

FORTUNA

Half Year Report

of Fortuna Entertainment Group N.V.
for the Year 2016

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Overview

Fortuna Entertainment Group N.V. (hereinafter “Fortuna” or “FEG” or “the Group”) is the leading Central European betting operator. The Group offers a comprehensive range of online and land network-based betting products, including pre-match and live betting on a range of sporting events as well as numerical games.

The founding company FORTUNA sázková kancelář a.s. (hereinafter “FORTUNA Betting Office, joint stock company” or “Fortuna SazKan”) was established in 1990 in Prague. Since its incorporation, Fortuna SazKan’s primary business has been sports fixed-odds betting. A year after it was formed, TERNŮ, akciová spoločnosť was established in Slovakia. In 2005, Penta Investments became the owner of both entities and in the same year it acquired Polish betting operator Profesjonal. Sub-

sequently, all the companies were re-branded under one brand: Fortuna. In September 2015, Fortuna signed a brand licensing agreement to license its brand to the sports betting & gaming companies BET ACTIVE CONCEPT S.R.L. and BET ZONE S.R.L. in Romania. Under the brand licensing agreement, Fortuna should provide to both companies the right to use its trademark FORTUNA for the purposes of sports betting and gaming in Romania. The Romanian companies are part of Penta Investments Group.

Thanks to its 20-plus years of experience on the CEE market, Fortuna sets industry standards and trends in the betting sector. The Group constantly invests in the development of new products and services; it has expanded its branch network as well as the quality of its distribution channels.

As of 30 June 2016, Fortuna operated 1,562 points of sale in the Czech Republic, Slovakia and Poland.

Fortuna entered the numerical lottery market in the Czech Republic by launching its first numerical lottery game, LOTO, in July 2011. By the end of June 2016, Fortuna was offering instant scratch tickets through a network of 5,362 points-of-sales and was operating 1,566 lottery terminals.

In October 2010, FEG went through a successful IPO on the Prague and Warsaw stock exchanges. As of 30 June 2016, Fortuna’s majority shareholder was FORTBET HOLDINGS LIMITED, a subsidiary of Penta Investments Limited, which held a 68.25% stake.

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First Half 2016 Financial Highlights

Financials (EUR thousands)	Six months to June 30		
	2016	2015	% change
Amounts Staked	511,555	411,902	24.2%
– of which sports betting	501,978	402,749	24.6%
– of which lottery	9,577	9,153	4.6%
Gross Win	80,516	67,135	19.9%
– of which sports betting	76,387	63,167	20.9%
– of which lottery	4,129	3,968	4.1%
Net Gross Win	54,863	47,603	15.3%
– of which sports betting	51,642	44,443	16.2%
– of which lottery	3,221	3,160	2.0%
Revenues	52,579	46,058	14.2%
– of which sports betting	49,320	42,846	15.1%
– of which lottery	3,259	3,212	1.5%
EBITDA	9,684	8,991	7.7%
– of which sports betting	9,259	8,516	8.7%
– of which lottery	425	475	(10.5%)
Operating Profit	7,965	6,805	17.0%
Net Profit for the Period	5,358	4,780	12.1%

Financials (EUR thousands)	Six months to June 30		
	2016	2015	% change
<i>Ratios</i>			
EBITDA Margin	18.4%	19.5%	(1.1) pp
Operating Profit Margin	15.1%	14.8%	0.3 pp
Net Profit Margin	10.2%	10.4%	(0.2) pp
CAPEX as % of Revenues	12.2%	6.8%	5.4 pp
<i>Operations</i>			
Number of Points-of-Sale (sports betting)	1,562	1,556	0.4%
Number of Lottery Terminals	1,566	1,640	(4.5%)
Number of Employees – EOP	2,327	2,477	(6.1%)
	As at June 30, 2016	As at June 30, 2015	% change
No. of Shares EOP	52,000,000	52,000,000	0.0%
Total Assets	121,606	94,058	29.3%
Total Equity	56,291	35,770	57.4%
Total Borrowings	32,837	38,261	(14.2%)
Net Debt / (Net Cash)	2,277	21,860	(89.6%)
CAPEX	6,399	3,137	104.0%

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Management Report for the First Half of 2016

3.1 / Financial Results in the First Half of 2016

AMOUNTS STAKED AND GROSS WIN

In the first half of 2016, Fortuna recorded total Amounts Staked of EUR 511.6 million, 24.2% more than in the first half of 2015, according to the consolidated unaudited financial results. The strong Amounts Staked performance was clearly driven by growing internet and mobile sports betting in all the countries where Fortuna operates, both live and prematch. It was also supported by the UEFA EURO 2016 football tournament in France in which the national teams from all the countries where Fortuna operates played. The abolishment of the online handling fee in Slovakia in February 2015 impacted the annual growth of Amounts Staked in Slovakia.

The Amounts Staked from sports betting reached EUR 502.0 million in the first six months of 2016, 24.6% more than in the same period in 2015. The Amounts Staked from lottery bets totalled EUR 9.6 million in the first half of 2016, a 4.6% yoy increase, driven by a growth in the numerical games.

In the first half of 2016, the Gross Win came to EUR 80.5 million, an increase of 19.9% compared with the same period in 2015. The Gross Win from online sports betting in the first half of 2016 increased to EUR 50.2 million, an increase of 30.9% over the same period in 2015. The Gross Win from retail sports betting in the first half of 2016 amounted to EUR 26.2 million, 5.5% more than in the previous year. The retail betting increase was greatest in the Czech Republic and Poland in the second quarter of 2016. The Gross Win from the lottery segment amounted to EUR 4.1 million in the first half of 2016, a 4.1% yoy increase.

REVENUES, OPEX, EBITDA

In the first half of 2016, the Company recorded total revenues in the amount of EUR 52.6 million, 14.2% more than in the same period of the previous year. Of this, revenue from sports betting amounted to EUR 49.3 million and increased by 15.1% yoy. Revenues from the lottery amounted to EUR 3.3 million, 1.5% more yoy.

The betting taxes paid in respective countries came to EUR 25.7 million, up 31.3% driven by higher betting volumes and the tax hike from 20% to 23% in the Czech Republic effective from 1 January 2016. Total operating costs in the first half of 2016 came to EUR 42.9 million, 15.7% more than in the same period of 2015. Staff costs went up 20.8% yoy to EUR 17.5 million, due to inflationary increase in retail and new hires related to investment into future growth opportunities. Other operating expenses (net) increased in the first half of 2016 by 12.5% to EUR 25.4 million primarily driven by variable cost increase (book-making services, live streaming, live data feeds and marketing).

Group EBITDA of Fortuna amounted to EUR 9.7 million in the first half of 2016, 7.7% more than in the first half of 2015. Of this, sports betting EBITDA reached EUR 9.3 million, up 8.7% yoy. EBITDA of the lottery segment reached EUR 425 thousand, 10.5% less than in the first half 2015.

Fortuna is retaining its initial full year guidance and further anticipates:

For the rest of 2016, organic growth will continue to be primarily driven by on-line betting. The Company anticipates that the total Amounts Staked could grow up to EUR 1,010 million and EBITDA in 2016 could decline in a range between 10% to 15% due to the increase in the betting tax in the Czech Republic, Online Handling Fee abolishment in Slovakia and continuing investments in the operational excellence and building scalability. The investments into the new sports betting & gaming platform should further drive CAPEX spending in 2016 and capital expenditures in 2016 are expected to reach between EUR 11-13 million.

In 2016, Fortuna as a multi-channel regulated multi-channel sports betting company shall continue to provide its customers with extensive range of products and first class service wherever and whenever they want to have a bet. Fortuna will further focus on investments into core competencies and building competitive advantage and scalability for future value creation. The strategic focus will be given to Operational Excellence, Technology Foundation and People capability and capacity build up.

In the Czech Republic, a change in the taxation of sports betting and the lottery business came into force on 1 January 2016. It implies an increase of the Gross Win tax on both the sports betting and lottery from 20% to 23%. The Company estimates that the change in taxation will have a negative impact on the full year EBITDA of approximately EUR 2 million, something which was already visible in the first half of 2016.

EBIT AND NET PROFIT

In the first half of 2016, operating profit (EBIT) amounted to EUR 8.0 million, 17.0% more than in the same period of the previous year. Total depreciation

and amortisation in the first half of 2016 was EUR 1.7 million and decreased by 21.3% yoy mainly due to the fact that amortization of some old software ended during 2015.

Net finance costs reached EUR 0.8 million in the first half of 2016, up 14.9% yoy on the back of higher FX losses in Q2 2016.

Income tax amounted to EUR 1.8 million, 36.6% more than in 2015. The effective tax rate in the first half of 2016 was 24.8%.

In the first half of 2016, the Company recorded a net profit of EUR 5.4 million, 12.1% more than in the previous year.

CASH AND INDEBTEDNESS

The total amount of bank debt as of 30 June 2016 was EUR 32.8 million, 14.2% less in comparison with 30 June 2015. Cash and cash equivalents as of 30 June 2016 amounted to EUR 30.6 million, 86.3% more than the figure as of 30 June 2015. The total balance of those two items resulted in a Company net debt position of EUR 2.3 million as of 30 June 2016, 89.6% lower than the position as of 30 June 2015.

CAPEX AND INVESTMENTS

In the first half of 2016, total capital expenditures amounted to EUR 6.4 million, 104.0% more than in the same period of last year. Higher capital expenditures resulted from investments in the new sports betting & gaming platform.

SPORTS BETTING BY COUNTRY

The breakdown of revenues according to the markets in which the Company operates is driven by demographics, the legislative environment, absolute market shares, the average spend per capita and the growth potential of each individual market.

Sports betting in the Czech Republic generated 55% of the total Amounts Staked for the Company in the first half of 2016. Total Amounts Staked in the

Czech Republic grew at a double-digit rate compared with the total in the first half of 2015, due to higher betting volumes.

The Gross Win from sports betting in the Czech Republic in the first half of 2016 also rose at a double-digit rate if compared with the first half of 2015. It was driven by a strong Q2 2016 which was positively impacted by UEFA EURO 2016 in France. The Gross Win generated by online grew at a strong double-digit level in the first half of 2016 and the Gross Win from retail sports betting in outlets grew at a moderate single-digit rate. The Gross Win generated via online betting was almost four times higher than the Gross Win from betting in outlets.

The contribution of the **Slovak sports betting** business represented one-third of the Group's Amounts Staked in the first half of 2016. The total Amounts Staked in Slovakia in the first half of 2015 grew sharply by double digits. Comparing the three countries, the growth was the strongest and it came on the back of the Slovak online handling fee abolishment in February 2015. This clearly impacted the yoy comparison. The total Gross Win in Slovakia also grew in the first half of 2016 by double digits, driven by online betting, while retail betting remained unchanged on an annual basis.

The total Amounts Staked in **Poland** in the first half of 2016 grew at a double digit rate. The Gross Win from betting in Poland in the first half of 2016 likewise grew at a double digit rate. A higher relative growth level was recorded by the online business which for the first time exceeded the retail betting amounts on the absolute level.

Czech Republic Lottery

In the first half of 2016, the Amounts Staked from the Fortuna Lottery reached EUR 9.6 million, representing growth of 4.6% compared with the same period of last year. The Gross Win from the lottery amounted to EUR 4.1 million, 4.1% more than in the first half of 2015.

3.2 / Sports Betting Channels and Distribution Network

The Group delivers its sports betting products to customers through retail betting outlets, and via online/mobile. The Group offers retail betting through outlets operating under its own brand name, and at counters and betting points-of-sale installed at other retail

outlets (such as sports bars, restaurants and pubs) as well as at outlets operated by third parties under the Group's "Partner" programme. The availability of distribution channels varies between the countries in which the Group operates, primarily reflecting the legal framework

regulating betting services in each given jurisdiction.

The table below presents information on the Group's retail network as of 30 June 2016 and 2015:

	Czech Republic	Slovakia	Poland	Total
Betting outlets	241	207	397	845
"Partner" betting outlets	402	198	117	717
Total number as of 30 June 2016	643	405	514	1,562

	Czech Republic	Slovakia	Poland	Total
Betting outlets	260	215	390	865
"Partner" betting outlets	391	191	109	691
Total number as of 30 June 2015	651	406	499	1,556

Source: the Company

ONLINE BUSINESS

The Group started offering online betting to its customers in Slovakia in 2007, and followed that move with the introduction of online betting in the Czech Republic in 2009. The internet platforms allow for a wider distribution of the Group's products and enable the Group to diversify its product range; for example, the Group successfully launched live betting based on its experience with other online products. Following changes in Polish legislation and the obtaining of permission from the Polish Ministry of Finance, Fortuna was able to launch licensed online operations in Poland in January 2012.

ROMANIA

In September 2015, Fortuna signed a brand licensing agreement to license its brand to the sports betting & gaming companies BET ACTIVE CONCEPT S.R.L. and BET ZONE S.R.L. in Romania.

Under the brand licensing agreement, Fortuna should provide to BET ACTIVE CONCEPT S.R.L. and BET ZONE S.R.L. the right to use its trademark FORTUNA for the purposes of sports betting and gaming in Romania under standard market conditions. Both Romanian companies are part of Penta Investments Group, the majority shareholder of Fortuna.

Romania is one of the Central Eastern European markets seen as having strong potential for the sports betting and gaming business. Apart from its solid macroeconomic fundamentals and population of approximately 20 million inhabitants, the country offers a recently implemented positive regulatory environment and a sustainable tax rate for sports betting and gaming.

3.3 / Lottery in the Czech Republic

The Fortuna lottery segment currently offers instant scratch tickets, the bi-weekly game Loto, the daily game Zlatých 11 (Golden 11) and the quick game FOFR.

SCRATCH CARDS

Fortuna has been offering scratch cards since May 2011 and it has become the

most successful lottery game run by the Company. Currently, Fortuna offers several scratch cards in nominal amounts ranging between CZK 10 and CZK 200.

Fortuna has been expanding its distribution network for scratch cards and apart from via regular distribu-

tion at tobacco shops and groceries, its scratch cards are offered in Czech Post outlets and at railway stations. The total number of outlets in the Czech Republic where the scratch cards were sold as of 30 June 2016 was 5,362. As of 30 June 2016, Fortuna was operating 1,566 lottery terminals.

3.4 / Strategy

STRATEGIC INITIATIVES

Fortuna's Vision (Aspiration) is "To be the No. 1 licensed sports betting & gaming operator in Central & Eastern Europe with the most trusted and exciting multi-channel betting & gaming brand". Fortuna's Mission (Purpose) is focused on four pillars; "Innovation" (innovation in products, channels and marketing), "Multi-channel" (Common brand & betting experience across our retail, web & mobile channels), "Customer Experience" (Friendly, engaging and exciting!) and "Financial performance" (Sustainable financial performance as a market leader).

In order to achieve the Company's vision and growth ambitions the management believes it is important to have a clear strategic agenda for operationalisation. Based upon this the Company has identified 9 Strategic Initiatives grouped into 3 blocks: "Operational Excellence" (5 Strategic Initiatives: "Customer Acquisition & CRM", "Retail Channel", "Lottery", "Fortuna Brand", "Key Value Drivers System"), "Future Expansion" (3 Strategic Initiatives: "Regulation", "Online Sports Book & Gaming Proposition", and "International expansion"), and People (1 Strategic Initiative: "People Management").

FORTUNA VALUE CREATION STORY

The value creation strategy is based on three main pillars and two key phases:

Three main pillars of the strategy are:

1. Market share gain in existing markets driven by regulation (offshore blocking) and operational excellence;
2. Product vertical extension into online gaming driven by regulation and internationalisation;
3. Expansion into CEE regulated markets through M&A (betting and gaming).

EXPECTED TIMELINE

2015-2016: Building the foundation

Phase 1: Competence build-up / Investments into the future

- Investment into core competencies, competitive advantage and scalability for future value creation
- Strategic focus
- Operational excellence
- Technology foundation
- People

2017: Going for the Vision

Phase 2: Going for the Vision

From 2017 onwards Fortuna will be well positioned to become the "No. 1 licensed sports betting & gaming operator in CEE with the most trusted and exciting multi-channel betting & gaming brand".

Key enablers;

- Utilising a competitive scalable multi-channel, multi-product, and multi-market platform
- Capitalising on operational excellence
- People capability and capacity
- Using financial strength to drive profitable cash-generative growth through M&A

NEW MULTI-CHANNEL, MULTI-PRODUCT AND MULTI-MARKET PLATFORM

The objective is to ensure Fortuna is prepared to provide its customers with a market leading Multichannel & Cross-Platform Betting and Gaming offering in all its markets where the regulation allows it as well as to implement a technology platform that will support Fortuna's Vision and Growth Strategy.

3.5 / Risk Factors

The Company's business, results of operations and financial condition may be adversely affected by the following risks:

RISKS RELATING TO THE BETTING AND GAMING INDUSTRY

General Market Conditions

Changes and developments in economic, regulatory, administrative or other policies in the countries in which the Group operates, over which the Group has no control, could significantly affect the Group's business, prospects, financial conditions and results of operations in manners that could not have been predicted. The Group's results are dependent on general economic conditions over which it has no control. General economic conditions such as employment rates and disposable income rates in the countries in which the Group operates can have an impact on the enterprise's revenues. Accordingly, there can be no assurance that adverse general economic conditions in those countries in which the Group operates will not have adverse effects on the Group's business, financial condition, results of operations or prospects. The number of the Group's customers is in turn directly related to the reputation of betting and gaming and the general public's perception of betting and gaming in the countries in which the Group operates. Public sentiment towards the betting and gaming industry can vary considerably. While the Group is attempting to improve the image of betting and gaming in its core markets, the activities are often labelled as less socially desirable types of entertainment. Peaks in anti-betting and anti-gaming sentiment may occur from time to time, causing significant damage to the betting and gaming industry as a whole. Adverse changes in the perception of the betting and gaming industry by the general pub-

lic may lead to a decrease in demand for betting and gaming services or increased regulatory restrictions which, in turn, may have a material adverse effect on the Group's business, financial condition, results of operations or prospects. Demand for betting and gaming products is somewhat difficult to predict and may fluctuate over time. While it is possible to draw certain parallels between the macro-economic situation, the amount of disposable income and the amount of money that an average household spends on entertainment in general, the correlation between overall leisure spending and spending on betting and gaming appears to be far from linear. Demand for betting and gaming services may be affected by public opinion in regard to the betting and gaming industry, negative or positive publicity surrounding the betting and gaming industry and other volatile factors. Therefore, the revenue of the Group may be adversely affected by temporary or permanent, sudden or gradual fluctuations in demand for the Group's products which cannot be explained by the Group's operating performance or the condition of the economy in general.

Changes in the Regulatory Environment

The Group operates in various jurisdictions in sectors that are subject to state and/or municipal regulation and supervision. The regulations are complex and the legal framework does not always reflect technological progress. The Group may try to offer its products in EU countries where the legal Framework may contravene the free movement of services and impose limitations making the offering of such products impossible or economically unreasonable. In addition, different legal requirements in particular jurisdictions sometimes make it difficult to implement unified offers or

to benefit fully from synergistic effects. Another aspect of the regulatory issue is the uncertainty embedded in operations in highly regulated sectors. Some crucial matters are not directly regulated and depend on the discretion of regulators or interpretations that could be changed at any moment. Besides, the legal Framework is currently under review in many European countries, resulting in various amendments and proposals for amendments. New legislation may be unfavourable for the operations of the Group or may require necessary adjustments to the operations. Consequently, the Group's operations in particular countries may change. An inability to use common solutions or implement a common strategy may lead to additional expenses.

Moreover, since the Group operates in a highly regulated market, the relationships with local regulators are very important to the business.

Changes in the Taxation of Betting Services and Other Products

The Group is subject to taxation and/or levies in each of the countries in which it operates. The taxation and levies imposed upon the Group have changed over time. In the past certain governments considered that the sports betting and gaming sector was a potential source of additional taxation or other income. As the recent global economic crisis has led to a decrease in revenues from taxes in the countries in which the Group operates, some or all of those countries may consider increasing taxes on, or imposing new taxes on, services and products offered by the Group. For example, in Poland from 1 June 2010 the tax imposed on the total amount of money paid for bets increased from 10% to 12%. In Slovakia, the withholding tax of fixed-odds betting was increased from 5.5% to 6.0%

in 2013. In the Czech Republic, the tax on the Gross Win was increased from 20% to 23% effective from 1 January 2016 for both sports betting and the lottery segment. Any increase of taxation or imposition of new taxes may decrease the amount of money customers want to spend on the Group's products. It may also lead to increased competition from online betting and gaming organisers that do not comply with local regulations and therefore are not affected by changes in taxation. Consequently, such changes may have an adverse material impact on the Group's revenues and financial results.

Dependence on Licences

The Group conducts activities that are highly regulated. Licences or permissions are required to organise sports betting or to provide gaming products. Regulations in each of the countries in which the Group operates stipulate, among other things, various conditions concerning services organisation, marketing, employees, and premises in which products are sold. Furthermore, the introduction of new products may result in a necessity to obtain new licences or to widen the scope of current licences and to make respective adjustments to conducted operations. The Group makes all reasonable efforts to comply with the terms and conditions of its licences and to renew licences that are due to expire. Any failure to comply with any applicable regulations or the terms and conditions of its licences, or any unfavourable change of law, may lead to the Group losing one or more of its licences or to an inability to renew its licence(s). The loss of licences or a failure to obtain new licences may have a material adverse effect on the business of the Group, its financial results and prospects.

Restrictions on Marketing & Advertising

Extensive restrictions apply to the marketing of betting and gaming services in some countries in which the Group operates. In those countries where such

restrictions apply, the Group is forced to limit its marketing activities according to the relevant applicable laws. Such restrictions may have the effect of reducing the Group's potential to attract new customers, launch new products, implement a common marketing strategy or expand its market share in affected markets.

RISK RELATED TO STRATEGY

Acquisitions

The Group may consider growing through acquisitions in the near future. The Group's ability to realise the expected benefits from future acquisitions will depend, in large part, on its ability to integrate new operations with existing operations in a timely and effective manner and to manage a greater number of portfolio assets. In addition, the Group's potential acquisition plans involve numerous risks, including the following: the Group's acquisitions may not be profitable or may not generate the anticipated cash flows, the Group may fail to expand its corporate infrastructure to facilitate the integration of its operations with those of the acquired assets, the Group may face difficulties entering markets in geographical areas where it has limited or no experience, the Group may have potential difficulties in integrating its operations and systems with those of acquired companies, the Group may face a possible anti-monopoly review by relevant competition authorities that could result in such authorities seeking to prohibit or unwind its acquisition of new businesses, and the failure of the Group's acquisition strategy could possibly hamper its continued growth and profitability.

The Group relies on the strength of its brands

The Group's revenues from operations depend largely on the strength of the Group's brands. Management believes that the "Fortuna" brand is perceived as a stable and trustworthy brand. Accordingly, any errors in the Group's marketing planning, the ineffective use of

marketing expenditures or the loss of customer trust may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Competition

The Group faces competition from other online and offline betting operators in the countries in which it operates, as well as from suppliers of other gaming products. The Group's competitors in the Group's most important markets comprise of a relatively small number of large national operators and a relatively large number of online betting companies, each competing for the same customers. Moreover, the Group may face difficulties in competing with some betting and gaming organisers that offer their products without local licences since these entities are usually subject to lower taxation than the Group companies in the countries where they have their registered seat and do not pay taxes in the countries in which the Group operates locally. In Slovakia, Poland and the Czech Republic, a failure by the relevant governmental authorities to implement the level of regulation necessary to enforce prohibitions on offshore betting and gaming could affect the success of the Group's operations in those jurisdictions. There can be no assurance that competition from new or existing competitors, who provide services on onshore and offshore bases in countries in which the Group operates, will not have an adverse material effect on the Group's operating results. In addition, there can be no assurance that any future development or investment by the Group will not be matched or surpassed by competitors.

RISKS RELATED TO OPERATING ACTIVITIES

Volatility of Gross Win margin

In the long run, the Group's Gross Win margin has historically remained fairly stable. In the short run the volatility of the Gross Win margin due to single-event losses of sports betting events is inevitable and arises from the nature of

the Group's core business. The Group has systems and controls in place which seek to cap the maximum losses occurring on a Gross Win basis. The effect of the fluctuations could have an adverse material effect on the Group's cash flows and therefore an adverse material effect on its business, financial condition and the results of operations in the short term. Due to the fact that the Group accepts bets related to sports events, its business and financial results are partially related to schedules in sports events. Therefore factors such as weather conditions, terrorist acts, wars and outbreaks of pestilence and infectious diseases, which may result in cancellations or changes in the planned schedules of sports events, may adversely impact the Group's business, financial condition and results of operations.

Crime, Fraud & Security

Like many operators in the betting and gaming industry, the Group faces challenges caused by crime and fraud in the countries in which it conducts its business. The betting and gaming industry is subject to various pressures as a result of criminal activity, including organised crime, fraud, robbery, petty crime and theft. As the Group expands its operations, both in the markets in which it currently operates as well as in new markets, the Group expects criminal activity to continue to present certain challenges, especially in newly entered countries. The continued activities of organised or other crime, fraud, new criminal challenges or activity to which the Group is not accustomed, or claims that the Group may have been involved in official corruption, may, in the future, bring negative publicity or disrupt the Group's ability to conduct its business effectively, which could therefore materially adversely affect the Group's business, financial condition, results of operations or prospects. The integrity and security of betting and gaming operations are significant factors in attracting betting and gaming customers

and in dealing with state authorities. Notwithstanding the Group's attempts to strengthen the integrity and security of its betting and gaming operations by improving its compliance functions and anti-money laundering procedures and its corporate governance policies and procedures, an allegation or a finding of illegal or improper conduct on the Group's part, or on the part of one or more of the Group's employees, or an actual or alleged system security defect or failure, could materially adversely affect the Group's business, financial condition, results of operations or prospects.

Key Personnel

The Group's success depends to a significant extent upon the contributions of a limited number of the Group's key senior management and personnel, especially bookmakers and local managers. There can be no certainty that the Group will be able to retain its key personnel. The loss (whether temporary or permanent) of the services of any director, member of the senior management team or other key personnel such as bookmakers, either at the FEG level or within a local management team, could have an adverse material effect on the business, financial condition or results of operations of the Group.

Disruptions in IT network services

The Group's operations are highly dependent on the IT network that provides links between premises where Fortuna's products are offered and the headquarters where the operations are accepted. Furthermore, the IT solutions are of key importance for online services offered by the operating companies. Any disruption of services in the IT network may result in an inability to operate the business of a particular operating company. Consequently, depending on the duration of such disruptions, the Group's revenues may be adversely impacted by such failures and the perception of the Fortuna brand may deteriorate.

FINANCIAL RISKS

The Group's results of operations are directly affected by the general financial risks related to conducting business such as credit risk, liquidity risk and interest rate risk. The Group has introduced respective policies to limit these risks and analyses the sensitivity to particular factors of the Group's financial standing. The Group also tries to limit its exposure to such risks inter alia through prepayments made by customers, the provision of services to clients with an appropriate creditworthy history, hedging transactions related to interest rates and the rational management of liquidity. Any failure with respect to financial risk management or inappropriateness of procedures in place may adversely impact the Group's business, financial condition and results of operations.

Currency Fluctuations

The Group's operating entities use the currency of the country in which they are domiciled as their functional currency, because the Group considers that this best reflects the economic substance of the underlying events and circumstances relating to that entity. The Group reports its financial results in EUR. The Group also has expenses, assets and liabilities denominated in currencies other than in EUR due to its international operations, most particularly, the Czech koruna and Polish zloty. The Group does not hedge the risk of operating companies' profit translations. Fluctuations in the exchange rates of these foreign currencies could have an impact on the Group's results. Increases and decreases in the value of the EUR versus other currencies could affect the Group's reported results of operations and the reported value of its assets and liabilities in its statement of its financial position even if the Group's results or the value of those assets and liabilities has not changed in their original currency. These currency translations could significantly affect the comparability of the Group's results between financial periods and/or result in significant changes to the carrying value of its assets, liabilities and shareholders'

equity and its ability to pay dividends in the future.

Pledge in Favour of Česká spořitelna, a.s.

The Group companies have entered into financing agreements with Česká spořitelna, a.s. Upon the occurrence of an event of default, certain actions can be taken by Česká spořitelna, a.s. on the basis of the financing agreements, including an acceleration of the outstanding loans and foreclosures of security. In accordance with the Share Pledge Agreements (concluded in connection with the Facilities Agreement between certain companies of the Group and Česká spořitelna, a.s.), Česká spořitelna, a.s. may, among other things, foreclose on the pledged shares, as a result of which Fortuna may cease to own Fortuna GAME, Fortuna SK, Fortuna PL, Riverhill and Alicela, which may result in a permanent or temporary inability of the Group to conduct business in the Czech Republic and/or the Slovak Republic and/or Poland.

The trademarks of Fortuna GAME registered in the Czech Republic with the Czech Industrial Property Office and registered in Slovakia with the Slovak Industrial Property Office and material trademarks of Fortuna PL registered in Poland with the respective authority are, together with bank account receivables and intra-group receivables of Fortuna GAME, Fortuna PL and Fortuna SK, pledged in favour of Česká spořitelna, a.s. to secure its receivables from the Facilities Agreement. If Česká spořitelna, a.s. forecloses on the aforementioned trademarks further to an event of default, Fortuna GAME and/or Fortuna PL may cease to own such trademarks and may not be able to use such trademarks in their operations, which may have an adverse material effect on the business of the Group.

RISK MANAGEMENT SYSTEM

The success of the Group depends on its risk management system. The internal risk management and control systems

provide a reasonable assurance that the financial information does not contain any material misstatements and that the risk management and control systems functioned properly in the six-month period ending 30 June 2016.

Effective risk management and profit protection is of the highest importance to the Group. Management believes that having more than 20 years' experience in risk management and bookmaking procedures and being supported by a team of experienced bookmakers, well-qualified risk management professionals and state of the art IT systems gives the Group a strong competitive advantage.

The Group has a multi-layered risk management system, divided into four phases: odds compilation, odds adjusting, bet acceptance and payment management. Management believes that the Group's risk management system gives the Group a comprehensive overview of all of the Group's ongoing exposures relating to particular events. In addition, by offering a broad range of betting products to its customers on a wide variety of events the Group is able to spread its risk over a large number of events. The risks are also diversified by operating in various countries, because betting preferences differ in each of the countries in which the Group operates. The Group has further enhanced its risk management system by installing software which calculates probabilities during live betting. As part of the Group's risk management system, the Group compiles odds in order to assure their competitiveness and secure the Group's profit and monitors the bets proposed by customers to avoid any material exposures towards a particular sports event or to eliminate suspicious bets. In addition, the Group monitors the output of particular sports events and the paying out of prizes. Risk management is based on experienced employees from the bookmaking department with the proper knowledge, experience and expertise. They are supported by tailored software. The risk of incurring daily losses

on a Gross Win basis is significantly reduced by the averaging effect of taking a very large number of individual bets over a considerable number of events and it is also tightly controlled through a risk management process which relies on:

Odds Compilation

The Group cooperates with a team of 49 experienced bookmakers (end-2015, external staff included) who are responsible for determining fixed odds. Initial odds are compiled from first principles and the mathematical chance of an outcome based on previous results. The odds also have an embedded assumed margin. Initial odds are further processed to set additional odds related to a particular game and are adjusted for any market information, bookmakers' knowledge of the sport and local expertise. The bookmakers have access to Betradar databases which collect information on odds from more than 350 bookmaker clients in over 70 countries. Betradar is a brand of Sportradar, the world's leading supplier of sports-related live data, odds solutions and fraud detection services to bookmakers, media companies, sports federations and government agencies. The databases help to monitor, assess and compare odds proposed by the Group's competitors. The management believes that the odds compilation process used by the Group is more accurate than fully-automated odds generation, thus enabling the Group to provide competitive odds to its customers.

Odds Adjusting

Once the odds are compiled, they are entered into the Group's system and delivered to the Group's operating companies, which may adjust the odds at a local level. The odds are continuously reviewed with respect to customers' behaviour and are compared to odds proposed by the Group's competitors. When extraordinary bets occur or the number of bets for a particular event considerably increases, the odds are changed or, on very rare occasions, the betting on an entire event is suspended or cancelled.

The Group also monitors the decisions of its competitors and may decide to cancel particular offers in the event that its competitors are doing so. Furthermore, the Group analyses its exposure related to each event on which it has accepted bets and adjusts its odds to decrease the risk of incurring a significant loss on that event. In fixed-odds betting, the liability to make a payment is in principle unlimited. However, the Group is not obliged to accept any bet, or it may accept a bet on certain conditions only.

Bet Acceptance

The Group is under no obligation to accept any bet. The procedure of bet acceptance is designed to eliminate suspicious bets and to adjust the odds ratio to generate a positive Gross Win for the Group. In addition, there is a "blacklist" of customers. For different types of bets, the Group sets limits on the stake value and particular leagues. If a particular game is defined as risky, customers are not allowed to make a solo bet on this game; they can only make a combination bet of 3 to 5 games, one of which is the risky game.

Each bet request is entered into the centralised system accessible to all the outlets for automatic approval. If the bet is not accepted by this automated mechanism, the bet is transferred to the Group's headquarters where a bookmaker may refuse to accept the bet based on his own judgement, propose new odds, or propose new amounts to

be staked. Each bookmaker is permitted to accept a bet within particular limits. If a bet exceeds such limits, a bookmaker can ask a more highly qualified bookmaker with higher limits for permission to approve the bet.

Paying out Winnings

The results of each sports event are downloaded from two sources and verified. Where the results of a sports event are called into question, the Group will make inquiries to the sports authorities about the outcome of the sports event and may refuse to pay out winnings on the event. The Group may also refuse to pay out winnings if there is any suspicious activity or disruption in the Group's system operations. The Group's system operations are analysed immediately after a given sports event or, where a sports event occurs at night, prior to the start of the following business day. Bets may be rejected both before and after the sports event. In addition, limits are set on each customer's virtual account in order to prevent them from transferring a significant amount of money in a short time.

Payment Management

The Group has implemented internal procedures to ensure proper cash management. These internal procedures address legal, safety and insurance requirements in the following areas: bet acceptance, cash keeping and carrying, and the paying out of winnings. The majority

of bets are placed upon a prior payment. The management regularly monitors all nonstandard card payments and customer behaviour in order to minimise any losses.

Information Technology Solutions

The Group's servers are managed by specialised entities in each of the countries in which the Group operates. All of the premises offering the Group's products in a particular country are linked via the country network. In addition, the country networks are interconnected. Back-up and continuity of services is assured for each country. Failures in services in a particular outlet should be remedied within two hours. The Group maintains considerable IT security services, including firewalls and virus controls. The online software platform, which allows for the provision of online services in Slovakia and the Czech Republic, is scalable and has not in the past encountered any problems with betting capacity.

Employee Misconduct

The activities of each of the Group's bookmakers are supervised by senior bookmakers and corrective action may be undertaken at any time. The Group has a cash-monitoring system in each betting outlet which is designed to detect any fraudulent behaviour by the Group's betting outlet employees. The Group's cash management policy helps to decrease the size of a potential loss arising from the misconduct of any employee.

3.6 / Material Subsequent Events

Effective 1 July 2016, Mr. Martin Todt, General Manager of Fortuna CZ, assumed the role of Business Development Executive. In his new role, he will support the Czech business with respect to new investment projects and new legislation, support the implementation of the new Group Retail Strategy and continue to provide support in regards to Czech regulatory developments. Effective the same date, Mr. David Vaněk, Group Head of Retail, succeeded Martin in his role of General Manager Fortuna CZ. His responsibility will be to ensure profitable growth of the Fortuna CZ busi-

ness with an immediate focus on ensuring business readiness in light of the new environment the Company will face in 2017.

In Poland, effective 1 July 2016, Mr. Aleš Dobeš resigned from the position of General Manager of Fortuna PL. His role was assumed by Mr. Konrad Labudek, former Head of Legal of Fortuna PL, who will be acting as the Interim General Manager of Fortuna PL until a successor is appointed.

On 25 July 2016, Fortuna convened an Extraordinary General Meeting of Share-

holders, to be held in Amsterdam on 7 September 2016. The purpose of the EGM is to deal with a proposal to appoint a new independent member of the Supervisory Board. Further details regarding the EGM are available at: http://www.fortunagroup.eu/en/about_fortuna_group/corporate_governance/shareholder_meetings/index.html

No other material events occurred after 30 June 2016.

4

Shares and Shareholder Structure

Shareholder Structure as of 30 June 2016

FORTBET HOLDINGS LIMITED, a subsidiary of Penta Investment Limited	68.25%
Templeton Asset Management Ltd.	10.00%
Other free float	21.75%

Source: Company Data, according to the latest available information

The total stake held by the management of the Company as of 30 June, 2016 was 0%.

As of 30 June 2016, the issued and paid-up share capital of FEG amounted to EUR 520,000 and was divided into 52,000,000 shares with a nominal value of EUR 0.01 each. All of the shares are ordinary registered shares, are fully paid up and rank pari passu with each other, and there is no other class of shares authorised. All shares have been or will be issued under Dutch law. All shares carry one vote and equal dividend rights.

SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY IN THE FIRST HALF OF 2016¹

Shares of Fortuna Entertainment Group N.V. were listed on the Prague Stock Exchange on 27 October 2010 (conditional trading from 22 October) and on the Warsaw Stock Exchange on 28 October 2010. The shares are traded on the Prague Stock Exchange under ISIN NL0009604859 BAAFOREG and on the Warsaw Stock Exchange under FEG.

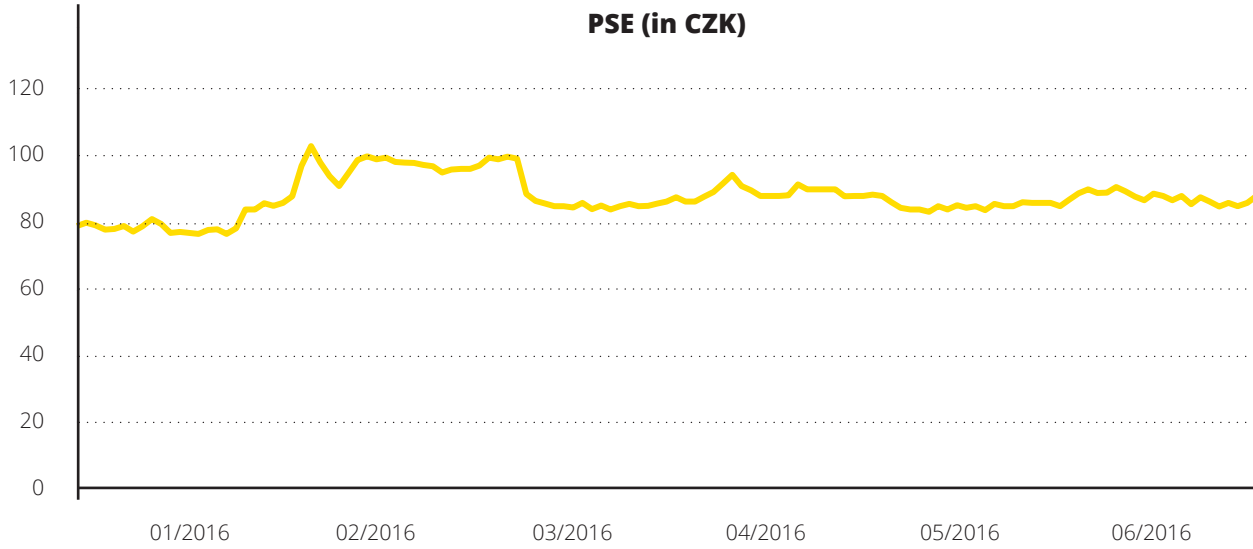
During the first half of 2016, the lowest trading prices were CZK 77 and PLN 12.5 and the highest were CZK 103 and PLN 16.9 on the Prague and Warsaw Stock Exchanges, respectively.

The closing price on 30 June 2016 was CZK 88 on the Prague Stock Exchange, while it was PLN 14.22 on the Warsaw Stock Exchange. Market capitalisation reached EUR 168.7 million (based on the Prague Stock Exchange quote).

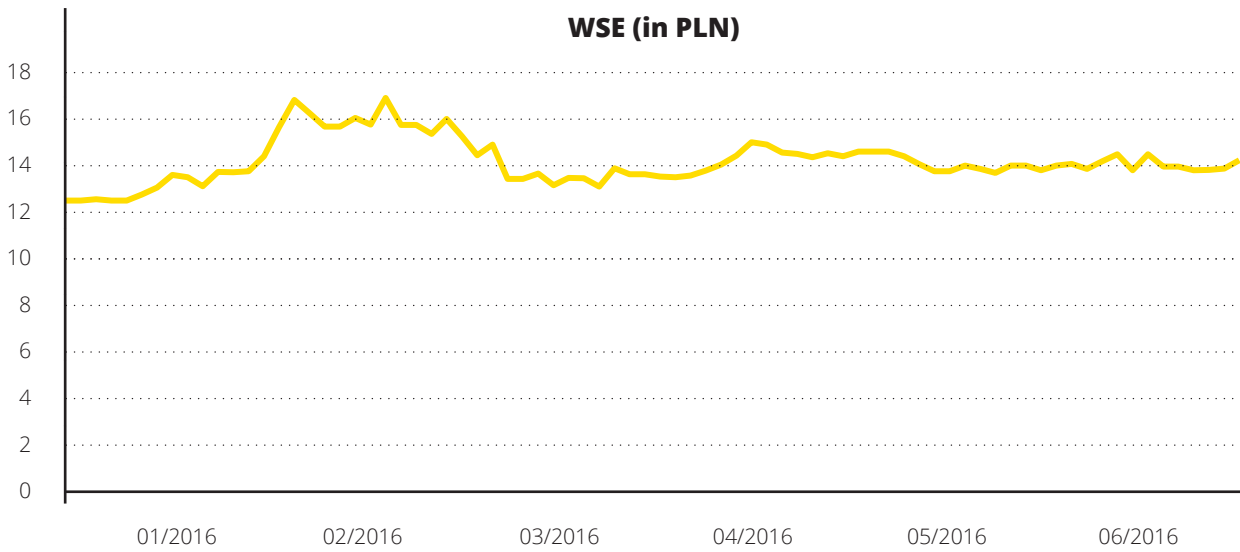
¹ PSE and WSE websites, Bloomberg

DIAGRAM: SHARE PRICE DEVELOPMENT FROM 1 JANUARY 2016 UNTIL 30 JUNE 2016

Prague Stock Exchange Share Price Development



Warsaw Stock Exchange Share Price Development



Source: Bloomberg

5

Dividend Policy and Dividend Payment

Since 2015, the dividend policy of FEG has been under review due to the planned investments into future growth opportunities, especially investments into a new IT platform enabling multi-channel, multi-product and multi-country capability, operational excellence and people that will support further organic growth and expansion into Central & Eastern Europe.

In light of this development, the management of Fortuna Entertainment Group N.V. will propose zero dividend payments in 2016 and 2017. The general dividend policy after 2017 going forward will be announced after the year-end of 2017.

6

Related Parties' Transactions

Notifications of Transactions of Directors and Members of the Supervisory Board and Notifications of Insider Transactions according to Section 5:60 of the Financial Supervision Act (Wft)

No transactions with shares were executed during the first half of 2016.

7

Corporate Governance

7.1 / Annual General Meeting of 23 May 2016

The Annual General Meeting of shareholders of Fortuna Entertainment Group N.V. was held on 23 May 2016 in Amsterdam. It was attended by shareholders who together hold 79.82% of the share capital and voting rights and, therefore, the AGM had a quorum. At Fortuna's AGM, all of the resolutions that were subject to shareholder approval were adopted. The adopted resolutions were the following:

The AGM adopted the annual accounts for the financial year 2015 as drawn up by the Management Board and as approved by the Supervisory Board. The annual accounts for the 2015 financial year were prepared under Dutch law (using IFRS rules) by the Management Board and were audited and provided with an auditor's unqualified report by Ernst & Young, the Company's external auditor.

The Company's dividend policy is under review due to the planned investments into future growth opportunities, especially investments into a new IT platform enabling multichannel, multiproduct and

multicountry capability, operational excellence and people that will support further organic growth and expansion into Central & Eastern Europe. These investments will strengthen the Company's current position as the leading Central European licensed sports betting operator. It will also support Fortuna Group in its ambition to become the indisputable leader in the regulated Central & Eastern European sports betting & gaming sector with the most trusted and exciting multichannel betting & gaming brand, scalable platform and Best-in-class experience for our customers.

It was proposed to the AGM, with the prior approval of the Supervisory Board, that no dividend should be paid for the financial year 2015 and consequently the entire net profit should be allocated to the Company's profit reserve. The proposal was adopted by the AGM.

In accordance with the advice of the Audit Committee, the AGM appointed Ernst & Young as the external auditor of the Company for the financial year 2016.

The General Meeting granted full discharge to each of the members of the Management Board for the performance of their management during the 2015 financial year. The General Meeting granted full discharge to each of the members of the Supervisory Board for the performance of their supervision during the 2015 financial year.

The General Meeting renewed the authorisation for the Management Board, subject to the approval of the Supervisory Board, for a period of 18 months to purchase fully paid-up shares in the Company's own capital on the stock exchange or otherwise for a valuable consideration and to alienate shares in the Company's own capital, which shares were repurchased by the Company whether before or after 23 May 2016, for purposes of stock option plans and other general corporate purposes. The aforesaid authorisation pertains to the maximum number that the Company may acquire pursuant to the law and the articles of association of the Company as of the date of acquisition, in which respect the price

must be between the amount equal to the nominal value of these shares and the amount equal to one hundred and ten percent (110%) of the average price quotation of the listed shares on the stock exchange maintained by the Warsaw Stock Exchange and the Prague Stock Exchange in the five days prior to the purchase.

It was proposed by the Supervisory Board to the General Meeting to reduce the Com-

pany's issued share capital through the cancellation of shares repurchased by the Company during the period of 18 months, starting from May 23, 2016, pursuant to the authorisations to purchase shares in the Company's own capital.

Pursuant to article 10 of the Company's Articles of Association, the General Meeting may resolve to reduce the issued share capital of the Company by

cancelling shares, provided that the amount of the issued share capital does not fall below the minimum share capital as required by law. The exact number of shares to be cancelled following this resolution will be determined by the Management Board and will require the prior approval of the Supervisory Board. The cancellation may be executed in one or more tranches. The proposal was adopted by the General Meeting.

7.2 / The Extraordinary General Meeting of Shareholders Held on 8 April 2016

The Extraordinary General Meeting of shareholders of Fortuna Entertainment Group N.V. was held on 8 April 2016 in Amsterdam. It was attended by shareholders who together hold 80.16% of the share capital and voting rights and, therefore, the EGM had a quorum. At Fortuna's EGM, all of the resolutions that were subject to shareholder approval were adopted. The adopted resolutions were the following:

The Extraordinary General Meeting of Fortuna Entertainment Group N.V. held on

8 April 2016 in Amsterdam adopted Mr. Iain Child as a member the Supervisory Board proposed in accordance with the articles of association of the Company.

Iain Child has been a partner at Penta Investments since December 2010 where he is a member of the Executive Board. He has direct responsibility for the fund's investments in Sports Betting, Retail Banking where he is chairman of the supervisory board of Prima banka Slovensko, a.s.. and the Meat Process-

ing business. Before joining Penta he was a partner for 10 years at Deloitte responsible for Financial Advisory Services in 17 countries throughout Central Europe. Iain graduated from the University of Hull (BSc. (econ) with honours in Economics and Business Economics and is a Fellow of Certified Chartered Accounts (FCCA) and a Member of the Chartered Institute of England & Wales Corporate Finance Faculty (CF).

7.3 / Management Board Structure as of 30 June 2016

Name	Position
Per Widerström	Chairman of the Management Board
Janka Galáčová	Member of the Management Board
Richard van Bruchem	Member of the Management Board

The business address of the members of the Management Board is FEG's principal place of business at Strawinskylaan 809 WTC T.A/L 8, 1077XX Amsterdam, the Netherlands.

On 1 January 2013, the Dutch Management and Supervision (Public and

Private Limited Liability Companies) Act [*Wet bestuur en toezicht in naamloze en besloten vennootschappen*] came into effect. New rules stipulated in this act also affect Fortuna Entertainment Group N.V. One of the rules introduced into limited liability company law pertains to the “balanced distribution”

of men and women on management boards and supervisory boards. Fortuna, as a Dutch public limited liability company (NV), must ensure that at least 30% of the seats on its management board are taken by women and that at least 30% are taken by men to the extent that those seats are occupied

by natural persons. As of 30 June 2016, more than 30% of seats of the Management Board of Fortuna Entertainment Group N.V. were held by women (Janka Galáčová being the female board member), while the remainder were held by men; therefore, Fortuna complied with this rule.

7.4 / Supervisory Board Structure as of 30 June 2016

Name	Position
Marek Šmrha	Chairman of the Supervisory Board
Iain Child	Member of the Supervisory Board

Fortuna Entertainment Group N.V.. One of the rules introduced into the limited liability company law pertains to the “balanced distribution” of men and women on management boards and supervisory boards. Fortuna, as a Dutch public limited liability company (N.V.), must ensure that at least 30% seats of its supervisory board are taken by women and at least 30% are taken by men to the extent that those seats are occupied by natural persons. As of 30 June 2016, there were no females on the Supervisory Board of Fortuna Entertainment Group N.V. A total of 100% of the seats were held by men as a result of the previous distribution of the seats that occurred before the Dutch Management and Supervision Act came into effect. For the future, the Company does not exclude appointing women to achieve a balanced distribution of seats.

The Extraordinary General Meeting of Fortuna Entertainment Group N.V. held on 8 April 2016 in Amsterdam adopted Mr. Iain Child as a member the Supervisory Board proposed in accordance with the articles of association of the Company.

7 September 2016. The purpose of the EGM convention is a proposal to appoint a new independent member of the Supervisory Board.

The business address of the members of the Supervisory Board is FEG's principal place of business at Strawinskylaan 809 WTC T.A/L 8, 1077XX Amsterdam, the Netherlands.

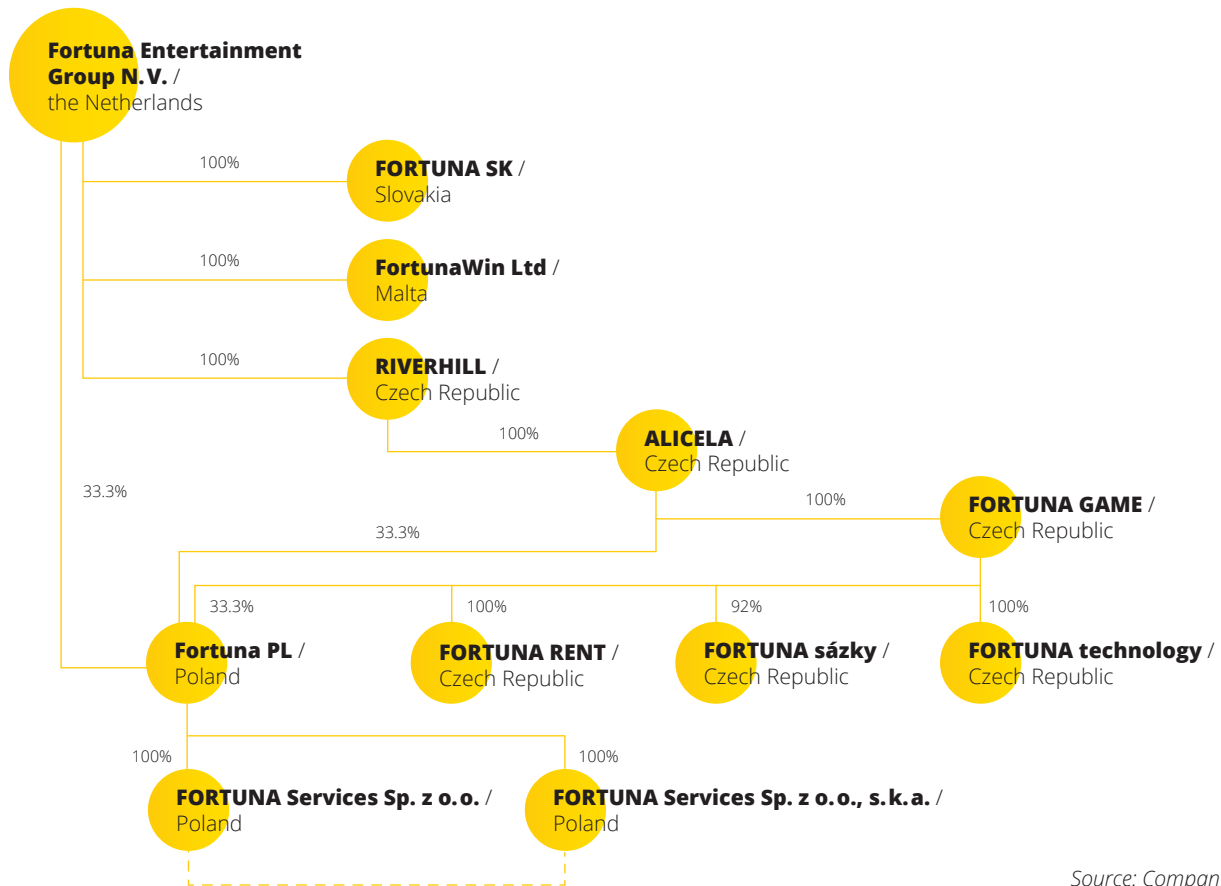
Mr. Michal Horáček, a member of the Supervisory Board of Fortuna Entertainment Group N.V., resigned from the Supervisory Board member post with effect from 23 May 2016.

On 1 January 2013, the Dutch Management and Supervision (Public and Private Limited Liability Companies) Act [*Wet bestuur en toezicht in naamloze en besloten vennootschappen*] came into effect. New rules stipulated in this act also affect

On 25 July 2016, Fortuna convened the Extraordinary General Meeting of Shareholders, to be held in Amsterdam on

7.5 / Organisational Structure as of 30 June 2016

The diagram below presents the current structure of the Group as of 30 June 2016:



Source: Company Data

There were no changes to the organisational structure in the first half of 2016.

7.6 / Management Statement

The Company's members of the Management Board hereby declare that to the best of their knowledge:

- the half year financial statements for the first half of 2016 included in this Half Year Report give a true and fair view of the assets, liabilities, financial position, and profit and loss of the Company and the entities included in the consolidation;
- the half-year Directors' report gives a true and fair view of the Com-

pany's position as of the balance sheet date of 30 June 2016, of the state of affairs during the six months of 2016 to which the report relates, and of those of the Company's related entities whose financial information has been consolidated in the Company's half-yearly financial statements, and of the expected course of affairs focusing in particular, where not detrimental to the Company's vital interests, on capital expenditures and circumstances af-

fecting revenue developments and profit-earning capacity.

- the half-year Management Board Report gives a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period ahead, and the most important related party transactions.

Amsterdam, 22 August 2016



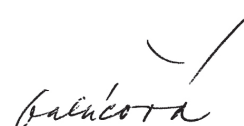
Per Widerström

Chairman of the Management Board of Fortuna Entertainment Group N.V.



Richard van Bruchem

Member of the Management Board of Fortuna Entertainment Group N.V.



Janka Galáčová

Member of the Management Board of Fortuna Entertainment Group N.V.

8

Unaudited Interim Condensed Consolidated Financial Statements of Fortuna Entertainment Group N.V.

prepared in accordance with IAS 34 as adopted by the European Union
for the six months ended 30 June 2016

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Interim condensed consolidated statement of financial position as at 30 June 2016

€ 000	Notes	30 June 2016 Unaudited	31 December 2015 Audited
ASSETS			
Non-current assets			
Goodwill	8.6	46,920	47,102
Intangible assets	8.9	16,364	12,964
Property, plant and equipment	8.9	9,041	7,975
Deferred tax assets		4,828	4,767
Restricted cash		4,805	4,820
Other non-current assets		2,039	2,045
Total non-current assets		83,997	79,673
Current assets			
Current receivables		6,636	3,250
Income tax receivable		282	955
Other current assets		132	2,995
Cash and cash equivalents	8.10	30,560	28,144
Total current assets		37,610	35,344
TOTAL ASSETS		121,607	115,017

€ 000	Notes	30 June 2016 Unaudited	31 December 2015 Audited
EQUITY AND LIABILITIES			
Share capital		520	520
Share premium		8,262	8,262
Statutory reserve		66	67
Foreign currency translation reserve		(2,405)	(2,007)
Hedge reserve		(44)	(132)
Retained earnings		49,662	44,307
Equity attributable to equity holders of the parent		56,061	51,017
Non-controlling interests		230	226
Total equity		56,291	51,243
Non-current liabilities			
Deferred tax liability		36	35
Provisions		3,442	2,033
Long-term bank loans	8.12	27,324	30,139
Other non-current liabilities		521	352
Total non-current liabilities		31,323	32,559
Current liabilities			
Trade and other payables		25,131	21,344
Income tax payable		4	883
Provisions		2,400	2,837
Current portion of long-term bank loans	8.12	5,513	5,523
Derivatives	8.13	56	169
Other current liabilities	8.13	889	459
Total current liabilities		33,993	31,215
Total equity and liabilities		121,607	115,017

Interim condensed consolidated statement of profit or loss for the six months ended 30 June 2016

€ 000	Notes	30 June 2016 Unaudited	30 June 2015 Unaudited
Amounts staked	8.5	511,555	411,902
Revenue	8.5	52,579	46,058
Personnel expenses		(17,522)	(14,510)
Depreciation and amortisation	8.5	(1,719)	(2,186)
Other operating income		618	238
Other operating expenses	8.14	(25,991)	(22,795)
Operating profit	8.5	7,965	6,805
Finance income		212	155
Finance cost		(1,053)	(887)
Profit before tax		7,124	6,073
Income tax expense	8.7	(1,766)	(1,293)
Net profit for the period		5,358	4,780
Attributable to:			
Equity holders of the parent		5,354	4,794
Non-controlling interests		4	(14)
		5,358	4,780
Earnings per share			
Weighted average number of ordinary shares for basic earnings per share		52,000,000	52,000,000
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent		€ 0.103	€ 0.092
Basic and diluted, profit for the period from continuing operations attributable to ordinary equity holders of the parent		€ 0.103	€ 0.092

Interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2016

€ 000	Notes	30 June 2016 Unaudited	30 June 2015 Unaudited
Profit for the period		5,358	4,780
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net gain / (loss) on revaluation of cash flow hedges	8.8	112	112
Income tax effect	8.8	(24)	(23)
		88	89
Exchange differences on translation of foreign operations		(398)	821
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(310)	910
Other comprehensive income / loss for the period, net of tax		(310)	910
Total comprehensive income for the period, net of tax		5,048	5,690
Attributable to:			
Equity holders of the parent		5,044	5,704
Non-controlling interests		4	(14)
		5,048	5,690

Interim condensed consolidated statement of cash flows for the six months ended 30 June 2016

€ 000	Notes	30 June 2016 Unaudited	30 June 2015 Unaudited
Cash flows from operating activities			
Profit before tax		7,124	6,073
Adjustments for:			
Depreciation and amortisation	8.5	1,719	2,186
Changes in provisions		1,013	37
(Gain) / Loss on disposal of property, plant and equipment		7	-
Interest expense and income		498	581
Other non-cash items		(9)	-
Operating profit before working capital changes		10,352	8,877
Increase in other assets		(1,619)	(723)
(Increase) / decrease in receivables		1,011	473
Increase in payables and other liabilities		4,673	1,430
Cash generated from operating activities		14,417	10,057
Corporate income tax paid		(2,218)	(3,307)
Net cash flows provided by / (used in) operating activities		12,199	6,750
Cash flows from investing activities			
Interest received		53	48
Repayment of liabilities for purchase of subsidiary		(87)	(125)
Purchase of buildings, equipment and intangible assets	8.9	(6,399)	(3,137)
Proceeds from sale of buildings and equipment		75	-
Net cash flows provided by / (used in) investing activities		(6,358)	(3,214)

€ 000	Notes	30 June 2016 Unaudited	30 June 2015 Unaudited
Cash flows from financing activities			
Net proceeds from / (Repayments of) borrowings		(2,827)	(2,803)
Interest paid		(371)	(576)
Net cash flows provided by / (used in) financing activities		(3,198)	(3,379)
Net effect of currency translation in cash		(227)	318
Net increase in cash and cash equivalents		2,416	475
Cash and cash equivalents at the beginning of the period		28,144	15,926
Cash and cash equivalents at the end of the period		30,560	16,401

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2016

€ 000	Share capital	Share premium	Statutory reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total
1 January 2016	520	8,262	67	44,307	(132)	(2,007)	51,017	226	51,243
Profit for the period	-	-	-	5,354	-	-	5,354	4	5,358
Other comprehensive income	-	-	-	-	88	(398)	-	-	(310)
Total comprehensive income	-	-	-	5,354	88	(398)	5,354	4	5,048
Dividend paid out to shareholders	-	-	-	-	-	-	-	-	-
Statutory reserve movement	-	-	(1)	1	-	-	-	-	-
30 June 2016 (unaudited)	520	8,262	66	49,662	(44)	(2,405)	56,061	230	56,291

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2015

€ 000	Share capital	Share premium	Statutory reserves	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total
1 January 2015	520	8,262	797	24,072	(304)	(3,486)	29,861	219	30,080
Profit for the period	-	-	-	4,794	-	-	4,794	(14)	4,780
Other comprehensive income	-	-	-	-	89	821	910	-	910
Total comprehensive income	-	-	-	4,794	89	821	5,704	(14)	5,690
Dividend paid out to shareholders	-	-	-	-	-	-	-	-	-
Statutory reserve movement	-	-	(730)	730	-	-	-	-	-
30 June 2015 (unaudited)	520	8,262	67	29,596	(215)	(2,665)	35,565	205	35,770

Notes to interim condensed consolidated financial statements as at 30 June 2016

8.1 / Corporate information

The interim condensed consolidated financial statements for the six months ended 30 June 2016 of Fortuna Entertainment Group N.V. ("FEGNV", "the Company") comprise the interim condensed consolidated statement of the financial position as of 30 June 2016 and 31 December 2015, the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of cash flows and the interim condensed consolidated statements of changes in equity for the six months ended 30 June 2016 and 30 June 2015, as well as a summary of significant accounting policies and other explanatory notes.

The interim condensed consolidated financial statements of FEGNV for the six months ended 30 June 2016 were authorised for issue by the board of directors on 22 August 2016.

FEGNV has its registered office at Strawinskylaan 809, Amsterdam, the Netherlands. As of 30 June 2016, FORTBET HOLDINGS LIMITED (formerly AIFEL-

MONA HOLDINGS LIMITED), having its registered office at 212 Agias Fylaxeos & Polygnostou Street, C&I Center, 2nd Floor, 3082 Limassol, Cyprus, held 68,25% of the shares of the Company and was the controlling shareholder; the remaining 31,75% of shares are publicly traded on the Warsaw Stock Exchange and Prague Stock Exchange.

DESCRIPTION OF BUSINESS

Fortuna Entertainment Group N.V. operates in the betting industry under local licences in the Czech Republic, Slovakia and in Poland and, until the first half of 2015, it also operated via an online platform based in Malta. Sports betting is the key product of FEGNV with the most popular betting events being football, ice hockey, tennis and basketball. The odds are distributed to customers via retail chains, online websites and mobile applications in the Czech Republic, Slovakia and Poland.

In May 2011, the Group started with the commercial sale of scratch tickets and in the second half of 2011 the company launched numerical lottery games on the territory of the Czech Republic.

FEGNV had the following Management and Supervisory Board Members as of 30 June 2016:

Management Board

Chairman:	Per Widerström
Member:	Richard van Bruchem
Member:	Janka Galáčová

Supervisory Board

Chairman:	Marek Šmrha
Member:	Iain Child

The General Meeting decided to appoint Mr. Iain Child as a new Member of the Supervisory Board, effective as of 8 April 2016.

Effective from 23 May 2016, Mr. Michal Horáček resigned from the position of Member of the Supervisory Board.

8.2 / Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the For-

tuna Group's annual financial statements as at 31 December 2015.

FEGNV was incorporated on 4 November 2009 with the purpose of transfer-

ring all subsidiaries of Penta Investments Limited forming the betting business (the subsidiaries) to FEGNV, with the intention of making an initial public offering of Fortuna Entertainment Group N.V.'s shares on the main market of Giełda Papierów Wartościowych Warszawie S.A. (the Warsaw Stock Exchange, "WSE") and the Burza cenných papírů Praha, a.s. (the Prague Stock Exchange, "PSE") in 2010. The transfer of the subsidiaries was completed on 12 May 2010 due to certain regulatory approvals being required to transfer Fortuna zakłady bukmacherskie Sp. z o.o. The initial public offering of FEGNV's shares was executed on the Warsaw and Prague stock exchanges on 28 October 2010 and 27 October 2010, respectively.

The interim condensed consolidated financial statements have been prepared on a historical cost basis unless otherwise disclosed.

The interim condensed consolidated financial statements are presented in Euros and all values are rounded to the nearest thousand (€000) except when indicated otherwise.

BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of FEGNV and its subsidiaries as of 30 June 2016.

At of date of these interim condensed consolidated financial statements, FEGNV serves as the legal parent of the legal entities operating in the betting industry, which are ultimately owned by Penta. The interim condensed consolidated financial statements, which are in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, were prepared by FEGNV, as the reporting entity, as of 30 June 2016 and

include the following entities ("Fortuna Group", "the Group"):

- Fortuna Entertainment Group N.V.
- RIVERHILL a.s.
- ALICELA a.s.
- FORTUNA GAME a.s.
- FORTUNA RENT s.r.o.
- FORTUNA sázky a.s.
- FORTUNA technology s.r.o.
- FortunaWin Ltd. (in liquidation)
- FORTUNA SK, a.s.
- Fortuna Online Zakłady Bukmacherskie Sp. z o.o.
- FORTUNA Services Sp. z o.o.
- FORTUNA Services Sp. z o.o., s.k.a.

All the entities are 100%-owned by FEGNV, either directly or indirectly except for FORTUNA sázky a.s. FEGNV indirectly owns a 92% stake in the company FORTUNA sázky a.s.

8.3 / Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Fortuna Group's consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016. The Group has not earlier adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments are being applied for the first time in 2016, they have no material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial state-

ments of the Group. The nature and the impact of each new standard or amendment is described below:

AMENDMENTS TO IAS 16 AND IAS 38: CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are

effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group given that the Group has not used a revenue-based method to depreciate its noncurrent assets.

AMENDMENTS TO IAS 27: EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their

separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

ANNUAL IMPROVEMENTS 2012-2014 CYCLE

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, but rather as a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute a continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for a continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to the condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial state-

ments, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that the market depth of high-quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-referencing between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments do not have any impact on the Group.

AMENDMENTS TO IAS 1 DISCLOSURE INITIATIVE

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of the financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for us-

ing the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of the financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group.

AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 28 INVESTMENT ENTITIES: APPLYING THE CONSOLIDATION EXCEPTION

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

8.4 / Information about products and services

The Group's results of operations are affected by the schedule of sporting events on which the Group accepts bets. The football tournaments in Europe and around the world that contribute significantly to the Group's revenue and gross win from betting are reflected in the financial results in the spring and autumn months. Therefore, the Group has traditionally recorded higher amounts staked in the spring and autumn months

although this has been to some extent balanced by the online betting that is less exposed to seasonality.

The Group's results of operations are also affected by the significant sporting events that may occur at regular but infrequent intervals, such as the Olympic Games, the FIFA Football World Cup, the IIHF Ice Hockey World Championships and the UEFA European Football Championship.

The Group revenues are subject to the short-term volatility of profitability which may lead to either excess or insufficient revenue margins. The half-year results may be seen as relatively short-term. A comparison of the results over a longer period of time provides more precise information about the performance of the business, however the management has concluded that this is not "highly seasonal" in accordance with IAS 34.

8.5 / Segment information

IDENTIFICATION OF REPORTABLE SEGMENTS

For management purposes, Fortuna Group is organised into business units based on geographical areas, with the following reportable operating segments being distinguished:

- Czech Republic
- Slovakia
- Poland
- Other countries

In the Czech Republic, the Lottery segment including scratch tickets and numerical lottery games operated by the Group on the territory of the Czech Republic is separately distinguished as a reportable segment.

The parent company, FEGNV, does not report any significant results, assets and liabilities other than its interests in subsidiaries and equity and therefore does not qualify as a separate operating segment. The information of FEGNV and other immaterial locations is included in the "Other countries" column.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. The items included in transfer pricing comprise of bookmaking services, general management services and IT services which are primarily borne by Czech entity FORTUNA GAME a.s.

The following tables present revenue and profit information regarding Fortuna Group's operating segments for the six months ended 30 June 2016 and 2015 respectively:

Period ended 30 June 2016 (unaudited)	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL Operating segments
Revenue	24,894	3,260	28,154	13,500	10,925	-	52,579
Depreciation, amortisation and impairment of PPE and intangible assets	(790)	(384)	(1,174)	(283)	(256)	(6)	(1,719)
Operating profit / (loss)	4,084	41	4,125	3,675	323	(158)	7,965
Capital expenditure	5,172	50	5,222	628	549	-	6,399

30 June 2016 (unaudited)	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL Operating segments
Non-current assets	18,925	3,382	22,307	1,443	1,644	11	25,405
Operating segment assets	36,677	9,664	46,341	9,194	10,581	8,571	74,687
Operating segment liabilities	19,053	3,156	22,209	5,042	4,685	487	32,423

Period ended 30 June 2015 (unaudited)	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL Operating segments
Revenue	21,289	3,212	24,501	12,355	9,199	3	46,058
Depreciation, amortisation and impairment of PPE and intangible assets	(1,144)	(419)	(1,563)	(353)	(263)	(7)	(2,186)
Operating profit / (loss)	3,215	56	3,271	4,164	(199)	(431)	6,805
Capital expenditure	2,845	8	2,853	116	168	-	3,137

31 December 2015 (audited)	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL Operating segments
Non-current assets	14,690	3,736	18,426	1,100	1,396	17	20,939
Operating segment assets	30,653	9,327	39,980	13,281	12,478	2,176	67,915
Operating segment liabilities	16,007	2,922	18,929	4,896	3,861	257	27,943

Segment results for each operating segment exclude net finance costs of € 841 thousand and € 732 thousand for the six months ended 30 June 2016 and 2015 and income tax expense of € 1,766 thousand and € 1,293 thousand for the six months ended 30 June 2016 and 2015, respectively.

Segment non-current assets include intangible assets and property, plant and equipment.

Segment assets exclude goodwill of € 46,920 thousand and € 47,102 thou-

sand as at 30 June 2016 and 31 December 2015, respectively, as these assets are managed on a group basis.

Segment liabilities excludes bank loans of € 32,837 thousand and € 35,662 thousand as at 30 June 2016 and 31 December 2015, respectively, and derivatives of € 56 thousand and € 169 thousand as at 30 June 2016 and 31 December 2015, respectively, as these liabilities are managed on a group basis.

Capital expenditure consists of additions to property, plant and equipment and intangible assets.

INFORMATION ABOUT PRODUCTS AND SERVICES

An analysis of Fortuna Group's betting revenue for the period is as follows. Amounts staked do not represent Fortuna Group's revenue and comprise of the total amount staked by customers on betting activities.

Period ended 30 June 2016 (unaudited)	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL
Amounts staked							
Bets – Sports betting	273,969	–	273,969	164,445	52,898	–	491,312
Commissions – Sports betting	1,709	–	1,709	1,744	7,213	–	10,666
Bets – Lottery – Scratch cards	–	6,673	6,673	–	–	–	6,673
Bets – Lottery – Numerical games	–	2,904	2,904	–	–	–	2,904
Total amounts staked	275,678	9,577	285,255	166,189	60,111	–	511,555
Paid out prizes	(242,305)	(5,448)	(247,753)	(141,767)	(41,519)	–	(431,039)
Gross win							
Gross win – Sports betting – Online	25,818	–	25,818	16,632	7,752	–	50,202
Gross win – Sports betting – Retail	7,555	–	7,555	7,790	10,840	–	26,185
Gross win – Lottery – Scratch cards	–	2,874	2,874	–	–	–	2,874
Gross win – Lottery – Numerical games	–	1,255	1,255	–	–	–	1,255
Total Gross win	33,373	4,129	37,502	24,422	18,592	–	80,516
Withholding tax paid	(7,665)	(908)	(8,573)	(9,867)	(7,213)	–	(25,653)
Other revenues	(813)	38	(775)	(1,054)	(455)	–	(2,284)
Revenue	24,895	3,259	28,154	13,501	10,924	–	52,579

Period ended 30 June 2015 (unaudited)	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL
Amounts staked							
Bets – Sports betting	230,944	–	230,944	114,136	46,750	187	392,017
Commissions – Sports betting	1,639	–	1,639	2,727	6,366	–	10,732
Bets – Lottery – Scratch cards	–	6,741	6,741	–	–	–	6,741
Bets – Lottery – Numerical games	–	2,412	2,412	–	–	–	2,412
Total amounts staked	232,583	9,153	241,736	116,863	53,116	187	411,902
Paid out prizes	(205,057)	(5,185)	(210,242)	(97,098)	(37,251)	(176)	(344,767)
Gross win							
Gross win – Sports betting – Online	20,352	–	20,352	11,957	6,027	11	38,347
Gross win – Sports betting – Retail	7,174	–	7,174	7,808	9,838	–	24,820
Gross win – Lottery – Scratch cards	–	2,992	2,992	–	–	–	2,992
Gross win – Lottery – Numerical games	–	976	976	–	–	–	976
Total Gross win	27,526	3,968	31,494	19,765	15,865	11	67,135
Withholding tax paid	(5,505)	(808)	(6,313)	(6,847)	(6,367)	(5)	(19,532)
Other revenues	(732)	52	(680)	(563)	(299)	(3)	(1,545)
Revenue	21,289	3,212	24,501	12,355	9,199	3	46,058

8.6 / Impairments

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite lives are tested for impairment annually (as of 31 December) and when circumstances indicate the carrying value may be impaired. Fortuna Group's impairment test for goodwill and intangi-

ble assets with indefinite lives is based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for different cash generating units were discussed in the consolidated financial statements for the year ended 31 December 2015.

The Group management is of the opinion that there are no indications for a potential impairment of goodwill and intangible assets with indefinite lives as at 30 June 2016.

8.7 / Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual

earnings, i.e., the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

The major components of income tax expense in the interim condensed consolidated statement of income are:

€ 000	Period ended 30 June 2016 (unaudited)	Period ended 30 June 2015 (unaudited)
Current income tax:		
Current income tax charge	2,001	1,360
Deferred tax:		
Relating to origination and reversal of temporary differences	(235)	(67)
Income tax expense reported in the statement of income	1,766	1,293

8.8 / Components of other comprehensive income

€ 000	Period ended 30 June 2016 (unaudited)	Period ended 30 June 2015 (unaudited)
Movements of other comprehensive income before tax		
Cash flow hedges		
<i>Gains / (losses) arising during the year</i>		
Interest rate swap contracts	112	112
Exchange differences on translation of foreign operations		
<i>Gains / (losses) arising during the year</i>		
	(398)	821
Total effect on other comprehensive income (before tax)	(286)	933
Tax effect of components of other comprehensive income		
Cash flow hedges		
<i>Gains / (losses) arising during the year</i>		
Interest rate swap contracts	(24)	(23)
Total other comprehensive income / loss, net of tax	(310)	910

8.9 / Intangible assets and Property, plant and equipment

During the six months ended 30 June 2016, Fortuna Group acquired non-current assets with a cost of € 6,399 thousand (30 June 2015: € 3,137 thousand).

8.10 / Cash and cash equivalents

€ 000	30 June 2016 (unaudited)	31 December 2015 (audited)
Cash at bank	27,275	25,869
Cash in hand and in transit	3,285	2,275
Cash and cash equivalents	30,560	28,144

CASH AND INDEBTEDNESS

Fortuna Group has pledged € 16,130 thousand of its cash in bank deposits as security for bank loans (2015: € 21,674 thousand). Bank loans are further secured by the shares of Group subsidiaries in the Czech Republic, Slovakia and

Poland (1/3), by the brand name FORTUNA, registered trademarks, FORTUNA GAME a.s. and ALICELA a.s. enterprises.

The total bank debt as of 30 June 2016 amounted to € 32,837 thousand (31 December 2015: € 35,662). Cash and

cash equivalents as of 30 June 2016 amounted to € 30,560 thousand (31 December 2015: € 28,144). As a result, the net debt position of the Group as of 30 June 2016 decreased to € 2,277 from € 7,518 thousand as of 31 December 2015.

8.11 / Dividends paid and proposed

The Annual General Meeting (AGM) of shareholders of Fortuna Entertainment Group N.V. held on 23 May 2016 in Am-

sterdam approved the Management Board's proposal to pay no dividend for the financial year 2015. The divi-

dend policy is under review and will be communicated after the financial year of 2016.

8.12 / Bank loans

The summary of the actual structure of the loans from Česká Spořitelna, a.s. is provided below:

Long-term bank loans	Currency	Effective interest rate	Security	Maturity	30 June 2016 (unaudited) € 000
Facility A	CZK	3M PRIBOR + 1.75%	Shares of the subsidiary companies RIVERHILL a.s., ALICELA a.s., FORTUNA GAME a.s. and FORTUNA SK, a.s., 1/3 of shares in Fortuna Online Zaklady Bukmacherskie Sp. z o.o.; pledge on bank accounts of FORTUNA GAME a.s., FORTUNA SK, a.s. and Fortuna Online Zaklady Bukmacherskie Sp. z o.o., brand name FORTUNA, registered trademarks, FORTUNA GAME a.s. and ALICELA a.s. enterprises, lottery terminals	June 2018	6,926
Facility A2	EUR	3M EURIBOR + 1.75%		June 2018	2,485
Facility A	EUR	3M EURIBOR + 1.75%		June 2018	4,123
Facility B	CZK	3M PRIBOR + 2.00%		June 2019	10,354
Facility B	EUR	3M EURIBOR + 2.00%		June 2019	8,949
of which current portion					5,513
Total long-term loans					27,324

Long-term bank loans	Currency	Effective interest rate	Security	Maturity	31 December 2015 (audited) € 000
Facility A	CZK	3M PRIBOR + 2.00%	Shares of the subsidiary companies RIVERHILL a.s., ALICELA a.s., FORTUNA GAME a.s. and FORTUNA SK, a.s., 1/3 of shares in Fortuna Online Zaklady Bukmacherskie Sp. z o.o.; pledge on bank accounts of FORTUNA GAME a.s., FORTUNA SK, a.s. and Fortuna Online Zaklady Bukmacherskie Sp. z o.o., brand name FORTUNA, registered trademarks, FORTUNA GAME a.s. and ALICELA a.s. enterprises, lottery terminals	June 2018	8,306
Facility A2	EUR	3M EURIBOR + 2.00%		June 2018	3,106
Facility A	EUR	3M EURIBOR + 2.00%		June 2018	4,928
Facility B	CZK	3M PRIBOR + 2.25%		June 2019	10,383
Facility B	EUR	3M EURIBOR + 2.25%		June 2019	8,939
of which current portion					5,523
Total long-term loans					30,139

As of 30 June 2016, Fortuna Group had undrawn committed borrowing facilities of € 5,000 thousand (2015: € 5,000 thousand) for which all conditions set had been met.

Fortuna Group has to comply with bank loan covenants (leverage and cash flow cover). As of 30 June 2016 and 31 December 2015, Fortuna Group was in compliance with all bank loan covenants.

8.13 / Other financial assets and financial liabilities

DERIVATIVES

As of 30 June 2016, Fortuna Group held interest rate swaps with a notional amount of € 15,273 thousand which are

designated as cash flow hedges (31 December 2015: € 16,400 thousand). These swaps fix the 3-month PRIBOR/EURIBOR variable interest rates.

Interest rate swaps	30 June 2016 (unaudited) € 000 Liabilities	31 December 2015 (audited) € 000 Liabilities
Cash flow hedges	56	169
Total	56	169

FAIR VALUE HIERARCHY

As of 30 June 2016, Fortuna Group had derivative contracts measured at fair value of € 56 thousand (liability) and open bets, which are also regarded as derivative contracts, at a fair value of € 889 thousand (liability).

All financial instruments carried at fair value are categorised in three categories

by reference to the observability and significance of the inputs used in measuring fair value. The categories are defined as follows:

- Level 1 – Quoted market prices
- Level 2 – Valuation techniques (market observable)
- Level 3 – Valuation techniques (non-market observable)

As of 30 June 2016, the Group held the following financial instruments measured at fair value:

Financial instruments	30 June 2016 € 000	Level 1 € 000	Level 2 € 000	Level 3 € 000
Interest rate swaps	(56)	–	(56)	–
Open bets (included in other current liabilities)	(889)	–	–	(889)
Jackpot provision	(762)	–	–	(762)

There is no change in the classification of the derivatives occurring since the previous year.

Fortuna Group enters into interest rate swap contracts with various counterparties, principally financial institutions

with investment-grade credit ratings. The derivatives valued using valuation techniques with market observable in-

puts are interest rate swaps. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

Open bets are regarded as derivative financial instruments which are not quoted on an active market and where no observable data is available; the fair value of these financial instruments is

not determined by reference to published price quotations nor estimated by using a valuation technique based on assumptions supported by prices from observable current market transactions. Their fair value is derived from the average margin on betting events realised by the Group in the previous three months.

Open bets are paid out within a short time-frame after the year-end and as a result the difference between the fair value of these financial instruments as of the year-end and the actual pay-out

is deemed immaterial. A higher average margin on betting would result in a lower fair value of open bets.

Jackpot provision is recognised in fair value as derivative and is classified as a long-term provision.

BANK LOAN COVENANTS

Bank covenants are subject to a regular quarterly review. As of 30 June 2016, Fortuna Group was in compliance with the bank loan covenants.

8.14 / Other operating expenses

€ 000	30 June 2016 (unaudited)	30 June 2015 (unaudited)
Operating lease expense	4,092	4,305
Franchise fees	2,078	1,677
Materials and office supplies	1,400	1,375
Marketing and advertising	5,960	5,350
Telecommunication costs	806	845
Energy and utilities	581	706
Repairs and maintenance	344	287
Taxes and fees paid to authorities	492	479
IT services	2,789	1,795
Professional services (legal, consultancy, data services etc.)	6,007	4,656
Travelling and representation costs	419	389
Others	1,023	931
Total other operating expenses	25,991	22,795

"Others" includes fees paid for client account top-ups, insurance expenses, auditors' remuneration, bad debt expenses etc.

8.15 / Related party disclosures

The interim condensed consolidated financial statements include the following companies (together "Fortuna Group", "the Group"):

Consolidated entities	Country of incorporation	Nature of activity
Fortuna Entertainment Group N.V.	The Netherlands	Holding company
RIVERHILL a.s.	Czech Republic	Holding company
ALICELA a.s.	Czech Republic	Holding company
FORTUNA GAME a.s.	Czech Republic	Sports betting
FORTUNA RENT s.r.o.	Czech Republic	Rentals
FORTUNA sázky a.s.	Czech Republic	Lottery
Fortuna Online Zakłady Bukmacherskie Sp. z o.o.	Poland	Sports betting
FORTUNA SK, a.s.	Slovakia	Sports betting
FORTUNA technology s.r.o.	Czech Republic	Lottery
FortunaWin Ltd.	Malta	Online betting
FORTUNA Services Sp. z o.o.	Poland	Holding company
FORTUNA Services Sp. z o.o., s.k.a.	Poland	Marketing

The following table provides the total amount of transactions which have been entered into with related parties, which were part of the Penta portfolio of companies during the six months ended 30 June 2016 and 2015:

Consolidated statement of financial position	30 June 2016 (unaudited) € 000	31 December 2015 (audited) € 000
Receivables from related parties		
BET ZONE S.R.L.	34	171
BET ACTIVE CONCEPT S.R.L.	212	184
Masaryk Station Development, a.s.	22	-
Penta Investments Limited	13	50
Development Florentinum s.r.o.	700	629
Digital Park Einsteinova, a.s.	58	83
Total receivables from related parties	1,039	1,117
Payables to related parties		
Development Florentinum s.r.o.	605	262
DÔVERA zdravotná poisťovňa, a.s.	22	24
Penta Investments Limited, Jersey	14	14
Avis Accounting BV	4	3
AB Facility, s.r.o.	1	-
Digital Park Einsteinova, a.s.	16	-
Total payables to related parties	662	303
Cash with related parties		
Privatbanka, a.s.	2,513	7,503
Total cash with related parties	2,513	7,503

Consolidated statement of profit or loss	Period ended 30 June 2016 (unaudited) € 000	Period ended 30 June 2015 (unaudited) € 000
Other income from related parties		
BET ACTIVE CONCEPT S.R.L.	371	-
BET ZONE S.R.L.	48	-
Development Florentinum s. r. o.	46	-
Penta Investments Ltd.	35	-
Total income from related parties	500	-
Interest income from related parties		
Privatbanka, a. s.	-	5
Total interest from related parties	-	5
Interest expense from related parties		
Privatbanka, a. s.	1	1
Total interest from related parties	1	1
Purchases from related parties		
Development Florentinum s. r. o.	544	147
Predict Performance Improvement Ltd.	-	-
Avis Accounting BV	15	11
DÔVERA zdravotná poisťovňa, a. s..	81	83
Digital Park Einsteinova, a. s.	91	36
AB Facility, s. r. o.	4	4
Total purchases from related parties	735	281

SHARES HELD BY THE MANAGEMENT

As of 30 June 2016, no Member of the Management Board, the Supervisory Board and the key management owns any shares in FEGNV.

8.16 / Events after the Reporting period

With effect from 1 July 2016, Mr. Martin Todt, General Manager of Fortuna CZ, assumed the role of Business Development Executive. In this new role, he will support the Czech business with respect to new investment project and the new legislation, support the implementation of the new Group Retail Strategy and continue to provide support to the Czech regulatory developments. Effective the same date, Mr. David Vaněk, Group Head of Retail, succeeded Martin in his role of General Manager Fortuna CZ. His responsibility will be to ensure profitable growth of the Fortuna CZ business with

an immediate focus on ensuring business readiness in light of the new environment the Company will face in 2017.

In Poland effective 1 July 2016, Mr. Aleš Dobeš resigned from the position of General Manager of Fortuna PL. His role was assumed by Mr. Konrad Labudek, former Head of Legal of Fortuna PL, who will be acting as the Interim General Manager of Fortuna PL until a successor is appointed.

On 25 July 2016, Fortuna convened an Extraordinary General Meeting of Share-

holders, to be held in Amsterdam on 7 September 2016. The purpose of the EGM is to deal with a proposal to appoint a new independent member of the Supervisory Board. Further details regarding the EGM are available at:

http://www.fortunagroup.eu/en/about_fortuna_group/corporate_governance/shareholder_meetings/index.html

No other material events occurred after 30 June 2016.

Amsterdam, 22 August 2016



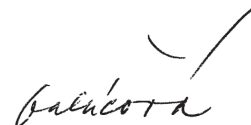
Per Widerström

Chairman of the Management Board
of Fortuna Entertainment Group N.V.



Richard van Bruchem

Member of the Management Board
of Fortuna Entertainment Group N.V.



Janka Galáčová

Member of the Management Board
of Fortuna Entertainment Group N.V.

Defined Terms

"Alicela"	ALICELA a.s., a joint stock company (akciová spoločnosť), having its registered office at Praha 1, Na Florenci 2116/15, 110 00, Czech Republic, and registered with the Commercial Register maintained by the Regional Court in Prague, Section B, under the number 9476
"Company", "FEG"	Fortuna Entertainment Group N.V. a limited liability company (Naamloze Vennootschap), having its statutory seat in Amsterdam, the Netherlands, and its registered offices at Strawinskylaan 809, 1077XX Amsterdam, the Netherlands, and registered with the Trade Register of the Chamber of Commerce of Amsterdam, the Netherlands, under number 34364038
"FORTBET HOLDINGS LIMITED"	FORTBET HOLDINGS LIMITED, a company having its registered office at Agias Fylaxeos & Polygnostou, 212, C & I Center Building, 2nd floor, 3082, Limassol, Cyprus
"Fortuna GAME"	FORTUNA GAME a.s., a joint stock company (akciová spoločnosť), having its registered office at Praha 1, Na Florenci 2116/15, 110 00, Czech Republic and registered with the Commercial Register maintained by the Municipal Court in Prague, Section B under number 944
"Fortuna PL"	Fortuna Online Zakłady Bukmacherskie Sp. z o.o., a limited liability company (spółka z ograniczoną odpowiedzialnością) having its registered office at Bielska 47, Cieszyn, Poland, and registered with the register of entrepreneurs maintained by the District Court in Bielsko-Biała, VIII Commercial Division of the National Court Register, under number 0000002455
"Fortuna RENT"	FORTUNA RENT, s.r.o., a limited liability company (společnost s ručením omezeným) with its registered office at Praha 1, Vodičkova 699/30, 110 00, Czech Republic, and registered with the Commercial Register maintained by the Regional Court in Prague, Section C, under number 104630
"Fortuna SazKan"	FORTUNA sázková kancelář a.s., a joint stock company (akciová spoločnosť), having its registered office at Praha 1, Vodičkova 30, 110 00, Czech Republic, and registered with the Commercial Register maintained by the Municipal Court in Prague, Section B under number 60
"Fortuna sázky"	FORTUNA sázky a.s., a joint stock company (akciová spoločnosť), with its registered office at Praha 1, Vodičkova 699/30, 110 00, Czech Republic, and registered with the Commercial Register maintained by the Regional Court in Prague, Section B, under number 14936
"Fortuna SK"	FORTUNA SK, a.s., a joint stock company (akciová spoločnosť), having its registered office at Digital park II, Einsteinova 23, 851 01, Bratislava 5, Slovak Republic, and registered with the Commercial Register maintained by the District Court of Bratislava I in Section Sa under number 123/B

“Fortuna Technology”	FORTUNA technology s.r.o. (formerly Intralot Czech s.r.o., a limited liability company (společnost s ručením omezeným) with its registered office at Praha 1, Na Florenci 2116/15, 110 00, Czech Republic, and registered with the Commercial Register maintained by the Regional Court in Prague, Section C, under number 181328
“FortunaWin”	FortunaWin Ltd., a limited liability company having its registered office at Villa Semina, 8, Sir Temi Zammit Avenue, Ta' Xbiex XBX1011, Malta, and registered with the Malta Financial Services Authority under number C. 48339
“Riverhill”	RIVERHILL a.s., a joint stock company (akciová společnost), having its registered office at Praha 1, Na Florenci 2116/15, 110 00, Czech Republic, and registered with the Commercial Register maintained by the Regional Court in Prague, Section B, under number 9437
“Penta”	Penta Investments Limited, a limited liability company having its registered office at 47 Esplanade, JE1 0BD St. Helier, Jersey, and registered under number 109645
