUR 11.6 million, equivalent to a downturn of 21 per cent compared with the prior-year quarter. The marked drop in the volume of lottery business handled in Germany contrasts with rapid growth in the Spanish market.

Whereas online sales handled in Germany fell by nearly 29 per cent due to the advertising restrictions and registration hurdles, the volume handled in Spain more than quadrupled. Even after the drawing of the Christmas lottery "Lotería Navidad", for which tickets are only sold in the second half, the partnership launched last year with the lottery agent "La Bruix D'Or" continued to have a positive impact on sales of other lottery products.

Stakes processed via SCHLECKER markets likewise rose very steeply by around 128 per cent compared with the prior-year period. In the opinion of both legal experts and the company, terrestrial sales will still be possible after January 1, 2009 because the state lottery companies themselves have a sales network of around 25,000 agents.

Syndicate business was scaled back significantly as planned in the second quarter of 2008, in response to the fact that marketing scope was severely restricted, as in the online segment. The level of syndicate contracts therefore continued to fall on the one hand due to the customary churn rate and on the other hand because contracts constituting fixed assets were disposed of during the second year, as had already been announced at the end of last year. By handling operational matters, JAXX earns a share of sales exclusively in its capacity as a provider of technical services.

2. Financial performance

Consolidated revenues rose by 86 per cent in the first half of 2008 compared with the prior-year period, from EUR 31.3 million to EUR 58.1 million. This figure includes betting stakes for own account amounting to EUR 46.1 million, generated largely via the sports and horse betting platforms of the JAXX Group. The stakes processed by JAXX on behalf of the lottery companies and racecourses fell by eleven per cent to EUR 25.3 million. Gross consolidated sales (revenues plus betting stakes handled) thus amounted to EUR 83.4 million (plus 39 per cent).

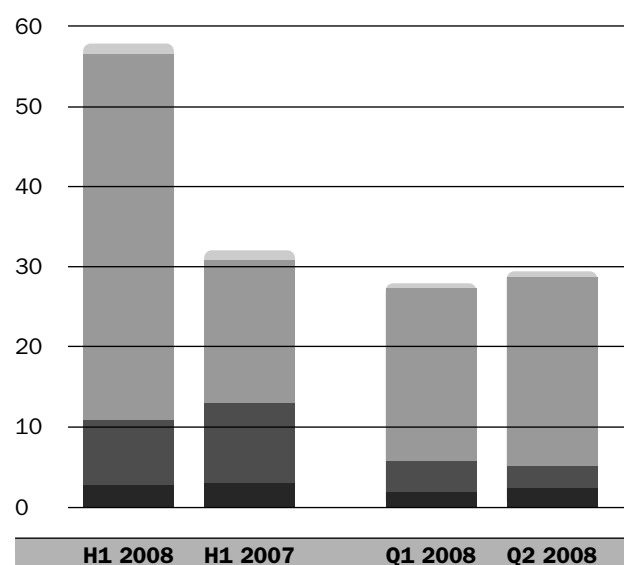


79 per cent of revenue for the first half of 2008 stemmed from betting stakes, four per cent from commissions on lottery stakes and 15 per cent from club subscriptions and service and handling fees. Further income was generated in the form of fees for software development and licence income. 56 per cent of proceeds came from sports betting, 24 per cent from horse betting and 20 per cent from lotteries.

Revenue rose by 73 per cent from EUR 17.3 million in the second quarter of 2007 to EUR 29.8 million in the second quarter of 2008, with the company SPORTWETTEN.DE AG, which has been included in consolidation since the start of this year, contributing EUR 6.9 million of this amount. Betting stakes fell from EUR 14.7 million to EUR 11.6 million; gross sales amounted to EUR 41.4 million.

DEVELOPMENT IN REVENUE

(EUR Thousand)



Source: JAXX AG

- Others
- Sports Betting
- Handling
- Commissions

SALES	H1 2008 T€	H1 2007 T€	Change %	Q1 2008 T€	Q2 2008 T€	Q2 2007 T€	Change %
Gross sales	83,362	59,788	+39	41,942	41,420	31,938	+30
Betting stakes	25,258	28,484	-11	13,666	11,592	14,651	-21
Revenue	58,104	31,304	+86	28,276	29,828	17,287	+73
• of which commissions	2,590	2,770	-6.5	1,191	1,399	1,601	-13
• of which handling fees	8,513	9,543	-11	4,824	3,689	5,227	-30
• of which bookmaking revenues	46,122	18,094	+155	21,937	24,185	10,362	+133

The cost of materials, which largely comprises payouts of betting winnings, rose substantially following the sharp increase in betting stakes. The cost of materials was up 162 per cent on the same period of the previous year, from EUR 13.8 million to EUR 36.3 million; the figures for the second quarter showed a rise of 117 per cent, from EUR 8.7 million to EUR 19.0 million.



Personnel expenses were up 25 per cent to EUR 5.0 million in the first half of 2008 as a result of the acquisition of SPORTWETTEN.DE AG. In the second quarter of 2008, personnel expenses amounted to EUR 2.7 million, as against EUR 2.1 million in the second quarter of 2007.

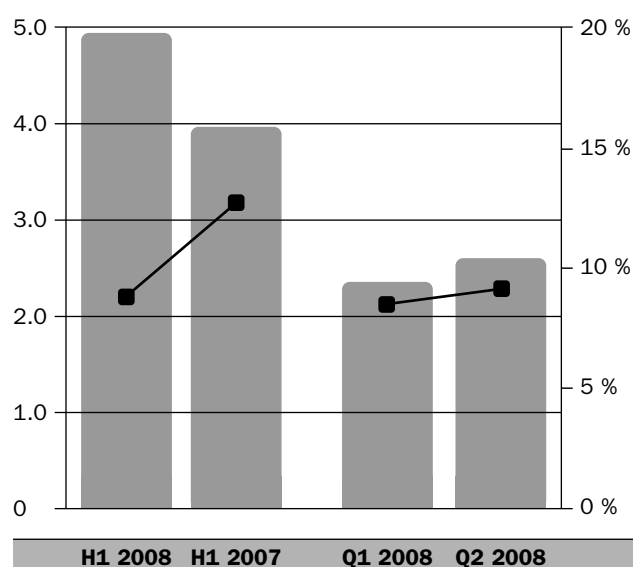
The average number of employees rose to 180 compared with 145 in the first half of the previous year, mainly due to the acquisition of SPORTWETTEN.DE AG. Per capita expenditure for the first half of 2008 was slightly up on the previous year's level, at EUR 28 thousand. Per capita revenues continued to rise strongly from EUR 216 thousand to EUR 323 thousand. The personnel expenses ratio has therefore fallen from 12.7 to 8.5 per cent. In addition to performance-related pay components, the Management Board, managing directors and employees are able to share in the company's economic development via a stock options scheme. The stock options schemes are explained in the notes to the consolidated financial statements in the 2007 Annual Report, in section 8.8.

Other operating expenses increased by 47 per cent to EUR 15.8 million in the first half of 2008, from EUR 10.8 million in the prior-year period. In addition to agency commission on the lottery and betting stakes due to partner organisations (EUR 4.8 million), there was a sharp rise most notably in legal and consultancy costs (EUR 1.4 million) and in marketing expenses, largely in connection with the acqui-

sition of new customers during Euro 2008 and from the development of UK business (EUR 4.8 million). The expenses ratio was nevertheless down significantly from 34 to 27 per cent. Marketing costs as a proportion of revenue amounted to around eight per cent in the first half of 2008, compared with eleven per cent in the prior-year period.

DEVELOPMENT IN PERSONNEL EXPENSES

€ million/per cent



Source: JAXX AG

- Personnel costs
- Expenses ratio

DEVELOPMENT OF THE PRINCIPAL EXPENSE ITEMS	H1 2008 T€	H1 2007 T€	Change %	Q1 2008 T€	Q2 2008 T€	Q2 2007 T€	Change %
Cost of purchased materials	36,251	13,840	+162	17,274	18,977	8,738	+117
Personnel expenses	4,959	3,969	+25	2,298	2,661	2,065	+29
Employees (average of the year)	180	145		181	180	145	
Other operating expenses	15,798	10,765	+47	7,378	8,420	5,215	+61
• of which marketing	4,756	3,429	+39	2,245	2,511	1,944	+29
• of which legal and consultancy costs	1,399	993	+41	516	883	586	+51

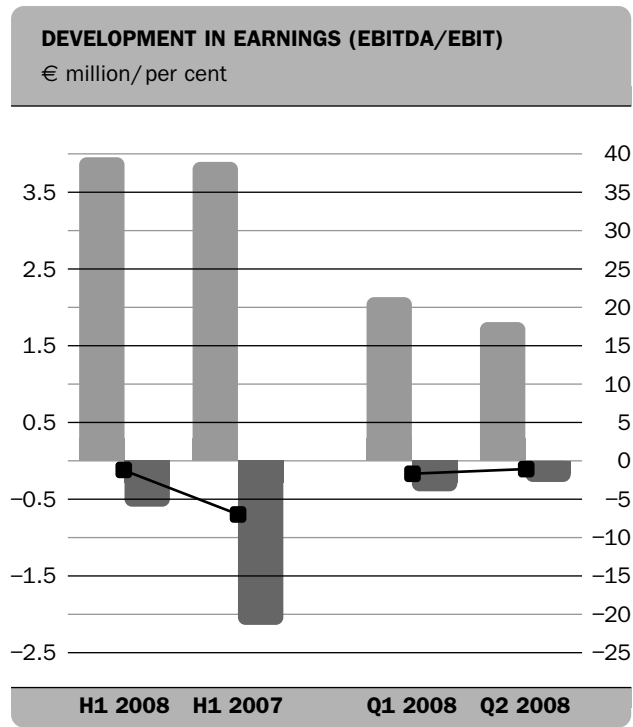


Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first half were on a par with the corresponding period of the previous year at EUR 3.9 million. EBITDA fell from EUR 2.2 million to EUR 1.9 million in the second quarter.

Depreciation and amortisation as a result of the capitalisation of the acquisition costs for syndicate contracts fell sharply as a result of the slimming-down of the portfolio. In the second quarter of 2008, depreciation and amortisation amounted to only EUR 2.0 million, as against EUR 3.5 million in the second quarter of 2007. Depreciation and amortisation for the first half therefore totalled EUR 4.5 million compared with EUR 6.0 million for the first half of 2007. Earnings before interest and taxes (EBIT) improved appreciably from EUR –1.4 million in the second quarter of 2007 to EUR 0.2 million in the second quarter of 2008. EBITDA was up from EUR –2.2 million in the first half of 2007 to EUR –0.5 million in 2008.

The consolidated result in the second quarter of 2008 amounted to EUR –0.3 million, as against EUR –1.1 million in the second quarter of 2007. For the six-month period, the result was improved from EUR –1.7 million in 2007 to EUR –0.8 million in 2008. The result largely tallies with the loss of the British subsidiary JAXX UK Ltd due to

start-up costs. SPORTWETTEN.DE AG contributed EUR 80 thousand to the improved result. Earnings per share were EUR –0.05, compared with EUR –0.12 Euro in the first half of 2007.



Source: JAXX AG

- EBITDA
- EBIT
- EBIT-Marge

EARNINGS	H1 2008 T€	H1 2007 T€	Change %	Q1 2008 T€	Q2 2008 T€	Q2 2007 T€	Change %
EBITDA	3,921	3,875	+1.2	2,069	1,852	2,172	-15
EBIT	-537	-2,159	-75	-377	-159	-1,367	-88
Consolidated earnings	-790	-1,715	-54	-520	-270	-1,078	-75
Earnings per share (€)	-0.05	-0.12		-0.03	-0.02	-0.08	



3. Financial position

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

The overall cash flow in the first half of 2008 amounted to EUR –5.0 million. Cash and cash equivalents totalled EUR 8.8 million at June 30, 2008. In its finance management approach, JAXX strives for predominantly short-term investments of a money market character with a balanced risk/reward ratio. Over and above this, it invests to a limited extent in financial instruments in order to optimise the low performance of the assets over the full year.

LIQUIDITY	30/06/2008 T€	31/12/2007 T€
Cash and cash equivalents	8,800	13,808
Liquidity ratio 2	119 %	163 %

4. Net worth

Net worth rose by EUR 4.6 million in the first half of 2008 compared with the reporting date of December 31, 2007. The increase is largely due to the acquisition of SPORTWETTEN.DE AG. Current assets decreased by EUR 1.5 million to EUR 20.2 million.

The accumulated shareholders' equity showed an increase of EUR 0.4 million since the reporting date of December 31, 2007, to EUR 36.5 million. With a balance sheet total of EUR 62.2 million, the equity ratio is 58.7 per cent.

The non-current liabilities have risen by EUR 0.7 million to EUR 8.7 million as a result of the higher amounts due to deferred tax liabilities. The current liabilities rose by EUR 1.9 million to EUR 16.9 million at June 30, 2008.

SHAREHOLDER'S EQUITY AND BORROWED CAPITAL	30/06/2008 T€	31/12/2007 T€
Shareholders' equity	36,519	36,093
Borrowed capital (long-term)	8,742	8,000
Equity ratio	58.7 %	61.0 %

■ Voting rights

At the reporting date of June 30, 2008, the free float as defined by Deutsche Börse accounted for 100 per cent of the capital stock of JAXX AG, amounting to EUR 16,017,404. The company has not been notified of any major shareholdings representing more than ten per cent. There exist no special restrictions concerning voting rights or the transfer of shares, or shares bearing special rights that bestow powers of control. Nor have any particular stipulations regarding the control of voting rights been agreed if employees hold a share of the capital and do not exercise their rights of control directly.

The authorised but unissued capital and the approved capital, over and above the subscribed capital, are explained in detail in the Notes to the Consolidated Financial Statements, on page 77 onward of the 2007 Annual Report. No authorisation of the Management Board to purchase treasury shares exists.

In accordance with the articles of incorporation, the Management Board of JAXX AG comprises one or more persons. The Supervisory Board may appoint a Management Board Chairman and a Management Board Deputy Chairman. Amendments to the articles of incorporation



must be carried by a three-quarters majority of the Shareholders' Meeting. The Supervisory Board may perform amendments to the articles of incorporation that relate to the wording alone.

■ Director's Holdings

The shareholdings of directors on either corporate body at June 30, 2008 are as follows:

Name	Position	Type of security	Position at 31/12/2007	Additions	Disposals	Position at 30/06/2008
Rainer Jacken	Management Board spokesman	Shares	1,333	0	0	1,333
		Options	27,667	0	0	27,667
Mathias Dahms	Management Board	Shares	3,722	0	0	3,722
		Options	22,474	0	0	22,474
Stefan Hänel	Management Board	Shares	5,220	0	0	5,220
		Options	22,480	0	0	22,480
Frank Motte	Supervisory Board	Shares	4,972	0	0	4,972
		Convertible bond	1,243	0	0	1,243

5. Report on post-balance sheet date events

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

6. Opportunities and risks report

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



7. Report on expected developments

The focus for the company's further business development remains to secure greater independence from the German lottery market, to expand internationally and to achieve profitability.

From a regulatory viewpoint, there are two dates of key importance in the next few weeks: first, the Federal Supreme Court will be announcing its postponed verdict on the legal dispute between the Federal Competition Authority and the lottery companies (cf. 1b, Regulatory developments). Second, in September the European Court of Justice will be hearing the concluding arguments in case C-42/07 from Portugal. The issue here is once again whether a state monopoly on gambling is permissible. In this instance the problem boils down to the question of coherence, which is also at the core of the dispute between the EU Commission and the German government: can the state have a monopoly over one form of gaming, while private companies are allowed to provide other forms that might be more dangerous?

In the operating sphere, JAXX expects to see a substantial improvement in its sales and financial performance in the second half of the year. Various measures to boost sales and reduce costs were initiated in the first six months of the current financial year and can now take full effect. For instance, the first palpable synergy effects of integrating the SPORTWETTEN.DE Group into the JAXX Group should begin to filter through. The measures to dovetail the QED Group (myBet.com) more closely with JAXX's international activities should also increasingly take effect.

August brings another major sporting event – the Olympic Games – and betting business traditionally picks up again when the football season in Europe kicks off. Tickets for Europe's biggest lottery, the Christmas Lottery, go on sale in Spain in August, with prize money of more than EUR 2.5

billion a huge pull. A continuing decline in sales from domestic agency business is expected due to the restrictive legal situation.

On the basis of the current situation, the Management Board of JAXX AG stands by its expectations of double-digit sales growth and a clearly positive result for 2008 as a whole.

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

Altenholz, August 6, 2008


Rainer Jacken


Mathias Dahms


Stefan Hänel



Consolidated Balance Sheet at June 30, 2008

ASSETS	Note	30/06/2008 T€	31/12/2007 T€
A. Non-current assets		42,032	37,476
I. Intangible assets	6.1.1	27,528	18,444
1. Goodwill		16,240	10,977
2. Other intangible assets		11,288	7,467
II. Property, plant and equipment	6.1.2	6,107	6,049
1. Land and buildings		1,166	1,192
2. Other plant and equipment		3,576	3,530
3. Payments on account		1,365	1,327
III. Financial assets	6.1.3	2	4,466
Investments in associates		2	4,466
IV. Deferred taxes	6.1.4	8,395	8,517
B. Current assets		20,170	21,678
I. Inventories	6.2.1	35	26
II. Receivables and other assets	6.2.2	10,440	7,116
1. Trade accounts receivable		4,611	3,792
2. Other assets		5,828	3,324
III. Cash and cash equivalents	6.2.3	8,800	13,808
of which freely available (net cash)		7,382	11,133
IV. Prepaid expenses	6.2.4	895	728
Total assets		62,202	59,154



Consolidated Balance Sheet at June 30, 2008

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	30/06/2008 T€	31/12/2007 T€
A. Shareholders' equity		36,519	36,093
I. Share capital	6.3.1	16,017	16,002
II. Additional paid-in capital	6.3.4	55,167	55,139
III. Accounting loss	6.3.5	-37,199	-35,608
IV. Exchange differences on translation		151	61
V. Minority interest	6.3.6	2,383	499
B. Non-current liabilities		8,742	8,000
1. Deferred tax liabilities	6.4.1	1,745	575
2. Tax on profit	6.4.1	114	62
3. Bonds	6.4.2	5,432	5,414
4. Finance lease liabilities	6.4.2	1,324	1,949
5. Due to banks	6.4.2	127	0
C. Current liabilities		16,941	15,061
1. Bonds	6.4.2	96	91
2. Due to banks	6.5.2	979	946
3. Current finance lease liabilities	6.4.2	1,250	1,236
4. Trade accounts payable	6.5.2	4,750	3,273
5. Other financial liabilities	6.5.2	7,466	6,545
6. Other accrued expenses	6.5.1	2,380	2,938
7. Deferred tax liabilities	6.5.3	20	32
Total shareholders' equity and liabilities		62,202	59,154

Consolidated Income Statements for the period January 1 to June 30, 2008

	Note	30/06/2008	30/06/2007	Change		31/12/2007
		T€	T€	T€	%	T€
Gross sales		83,362	59,788	23,574	39.4	142,776
Betting stakes		25,258	28,484	-3,227	-11.3	68,925
1. Sales	4.2	58,104	31,304	26,799	85.6	73,851
2. Production for own assets capitalised	4.3	901	794	108	13.6	1,176
3. Other operating income	4.4	1,925	351	1,574	448.7	1,108
4. Cost of purchased materials	4.5	36,251	13,840	22,412	161.9	35,032
Cost of purchased services		36,251	13,840	22,412	161.9	35,032
5. Personnel expenses	4.6	4,959	3,969	990	25.0	8,243
a) Salaries		4,245	3,424	821	24.0	7,100
b) Social insurance		714	545	169	31.1	1,143
6. Depreciation and amortisation on intangible assets and on property, plant and equipment	4.7	4,458	6,034	-1,576	-26.1	11,387
7. Other operating expenses	4.8	15,798	10,765	5,034	46.8	26,349
Operating profit/loss		-537	-2,159	1,622	75.1	-4,876
8. Other interest and similar income	4.9	237	173	64	37.0	84
9. Interest and similar expenses	4.9	248	167	81	48.5	383
Finance result	4.10	-12	6	-18	-295.8	-299
10. Result before tax	4.10	-548	-2,153	1,605	74.6	-5,175
11. Income tax	4.11	-242	438	-680	-155.2	-524
12. Net profit/loss for the period	4.12	-790	-1,715	925	53.9	-5,699
13. Minority interest in earnings		0	122			28
14. Earnings less minority interest		-791	-1,593			-5,671
15. Loss carry-forward from previous year		-35,608	-28,137			-28,137
16. Put option of minority interest in QED, reported under borrowed capital		-800	0			-1,800
17. Accounting loss		-37,199	-29,730			-35,608
18. Earnings per share						
Basic earnings per share (€)		-0.05	-0.12			-0.38

Consolidated Income Statements for the period April 1 to June 30, 2008

	Note	Q2 2008 T€	Q2 2007 T€	Q1 2008 T€
Gross sales		41,420	31,938	41,942
Betting stakes		11,592	14,651	13,666
1. Sales	4.2	29,828	17,287	28,276
2. Production for own assets capitalised	4.3	577	708	324
3. Other operating income	4.4	1,506	195	419
4. Cost of purchased materials	4.5	18,978	8,738	17,274
Cost of purchased services		18,978	8,738	17,274
5. Personnel expenses	4.6	2,661	2,065	2,298
a) Salaries		2,257	1,783	1,988
b) Social insurance		404	282	310
6. Depreciation and amortisation on intangible assets and on property, plant and equipment	4.7	2,011	3,539	2,446
7. Other operating expenses	4.8	8,420	5,215	7,378
Operating profit/loss		-159	-1,367	-377
8. Other interest and similar income	4.9	72	78	165
9. Interest and similar expenses	4.9	113	85	135
Finance result	4.9	-41	-7	30
10. Result before tax	4.10	-201	-1,374	-347
11. Income tax	4.11	-69	296	-173
12. Net profit/loss for the period	4.12	-270	-1,078	-520
13. Minority interest in earnings		106	89	-107
14. Earnings less minority interest		-164	-989	-627
15. Loss carry-forward from previous quarter		-36,235	-28,741	-35,608
16. Put option of minority interest in QED, reported under borrowed capital		-800	0	0
17. Accounting loss		-37,199	-29,730	-36,235
18. Earnings per share				
Basic earnings per share (€)		-0.02	-0.08	-0.03



Cash Flow Statement for the period January 1 to June 30, 2008

	30/06/2008 T€	30/06/2007 T€	31/12/2007 T€
• Net profit/loss for the period	-790	-1,715	-5,699
• Depreciation of fixed assets	4,458	6,034	11,387
• Increase/decrease in long-term accruals	52	274	6
• Finance income	-237	-173	-84
• Interest expense	248	167	383
• Other non-cash expenses and income/deferred taxes	-682	-356	-514
• Profit/loss from the disposal of fixed assets	0	-36	-36
Cash flow before changes to working capital	3,048	4,195	5,443
• Change in inventories, receivables and other assets	-1,518	2,104	-1,028
• Change in liabilities and other items on the shareholders' equity and liabilities side	176	-1,770	32
• Increase/decrease in short-term accruals	-742	2	1,339
Cash flow from operating activities	965	4,531	5,786
• Interest paid	-248	-167	-340
Cash flow from operating activities	717	4,364	5,446
• Cash receipts from disposals of fixed assets		34	34
• Cash payments for investments in fixed assets	-2,953	-7,257	-11,283
• Cash payments for investments in consolidated companies		0	0
• Increase in investment in QED		0	-548
• Acquisition of investment in SPORTWETTEN.DE AG	-2,559	0	-4,463
• Interest received	237	96	84
Cash flow from investing activities	-5,275	-7,127	-16,176
• Cash receipts/payments from the issue of bonds and from the raising of loans/finance leases	0	-582	8,576
• Cash receipts/payments for current investments	0	0	2,579
• Repayments of bonds and loans	-450	-79	-1,136
Cash flow from financing activities	-450	-661	10,019
Overall effective adjustment	-5,008	-3,424	-711
Cash and cash equivalents at the start of the period	13,808	14,519	14,519
Cash and cash equivalents at the end of the period	8,800	11,095	13,808
• Progression from financial resources to net cash position	8,800	11,095	13,808
• Betting stakes passed on	1,348	1,459	2,604
• Securities provided	71	51	71
Net cash position	7,382	9,584	11,133

Development in capital accounts for the period January 1, 2007 to June 30, 2008

T€	Share capital	Additional pay-in capital	Accounting loss	Exchange differences	Minority interest	Total	Bonds convertible
Position at December 31, 2006	14,563	52,112	-28,137	0	497	39,035	88
Interest on bond						0	43
Issue of convertible bond October 2007		910				910	8,846
Conversion of bond	1,427	2,045				3,472	-3,472
Premiums earned from employee stock options		66				66	
Exercising of employee stock options	12	6				18	
Purchase/capital increase, myBet (QED)					-36	-36	
Put option of minority interest in QED			1,800			-1,800	
Capital increase for DigiDis					66	66	
Exchange differences on translation				61		61	
12-month result, 2007			-5,671		-28	-5,699	
Position at December 31, 2007	16,002	55,139	-35,608	61	499	36,093	5,505
Conversion of bond	15	25				40	
Interest on bond						0	23
Exercising of employee stock options		3				3	
Put option of minority interest in QED			-800			-800	
Exchange differences on translation				90		90	
Acquisition of SPORTWETTEN.DE AG investment					1,883	1,883	
6-month result, 2008			-791		0	-790	
Position at June 30, 2008	16,017	55,167	-37,199	151	2,383	36,519	5,528



JAXX AG Interim Report at June 30, 2008

Consolidated Financial Statements at June 30, 2008 (IFRS)

Notes on consolidation and measurement

1. General principles

The JAXX Group is a leading agent and licensed organiser of gaming. The Interim Consolidated Financial Statements at June 30, 2008 of JAXX AG, with its registered office in Altenholz, near Kiel, Germany, are in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) that are to be applied in the EU, as well as with the requirements of commercial law pursuant to Section 315a Para. 1 of German Commercial Code. In agreement with IAS 34 "Interim Financial Reporting", a shorter reporting scope is chosen for the representation of these Consolidated Financial Statements than for the representation of the Consolidated Financial Statements at December 31, 2007. Separate Consolidated Financial Statements and a separate group management report in accordance with the requirements of German Commercial Code are not prepared. The Consolidated Financial Statements comply with all IFRS the application of which was mandatory by the balance sheet date.

Unless indicated otherwise in these Notes, the same recognition and measurement principles as for the Consolidated Financial Statements for the 2007 financial year are applied for the six-month report. For further details, we accordingly refer to the Consolidated Financial Statements at December 31, 2007. In the opinion of the Management Board, the Interim Consolidated Financial Statements reflect all the customary, routinely performed adjustments

that are necessary in order to present the net worth, financial performance and financial position of the group appropriately. From January 1, 2008 JAXX applies IFRS 8 "Operating Segments", principally with the result that the segments are composed according to products. In future, business will be represented according to the business areas Lotteries, Sports Betting and Horse Betting, as well as the holding company. The respective reference figures for the previous year have been adjusted accordingly.

2. Consolidation

2.1 Consolidated companies

In the first half of 2008 JAXX acquired a 62.36 per cent interest in SPORTWETTEN.DE AG (SPAG), which had been included in the Consolidated Financial Statements for the previous year merely according to the equity method, on the basis of an interest of 34.73 per cent. The company together with its subsidiaries was fully consolidated with effect from January 1, 2008. Its inclusion in the Interim Consolidated Financial Statements of JAXX at June 30, 2008 is based on provisional, unaudited consolidated financial statements of SPORTWETTEN.DE AG at December 31, 2007 and June 30, 2008. A further subsidiary, C-Serve Ltd., was established in the context of the expansion of business activities in the UK. Its share capital is GBP 100 and is 100 per cent allocable to the JAXX Group. The company is not yet trading.

2.2 Acquisitions

The preparations made in the second half of 2007 for the acquisition of SPORTWETTEN.DE AG, a company that is the market leader in Germany for the brokering and organising of horse betting, were completed at the start of January 2008. Upon completion of the acquisition, JAXX achieved its aim of control over the company by holding 59.58 per cent of the shares carrying voting rights. The purchase price including costs allocable to the acquisition amounted to EUR 7,589 thousand at the time of acquisition and was



paid in cash. Cash and cash equivalents acquired amounted to EUR 893 thousand. The purchase price allocation has not yet been definitively completed. Based on a provisional purchase price allocation, EUR 1,993 thousand were allocated to intangible, depreciable assets (customer base, video archive) that are subject to depreciation, and EUR 1,447 thousand to the non-depreciable intangible assets (brands, licences of no determinable useful life) as well as EUR 2,235 thousand (EUR 1,163 thousand goodwill plus EUR 1,072 thousand deferred tax on identifiable intangible assets) reported as goodwill. The goodwill reflects the anticipated synergy benefits and growth prospects of SPORTWETTEN.DE AG following completion of its restructuring. Marginal adjustments were made to the figures for the interim financial statements, as updated accounting information from SPORTWETTEN.DE AG is now available. JAXX acquired a further 300,000 shares in the second quarter of 2008, at a purchase price of EUR 327 thousand. This increased its interest to 62.36 per cent. The top-up investment results in a further increase in goodwill of EUR 186 thousand. The increase in the scope of consolidation affects the income statement as shown below:

	T€
Sales/betting stakes	13,210
Cost of purchased materials/ betting winnings	11,903
Gross profit/hold	1,307
Distribution costs	84
Depreciation of property, plant and equipment	159
Personnel expenses	707
Other operating income	-205
Other operating expenses	570
	1,315
Operating profit/loss	-9
Interest income	-99
Interest expense	10
Finance result	-89
Result before tax	81
Income taxes	0
Result after tax	80

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

	01/01/2008 T€
Non-current assets	
Property, plant and equipment	656
Intangible assets	670
Goodwill	2,843
Other non-current assets	0
Total non-current assets	4,170
Current assets	
Cash & cash equivalents	893
Trade accounts receivable	283
Prepaid expenses and other current assets	1,721
Total current assets	2,896
Total assets	7,066
Current liabilities	
Trade accounts payable	1,182
Other current liabilities	263
Tax accruals	370
Other accrued expenses	241
Total current assets	2,056
Total equity and liabilities	7,066

3. Principles of recognition and measurement

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



4. Notes to the Consolidated Income Statement

4.1 Realisation of expenses and revenues

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

4.2 Sales

SALES	30/06/2008 T€	30/06/2007 T€
Commissions	2,590	2,770
Handling fees	8,513	9,543
Fees	26	103
Betting stakes	46,122	18,094
Other	853	795
	58,104	31,304

Sales overall virtually doubled compared with the first half of 2007 as a result of the strong growth of myBet and the inclusion of SPORTWETTEN.DE AG in consolidation. Of the total growth of EUR 26,799 thousand, SPORTWETTEN.DE AG is responsible for around EUR 13,200 thousand and myBet for EUR 14,200 thousand.

4.3 Production for own assets capitalised

There is a considerable level of software to be capitalised as a result of the further development of the platforms, particularly the international services JAXX.COM in the UK and of the myBet Group. The self-produced software modules amounting to EUR 901 thousand in the first half comprise predominantly payment, sports betting, horse betting and poker modules.

4.4 Other operating income

OTHER OPERATING INCOME	30/06/2008 T€	30/06/2007 T€
Income from the reversal of accruals	94	84
Income from the reduction in impairment losses on receivables	3	0
Income from the disposal of fixed assets	1,428	29
Other income	400	238
	1,925	351

Other operating income rose as a result of the sale of syndicate contracts, reflecting the gradual withdrawal from domestic business in that product area. These proceeds compensated for the resulting fall in handling income as reported under sales (4.2).

4.5 Cost of purchased materials

MARGIN/HOLD	30/06/2008 T€	30/06/2007 T€
Betting stakes	46,122	18,094
Betting winnings	36,096	13,743
Hold	10,026	4,351
Hold in %	22	24

The cost of purchased materials totalling EUR 36,251 thousand substantially comprises winnings paid out as a result of sports and horse betting business. The fall in the margin is attributable to the higher horse betting stakes following the consolidation of SPORTWETTEN.DE AG, which has an average margin of 14 per cent and therefore dilutes the overall margin.



4.6 Personnel expenses

The rise in personnel expenses of 25 per cent is almost entirely due to SPORTWETTEN.DE AG. The value of the stock options issued to employees is likewise included in salary expenses pursuant to IFRS 2 / IAS 19, at the amount of EUR 4 thousand. There were 183 employees at the reporting date (previous year 147). The average number of employees for the six three months of the year was 180 (previous year 145). SPORTWETTEN.DE AG has 27 employees.

4.7 Depreciation and amortisation

The reduction already implemented in the portfolio of syndicate contracts is now affecting depreciation and amortisation. In the first half of 2008, the volume of depreciation and amortisation was significantly down (–26.1 per cent) on the reference period. The volume of depreciation and amortisation will continue to fall in future, as existing contracts are expiring.

4.8 Other operating expenses

OTHER OPERATING EXPENSES	30/06/2008 T€	30/06/2007 T€
Commissions for venture partner	4,756	2,995
Marketing/Sales/IR	4,756	3,429
Legal and consultancy costs	1,399	993
Collection and bank charges	822	347
Membership and other fees, insurance	520	187
Expenses for premises	515	332
Other operating expenses	398	477
Disposal of operating assets	303	31
Other services	285	0
Data lines	275	276
Hosting	254	334
Losses on receivables	251	411
Travel expenses, entertainment costs	228	212
IT service and maintenance	149	169
Vehicle costs	142	111
Costs of annual accounts and audit	136	34
Telephone	114	84
Exchange differences on translation	109	0
Office supplies	68	17
Bookkeeping costs	63	24
Other operating supplies	62	0
Other personnel costs	55	45
Incidental costs of monetary transactions	47	196
New customer bonus for syndicates	35	0
Computer leasing	21	2
Periodicals and books	19	11
Supervisory Board remuneration	18	18
Allocation to specific/general bad debt charges	7	30
	15,798	10,765



Rapid growth in the sports betting area is the main factor behind the rise in expenses, in particular for the items marketing, commissions and payment transaction costs. Legal and consultancy costs have likewise risen compared with the first six months of 2007. The increase in expenses overall is EUR 5,034 thousand (47 per cent).

4.9 Interest result and other financial result

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

The interest expense comprises EUR 70 thousand for finance lease liabilities and due to banks, as well as EUR 150 thousand for bonds.

4.10 Result before tax

The consolidated first-half result before tax is EUR –548 thousand, compared with EUR –2,153 thousand in the prior-year period. This result is largely attributable to the start-up of business operations in the UK and corresponds to the loss of the subsidiary JAXX UK Ltd.

4.11 Income tax

Income tax includes corporate taxes such as corporation and trade tax, or similar taxes of domestic and foreign companies. Deferred tax assets have been created to make use of the company's anticipated losses. Taxes on gains by subsidiaries were provided for and deferred tax assets reversed. Overall, the improved financial performance particularly of the subsidiaries in Spain and Malta results in a tax expense from the liquidation of deferred tax assets.

4.12 Net profit / loss for the period

The net loss for the six-month period is EUR –790 thousand, as against EUR –1,715 thousand for the prior-year period.

5. Notes to the Cash Flow Statement

The negative cash flow for the period broadly corresponds to the balance of the purchase price paid for the shares in SPORTWETTEN.DE AG. JAXX generated a positive cash flow of EUR 717 thousand from operating activities, which largely covered capital expenditure in the first half.

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

6. Consolidated Balance Sheet

6.1 Non-current assets

6.1.1 Intangible assets

The intangible assets amount to EUR 27,528 thousand. The growth is largely attributable to the inclusion of SPORTWETTEN.DE AG in consolidation and the provisional purchase price allocation to intangible assets and goodwill.

6.1.2 Property, plant and equipment

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



6.1.3 Financial assets

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

6.1.4 Deferred taxes

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

6.2 Current assets

6.2.1 Inventories

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

6.2.2 Receivables and other assets

This item comprises trade accounts receivable originating primarily from the settlement of commission, as well as miscellaneous assets. These include among other things receivables from payments of withholding tax, sales tax, guarantees and credit card payments, as well as other payment services. The growth is attributable to the change in consolidation.

6.2.3 Cash and cash equivalents

Cash and cash equivalents amount to EUR 8,800 thousand and have fallen since December 31, 2007 principally from payment of the balance of the purchase price for the takeover of SPORTWETTEN.DE AG.

6.2.4 Prepaid expenses

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

6.3 Capital and reserves, minority interest

6.3.1 Share capital

The share capital of JAXX AG amounts to EUR 16,017,404 and is divided into the same number of no par value registered shares.

6.3.2 Approved capital

Following the registration of the resolutions from the Shareholders' Meeting of May 21, 2008 on June 20, 2008, the company has approved capital totalling EUR 7,957,602.

6.3.3 Conditional capital

Following the registration of the resolutions from the Shareholders' Meeting of May 21, 2008 on June 20, 2008, the company has conditional capital for the issuing of subscription rights to employees totalling EUR 1,482,870 and conditional unissued capital for the issuing of convertible bonds totalling EUR 6,428,509.

6.3.4 Reserves

The company has additional paid-in capital pursuant to Section 272 (2) of German Commercial Code totalling EUR 55,167 thousand. No further reserves exist.



6.3.5 Accounting loss

The accounting loss is comprised as follows:

ACCOUNTING LOSS	30/06/2008 T€
Loss carry-forward at 31/12/2007	-35,608
Minority interest in earnings	0
Periodenverlust 30/06/2008	-790
Reclassification of put option of minority interest in QED	-800
Accounting loss	-37,199

6.3.6 Minority interest

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

6.4 Long term debt

6.4.1 Deferred tax liabilities, tax on profit

The deferred taxes relate to the temporary differences from the capitalisation of self-created intangible assets, the resulting amortisation and deferred tax liabilities on the intangible assets identified during purchase price allocation (Section 2.2.).

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



6.4.2 Loans and bonds

LOANS AND BONDS T€	Total 30/06/2008	Total 31/12/2007	With a term to maturity of		
			less than 1 year	1–5 years	> 5 years
1. Finance lease liabilities	2,574	3,185	1,250	1,324	0
2. Bonds	5,528	5,505	96	5,432	0
3. Due to banks	1,107	946	104	1,003	0
	9,209	9,636	1,410	7,798	0

6.5 Current liabilities

6.5.1 Accrued expenses

The other accrued expenses have fallen considerably compared with the position at December 31, 2007. They are created for outstanding vacation leave, employee bonuses, industrial accident insurance contributions and suppliers' invoices (predominantly marketing expenses and legal and consultancy fees). All accrued expenses have short maturities, with a term of up to one year.

6.5.2 Current loans and liabilities, other liabilities

CURRENT LOANS AND LIABILITIES, OTHER LIABILITIES T€	Total 30/06/2008	Total 31/12/2007	With a term to maturity of		
			less than 1 year	1–5 years	> 5 years
1. Due to banks	0	0	0	0	0
2. Trade accounts payable	4,750	3,273	4,750	0	0
3. Other liabilities	7,466	6,545	7,466	0	0
	12,217	9,818	12,217	0	0

The other liabilities include liabilities from gaming operations.



6.5.3 Deferred tax liabilities

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

7. Segment reporting

SEGMENT REPORTING T€	Horse Betting	Lottery	Sports Betting	Miscellan- eous	Consolidated transfers	Total
External sales	14,040	11,344	32,720	0	0	58,104
30/06/2007	632	13,210	17,463	0	0	31,304
Sales with other segments	40	55	0	642	-737	0
30/06/2007	0	4,859	0	1,261	-6,120	0
Total sales	14,079	11,399	32,720	642	-737	58,104
30/06/2007	652	18,049	17,463	1,261	-6,120	31,304
Gross income	2,263	13,438	9,001	680	-704	24,678
30/06/2007	185	17,823	4,185	1,165	-4,750	18,609
EBITDA	252	5,004	15	-1,007	-346	3,918
30/06/2007	68	4,475	-589	-759	680	3,875
Result for segment before interest and taxes	90	1,406	-351	-1,537	-148	-539
30/06/2007	63	-1,595	-748	-1,172	1,293	-2,159
Net interest	-14	-934	-91	1,028	0	-12
30/06/2007	-96	-982	-49	1,056	77	6
Income taxes	-4	-237	-116	145	-30	-242
30/06/2007	1	552	41	35	-190	438
Net profit/loss for the period	72	235	-555	-364	-178	-790
30/06/2007	-34	-2,024	-756	-81	1,180	-1,715
Gross carrying value of assets	7,287	17,733	10,001	64,212	-37,031	62,202
31/12/2007	455	31,829	9,492	64,853	-47,475	59,154
Liabilities	5,733	46,726	10,050	9,735	-46,557	25,687
31/12/2007	3,986	50,602	8,217	9,686	-49,430	23,061
Investment	225	2,190	1,136	3,473	-1,512	5,512
30/06/2007	0	5,553	1,110	1,813	0	8,477
Depreciation and amortisation	163	3,597	366	530	-200	4,458
30/06/2007	5	6,070	159	413	-613	6,034
Non-cash expenses	0	0	0	0	0	0
30/06/2007	0	0	0	0	110	110



8. Other particulars

8.1 Earnings per share

EARNINGS PER SHARE	30/06/2008 T€	30/06/2007 T€
Net profit/loss for the period (T€)	-790	-1,715
Weighted average number of ordinary shares outstanding during the period under review	16,004,202	14,562,854
Earnings per share €	-0.05	-0.12

8.2 Contingent liabilities

There are contingent liabilities totalling EUR 71 thousand; these consist of guarantees on licences and tenancy agreements.

8.3 Hedging policy and derivative financial instruments

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

8.4 Other financial obligations

The company must spend EUR 5,481 thousand (previous year: EUR 5,459 thousand) in the future for rent and similar obligations. This figure also includes the further finance lease repayment, as well as the associated interest.

8.5 Contingent liabilities and other financial obligations

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

8.6 Leases

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

The following table shows the future minimum expenses that will be incurred from operating lease and tenancy agreements in view of the terms and notice periods of these agreements. These come under other financial obligations (see also Section 8.4).

TENANCY AND LEASE AGREEMENTS	30/06/2008 T€	30/06/2007 T€
Tenancy agreements		
Term up to 1 year	627	349
Term 1 to 5 years	1,118	21
Lease agreements		
Term up to 1 year	271	234
Term 1 to 5 years	264	253



8.7 Related parties

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

	30/06/2008 T€	30/06/2007 T€
GWU mbH (Managing Director Antje Stoltenberg, Supervisory Board member)	26	0
DSM Marketing GmbH, tenancy agreement for Altenholz	54	57

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

8.8 Stock option plans

Pursuant to IFRS 2, for financial years from January 1, 2005 all options issued after November 7, 2002 and still subject to a vesting period at January 1, 2005 are to be measured and reported as salary expenses. For this purpose it is assumed that the value of the options – provided they are granted free of charge – represents remuneration for the period from the time the options were granted until the expiry of the vesting period. The value of the options is to be determined correspondingly and spread over the vesting period, taking account of such factors as fluctuation. As the options can be exchanged for shares in the company (equity settled) and are not redeemed in cash, the booking of salary expenses increases the additional paid-in capital. The expense entry simultaneously reduces the profit in the period when the expense is recorded, with the result that the effect on shareholders' equity is corrected again.

A total of 188,851 options issued after November 7, 2002 fell under the rules of IFRS 2. 108,509 options remained in existence at the reporting date. The options were measured at market price upon issue, applying the Black-Scholes option pricing model. The exercise threshold was taken into account in the calculation using the above model. The staggered vesting period and employee fluctuation of around five per cent for 2008 were likewise taken into account. No fluctuation was assumed for the Management Board.



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

	Total 2007	Average strike price 2007 (€)	Total 2008	Average strike price 2008 (€)
Options outstanding at January 1	134,144	3.90	118,146	4.11
Granted in the period	0		0	
Forfeited in the period	-6,263	2.31	-9,637	2.31
Exercised in the period	-9,735	2.31		
Expired in the period	0			
Options outstanding at December 31, 2007/ March 31, 2008	118,146	4.11	108,509	4.27
Exercisable options at December 31, 2007/ March 31, 2008	77,504		41,363	
Average weighted share price		3.58		2.65

Personnel expenses from the granting of options amounting to EUR 4 thousand were reported in the period under review (previous year EUR 45 thousand).

8.9 Events occurring after the balance sheet date

There were no disclosable events occurring after June 30, 2008, as defined in IAS 10.

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

Discretionary decisions are required in applying the recognition and measurement principles. This is particularly the case regarding the following matter: Past statistical data was used in measuring the accrual for bonus points.



8.11 Estimates and evaluations by the management

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

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

8.12 Impairment test for goodwill

The impairment test for goodwill is based on forward-looking assumptions. These assumptions have been made on the basis of the estimated situation at the balance sheet date. An assumption on the future development of the economic context that was considered to be realistic at that point in time was moreover taken into account in estimating future business development. The actual amounts may differ from the estimates as a result of differences between actual developments in the underlying situation and the assumed developments. In such instances the assumptions and, if necessary, the carrying amounts of the assets and liabilities in question, are adjusted.

8.13 Corporate bodies

The members of the Management Board are:

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

Details of the remuneration are provided in the corporate governance report, which forms part of the 2007 annual financial statements.

Members of the Supervisory Board are

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

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

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

In the first half of the 2008 financial year, Susat & Partner oHG was not mandated to perform any further tasks over and above the auditing of the annual accounts. Expenses of EUR 32 thousand were recorded in the period of 2008 under review for the auditing of the annual accounts.

Altenholz, August 6, 2008



Rainer Jacken



Mathias Dahms



Stefan Hänel



Responsibility statement by the management

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the interim financial report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Altenholz, August 6, 2008



Rainer Jacken



Mathias Dahms



Stefan Hänel



Important Dates

- **November 6, 2008**
Publication of the nine-month report 2008
- **November 10, 2008**
Analysts Meeting during Eigenkapitalforum
in Frankfurt am Main

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