



FORTUNA

Annual Report

of Fortuna Entertainment Group N.V.
for the Year 2015

Fortuna at a Glance

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 number 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, Terno, a. s. 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. Subsequently, all the companies were rebranded under one brand: Fortuna.

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 31 December 2015, Fortuna operated 1,532 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. At the end of 2015, Fortuna offered numerical lottery games and instant scratch tickets through a network of 5,451 points of sales (of which 1,550 were lottery terminals).

In October 2010, FEG went through a successful IPO on the Prague and Warsaw stock exchanges. As of 31 December 2015, Fortuna’s majority shareholder was FORTBET HOLDINGS LIMITED, a subsidiary of Penta Investments Limited, which held a 67.3% stake.

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2015 Financial Highlights

Financials (EUR thousands)	2015	2014
Amounts Staked	847,695	672,429
– of which sports betting	828,003	655,713
– of which lottery	19,692	16,716
Gross Win	147,428	132,606
– of which sports betting	138,708	125,058
– of which lottery	8,720	7,548
Revenues	102,796	96,965
– of which sports betting	95,746	91,004
– of which lottery	7,050	5,961
EBITDA	27,183	27,779
– of which sports betting	26,300	27,422
– of which lottery	883	357
Operating Profit	22,570	23,441
– of which sports betting	22,467	23,740
– of which lottery	103	(299)
Net Profit	19,512	15,928
– of which sports betting	19,608	16,479
– of which lottery	(96)	(551)

Ratios	2015	2014
EBITDA Margin	26.4%	28.6%
Operating Profit Margin	22.0%	24.2%
Net Profit Margin	19.0%	16.4%
CAPEX as % of Revenues	8.6%	2.8%

	As of 31 Dec 2015	As of 31 Dec 2014
Number of Shares – End of Period (“EOP”)	52,000,000	52,000,000
Total Assets	115,017	90,329
Total Equity	51,243	30,080
Total Borrowings	35,662	40,635
Net Debt/(Net Cash)	7,518	24,709
CAPEX	8,840	3,108

Operations

Number of Points of Sale (sports betting)	1,532	1,590
Number of Lottery Terminals	1,550	1,579
Number of Employees – EOP	2,411	2,485

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2015 Key
Milestones

February 2015	Fortuna decided to cancel the handling fee taken on on-line betting in Slovakia.
March 2015	Fortuna reported solid financial results for 2014, with Amounts Staked growth of 18.5% and EBITDA growth of 13.6% (adjusted by on-off gains).
April 2015	Mr Václav Brož resigned from his positions as a member of the Supervisory Board and Chairman of the Supervisory Board.
	The Board of Directors decided that Fortuna would not pay a dividend in 2015.
May 2015	Fortuna reported growth in Amounts Staked of 20.2% for the first quarter 2015.
	The General Meeting decided to appoint Mr Marek Šmrha as a new Member of the Supervisory Board, effective as of 28 May 2015.
August 2015	Fortuna appointed Mr Michal Hanák as the Group Chief Sportsbook Officer.
	Fortuna's Amounts Staked was recorded as up 23.6% in the first half of 2015.
October 2015	Fortuna Entertainment Group N.V. signed a brand licensing agreement to license its brand to sports betting & gaming companies in Romania.
	FORTUNA GAME a.s., a subsidiary of Fortuna Entertainment Group N.V., donated CZK 20 million to the Czech Olympic Committee in accordance with Czech legislation. The donated amount was to be set aside by the Czech Olympic Committee for use in tackling sport and educational objectives.
November 2015	It was recorded that during the first nine months of 2015, Fortuna grew its EBITDA by 25.1% yoy.
December 2015	FORTUNA GAME a.s., a subsidiary of Fortuna Entertainment Group N.V., donated CZK 16.5 million to the Czech Olympic Committee in accordance with Czech legislation. The donated amount was to be set aside by the Czech Olympic Committee for use in tackling sport and educational objectives.

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Letter from the Chairman of the Management Board to Shareholders

Dear Shareholders,

In 2015 we initiated key strategic initiatives in line with Fortuna's value creation strategy. This strategy is based on three core pillars:

- Market share gains in existing markets driven by regulation and operational excellence
- Vertical extension of product into online gaming driven by regulation and internationalisation
- Expansion into Central & Eastern European regulated markets through M&A

It is anticipated that the strategy implementation will be attended to in two phases. The first phase, to run through 2015-16, will focus on "Building the foundation" with investments in Operational Excellence, Product & Technology and People. The second phase, scheduled for 2017 and onwards, will focus on "Going for the vision" of Fortuna to make our enterprise "The number one licensed sports betting & gaming operator in CEE with the most trusted and exciting multi-channel betting & gaming brand". The implementation progress was indeed encouraging during 2015,

e.g. improved customer life-cycle management driven by fact-based insights, initial preparation was undertaken for a migration onto a new scalable multi-channel and -product platform, a Fortuna multi-channel and -product offering was launched in Romania based upon a brand licensing arrangement, and there was also the establishment of a new Group Executive Team. I am looking forward to a 2016 that has a continued focus on establishing the foundation for future value creation.

Despite the substantial change introduced to the operation during 2015 (see above) and the absence of major sports events in 2015, along with competitive pressure that amongst other resulted in the abolishment of the online handling fee in Slovakia, it was particularly encouraging that Fortuna continued achieving solid and profitable organic growth. The growth was in particular driven by the online sports betting segment supported by an attractive multi-channel offer of betting opportunities. It resulted in Total Amounts Staked for the Group hitting EUR 848 million in 2015, representing 26.1% growth, and a record net profit of EUR 19.5 million, up some 22.5% yoy.

The importance of being a legal, regulated and responsible sports betting



operator cannot be underestimated. Fortuna is committed to paying the appropriate taxes and levies in each of the markets we operate within and to ensuring a responsible gaming approach so that our customers can remain in control of their wagering and enjoy sports betting as part of their discretionary spending on leisure and entertainment. While our underlying business performance has been robust it should be seen in light of a very competitive market context which for us as a regulated operator implies an uneven playing field on some of our markets due

to the regulatory situation. We hope that the governments of the Czech Republic, Poland and Slovakia will realise the importance of protecting the regulated sports betting operators, who run their businesses legally and pay taxes. We want to see the governments protecting their regulated domestic markets by banning illegal offshore operators and taking measures against them. This also means not only increasing the tax burden of the licensed operators but mainly the initiation of regulation over online gaming across the region since it offers the illegal offshore operators another significant advantage in attracting customers who are currently unobtainable to the regulated operators.

Looking forward, there are some fundamental challenges in our sector, mainly driven by technological innovation and

expected regulatory changes. While these challenges call for extra endeavour, they at the same time represent great opportunities for the further profitable growth of Fortuna which we will address as part of our company strategy. We are committed to investing in securing future profitable growth and in our effort at becoming the undisputed leader on the regulated Central & Eastern European sports betting & gaming market, with the most trusted and exciting multi-channel betting & gaming brand.

Meanwhile, we look forward to the most important sporting event of this year, the UEFA Euro 2016 football championship to be held in France in June and July. We hope to take advantage of the tournament to create numerous attractive betting opportunities for our customers. They will certainly be closely following

the performance of the Czech, Polish and Slovak national teams.

Finally, I would like to thank the Fortuna Group Executive team and all our fantastic Fortuna employees for their dedication and hard work. My thanks also go to the Supervisory Board and our main shareholder Penta for their support and commitment to our value creation strategy. As a company, we remain committed to high standards of corporate governance and corporate responsibility in the furtherance of shareholder interests.



Per Widerström

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

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Letter from the Chairman of the Supervisory Board to Shareholders

Ladies and Gentlemen,

On behalf of the Supervisory Board, I would first of all like to thank all the employees of Fortuna Entertainment Group for the contributions they made during 2015 – without a doubt a year that represented a key milestone in the history of the company.

With the new top management team on board, we embarked upon a transformational re-platforming programme which should make us better positioned to face the changing regulatory landscape and market dynamics across our core markets. Consequently, we decided to halt the dividend payment and review the overall dividend policy for the upcoming years.

Despite the complete lack of major sports events, we still recorded an all-time high Amounts Staked for each of our three markets last year, driven largely by the continuing strong migration of players into the online (especially live) and mobile environment. This trend was further accelerated by the Polish authorities' decision to criminalise those individuals playing with the unlicensed operators and the

cancellation of the online handling fee in Slovakia.

We have also been closely monitoring regulatory developments across our markets, especially in the Czech Republic. While we certainly welcome the government efforts at curbing the large existing offshore market and in legalising new online product verticals, we remain vigilant when it comes to the recent tax hikes and the further increases planned as part of the new legislative framework set to come into effect in 2017.

In 2016, we are to continue with our commitment to implementing the new strategy and platform and growing the business further. Events such as the UEFA Euro 2016 football championship in France present us with opportunities to strengthen our market position as the leading multi-channel sports betting operator in CEE by offering the best possible product and value proposition to our customers in both retail and online.

On behalf of the Supervisory Board, may I say that we are looking to the future with excitement and we remain fully



supportive of the management team and the new strategy.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'MŠ', written over a light blue background.

Marek Šmrha

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

Key events of 2015

It was a year without any of the most immense sporting events, but Fortuna continued to grow

Odd-numbered years boast neither international football finals nor summer or winter Olympics. Logically, such years usually produce less betting activity. Nevertheless, 2015 included a number of major sporting events that significantly boosted Fortuna Entertainment Group's volume of placed bets. The IIHF Ice Hockey World Championships, jointly held in the Czech cities of Prague and Ostrava, was the most important contributor.

1

IIHF Ice Hockey World Championships

To Czechs and Slovaks, the most appealing sporting event of the year. Across all of Fortuna's core markets, hundreds of thousands of fans placed bets on the championships. Fortuna's Total Amounts Staked added up to EUR 411.9 million during the first half of 2015, marking a 23.6% increase yoy.

2

UEFA Champions League

The best football competition in the world remains a clear favourite with fans. The volume of UEFA Champions League bets placed with Fortuna exceeds the volume generated by any other competition, including the national football leagues of the Czech Republic, Slovakia and Poland.

3

Elite Football Leagues of Europe

Football is an unmistakable phenomenon. Almost every weekend running from August to May, 1.5 million fans head to the football stadia of the English Premier League, German Bundesliga, Italian Serie A, Spanish Primera Division and French Ligue 1. Tens of millions, meanwhile, tune in to live broadcasts of the matches while enjoying online live betting on smartphones or other devices.

4

Tennis Grand Slams

Tennis is the third most important sport to the European betting industry. This is particularly true in Central Europe as the Czech Republic, Slovakia and Poland have acclaimed representatives among the world's elite players, both men and women.

5

UEFA European Under-21 Championship

While there was neither a FIFA World Cup nor a UEFA Euro tournament in 2015, fans were drawn to the stars of the future who were competing in UEFA's Under-21 finals, held in the Czech Republic.

5

Management Board Report

5.1 / Description of the Company's Business and Markets

5.1.1 General Market Overview

The Group operates in the betting and gaming sector and, since mid-2011, also in the lottery business in the Czech Republic. The betting is mainly focused on sporting events while gaming services include the following: online casino games such as poker, black jack, roulette and skill games. After gaming and lotteries, betting is the biggest subsector in the overall EU betting and gaming market. The substantial growth in the European betting market has been driven by regulatory change and the growth of online betting. Currently, legal frameworks for betting service providers in many European jurisdictions are under review. Some countries are contemplating the liberalisation of the betting market, partly due to the inefficiency of various limitations and bans, and partly in order to increase existing taxes or impose taxes on new areas of commerce. Gaming is the most significant subsector, with further prospects for growth that mainly stem from the rapid development of on-line services. This trend is supported by

cooperation between various entities in the betting and gaming sector: landline operators are starting to cooperate with online service providers, while betting organisers are entering into agreements with gaming operators.

Fortuna operates in the Czech Republic, Slovakia and Poland. Compared with the markets of Western countries, the Central and Eastern Europe betting markets are still relatively underdeveloped and offer opportunities for future growth. Apart from in the Czech Republic, the competitive landscape largely consists of a small number of single-country opera-

tors. However, due to the growth in the online betting industry, country operators have started to compete not only at a local level, but also against offshore online operators. In terms of retail operations, potential new market entrants encounter significant barriers to entry, including requirements in place that demand that local licences are obtained, the high marketing spend necessary to build brand recognition, and high retail establishment costs.

The table below presents the main economic indicators in the countries where the Group operates:

	Czech Republic	Poland	Slovakia
Population (million, 2013)	10.5	38	5.4
GDP ¹ (EUR billion, 2014)	155	413	75
GDP ¹ per capita (EUR, 2014)	14,700	10,700	13,900
HICP (all items, annual average inflation rate, 2015)	0.3%	-0.7%	-0.3%

¹ GDP – gross domestic product

Source: Eurostat, Ministry of Finance ČR

Since the inception of online betting and gaming some **15 years** ago, the vast majority of these operations have straddled international borders.

5.1.2 Czech Republic

FIXED-ODDS BETTING

The competitive landscape in the betting sector is composed primarily of five major bookmakers: Tipsport, Fortuna, Chance¹, Sazka and SynotTip. The leading position on the market in terms of the number of outlets is held by Tipsport, with a significant area being “partner” outlets in bars. Fortuna has a solid second position with a market share of around 31%². Alternative bookmakers are SynotTip and Sazka, the core activities of which are slot machines and lotteries.

LOTTERY

The Czech lottery market had been controlled by former state monopoly Sazka since 1956. Under previous management, Sazka became over-indebted and went bankrupt in May 2011. Prior to Sazka's bankruptcy, the size of the Czech lottery market was approximately CZK 7.5

billion (or EUR 300 million) in terms of Amounts Staked. After the sale of the bankrupt Sazka to a new entity controlled by PPF Group and KKCG in autumn 2011, Sazka's situation stabilised. Sazka's market share in 2015 was estimated at over 90%, while Fortuna had a share of approximately 5% (numerical games). The third player on the lottery market, Tipsport, accounted for less than a 1% market share. According to market estimates, the size of the Czech lottery market measured by Amounts Staked had fallen to just 50% of its size prior to Sazka's crisis. In December 2012, KKCG became the sole and 100%-owner of Sazka after it purchased the stake owned by PPF Group.

5.1.3 Slovakia

The Slovak betting market is currently structured as a duopoly, with the leading role played by Niké, and second

place taken by Fortuna SK, though it is significantly strengthening its position. The deregulation of internet betting has also allowed for the further growth of the market through the new online sales channel. This was further boosted by the abolishment of the handling fee on online betting in 2015. Besides these two market players, there are also Tipos and Tipsport.

5.1.4 Poland

There are three strong players on the Polish betting market: Fortuna PL, Totolotek (partially owned by Intralot, partially owned by the state) and STS, owned by Stanleybet. Fortuna PL is currently number one in terms of market share, with a market share of approximately 36%³ on the domestic regulated market. The unregulated offshore market is estimated as about five times bigger than the regulated market. Big market players are trailed by smaller operators such as Betako and Millenium.

Fortuna PL was the first operator to receive an online betting licence from the Polish Ministry of Finance in January 2012. STS and Millenium obtained their online licences during 2012, while Totolotek received a licence in July 2013.

5.2 / Regulatory Environment

The entertainment industry sphere that includes betting, games of chance and gaming machines has not been subject to harmonisation at the European Union level and competency remains

with EU Member States when it comes to defining the conditions for the pursuit of activities in the sector. However, regulations concerning the sector have been several times brought before the

European Court of Justice (“ECJ”). The ECJ has indicated that there is no intention to treat the sector as an ordinary market sector that should be governed by the rules of the market. It was noticed

¹ Chance was acquired by Tipsport, effective 1 January 2013

² Source: the Company

³ Source: the Company

that socially-based attitudes towards sector activities tend to restrict, or even prohibit, such activities to prevent them from being a source of private profit. Furthermore, the issue of public security, in particular the prevention of criminal or fraudulent behaviour, is often raised by Member States imposing limitations. The ECJ also indicated that sometimes a proportion of the funds from operations in the sector should be earmarked for social initiatives, charitable works, sport or culture. Therefore limiting the powers of the Member States in the ECJ's interpretations of the provisions of the Treaty with respect to the sector does not have the aim of establishing a common market and the liberalisation of its area of activities. In accordance with Article 45, in conjunction with Article 62 of the Treaty on the Functioning of the European Union, the free movement of services, guaranteed in Article 56 of the Treaty, may be restricted only on the grounds of public policy, public security or public health.

The development of European legislation (regarding electronic services, for instance) and further judgments of the ECJ may impact local legislation and result in changes in the gambling laws.

5.2.1 Regulatory Environment in the Czech Republic

The general terms and conditions for the operation of lotteries (as well as betting games, horse racing bookmaking and similar gambling games) are defined in Act No. 202/1990, the Lottery Act ("Czech Gambling Act"). Although Lottery Games operated via the Internet are not explicitly recognised in the Czech Gambling Act, the Ministry of Finance issued the licences for the operation of online fixed-odds betting on the basis of Section 50 (3) of the Czech Gambling Act in 2008.

An operator that intends to organise a lottery game must obtain a licence for the operation of lottery games. The Min-

istry of Finance may issue a licence for fixed-odds betting for a maximum period of 10 years.

A licence for the operation of a lottery game may be granted only to a legal entity with its seat in the Czech Republic. Moreover, some types of lottery games (i. e. betting games, fixed-odds betting) may be operated only by a joint stock company which has all its shares registered and which has been founded to operate such games. In certain cases, the Czech Gambling Act also requires that the operator of a particular lottery game must have a certain minimum amount of registered capital; the amount varies according to each type of lottery game operated. Except in regard to lottery games operated within specially determined premises (casino games), a licence cannot be granted to a Czech company if interests in it are held by foreign entities or entities whose direct parent entity is a foreign entity.

In 2011, the Czech parliament approved the Amendment to the Czech Gambling Act No. 300/2011 Coll. Effective 1 January 2012, proceeds used for the benefit of the public under previous legislation were replaced by a unified 20% withholding tax on the Gross Win and the 19% corporate income tax and administration related to sports betting has been simplified in some aspects. The collected proceeds from taxation are divided between municipal and state budgets in the proportion of 30:70, respectively, in the case of lottery and sports betting. The new tax law also gives more power to local municipalities when it comes to the regulation of gambling and betting and newly allows online casino games. Regulation also prohibits the advertising of offshore betting operators in the Czech Republic and places higher requirements on the ownership transparency of onshore companies. In 2013 the Czech parliament approved an additional amendment under which 1/4 of the 20% withholding tax on the Gross Win (i.e. 5%) can be paid out

Since January 2016 the
20% withholding tax on the Gross Win
has been increased to **23%** for both
sports betting and lottery business.

Payments to the state and municipalities and winnings of the participants are, with respect to most types of lottery games, secured by a security deposit (in an amount determined by the Czech Gambling Act) placed by the operator in a special bank account.

Czech regulations concerning advertising do not stipulate any special rules relating to the advertising of lottery games, therefore the general rules for the advertising of any goods or services apply. Only the advertising of lottery games operated legally on the basis of a duly issued licence is allowed under applicable Czech law.

by the betting operators directly to the Czech Olympic Committee. From 1 January 2016, the 20% withholding tax on the Gross Winn will be increased to 23% for both sports betting and lottery business. Further changes to the Czech Gambling Act are currently in the preparatory phase.

5.2.2 Regulatory Environment in Slovakia

The operation of gambling games in the Slovak Republic is regulated primarily by Act No. 171/2005 on Gambling Games,

as amended (the “Slovak Gambling Act”), which is the main legislative instrument of Slovak gambling law.

Betting games may be operated solely on the basis of an “individual licence” for the operation of betting games issued by the Slovak Ministry of Finance. A separate consent of the municipality has to be obtained for the operation of a betting outlet within its territory. The term of validity of a betting licence is limited to 5 years. A betting licence may be issued only to joint stock companies or limited liability companies having their registered office in the Slovak Republic with the minimum amount of registered capital of EUR 331,939. In the case of legal entities with a “foreign property participation”, a betting licence may only be issued to legal entities with the “foreign property participation” of entities having their registered office or address of their permanent residence in an EU or OECD Member State.

Slovak gambling legislation does not regulate the area of online betting. However, in practice betting licences do contain an authorisation to operate online betting.

An application for a betting licence is subject to an administration fee charged by the Slovak Ministry of Finance. In the case of fixed-odds betting, the fee amounts to EUR 3,319; for other types of betting games the fee is EUR 331.50.

The operator of a betting game is required to maintain a certain minimum amount of funds as a financial guarantee in a bank account solely for the purposes of the settlement of the obligations of the operator of the betting game. In the case of fixed-odds betting, the financial guarantee amounts to EUR 750,000. The operator of a betting game is required to maintain the financial guarantee during the entire term of validity of the betting licence, as well as after the expiration of the validity of the licence until all the above-mentioned obligations are settled and the annual settlement of the licence

fees is submitted to the Slovak Ministry of Finance.

The operator of a betting game is furthermore under the obligation to pay licence fees to the state and/or municipal budget. In the case of fixed-odds betting, the fee is 6% of the sum of bets/stakes and in the case of horse racing betting it is 1% of the sum of bets/stakes.

Slovak gambling legislation has been stable.

Currently, significant changes to Slovak gambling legislation in the area of betting games are not anticipated.

5.2.3 Regulatory Environment in Poland

Commencing on 1 January 2010, a new gambling law entered into force. An entity that intends to organise betting is obliged to apply for the permission of the Ministry responsible for public finances. The permission is issued for 6 years for a specified number of betting outlets, which may be amended. After the expiry of that permission, an entity may apply for permission only once for 6 consecutive years. An entity organising betting should be organised as a limited liability company or joint stock company with share capital of at least 2 million zloty and have its registered office in Poland.

The fee for a betting permit is 2,000% of the base amount and 50% of the base amount for each betting outlet. The base amount is the total average monthly gross wages and salaries excluding payments from profit in the second quarter of the previous year as published by the Central Statistical Office. In 2011, the base amount was

3,394.58 zloty, which makes the permission fee 67,892 zloty and around 1,697 zloty for each betting outlet. In addition, a betting company is obliged to establish collateral securing the interests of its customers and fiscal obligations. The amount of collateral is determined on the basis of the number of betting outlets. The base amount is 40,000 zloty. The amount of collateral for 40 betting outlets is six times the base amount and increases by one base amount are set for each further 10 betting outlets (i.e. in the case of 100 betting outlets = 240,000 zloty + 6 × 40,000 zloty = 480,000 zloty). The collateral may be in the form of a banking or insurance guarantee, cash deposit or mortgage.

The total amount of money paid for bets is subject to taxation. A 2.5% tax is imposed on sums paid for bets concerning the results of an animal competition if permission is issued only for this kind of betting and a 12% tax is imposed on sums paid for bets concerning the results of other events.

On 26 May 2011, the Polish parliament amended the gambling law to allow online sports betting for locally licensed players. Moreover the new regulations strengthen the Polish Customs Service's authority in controlling illegal activities of online gamblers, including the monitoring and the suspension of money transfers. The new regulations came into force on 14 July 2011. Unfortunately, parliament decided to maintain a high 12% withholding tax on betting activities, which discriminates against legal taxpaying players versus offshore companies.

Immediately after the new regulations were introduced, the Polish subsidiary of Fortuna Entertainment Group N.V. – FORTUNA Online Zakłady Bukmacherskie Sp. z o.o. – submitted to the Ministry of Finance a request for permission to provide its clients in Poland with online betting. The Ministry of Finance awarded the licence to Fortuna in January 2012.

CHANGES IN GAMBLING REGULATIONS IN 2015 AND OTHER SIGNIFICANT EVENTS IN THE POLISH GAMBLING INDUSTRY

I. The main changes were introduced with the act of 12 June 2015 on the amendment of the gambling act which has been effective since 3 September 2015.

(1) The act also enabled other entities the possibility of carrying out gambling activity in the above-mentioned scope. Pursuant to the provision added, joint stock companies or limited liability companies, or companies carrying out activities on the basis of rules governing those companies, established on the territory of another member state of the European Union or EFTA, will have the right to carry out the above-mentioned activity on the basis of rules and conditions set out in the approved regulation, the concession granted or the permission granted, subject to the authorisation of a representative, or in the form of a branch.

New gambling act has been effective since 3 September 2015.

These changes might be a manifestation of the adaptation of Polish provisions to the requirements set out by EU legislation, in particular in relation to freedoms guaranteed in the Treaty on the Functioning of the European Union. These changes have been notified by the European Commission. The aim of the notification of the EC is to prevent the creation of new barriers to the free movement of goods, the provision of services and the carrying out of business activity within the common market.

In addition, the act amended the provisions which will facilitate the carrying out of business activity by local regulated gambling companies. They refer to:

(2) The possibility of making changes in the share capital of companies carrying out gambling business activity without the previous consent of the Minister of Finance ("MF");

(3) The possibility of making changes in the composition of the supervisory board of the companies carrying out gambling business activity without the previous consent of the MF.

Prior to the amendment, such amendments required the consent of the MF. It was a time-consuming procedure affecting the proper functioning of the betting and gaming companies. Currently, it is only required to notify the MF of any changes made as well as the possibility of the MF carrying out the ex post control of such changes.

(4) The method of determining the tax point to relate to the games has been adjusted. Under new regulations, it will be the date of the commencement of organising the gaming, and not, as it was previously, the date of the commencement of the business activity related to those games, which is a favourable solution for companies in the gambling industry.

II. In 2015, Poland signed the Council of Europe Convention on the Manipulation of Sports Competitions. To make the provisions of the Convention effective, its ratification is required with a prior consent expressed in the act. Fortuna, in its letter to the Minister of Sport, has recommended the Polish Government sign the convention on fighting sports competition manipulation.

It has been indicated in the Convention that the Parties should analyse and select the most appropriate methods of fighting

against operators offering illegal sports betting, using such means as:

- Closure, or direct and indirect limitation of access to operators offering illegal sports betting on the territory under the jurisdiction of the party concerned;
- Blocking of financial flows between operators offering illegal sports betting and consumers;
- Banning the advertising of operators offering illegal sports betting;
- Raising the awareness of consumers as regards the risk associated with the conclusion of illegal sports betting.

As far as possible sanctions are concerned, the Convention distinguishes the following: penal sanctions imposed on natural persons, sanctions imposed on legal persons, and administrative sanctions as well as seizures and confiscations. At the same time, each of the Parties should take necessary legal measures to ensure the imposition of effective, proportionate and discouraging sanctions on natural or legal persons, including monetary sanctions. In addition, sample sanctions for legal persons have been anticipated in the form of issuing a temporary or permanent prohibition on carrying out a business activity; the placing under judicial supervision; issuing judicial winding-up orders.

Under further provisions, the Convention governs, among other matters, the following issues: the prevention of the occurrence of the above-mentioned phenomenon; the exchanging of information between the Parties; cooperation in the field of law enforcement; the jurisdiction of criminal proceedings and enforcement measures; international judicial cooperation and follow-up actions.

5.3 / Products and Services

The Group's products as offered by the sports betting division are divided into three categories: sports betting, number games (bets on numbers) and bets on social events. The Group offers only fixed-odds bets, which are bets at pre-determined odds on an event occurring which gives rise to either the retention by the Group of a stake placed by a customer or the liability to make a certain payment to the customer. The odds offered by the Group vary depending on the nature of the event and the amount to be paid to a given customer depends solely on such odds and is not influenced by the amounts staked by other customers.

Within each category of products, the Group generally offers three major types of bets:

- SOLO Bet – where a customer makes a single bet, for example, on the outcome of one specific football match;
- AKO BET (accumulator bet) – where a customer can bet on a number of games on one ticket;
- COMBIBET (combination bet) – where a customer can bet on a combination of betting events on one betting slip.

Bets may be placed before the match (pre-match bets) and during the event (live bets).

Live betting was introduced in 2007. As new combinations appear during the event, they result in further betting opportunities and live betting allows customers to react to changing circumstances by making new bets. Since May 2010, Fortuna has been offering live bets to customers through their mobile phones.

Number games are offered in three options, namely Combinator, Variator and Accumulator, depending on the quantity of numbers drawn and the betting possibilities.

Although the popularity of sports events is similar in each country in which the Group operates, there is some local bias towards particular sports disciplines. However, the four favourite sports remain the same in all the mentioned countries, namely football (over 50% of Total Amounts Staked), ice hockey (approximately 20% of Total Amounts Staked in the Czech Republic and Slovakia), tennis (around 15% of Total Amounts staked) and basketball (around 5% of Total Amounts Staked).

Fortuna's lottery 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 selling scratch cards since May 2011. Currently, Fortuna offers several scratch cards in a nominal amount ranging at prices between CZK 10 and 200. Scratch cards have been very successful with an estimated 20% market share in 2015.

Fortuna has been expanding its distribution network for scratch cards and apart from the regular distribution via tobacco shops and groceries, its scratch cards are offered in Czech Post outlets and at railway stations.

LOTO

Loto is a simple and attractive game. The rollover jackpot starts at CZK 10 million and it is forecast that it will be paid out several times each year. Overall, nine prizes are split; players know in advance the amount they can win, except when it

comes to the jackpot as this is set and not divided among a large number of potential winners. The lottery draw takes place twice a week each Wednesday and Saturday. In playing Loto, bettors must select 6 numbers out of 49 and one colour out of two. An additional game to LOTO is Šťastné číslo (Lucky Number). The minimum bet amount is CZK 20 and every fourth bet can win.

In October 2012, Fortuna introduced a special prize in its LOTO numerical game. In addition to standard winnings, a special prize of CZK 1 million is paid to the person who matches the most winning numbers in a draw. The prize is paid out of the LOTO jackpot until the jackpot falls under the minimum level of CZK 20 million.

ZLATÝCH 11

Zlatých 11 is a game in which bettors can win a daily prize of up to CZK 300 million. Bettors can bet as little as five crowns, but only bettors who bet CZK 100 can win the main prize. The draw takes place seven days a week, including during holidays. Bettors know in advance how much they can win. In Zlatých 11, the winnings are fixed in accordance with the bet amount and selected and correctly guessed numbers. The game is therefore very variable; bettors may try out a wide range of variants and see which brings them the highest winnings. There is a high probability that the bettor will win one of the prizes. When 11 numbers are played, there is a probability of 1:3.64. In the competing Šťastných 10 (Lucky 10), the ratio is 1 out of 9.05 (probability of 1:9.05). Also, bettors can win a doubling of their initial payment even if they do not guess a single number in the 11-number-game.

Denní Číslo (Daily Number) is an additional game to Zlatých 11. Bettors can make a bet on a six-digit number

indicated on their tickets and play for CZK 1 million and other prizes.

FOFR

Fortuna Loterie introduced its very first quick game, named FOFR, in November 2012. The draw takes place every 5

minutes between 6:00 AM to 2:55 AM. Eight numbers out of 25 and one colour out of four are selected. Winnings are calculated as multiples of correctly guessed numbers and colours and are fixed in advance based on a prize table. A proportion of 65% of accepted bets

is distributed back to players, which amounts to the highest pay-out on the Czech lottery market.

5.4 / Distribution Channels

The Group delivers its betting products to customers online and through retail betting outlets. The Group offers retail betting through outlets operating under its own brand name, and at counters and betting rooms 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 jurisdiction.

The following table summarises the types of distribution channels used by the Group in the markets in which it operates:

	Czech Republic	Slovakia	Poland
Betting outlets	Available	Available	Available
"Partner" betting outlets	Available	Available	Available
Online	Available	Available	Available

Source: the Company

The management believes that the distribution channels used by the Group complement each other while serving different groups of customers. Betting outlets and especially "Partner" betting outlets operated in bars appeal to customers who like to discuss bets and prefer watching sports events in a social

setting. The users of online services are generally younger and better educated, and the users of social networking sites, and the various functionalities of smart phones and mobile phones, value their independence and expect immediate access to betting products regardless of the time of day.

RETAIL BETTING OUTLETS

Retail betting outlets accounted for 37% of the Group's Gross Win from sports betting in the year ending on 31 December 2015.

The table below presents information on the Group's retail network for the years ending on 31 December 2015 and 2014:

	Czech Republic	Slovakia	Poland	Total
Betting outlets	251	206	397	854
"Partner" betting outlets	382	192	104	678
Total number in 2015	633	398	501	1,532

	Czech Republic	Slovakia	Poland	Total
Betting outlets	273	221	402	896
"Partner" betting outlets	407	183	104	694
Total number in 2014	680	404	506	1,590

Source: the Company

The Group has betting outlets in the Czech Republic, Poland and Slovakia. In general, Fortuna's betting outlets are around 20 to 50 square metres in size.

Under the "Partner" programme, the Group's land network is extended by installing point of sale betting outlets in places such as bars or restaurants with high traffic, where the owner is willing to offer betting products to customers. The Group enters into a lease agreement with each of the "Partners", under which the Group agrees to pay a lease for the use of the premises. Part of the lease is linked to the betting revenues and part is fixed. The financial performance of the "Partner" outlet network is monitored continuously.

In addition, the Group cooperates with third parties that operate some betting outlets in the Czech Republic and Slovakia and provides personnel and lease premises for betting outlets on a commission basis. The Group provides training and equips "Partner" outlets with information panels and information technology. In June 2010, Fortuna introduced the "Partner" programme in Poland.

ONLINE BUSINESS

The Group started offering online betting to its customers in Slovakia in 2007. That was followed by the introduction of online betting in the Czech Republic in 2009. The internet platforms allow for 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 legisla-

tion and permission obtained from the Ministry of Finance, Fortuna was able to launch licensed online operations in Poland in January 2012.

Management believes that online products form the most dynamic growth sector in the industry.

There is a rising popularity of LIVE betting and during 2015 Fortuna added new sports to its LIVE offer and extended the existing sports offered with 20 new betting opportunities.

BWIN

The B2B deal, which commenced in autumn 2013 integrates bwin.party's sports content – bwin Feed – into the Fortuna Entertainment Group N.V. sports betting client. bwin Feed provides live sports betting data including odds, fixtures, results, scoreboards and events calendars in multiple languages to online and land-based B2B clients. The feed can be integrated into Fortuna's betting point of sales via a state-of-the-art interface, enabling Fortuna to offer its customers an extensive sportsbook and supporting content.

During 2015, Fortuna finalised integration of darts, snooker and futsal into the bwin feed. Total revenues related to Bwin feed increased by 82% over the last year,

however, the Company expects that this growth should decelerate in the next year by 30-40%. Depending on the type of sports event, Fortuna offers up to 40 different betting opportunities per match. The bets in LIVE betting are not originated only by Bwin but also by the proprietary bookmakers, Betradar and other data suppliers. The most popular sports bet upon in 2015 were football, ice hockey and tennis (pre-match) and tennis, football and basketball (LIVE).

Online betting accounted for 61% of the Group's Gross Win from sports betting in the financial year ending on 31 December 2015.

LOTTERY TERMINALS

Fortuna's lottery products have their own distribution network and a unique distribution strategy which is to a large extent independent of the traditional sports betting distribution network. Since the lottery products cannot be offered online, it is important to place the lottery terminals in the most lucrative and frequented distribution outlets no matter whether they are Fortuna's own sites or not. Typically, lottery terminals are placed in tobacco shops, gas stations and small stores and also in Fortuna's own betting outlets. The key distributors for the lottery (online) are GECCO, Ahold, Citi-Tabák and Peal. Apart from the sale of Fortuna

Online betting accounted for **61%** of the Group's Gross Win from sports betting in 2015.

lottery games, terminals also offer mobile phone top-ups.

As of 31 December 2015, the Fortuna lottery operated 1,550 lottery terminals in the Czech Republic.

SCRATCH CARDS

Fortuna's highly successful scratch cards are on sale in selected Fortuna outlets and through a network of external resellers such as GECO, Peal, Ahold, Citi-tabák, Žabka, Traffic, JAS and Jednota. Apart

from the regular distribution via tobacco shops and groceries, the scratch cards are offered in Czech Post outlets and at railway stations.

5.5 / Customers

Most of Fortuna's customers are male. Only around 9% of the customers are women. In terms of age, the customers are more diversified. More than 70% of customers

are aged between 18 and 45 years. During 2015, Fortuna had 351,000 registered customers in the Czech Republic, 170,000 in Slovakia and 192,000 in Poland.

713,000 registered customers in 2015

5.6 / Brand licensing in 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 bet-

ting and gaming business. Apart from its solid macro-economic fundamentals and population of approximately 20 million inhabitants, the country also offers a recently implemented positive regulatory environment and a sustainable tax rate for sports betting and gaming.

5.7 / Marketing, Sponsorship and CSR

The strength and awareness of the "Fortuna" brand remains the key asset across all territories and provides a substantial competitive edge for attracting and main-

taining customers. However, because of strict regulations governing the advertising of betting in Poland, the development of marketing activities in this particular

market will necessarily be more gradual. The scale, form and content of the Group marketing will continue to vary from country to country.

The focus of Fortuna's sponsorship activities is football, the sport being the favourite discipline in terms of sports betting. Football clubs and competitions therefore offer natural partnership opportunities for Fortuna Entertainment Group.

In the Czech Republic, Fortuna sponsored both professional and amateur football clubs, namely SK Slavia Praha (general partner), AC Sparta Praha (betting partner) and Bohemians Praha 1905. Fortuna also sponsored ice hockey club HK Mountfield Hradec Králové. Fortuna was also the partner of the IIHF World Ice Hockey Championship hosted by the Czech Republic in 2015. For 2016, a new partnership with a Czech basketball club is planned.

Since the 2014/2015 season, Fortuna has been the titular sponsor of the Slovak football league (Fortuna Liga). In addition, Fortuna sponsors the Slovak tennis association. For 2016, Fortuna plans a partnership with the Slovak Basketball Association.

In Poland, Fortuna's sponsorship activities are mainly focused on football and basketball. Since 1 January 2014, Fortuna has been a main sponsor of Poland's Legia Warsaw football club; the deal is valid until the end of 2016. In addition, Fortuna supported the Cieszyn Street Run (<http://www.fortuna.bieguliczny.pl/>) and in 2015

initiated sponsoring of Cracovia Krakow football club.

Fortuna Entertainment Group is proud that it strives to maintain good relations with its customers. The importance it places on this saw the creation of the Fortuna Klub Plus loyalty scheme in 2008. This scheme currently has more than 140,000 active members within all the markets on which the Group operates. By becoming a member of this club, customers can obtain a whole range of perks, such as advantageous odds, gift items and discounts in partner shops and stores. In 2013, members of Fortuna Klub Plus were offered an opportunity to use collected points for a broader variety of benefits than they had enjoyed previously. The newly introduced benefit scheme includes free betting tickets, special bonuses for bets and risk-free betting. The scheme is arranged in such a way that all club members with a different number of points can find appealing benefits. As a result, the free betting ticket for collected points immediately became the second most favourite benefit after better odds and in terms of spent points it has even become the number one favourite. Some 80% of all the collected points were used for benefits which take the bettors back to the game.

Management believes that being a responsible member of the community

Football clubs and competitions offer natural partnership opportunities for Fortuna Entertainment Group.

can play a role in building customer loyalty and strengthening the corporate brand. The Group is therefore committed to its own corporate social responsibility programme. The Group undertakes charitable activities in the Czech Republic. In addition, Fortuna financially supports a number of local football clubs under the "Grant Project", organised to improve and cultivate the Czech football environment. Fortuna also supports disabled sportspersons and other disabled people in adapting and returning to life in society after suffering a debilitating injury. Moreover, Fortuna donates to selected support programmes for children in all the countries in which it operates.

5.8 / Environment and Legal

ENVIRONMENTAL ISSUES

Fortuna believes that environmental matters are not of material importance to the Group activities and its financial situation.

LEGAL AND ARBITRATION PROCEEDINGS

The Group is routinely involved in litigation, either as a plaintiff or defendant, in

various legal disputes arising in the ordinary course of business.

There were no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which FEG is aware) during the 12 months prior to the date of this Annual Report which may have, or have

had in the recent past, significant effects on the financial position or profitability of the Group.

True facts



20

17%

Average Annual Amounts
Staked Growth Rate

(since the IPO)

Customers across the industry are making the move from brick and mortar betting outlets to online wagering channels; in technology and profitability, Fortuna is spearheading the trend.

121%

Total Amounts
Staked growth

(since the IPO)

Fortuna has more than doubled its Amounts Staked since it was floated on the stock market. Other publicly traded companies on the Prague Stock Exchange have typically endured stagnating revenues.

For several years Fortuna Entertainment Group has shown unprecedented growth, exceeding that of any other company traded on the Prague Stock Exchange



94 mil
EUR

Total
net profit

(since the IPO)

446%

New registered
customers

(since the IPO)

The company's performance remains high with nearly 100 million EUR in net profit (since IPO), most of which was returned to shareholders.

In tandem with the ongoing migration of customers from betting outlets to online channels, the number of registered players is growing every year.

5.9 / Research & Development

INTELLECTUAL PROPERTY

The Group relies on the strength of its brands and the names and/or logos of its betting outlets, all of which are registered trademarks and are protected by local legislation applicable in the countries of operation.

The Group has 162 trademarks, including 113 trademarks registered in the Czech Republic, 16 trademarks registered in the Slovak Republic, 26 trademarks reg-

istered in Poland, 6 Community Trademarks and 1 international trademark. In addition, one trademark is co-owned by Fortuna services spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna and Fortuna Sp. z o.o., a company which is not a related party to Fortuna.

The Group has more than 100 registered internet domains, including "ifortuna.sk", "efortuna.pl", "ifortuna.cz",

"ifortuna.eu", and "fortunaloterie.cz". As the majority of Internet domains are owned by Fortuna GAME, under some intragroup agreements Fortuna GAME provides other Group Companies with the right to use certain of the Group's domain names.

As in previous years, the Group has not conducted any material research and development activities.

5.10 / 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" (innovate 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 market leading financial performance).

In order to achieve the vision and growth ambition the management of the Company believes it is important to have a clear strategic agenda for operationalization. Based upon this the Company has identified 10 Strategic Initiatives grouped into 3 blocks: "Operational Excellence" (6 Strategic Initiatives:

"Customer Acquisition & CRM", "Retail Channel", "Lottery", "Fortuna Brand", "Key Value Drivers System", "Cost Effectiveness", "Future Expansion" (3 Strategic Initiatives: "Regulation", "Online Sports Book Proposition", and "Online Gaming Proposition"), 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 internationalization;
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;

- Utilizing a competitive scalable multi-channel, multi-product, and multi-market platform
- Capitalizing 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.

5.11 / Human Resources

Most of the Group's employees work in the Group's betting outlets, with an average of slightly more than two employees per outlet, with one or two employees present per shift.

The table below provides information on the number of Group employees in particular categories as well as the total headcount of the Group as of 31 December 2015, 2014 and 2013:

	31 December 2015	31 December 2014	31 December 2013
Holding management	6	7	7
Headquarters	412	375	351
Betting outlet staff	1,993	2,103	2,165
Total number of employees	2,411	2,485	2,523

Source: the Company

The table below provides a breakdown of persons employed in the Group by geographical location as of 31 December 2015, 2014 and 2013:

	31 December 2015	31 December 2014	31 December 2013
Czech Republic	867	887	966
Poland	941	968	925
Slovakia	601	629	630
Other	2	2	2

Source: the Company

The Group recognises the importance of its staff in operating a stable and efficient business and providing a high level of cus-

tomers service. Accordingly, the Group strives to recruit, train, reward and retain the best personnel. The Group believes

that it offers an attractive employment package. In addition to offering training and other benefits, the size and diversity

of the Group's operations provide development and promotion opportunities for new employees.

Outlet employees' compensation is determined by a basic salary and performance-linked incentive bonuses. The variable (motivation) component of the wage is derived from the turnover of a particular betting outlet. Minimal revenues from betting that are to be reached in a month are specified for each betting outlet (an accepted amount without commissions). If the amount exceeds the specific limit, a certain amount is paid as a performance bonus for a betting outlet. This amount is proportionally divided among the employees according to the number of hours worked by them in the

particular month. Recently the Group introduced other bonuses based on the number of new members enlisted with Fortuna Klub Plus.

The compensation of bookmakers is a combination of fixed salary and variable components, while that of other back-office staff is mainly based on a fixed salary. Moreover, some employees receive annual bonuses which are related to the financial performance of the Group Company. The ongoing performance of the Group's staff is monitored and discussed at regular performance appraisals. While these appraisals are carried out at a local level by local managers, performance criteria are established in the Group's head office, and the Group carries out an audit

of performance reviews. The Group encourages teamwork and the sharing of knowledge and expertise.

There is one trade union at Fortuna PL. There are no other trade unions and committees registered in other companies of the Group.

The employees of Fortuna sázky and Fortuna GAME have their representatives on the supervisory boards of these companies.

As of the date of this Annual Report, the Group's employees do not have any shareholdings in FEG, with the exception of shares held by Group Management set out in note 8.3.

5.12 / Review of 2015

Fortuna, the leading Central European fixed-odds betting operator present on the markets of Poland, the Czech Republic and Slovakia, in 2015 recorded a Total Amounts Staked figure of EUR 847.7 million, 26.1% more than in 2014, according to the preliminary

Fortuna operates and despite the absence of major sporting events last year. The Amount Staked from lottery bets in 2015 totalled EUR 19.7 million, a 17.8% increase yoy, driven by growth in both the scratch card and numerical lottery segments.

crease yoy. Of this amount, the Gross Win from online betting in 2015 increased to EUR 84.7 million, a substantial gain of 26.4% over 2014. The Online betting expansion was supported by the popularity of "live betting", especially mobile. Moreover, online betting growth was accelerated by the scrapping of the online handling fee in Slovakia as well as by the start of prosecutions aimed at bettors playing with offshore operators in Poland.

The Gross Win from sports betting equalled **EUR 138.7 million**, marking a **10.9%** increase yoy.

The Gross Win from retail betting in 2015 amounted to EUR 54 million, a 7.0% decrease from the previous year. The Gross Win from lottery was EUR 8.7 million (+15.5% yoy), with growth seen in both scratch cards and numerical games.

unaudited financial results. The Amount Staked from sports betting reached EUR 828.0 million, 26.3% more than in 2014, on the back of a strong performance in all the countries where

In 2015, the total Gross Win reached EUR 147.4 million, an increase of 11.2% compared with 2014. The Gross Win from sports betting equalled EUR 138.7 million, marking a 10.9% in-

Selected financial indicators – FEG total

(EUR million)	FY 2014	FY 2015	% change
Amounts Staked	672.4	847.7	26.1%
– Sports betting	655.7	828.0	26.3%
– Lottery	16.7	19.7	17.8%
Gross Win	132.6	147.4	11.2%
– Sports betting	125.1	138.7	10.9%
– Lottery	7.5	8.7	15.5%
Revenues	96.9	102.8	6.0%
– Sports betting	91.0	95.7	5.2%
– Lottery	5.9	7.1	18.3%
EBITDA ¹	27.8 ¹	27.2	(2.1%)
– Sports betting ¹	27.4 ¹	26.3	(4.1%)
– Lottery	0.4	0.9	147.3%
Adjusted EBITDA ²	27.2 ²	27.2	0%
Operating Profit (EBIT)	23.4	22.6	(3.7%)
Net Profit for the Year	15.9	19.5	22.5%
Adjusted Net Profit for the Year ³	15.9	16.0 ³	0.01%

1 2014 adjusted by online account top-ups which were previously booked in the finance costs

2 Adjusted by a one-off VAT claim in Poland by EUR 0.6 million in 2014

3 Adjusted by deferred tax income from the Group reorganisation in Poland in 2015

REVENUES, OPEX, EBITDA

In 2015 the Company recorded total revenues in the amount of EUR 102.8 million, 6.0% more than in the previous year. Of which, revenue from sports betting was EUR 95.7 million, moving up 5.2% yoy. Revenues from lottery amounted to EUR 7.1 million in 2015, up 18.3% yoy.

Total operating costs in 2015 reached EUR 75.6 million, 9.3% more than in 2014. Staff costs went up 10.9% yoy to EUR 31.4 million due to management changes and higher bonuses. Staff costs in the sports betting segment increased by 10.4% yoy to EUR 30.4 million and in the lottery segment they increased by 26.2% to EUR 0.9 million. Governmental

taxes and levies after the reclassification last year are no longer recorded below Revenues. Other operating expenses (net) increased in 2015 by 8.2% to EUR 44.3 million, primarily in relation to higher turnover on online betting services, live streaming and live feed. Of which, sports betting Other operating expenses (net) amounted to EUR 39.1 million, up 8.3% yoy and lottery EUR 5.2 million, up 7.5%.

Total consolidated EBITDA recorded in 2015 was EUR 27.2 million, down 2.1% yoy. If adjusted by the one-off impact from a VAT claim in Poland which had an impact on 2014 EBITDA, the year-on-year change in the EBITDA would be zero. EBITDA from sports betting reached

EUR 26.3 million, 4.1% less than in the previous year. EBITDA from lottery was EUR 0.9 million, up 147.3% yoy.

In 2015 total depreciation increased 6.3% to EUR 4.6 million. Of this, depreciation related to the sports betting segment was EUR 3.8 million, up 4.1% yoy, and depreciation related to lottery was EUR 0.8 million, up 18.9% yoy. The year-on-year comparison was affected by the depreciation of lottery terminals which were acquired from Intralot in mid-2014.

EBIT AND NET PROFIT

In 2015 operating profit (EBIT) amounted to EUR 22.6 million, 3.7% less than in the previous year.

Net finance costs reached EUR 2.0 million in 2015 and declined 6.9% yoy (EUR 2.1 million in 2014). In 2015 the Company changed the reporting of the cost of fees for customer online account top-ups (iKONTO). Previously, the fees paid by the Company for the account top-ups were reported in the financial costs below operating profit. Currently, these costs are reported in the operating costs, as is the comparative number for 2014.

Total long-term and short-term indebtedness as of December 31, 2015 was EUR 35.7 million, 12.2% less compared with December 31, 2014. The Net Debt position as of December 31, 2015 was EUR 7.5 million, a 69.6% drop over the end 2014.

Income tax equalled EUR 1.1 million in 2015, 80.0% less than in 2014, as a result of the deferred tax income of EUR 3.5 million in Poland. The effective tax rate in 2015 was 5.2%. If adjusted by the deferred tax income in Poland, the effective tax rate would be 22.4%.

In 2015 the Company recorded a Net Profit for the period of EUR 19.5 million, 22.5% more than in the previous year. If adjusted by the deferred tax income in Poland, the Net Profit for the period would be EUR 16.0 million. The sports betting segment recorded a net profit of EUR 19.6 million, up 19.0% yoy, and the lottery segment ended with a net loss of EUR 0.1 million, an 82.6% improvement on 2014.

CAPEX and Investments

In 2015 total capital expenditures amounted to EUR 8.8 million, 184.4% more than during 2014 but below the indicated guidance since some of the expenditures will be spent during the first quarter of 2016. Higher capital expenditures resulted from investments in the new sports betting & gaming platform. The CAPEX to Revenues ratio in 2015 was 8.6%.

BREAKDOWN OF REVENUES BY COUNTRY

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

Selected financial results by country in 2015

(in EUR million)	CZ Sports betting	CZ lottery	Slovakia	Poland
Total Amounts Staked	462.1	19.7	259.9	105.8
Gross Win from betting	59.6	8.7	44.3	34.8
– of which: online	43.9	n/a	28.0	12.8
– of which: retail	15.7	n/a	16.3	22.0
Withholding tax paid	(11.9)	(1.7)	(15.3)	(12.7)
Other revenues	(1.2)	0.1	(1.1)	(0.8)
Revenues	46.5	7.1	27.9	21.3

Czech Republic Sports Betting

Czech Republic sports betting generated 54.5% of Total Amounts Staked for the Group in 2015. Total Amounts Staked in the Czech Republic reached EUR 462.1 million, 16.2% more than in 2014. The Gross Win from sports betting in the Czech Republic amounted to EUR 59.6 million in 2015, 7.7% more than in the previous year. Online betting contributed the most; the Gross Win from the online segment increased by 19.4% yoy and amounted to EUR 43.9 million. The Gross Win from retail betting in the Czech Republic declined 15.5% yoy and

totalled EUR 15.7 million. The 2015 revenue from sports betting in the Czech Republic was EUR 46.5 million, up 8.1% yoy.

Czech Republic Lottery

The Lottery segment in the Czech Republic delivered a 2.3% share of Total Amounts Staked. Amounts Staked from lottery in 2015 came to EUR 19.7 million, 17.8% more than in 2014. The Gross Win from lottery reached EUR 8.7 million, up 15.5% yoy. The 2015 revenue from Czech lottery amounted to EUR 7.1 million, an 18.3% increase compared with 2014.

Slovakia

The share of Slovakia in regard to Total Amounts Staked in 2015 represented 30.7%. Total Amounts Staked in Slovakia reached EUR 259.9 million, 55.0% more than in 2014, despite a 55% decline in the sports betting commission as a result of the abolishment of the online handling fee in February last year. The Gross Win in Slovakia amounted to EUR 44.3 million in 2015, 12.7% more than in the previous year. The Gross Win from online betting was EUR 28.0 million, 30.3% more than in 2014. The Gross Win from retail betting in Slovakia declined by 8.5% yoy and

totalled EUR 16.3 million. The 2015 revenue from sports betting in Slovakia was EUR 27.9 million, 2.8% less than in 2014.

Poland

Poland accounted for a 12.5% share of Total Amounts Staked in 2015. Total Amounts Staked in Poland reached EUR 105.8 million, a 20.8% increase on 2014. The Gross Win from betting in Poland increased by 14.5% yoy to EUR 34.8 million in 2014. Of which, on-

line business contributed EUR 12.8 million, up 46.3% yoy, and retail sports betting EUR 22.0 million, up 1.6% yoy. The 2015 revenue in Poland amounted to EUR 21.3 million, 10.6% more than in the previous year.

SPORT BETTING CHANNELS AND DISTRIBUTION NETWORK

The Group delivers its sports betting products to customers through retail betting outlets, and online/mobile. The

Group offers retail betting through outlets operating under its own brand name, and at counters and betting points of sales 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 jurisdiction.

Overview of the distribution network by country, December 31:

	2015	2014	% change
Betting Shops total	854	896	(4.7%)
Czech Republic	251	273	(8.1%)
Slovakia	206	221	(6.8%)
Poland	397	402	(1.2%)
Partner Shops total	678	694	(2.3%)
Czech Republic	382	407	(6.1%)
Slovakia	192	183	4.9%
Poland	104	104	0.0%
TOTAL RETAIL	1,532	1,590	(3.6%)

DIVIDEND POLICY AND DIVIDEND

Since 2015, the dividend policy of FEG has been under review due to planned investments in future growth opportunities, especially investments in 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 across 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 beyond 2017 going forward will be announced after the year-end of 2017.

2016 OUTLOOK AND GUIDANCE

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

In the Czech Republic, a change of taxation levied on betting and gaming came

into force on 1 January 2016 and it will in the final analysis result in an increase of the Gross Win tax both on the sports betting and lottery segment from the current 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.

In 2016, the Company expects that organic growth will continue to be primarily driven by online betting and should be temporarily boosted by the UEFA EURO 2016 football finals to be hosted by France. Moreover, the national teams from all three countries which Fortuna operates in (the Czech Republic, Slovakia and Poland) have qualified for the

The Company anticipates that the Total Amounts Staked could grow to **EUR 1,010 million** in 2016.

tournament; this should drive up betting volumes.

The Company anticipates that the Total Amounts Staked could grow to EUR 1,010 million in 2016, while EBITDA

could decline in a range between 10% to 15% due to the increase in the betting tax in the Czech Republic, the scrapping of the online handling fee in Slovakia and continuing investments in operational excellence and building scalability. The

investments made in the new sports betting & gaming platform should further drive CAPEX spending in 2016 and overall capital expenditures in the year are expected to reach between EUR 11-13 million.

5.13 / Material Subsequent Events

In February 2016, the Company convened an Extraordinary General Meeting of Shareholders of the Company (the "EGM") to be held at the registered office of the Company at the address Strawinskylaan 809 WTC T.A/L 8, 1077

XX AMSTERDAM, Amsterdam, The Netherlands, on 8 April 2016, starting 11:00 AM (CET). It was proposed to the General meeting that Mr. Iain Child be appointed a Member of the Supervisory Board in accordance with the articles of

association of the Company for a new term of office. This appointment would be effective as of 8 April 2016. Further information can be found in the EGM convening notice available on the Company's website.

6

Investor
Information**FORTUNA'S SHARES AND SHARE CAPITAL**

Shareholders as of 31 December 2015:

FORTBET HOLDINGS LIMITED, a subsidiary of Penta Investment Limited	67.26%
Templeton Asset Management	10.00%
Other free float	22.74%

Source: Company Data

On 21 October 2010, Fortuna successfully completed an Initial Public Offering ("IPO") of its shares with the issue price set at EUR 4.30 per share. In the IPO, a total number of 18,200,000 shares were offered by the selling shareholder Penta Investments Limited (including the over-allotment), including 2,000,000 newly-issued shares. The total volume of the offering equalled EUR 78.26 million based on the 18,200,000 shares. After the exercise of the over-allotment option, 34,975,330 shares remained with Penta; the rest were sold to institutional and retail investors. About 1% of the offering was allocated to retail.

The IPO was twice oversubscribed and the issue price was set at just under the upper end of the indicated price range. 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.

As of 31 December 2015, 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 per share. All of the shares are ordinary registered shares, are fully paid up and rank *pari passu* with each other; there is no other authorised class of share. All shares have been or will be issued under Dutch law. All shares have one vote and carry equal dividend rights.

The shares are traded on the Prague Stock Exchange under ISIN NL0009604859 BAAFOREG and on the Warsaw Stock Exchange under FEG. The shares of FEG since 20 December 2010 have been part of the PX index, which covers the shares of all major issuers on the Prague Stock Exchange.

SHARE PRICE DEVELOPMENT AND TRADING ACTIVITY IN 2015¹

During 2015, Fortuna shares were traded for a total value of CZK 899 million on the Prague Stock Exchange and for a total value of PLN 16.5 million on the Warsaw Stock Exchange. In 2015, the lowest trading prices of FEG shares during the year were CZK 56.4 and PLN 9.2 and the highest were CZK 131.7 and PLN 19.79 on the Prague and Warsaw Stock Exchanges, respectively.

The closing prices on 31 December 2015 were CZK 80.5 on the Prague Stock Exchange and PLN 11.9 on the Warsaw Stock Exchange and the market capitalisation of FEG came to CZK 4.2 billion (based on the Prague Stock Exchange quote).

¹ Source: Bloomberg and PSE

1. 1. 2015 – 31. 12. 2015**Prague Stock Exchange Share Price Development***Source: PSE***1. 1. 2015 – 31. 12. 2015****Warsaw Stock Exchange Share Price Development***Source: WSE*

CHANGES IN THE SHAREHOLDERS STRUCTURE IN 2015

The Company was informed that Templeton Asset Management Ltd., with its corporate seat in Singapore, as of 16 April 2015 held 5,200,841 shares in the Company, constituting 10.00% of the share capital and of the total voting rights attached to the shares issued by the Company. Before the purchase Templeton Asset Management Ltd. held 9.98% of the share capital.

During the financial year ending 31 December 2015, the Company did not receive any other notification from shareholders about an acquisition or change of a major holding in the share capital and the total voting rights attached to the shares issued by the Company.

The total stake held by the management of the Company as of 31 December 2015 was 0%.

DIVIDEND POLICY

The Board of Directors of Fortuna Entertainment Group N.V. decided at its meeting held on 2 April 2015 that the Company would not pay any dividend in 2015.

The dividend policy of FEG was under review due to planned investments in 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 across 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 beyond 2017 going forward will be announced after the year-end of 2017.

FORTUNA'S INVESTOR RELATIONS COMMITMENT

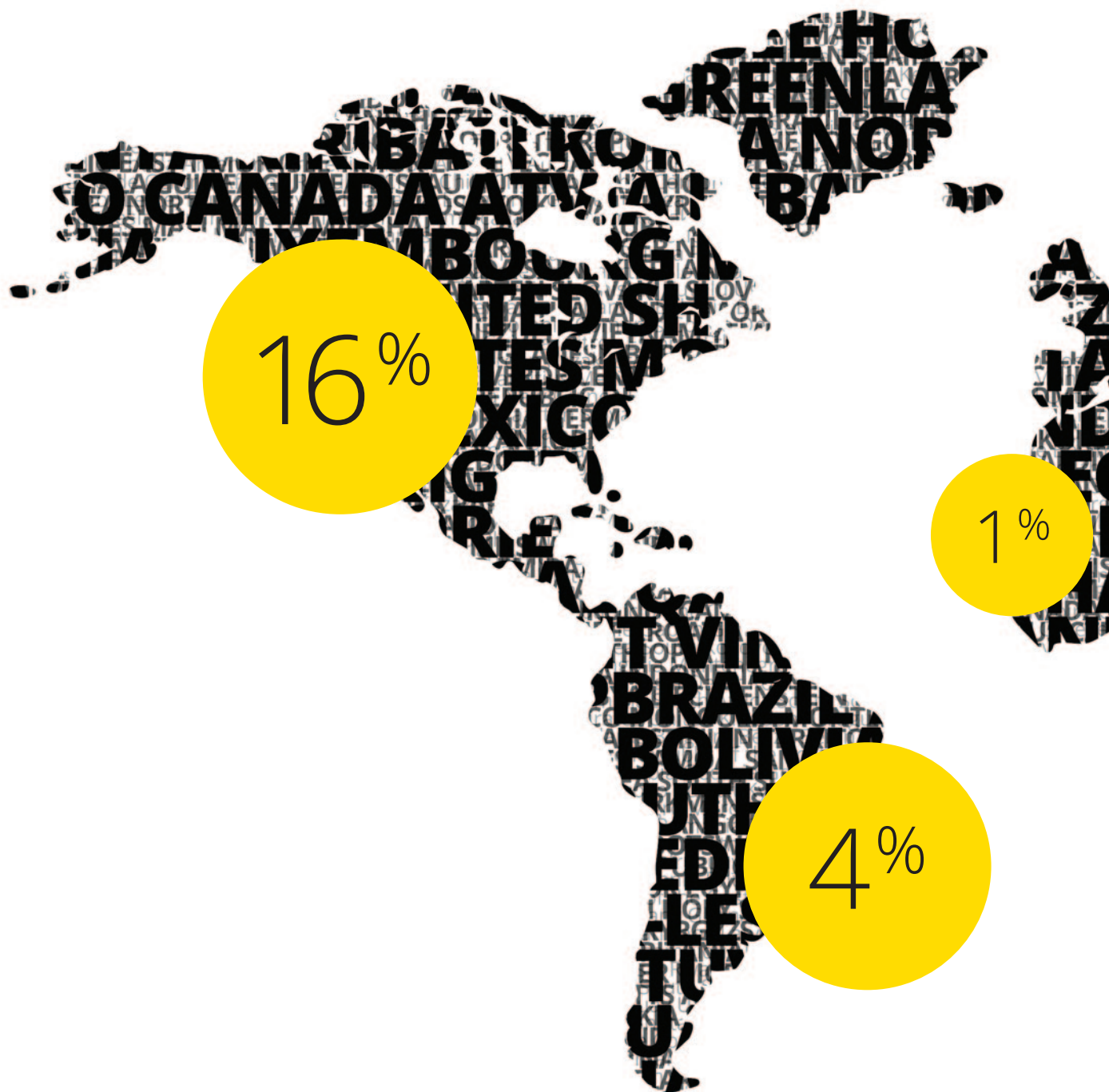
In the period since the IPO, Fortuna has focused on developing research coverage for the Company, developing relationships with analysts and setting up investor relations communications according to the best market standards. At present, the Company has 10 sell-side analysts, who publish research on the Company, and a number of other commenting analysts from both international investment banks and CEE-based financial institutions.

Fortuna is dedicated to open and proactive communication with its shareholders and has implemented a schedule of investor communications events, all of which is fully compliant with market standards for listed companies.

Financial Results Calendar for 2016

6 May 2016	Interim Management Statement for the Period Starting 1 January 2016
25 August 2016	Half Year Report 2016 incl. First Half 2016 Financial Results
3 November 2016	Interim Management Statement for the Period Starting 1 July 2016

World map



Europe remains centre-stage in global sports.

The best ice hockey and basketball players may head to their dream leagues in North America and sports betting in Asia may be experiencing rapid development, but it is Europe that is the key region where the worldwide betting industry is concerned. It lays on a wealth of professional (and properly transparent) sport-

Looking at data from LIVE betting, the map breaks down the amount of betting accepted by Fortuna on sporting events in each world region.

Some 62% of the bets relate to events held in Europe. It undoubtedly remains dominant with its elite national football

tennis tournaments. A 16% share of the betting relates to North America. The NHL, NBA and tennis finals are the driving factors there. A total of 14% of the bets are attributed to Asia, 4% to Latin America, 3% to Oceania and 1% to Africa.

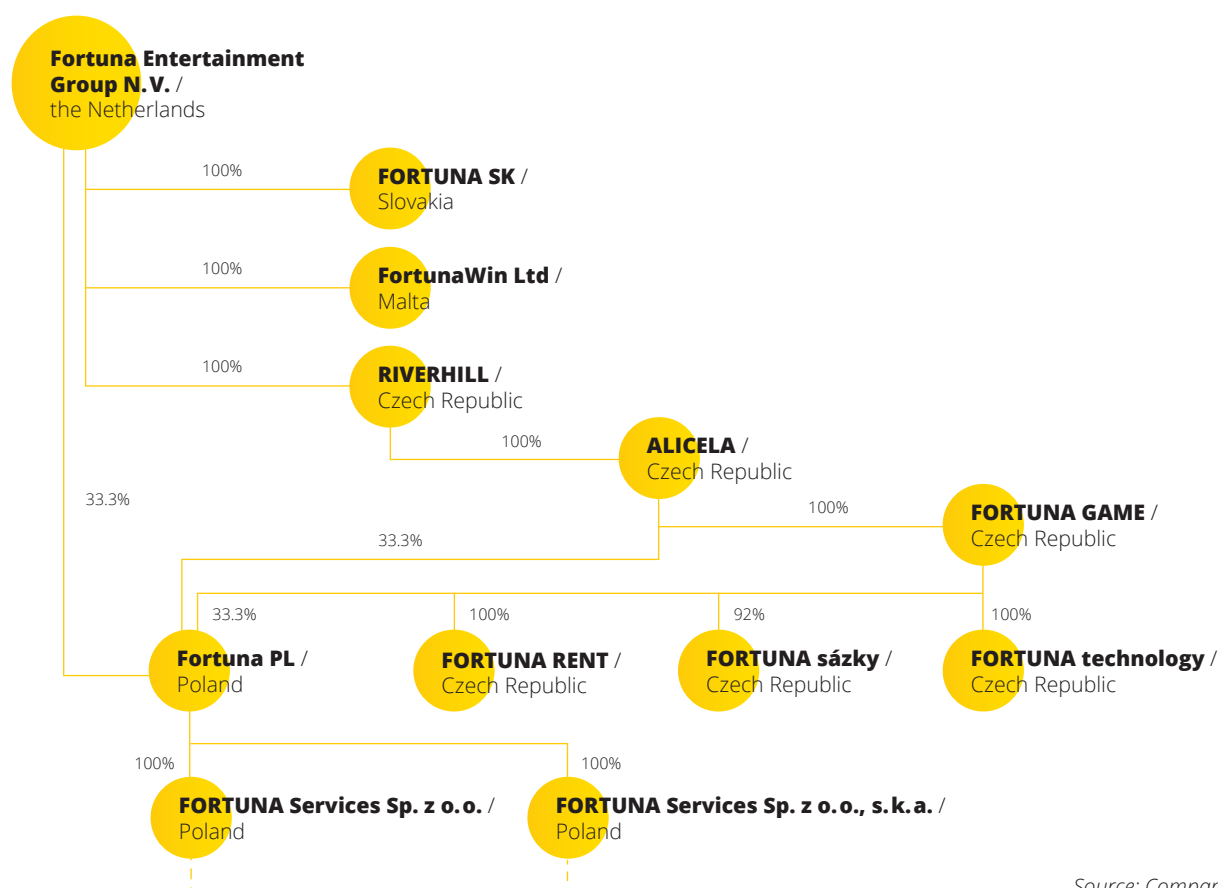


7

Corporate Governance

7.1 / Organisational Structure

The diagram below presents the current structure of the Group as of 31 December 2015:



Riverhill and Alicela are holding companies whose sole activity is holding interests in operational Czech companies. This structure results from Czech regulations that do not allow foreign entities or entities, the direct parent entity of which is a foreign entity, to hold interests in a Czech betting company. Similarly, a shareholder of a Polish betting company may not hold more than one-third of the share capital. Therefore, FEG, Fortuna GAME and Alicela hold shares in Fortuna PL.

CHANGES TO THE ORGANISATIONAL STRUCTURE

In Poland, two new companies were acquired (FORTUNA Services Sp. z o.o. and FORTUNA Services Sp. z o.o., s.k.a.). Part of the operations in Poland were transferred to these entities in order to improve the management of trademarks and increase their recognition within Poland.

There were no other changes to the organisational structure in 2015.

INFORMATION ON SIGNIFICANT SUBSIDIARIES

FORTUNA GAME a.s. was incorporated on 3 October 1991 in Prague as a joint stock company under Czech law. In 2005, all shares in the company were acquired by ALICELA a.s. In 2009, as a result of the transfer of part of the operations of FORTUNA sázková kancelář a.s., the company started to offer sports betting in accordance with a licence issued on 19 May 2009, valid until 2019. At the end of December 2011, assets and operations related to the sports betting business were transferred from FORTUNA sázková kancelář a.s. to FORTUNA GAME a.s. Effective

1 January 2013, a part of the company FORTUNA GAME a.s. which related to numerical and instant lottery games in the Czech Republic as well as pre-paid mobile top-ups, was contributed to the company FORTUNA sázky a.s., a 100% subsidiary of FORTUNA GAME a.s.

FORTUNA sázky a.s. was incorporated on 15 January 2009 in Prague as a joint stock company under Czech law as a 100% subsidiary of FORTUNA sázková kancelář a.s. As of 27 April 2012 it became a 100% subsidiary of FORTUNA GAME a.s. FORTUNA sázky a.s. was a dormant company until 31 December 2012. Effective 1 January 2013, a part of the company FORTUNA GAME a.s. which related to numerical and instant lottery games in the Czech Republic as well as pre-paid mobile top-ups, was contributed to the company FORTUNA sázky a.s., a 100% subsidiary of FORTUNA GAME a.s.

Fortuna SK was incorporated on 25 April 1991 in Bratislava as a joint stock company under Slovak law. It was established as T E R N O, a.s. by Fortuna SazKan and two private persons. In 2005, all the shares in Fortuna SK were acquired by Penta First Fund Limited. In the same year, all the shares were transferred to Penta. In 2006, the company was renamed Fortuna SK. FEG acquired 100% of all shares in Fortuna SK in January 2010. Currently, Fortuna SK offers fixed-odds betting (both land and online) under a licence issued in 2015, valid until 2020. As of 1 May 2013, Mr. Marek Biely was appointed as the CEO of Fortuna Slovakia and Chairman of the Management Board of Fortuna SK. He replaced Milan Alakša as the regional (Slovakia) head.

Fortuna PL was founded in 1995 as a limited liability company under Polish law. In 2005, all shares were sold to Penta Investments Limited (an entity that subsequently changed its name to Penta First Fund Limited), Lunga Enterprises Limited and Massarosa Holdings Limited (the last two entities being special purpose vehicles in the Penta Group). In 2006, the stake owned by Penta First Fund Limited was transferred on to Penta Investments Limited. In 2007, the name of the company was changed from Profesjonal to Fortuna PL. From its very beginnings, the company operated in the betting sector. The current operations are conducted in accordance with a number of betting permits issued for particular outlets during the years 2005-2009 set to expire during the years 2011-2015. In November 2009, Fortuna PL obtained permission for a virtual horse racing organisation for six years. FEG acquired one-third (33.3%) of the shares in Fortuna PL in May 2010. The remaining shares were purchased by Fortuna SazKan, later Fortuna Loterie (33.3%) and Fortuna GAME (33.3%). A one-third interest in Fortuna PL, which was originally owned by Fortuna Loterie a.s., was transferred to the company ALICELA a.s.

FORTUNA technology s.r.o. (formerly DRAPIA s.r.o. and Intralot Czech s.r.o.) was founded in 2011 in Prague as a limited liability company under Czech law. It provided terminal software for FORTUNA sázky a.s. In July 2014 the company was acquired by Fortuna GAME and in August 2014 it was renamed FORTUNA technology s.r.o.

7.2 / The Management

FEG has a two-tier board structure consisting of the Management Board (raad van bestuur) and the Supervisory Board (raad van commissarissen).

MANAGEMENT BOARD

A member of the Management Board is appointed for a maximum period of four years and may be reappointed. The Articles of Association do not include any nomination rights in connection with the appointment of members of the Management Board. The General Meeting may

suspend or dismiss Management Board members at any time. The Supervisory Board may also suspend Management Board members at any time, for a maximum period of up to three months. The suspension may be revoked at any time by a majority vote of the General Meeting.

Under the Articles of Association, all resolutions of the Management Board must be adopted with an absolute majority of the votes cast. The Supervisory Board may resolve that specific actions of the Man-

agement Board must be approved by the Supervisory Board. The actions of the Management Board that are subject to this veto right by the Supervisory Board must be clearly specified and communicated to the Management Board in writing.

As of 31 December 2015, the Management Board was composed of three members. The table below sets out the names, positions, election date, and terms of office of the current members of the Management Board:

Name	Position	Office Term in 2015	Expiration of the office term
Per Widerström	Chairman of the Management Board	1 January 2015 – 31 December 2015	1 December 2018
Janka Galáčová	Member of the Management Board	1 January 2015 – 31 December 2015	at the General Meeting in 2018
Richard van Bruchem	Member of the Management Board	1 January 2015 – 31 December 2015	at the General Meeting in 2018

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.

Brief biographical and professional details concerning the Company's directors are set out below:

Per Widerström

Per Widerström (49) became a member of the Management Board of FEG and Chairman of the FEG Management Board in December 2014. He joined Fortuna from Gala Coral Group (where he served as Managing Director of Gala Interactive), one of the leading European multi-channel betting and gaming groups. Per Widerström has a strong track record and international experi-

ence in successfully managing companies in the sport betting and gaming sector, FMCG and telecommunications. Apart from Gala Coral Group where he managed the Gala Interactive business as Managing Director, he successfully led international online betting and gaming company Expekt.com as CEO, held senior group executive positions at global online betting and gaming group BWIN.PARTY and served as the group COO at PartyGaming. He has also built up lengthy experience of the CEE market. While working for Expekt.com, BWIN.PARTY, PartyGaming and Telenor he managed activities in countries including Ukraine, Poland, the Czech Republic, Slovakia, Slovenia and the Baltic States. Per Widerström graduated from the London School of Economics and Gothenburg School of Economics in the

fields of finance, business administration and international accounting.

Richard van Bruchem

Richard van Bruchem (50) has been a member of the FEG Management Board since September 2010. He has broad experience in accounting and management gained through his work in key positions in numerous companies since the late 1980s. Richard van Bruchem's recent track record includes his work as a financial director at, inter alia, ING Management B.V. and Orange-field Trust B.V., and at Avis Business Services B.V., where he has been a member of the Management Board since 2009 to 2012. Richard van Bruchem holds bachelor degrees in Business Administration from Amsterdam's Hogeschool Markus Verbeek and Business Economics from

Breda's Hogeschool Brabant and a master's degree in Accounting and Controlling from Nyenrode Business University in Breukelen. He has also obtained an Executive Programme in Strategic Management certificate from the RSM Erasmus University of Rotterdam.

Janka Galáčová

Janka Galáčová (37) was appointed to FEG's Management Board in September 2010. She has worked as an accountant for consulting companies, including the Dutch branches of Deloitte and Touche, Ernst & Young and Finsens.

Between 2006 and 2010, Janka Galáčová was Senior Business Consultant at Atos Consulting in Utrecht. In February 2010 she founded her own company, ChanceOn Interim, based in Zwaag.

The following table sets out past and current directorships held by FEG's Management Board in the past five years:

Per Widerström	Richard van Bruchem
<p>PAST DIRECTORSHIPS:</p> <ul style="list-style-type: none"> ● PGB Limited – member of the Management Board (2010-2011) ● EZE International Limited – member of the Management Board (2010-2011) ● PB (Italia) Srl – member of the Management Board (2010-2011) ● ElectraWorks (France) SAS – member of the Management Board (2010-2011) ● WPT Enterprises, Inc – member of the Management Board (2010-2011) ● Paytech International Limited – member of the Management Board (2010-2011) ● ElectraWorks Limited – member of the Management Board (2010-2011) ● PKR Services Limited – member of the Management Board (2010-2011) ● Party InterVentures Limited – member of the Management Board (2010-2011) ● iGlobalMedia Marketing (Gibraltar) Limited – member of the Management Board (2010-2011) ● Gala Interactive Gibraltar Ltd – member of the Management Board (2011-2014) ● Gala Coral Interactive Gibraltar Ltd – member of the Management Board (2011-2014) ● FORTUNA GAME a.s. – chairman of the Supervisory Board (2014) <p>CURRENT DIRECTORSHIPS:</p> <ul style="list-style-type: none"> ● FORTUNA GAME a.s. – member of the Management Board (since 2014) ● RIVERHILL a.s. – chairman of the Supervisory Board (since 2014) ● Fortuna Entertainment Group N.V. – chairman of the Management Board (since 2014) ● FORTUNA SK, a.s. – member of the Supervisory Board (since 2014) 	<p>PAST DIRECTORSHIPS:</p> <ul style="list-style-type: none"> ● MBB Project 34 B.V. – member of the Management Board (2010-2011) ● Servadou Holding B.V. – member of the Management Board (2010-2011) ● R2a Holding B.V. – member of the Management Board (2010-2011) ● Trust Company Amsterdam B.V. – member of the Management Board (2010-2011) ● BPO Solutions B.V. – member of the Management Board (2008-2011) ● Panorama Equity Investments B.V. (formerly Avis Corporate Services B.V.) – member of the Management Board (2009-2011) ● R2 Holding B.V. – member of the Management Board (2008-2012) ● Avis Holding B.V. – member of the Management Board (2009-2012) ● Avis Trust Group B.V. – member of the Management Board (2009-2012) <p>CURRENT DIRECTORSHIPS:</p> <ul style="list-style-type: none"> ● The Bookkeeper B.V. – member of the Management Board (since 2008) ● Stichting Kunstbezit's-Graveland – member of the Management Board (since 2008) ● Avis Business Services B.V. – member of the Management Board (since 2009) ● Stichting Vrienden Medische Missiezusters (since 2014) ● Fortuna Entertainment Group N.V. – member of the Management Board (since 2010) ● Orange Corporate Heritage – member of the Management Board (since 2016)
<p>Janka Galáčová</p> <p>No other directorships.</p>	

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 as stipulated in this act affect Fortuna Entertainment Group N.V. One rule 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 of its management board are taken by women and that at least 30% are taken by men, to the extent that the seats are occupied by natural persons. On the balance sheet as of 31 December 2015 and after the balance sheet date, more than 30% of the seats of the Management Board of Fortuna Entertainment Group N.V. were held by a female representative (Janka Galáčová), while the rest were held by

male representatives; therefore, the rule was complied with.

Changes to the Management Board in 2015

There were no changes to the Management Board during 2015.

SUPERVISORY BOARD

A member of the Supervisory Board is appointed for a maximum period of four years. After holding office for four years, supervisory board directors are eligible for re-election only twice for a full period of four years. The Articles of Association do not include any nomination rights in connection with the appointment of members of the Supervisory Board. The General Meeting may suspend or dismiss Supervisory Board members at any time.

The Supervisory Board must have at least three members. The exact number of members of the Supervisory Board is

determined by the General Meeting. The Supervisory Board will appoint a Chairperson, and may appoint a Vice Chairperson, from amongst its members. The General Meeting may at any time suspend or dismiss Supervisory Board members. The Articles of Association provide that the terms of office of the Supervisory Board members will expire periodically in accordance with a rotation plan drawn up by the Supervisory Board. Under the Articles of Association, the Supervisory Board can only adopt resolutions with an absolute majority of the entire number of members of the Supervisory Board. Each member of the Supervisory Board is entitled to one vote.

As of 31 December 2015, the Supervisory Board was composed of three members. The table below sets out the names, positions, date of election, and terms of office of the current members of the Supervisory Board:

Name	Position	Office Term in 2015	Expiration of the office term
Michal Horáček	Member of the Supervisory Board	1 January 2015 – 31 December 2015	at the General Meeting in 2018
Marek Šmrha	Member of the Supervisory Board	28 May 2015 – 31 December 2015	at the General Meeting in 2019
Marek Rendek	Member of the Supervisory Board	1 January 2015 – 28 May 2015	
Václav Brož	Chairman of the Supervisory Board	1 January 2015 – 3 April 2015	

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.

Michal Horáček

Michal Horáček (63) has been a member of the Supervisory Board since September 2010. He started to work with the Group as Chairman of the FORTUNA sázková kancelář a.s. management board. He held this position from 1990 to 2004. Subsequently, he held various lecturing positions at Charles University in Prague and Masaryk University in Brno and regularly contributed to

the Czech daily business newspaper *Hospodářské noviny*. He is an owner of KUDYKAM, s.r.o. and for nine years he was a member of the Supervisory Board of Knihovna Václava Havla, o.p.s. (Václav Havel Library). Michal Horáček holds a Ph.D. degree in social anthropology from the Faculty of Humanities, Charles University, Prague and he also graduated in American Studies at Macalester College, St Paul, Minnesota, USA. He is a Czech national.

Marek Šmrha

He has worked for the Penta Group since 2011 as an investment analyst in the Buy-out division. Currently he is

responsible for evaluating investment opportunities and managing the acquisition processes. Marek Šmrha (30) was previously elected a member of the Supervisory Board in May 2013 and served until March 2014. In May 2015, he was elected again as a Supervisory Board Member. He graduated from the Manchester Business School in 2009 and London Business School in 2010. He is a Czech national.

Marek Rendek

Marek Rendek (38) was a member of the Supervisory Board from May 2011 until May 2015. He has worked for the Penta Group since 2002, starting as a finan-

cial manager assistant, and becoming a senior treasurer. Currently, as Managing Director of the Dutch Branch of Penta Investments Limited, located in Amsterdam, he is responsible for the day to day management of the branch and Penta holding companies allocated to the Netherlands. Marek Rendek graduated from the Technical University in Košice in 2001, majoring in banking, fi-

nance and investment. He is a Slovak national.

Changes to the Supervisory Board in 2015

Effective as of 3 April 2015, Václav Brož resigned from his position as Chairman and member of the Supervisory Board of the Company.

The General Meeting decided to appoint Marek Šmrha as a new Member of the Supervisory Board, effective as of 28 May 2015. Marek Šmrha was appointed as a member of the audit committee by the Supervisory Board. Marek Rendek's membership of the Supervisory Board was terminated at the General Meeting on 28 May 2015.

The following table sets out the past and current directorships held by FEG's Supervisory Board in the past five years:

Michal Horáček	Marek Šmrha
PAST DIRECTORSHIPS:	PAST DIRECTORSHIPS:
<ul style="list-style-type: none"> SIAM PRAHA spol. s.r.o. – executive (1999-2013) Knihovna Václava Havla, o.p.s. – member of the Supervisory Board (2006-2015) 	<ul style="list-style-type: none"> PetCenter Slovakia s.r.o. – Executive Director (2013-2014)
CURRENT DIRECTORSHIPS:	CURRENT DIRECTORSHIPS:
<ul style="list-style-type: none"> KUDYKAM, s.r.o. – executive (since 2008) “Nadační fond na realizaci objektu k poctě Jaroslava Seiferta, nositele Nobelovy ceny” – member of the Board of Directors (since 2015) 	<ul style="list-style-type: none"> Current directorships: Fortbet Funding s.r.o. – Executive Director (since 2013)

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. The new rules and regulations stipulated in this act 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 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. On the balance sheet as of 31 December 2015 and after the balance sheet date, there were no females on the Supervisory Board of Fortuna Entertainment Group N.V. and all of the seats were held by male representatives.

In the future, the Company does not rule out appointing females to achieve a balanced distribution of seats.

Václav Brož, Marek Rendek and Marek Šmrha are associated with Penta Investments Limited and FORTBET HOLDINGS LIMITED. Václav Brož and Marek Rendek hold management posts within the organisational structure of Penta Investments Limited, have access to inside information related to Penta Investments Limited and are authorised to make decisions concerning the development of Penta Investments Limited. Václav Brož is Chairman of the Supervisory Board of Fortuna Entertainment Group N.V., and Marek Rendek and Marek Šmrha have been members of the Supervisory Board of Fortuna Entertainment Group N.V. Václav Brož, Marek Rendek and Marek Šmrha receive benefits from the operations of FORTBET HOLDINGS LIMITED, or their interests are equiva-

lent to the interests of FORTBET HOLDINGS LIMITED.

Therefore, due to the fact that the interests of the Group are not always in line with the interests of Penta, a conflict of interest may occur from time to time. Other members of the Management Board and the Supervisory Board have no conflicts of interests with respect to their duties to FEG and their private interests and/or other duties.

As of the date of this Annual Report, except as stated above, none of the members of the Management Board or Supervisory Board has in the previous five years (i) been convicted of any offences relating to fraud, (ii) held an executive function at any company at a time of, or immediately preceding, any bankruptcy, receivership or liquidation (iii) been subject to any official public penalties by any statutory or regulatory authority (includ-

ing any designated professional body) or (iv) been the subject of any public prosecution or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or performance of the affairs of any company.

All members of the Management Board and the Supervisory Board provide their services pursuant to letters of appointment/service agreements. These contracts are established for an initial period of 4 years but may be terminated earlier in accordance with provisions included therein and relevant regulations. The members of the Management Board have further agreed not to accept any appointment which might involve a conflict of interest without prior written consent of the Supervisory Board. For the term of their appointments, members of the Management Board have also agreed to refrain from undertaking, holding or accepting any appointments,

COMMITTEES

As of the date of this Annual Report, the Supervisory Board has established, from among its members, the Audit Committee. The role and responsibilities of the Audit Committee, as well as its composition and the manner in which it operates and discharges its duties, are set out in regulations for the Audit Committee, as drawn up by the Supervisory Board. The members of the Audit Committee are currently Michal Horáček and Marek Šmrha. Marek Šmrha, Chairman of the Supervisory Board, currently acts as Chairman of the Audit Committee. The Company believes that it is in the best interest of the Company and the Group to maintain Marek Šmrha as Chairman of the Audit Committee due to his extensive financial knowledge of the Group. The Company believes that Marek Šmrha meets the description of a financial expert as outlined in the Dutch Corporate Governance Code and the Dutch Act on the Supervision of Audit Organisations.

The members of the Audit Committee are currently Michal Horáček and Marek Šmrha.

sidelines or additional posts at other listed companies which are competitors to the FEG or the Group Companies without the prior written consent of the Supervisory Board. The members of the Supervisory Board have further agreed not to accept any appointment which might involve a conflict of interest without the prior written consent of the Supervisory Board and to refrain from undertaking or holding any sidelines or additional posts at other listed companies without the prior written consent of FEG. They have also undertaken not to disclose any confidential information received in connection with, or related to, FEG or Group Companies, their business and affairs.

The Audit Committee meets as often as one or more members of the Audit Committee deems necessary, but in any event meets at least once a year with FEG's external auditor, without the presence of the Management Board.

The governance structure of FEG is currently being developed and the Company does not exclude the establishment of additional committees.

CHANGES IN THE KEY MANAGEMENT DURING 2015

In July 2015, Michal Hanák was appointed as the Group Chief Sportsbook Officer. Mr. Hanák, who worked for the Company between 1996 and 2012, joined from the

sports betting operator Niké, where he worked as a Director of Strategy. Ondřej Vích left Fortuna as of 31 August 2015 for personal reasons. Mr. Hanák has more than 20 years of experience in book-making, sports betting management and product development. Apart from serving at Fortuna and Niké, he has also previously worked for betting operators Pari, Tip-sport, PSK (Croatia) and Milenium (Poland).

Marek Biely resigned from the position of General Manager of Fortuna SK (a subsidiary of Fortuna Entertainment Group) and was replaced by Andrej Sokol, current CFO of Fortuna SK.

GENERAL MEETING

FEG, as a Dutch company, must hold at least one Annual General Meeting of shareholders. It must be held in the Netherlands no later than 6 months after the end of the financial year. The Annual General Meeting is, among other things, entitled to discuss the annual report of the Management Board with respect to the general state of affairs of FEG, approve the financial statements for the previous financial year, vote on whether to grant a discharge to members of FEG's corporate bodies, and/or appoint members to fill any vacancies on any of the corporate bodies. Notices of meetings of shareholders must be published on Fortuna's website and, in accordance with the applicable regulations in the Czech Republic and in Poland, at least forty two (42) days before the day of the meeting. The Management Board, acting with the approval of the Supervisory Board, determines the items on the agenda for the General Meeting. In addition, any shareholders holding more than 1% of the issued and outstanding shares, or any shareholders who hold shares having a value of EUR 50 million or more, may submit proposals for inclusion on the agenda of any General Meeting. The proposal must be included on the agenda, provided that FEG receives such proposals no later than 60 days before the General Meeting.

An Extraordinary General Meeting may be convened, whenever FEG's interests

The Company's dividend policy is under review until 2017 due to the planned investments in future growth opportunities, especially investments into a new IT platform.

so require, by the Management or Supervisory Board. A single shareholder, or shareholders representing in aggregate at least 10% of the issued and outstanding share capital, may also call an Extraordinary General Meeting with an agenda to be determined by the shareholders calling the meeting. Under Dutch law, valid shareholders' resolutions may be taken in a meeting outside the Netherlands, provided that the entire issued share capital is represented at such a meeting.

Shareholders may participate in the General Meeting and exercise their voting rights personally or by proxy. Each share in the capital of FEG confers the right to cast one vote, subject to the relevant provisions of the Articles of Association, subject to and with due observance of the relevant provisions of the Articles of Association regarding the acquisition of one's own shares. Each holder of shares, and every other party entitled to attend the General Meeting who derive their rights from such shares, is entitled to attend the General Meeting in person, or to be represented by a person holding a written proxy permitting them to address the General Meeting and, in as far as the given voting rights are concerned, to vote at the meeting, if the shareholder has lodged documentary evidence of the voting rights. For this purpose, Dutch law prescribes a mandatory record date to establish which shareholders are entitled to attend and vote at the General Meeting. Such a record date is fixed at the 28th day before the said General Meeting. The convocation to the General Meeting shall state

the record date, the place where the General Meeting shall be held and the manner in which the registration shall take place.

Unless provided otherwise in the Articles of Association or the law, all resolutions are adopted with an absolute majority of votes. FEG must record the voting results for each resolution adopted at the General Meeting. These results must be posted on Fortuna's website no later than on the 15th day following the day of the General Meeting and should be available on the website for at least one year. Detailed information regarding the participation and voting at General Meetings will be included in the notice of the General Meeting published in accordance with relevant regulations in the Netherlands, Poland and the Czech Republic.

ANNUAL GENERAL MEETING OF 28 MAY 2015

The Annual General Meeting of shareholders of Fortuna Entertainment Group N.V. was held on 28 May 2015 in Amsterdam. It was attended by shareholders who together held 80.23% 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 2014 as drawn up by the Management Board and as approved by the Supervisory Board. The annual accounts for the 2014 financial year were prepared in accordance with

International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with Title 9, Book 2 of the Dutch Civil Code 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 in 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 across Central & Eastern Europe. These investments will strengthen the Company's current position as the leading Central European licensed sports betting operator. They will also support Fortuna Group in its ambition to become the undisputed leader in the regulated Central & Eastern European sports betting & gaming sector with the most trusted and exciting multi-channel 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 2014 and that 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 2015.

The General Meeting granted full discharge to each of the members of the Management Board for the performance of their management during the 2014 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 2014 financial year.

The General Meeting appointed Mr. Marek Šmrha as a Member of the Supervisory Board in accordance with the articles of association of the Company for a new term of office. This appointment was effective as of 28 May 2015.

The General Meeting adopted an approval of the pledge agreements concluded with Česká spořitelna, a.s. Due to reasons related to Polish law, some of the pledge agreements concluded in 2013 between Fortuna entities and Česká spořitelna, a.s. could not become effective. The Company and Česká spořitelna, a.s. concluded three new agreements replacing the agreements in question. All the specified agreements are available for review at the Company's offices at Strawinskylaan 809, 1077 XX Amsterdam, The Netherlands.

The General Meeting renewed the authorisation for the Management Board, subject to the approval of the Supervisory Board, for a period of 18 months as of 28 May 2015 to purchase fully paid-up shares in the Company's own capital on the stock exchange or otherwise for an economic consideration and to alienate shares in the Company's own capital, which shares were repurchased

by the Company whether before or after 28 May 2015, 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 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 Company's issued share capital through the cancellation of shares repurchased by the Company during the period of 18 months, starting from May 28, 2015, pursuant to the authorisations to purchase shares in the Company's own capital, as outlined under agenda item 11, or otherwise.

Pursuant to article 10 of the Company's Articles of Association, the General Meeting may resolve to reduce the is-

sued 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.

AMENDMENT OF ARTICLES OF ASSOCIATION

The General Meeting may resolve to amend the Articles of Association upon a proposal of the Board of Directors, if the proposal has been approved by the Supervisory Board. Such a resolution shall be taken by an absolute majority of votes cast. If a proposal to amend the Articles of Association is to be submitted to the General Meeting, the convening notice must state this fact. At the same time, if the proposal is for an amendment to the Articles of Association, a copy of the motion containing a verbatim text of the proposed amendment must be deposited at the Company's office for inspection by the shareholders and depositary receipt holders until the meeting is adjourned.

7.3 / Remuneration

REMUNERATION OF THE MANAGEMENT BOARD

The remuneration of the members of the Management Board is determined by the Supervisory Board, in accordance with the remuneration policy adopted by the General Meeting. The members of the Management Board are not granted any pensions, retirement or similar benefits by FEG or the Group Companies.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is determined by the General Meeting, in accordance with the remuneration policy. The members of the Supervisory Board are not granted any pensions, retirement or similar benefits by FEG or the Group Companies.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of Senior Management is paid by Group Companies. It is divided into a fixed component and a variable component (bonus). A specific business plan is determined for each region and/or for Fortuna Group (as a whole or any part thereof) before the respective financial year and includes revenues, gross

profit and EBITDA or the Gross Win. The variable part is a percentage of the total remuneration and is due when the business plan is fulfilled to the proportion of at least 80% or 90%. Bonuses are paid in

cash after the confirmation of the annual results by the auditor. The members of Senior Management are not granted any pensions, retirement or similar benefits by FEG or the Group Companies.

The table below presents total remuneration expenses for the financial year ending 31 December 2015:

EUR thousands		REMUNERATION (2015)				TOTAL
		Fortuna Entertainment Group N. V.		Other Group Companies		
		Pecuniary Income	Received in kind	Pecuniary Income	Received in kind	
Members of the Management Board	Board Remuneration	23	–	–	–	23
	Salaries and other similar income	–	–	538	–	538
	Management Bonus	–	–	440	–	440
	Long-term incentive plan	–	–	1,078	–	1,078
	Other (compensation)	–	–	–	–	-
	TOTAL	23	–	2,056	–	2,079
Members of the Supervisory Board	Board Remuneration	–	–	–	–	–
	Salaries and other similar income	–	–	–	–	–
	Management Bonus	–	–	–	–	–
	TOTAL	–	–	–	–	–
Management of the Group Companies ¹	Salaries and other similar income	–	–	910	–	910
	Management Bonus	–	–	376	–	376
	Long-term incentive plan	–	–	471	–	471
	Board Remuneration (incl. Supervisory board)	–	–	–	–	–
	TOTAL	–	–	1,757	–	1,757
TOTAL		23	–	3,813	–	3,836

¹ In compliance with the definition of “persons discharging managerial responsibilities within an issuer” according to Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse) and Commission Directive 2004/72/EC of 29 April 2004 implementing Directive 2003/6/EC.

The management of the Group Companies is allowed to use a company car for personal purposes.

STOCK OPTION PLAN

In the course of 2015 the Company did not have any valid stock option plan and

no stock option plan was adopted during the year.

INFORMATION ON SHARES HELD BY THE MANAGEMENT

As of 31 December 2015, Directors and Members of the Management Board did

not hold any shares or stock options issued by the Company.

As of 31 December 2015, Directors and Members of the Supervisory Board did not hold any shares or stock options issued by the Company.

Key sports

The preferences of sports fans and betting firm customers are completely different across the various markets

In Central Europe, sports betting rests on three main pillars: football, ice hockey and tennis. Like all regions – and indeed countries – it has its very specific characteristics. What's more, betting patterns can be greatly influenced by instances of success enjoyed by a nation's athletes and teams.

Let's take some concrete examples. Poland has a big tradition of dirt track rac-

ing, while sports fans also remember the wave of interest generated in ski jumping thanks to world champion Adam Malysz. Great Britain maintains its tradition of horse racing, while in the United States bets are very much piled on basketball.

In Central Europe, meanwhile, rugby is still regarded as something of an odd affair. But that's of little concern to the half a dozen countries who traditionally

battle it out for The Rugby Championship. In the UK, meanwhile, the IIHF Ice Hockey World Championships – another sport event with six powerhouses contesting the prize, but more extensive in its global fan reach – get hardly a mention, despite the terrifically passionate fans seen over in Central Europe. And, to end on an off-beat note, if you're looking for something crazy try the cockfighting popular in the Philippines.

Czech Republic



Great Britain



Slovakia



USA



Poland



Philippines



New Zealand



As of 31 December 2015, management members of the Group did not hold any shares or stock options issued by the Company.

INDEMNITY AGREEMENTS

Antonín Laš entered into an Indemnification Agreement, dated 1 February 2010, with FEG, pursuant to which FEG will be obliged to indemnify Antonín Laš for his actions or failure to act in connection with his work for FortunaWin under the conditions described in the Indemnification Agreement.

NON-COMPETE COMPENSATION AND EMPLOYMENT TERMINATION COMPENSATION

After the termination of his employment relationship with Fortuna GAME, Martin Todt, General Manager of Fortuna CZ, is

obligated to maintain his non-compete duty for 12 months following the termination of his employment relationship. He is entitled to non-compete compensation in an amount equal to 100% of his monthly average salary for each month of non-competition compliance. Martin Todt is entitled to an extraordinary bonus payable to him by Fortuna GAME if Fortuna GAME is sold to a third party during his employment or in the period of 3 months following the termination of his employment (for reasons other than: a) misconduct or breach of obligations by Martin Todt or b) a termination by Martin Todt) with Fortuna GAME, i.e. if: (i) a person outside of Penta Group becomes a controlling entity of Fortuna GAME; or (ii) a person outside of Penta Group acquires a majority of Fortuna GAME's as-

sets; or (iii) a person outside of Penta Group becomes a controlling entity of a person owning a majority of Fortuna GAME's assets.

Apart from the above referenced cases, the service contracts, employment agreements and other similar agreements entered into between FEG or the Group Companies and the members of the Management Board, the Supervisory Board, as well as Senior Management, do not provide for benefits in the case of dismissal or the termination of such persons' service, employment contract or other similar agreement.

7.4 / Corporate Governance Code

7.4.1 Corporate Governance Standards

Fortuna is required to state in its Annual Report whether it complies or will comply with the principles and best practice provisions of the Dutch Corporate Governance Code (dated 1 January 2009) and, if it does not comply, to explain the reasons for the non-compliance.

FEG has implemented its internal corporate governance rules in order to comply to the extent possible with the Dutch Corporate Governance Code. More specific information regarding the Dutch Corporate Governance Code can be found at: www.commissiecorporategovernance.nl/Corporate_Governance_Code.

The Company acknowledges the importance of good corporate governance

and intends to comply with Czech, Polish and Dutch corporate governance codes as widely as is practicable. Over the year 2015, the Company did not comply with a limited number of best practice provisions described below:

a) DUTCH CORPORATE GOVERNANCE CODE:

Best Practice Provision III.2.1 according to which all supervisory board members, with the exception of not more than one person, shall be independent. Currently, there is only one independent member on the Supervisory Board. However, the Company does not exclude that the number of independent members will increase further due to a new shareholder decision. It is rather unlikely that this rule will be complied with as long as Penta Investments Limited is entitled to a majority of votes.

Principles II.3 and III.6 relating to conflicts of interest of the Management Board and the Supervisory Board members. The Company acknowledges that members of the Supervisory Board related to Penta Investments Limited may be conflicted from time to time. To the extent possible, the Company shall apply these principles regarding conflict of interest as set forth in the Code, unless the participation of conflicted Supervisory Board members is deemed crucial for the decision-making process of the Company. If such a situation occurs, the Company shall provide for proper disclosures as set forth in best practice provisions II.3.4 or II.6.3.

Principle III.5 according to which, if the Supervisory Board consists of more than four members, it shall appoint from its members an audit committee, a remuneration committee and a selection and

appointment committee. The Company decided to establish only an audit committee. In the future, new shareholders may decide to establish the additional committees.

Best Practice Provision III.5.6 The audit committee may not be chaired by the Chairman of the Supervisory Board or by a former member of the Management Board of the company. Marek Šmrha, Chairman of the Supervisory Board, currently acts as Chairman of the audit committee; the Company believes, however, that it is in the best interest of the Company and the Group to maintain Marek Šmrha as Chairman of the audit committee due to his extensive financial knowledge of the Group.

Best Practice Provision III.5.7 according to which at least one member of the audit committee shall be a financial expert within the meaning of best practice provision III.3.2. Marek Šmrha meets the description of a financial expert as

mittee. However, the composition of the audit committee may change and an independent member appointed by new shareholders will be asked to become the chairman of the committee.

Chapter VI comment 18 according to which the Company should establish three separate committees responsible for the independent audit, and the remuneration and nomination of directors and key executives, and the majority of members of these committees should be independent persons. The Company decided to establish only the audit committee. In the future, new shareholders may decide to establish the additional committees.

Annex 3 according to which the Supervisory Board should include a proportion of suitable independent members, with a minimum of three, or 25 percent, of the total number of members for larger companies, and two, or one-quarter, of the total for smaller companies. Currently, there is only one independent member

the WSE Corporate Governance Rules it intends to comply with, as well as to enumerate the principles which it does not intend to comply with and to state the reasons for the non-compliance.

The Company has decided to observe the majority of the WSE Corporate Governance Rules as stated in detail below:

7.4.2

A statement on the company's compliance with the corporate governance recommendations and principles contained in Best Practice for GPW Listed Companies 2016

I. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

Listed companies should ensure adequate communications with investors and analysts by pursuing a transparent and effective disclosure policy. To this end, they should ensure easy and non-discriminatory access to disclosed information using diverse tools of communication.

Explanation: The Company complies with the majority of corporate governance recommendations and principles in section I. with the exception of the following:

Principle I.Z.1.15. – the Company had not drafted or implemented a diversity policy as of the date of this Annual Report.

Principle I.Z.1.20. – an audio or video recording of a general meeting; The Company does not provide an audio or video recording of its general meeting. However, if it was required by shareholders, such a recording tool could be arranged.

Recommendations

I.R.1. Where a company becomes aware that untrue information has been disseminated in the media – and that untrue information significantly affects the evaluation of the company – it should im-

FEG has implemented its internal corporate governance rules in order to comply to the extent possible with the Dutch Corporate Governance Code.

referred to in the Dutch Corporate Governance Code and the Dutch Act on the Supervision of Audit Organisations.

b) PRAGUE STOCK EXCHANGE CORPORATE GOVERNANCE CODE:

Chapter IV comment 15 according to which at least the majority of members of the audit committee should be independent. The current composition of the audit committee is not in compliance with this rule, since there is only one independent member of the Supervisory Board who is a member of the audit com-

on the Supervisory Board. However, the Company does not exclude that the number of independent members will increase further following a new shareholder decision in the future.

c) WARSAW STOCK EXCHANGE CORPORATE GOVERNANCE CODE:

Pursuant to the Warsaw Stock Exchange By-laws, and in connection with the listing of the Company's shares on the Warsaw Stock Exchange, the Company is required to declare which of the Polish principles of corporate governance contained in

mediately publish on its website a communiqué containing its standpoint on the given information, unless in the opinion of the company the nature of the given information and the circumstances of its publication give reasons to pursue a more effective solution.

I.R.2. Where a company pursues sponsorship, charitable or other similar activities, it should publish information about the relevant policy in its annual activity report.

I.R.3. Companies should allow investors and analysts to ask questions and receive explanations – subject to prohibitions defined in the applicable legislation – on topics of their interest. This recommendation may be implemented through open meetings with investors and analysts or in other formats allowed by a company.

I.R.4. Companies should put in process their best efforts, including the taking of all steps well in advance as necessary to prepare a periodic report, to allow investors to review their financial results as soon as possible after the end of a reporting period.

Detailed principles

I.Z.1. A company should operate a corporate website and publish on that website, in a legible form and as part of a separate section, the following material in addition to information required under legislation:

I.Z.1.1. basic corporate documents, in particular the company's articles of association;

I.Z.1.2. the full names of the members of its management board and supervisory board and the professional CVs of the members of these bodies including information on the fulfilment of the criteria of independence by members of the supervisory board;

I.Z.1.3. a chart showing the division of duties and responsibilities among members

of the management board drawn up according to principle II.Z.1;

I.Z.1.4. the current structure of the shareholders indicating those shareholders that hold at least 5% of the total vote in the company according to information provided to the company by shareholders under the applicable legislation;

I.Z.1.5. current and periodic reports, prospectuses and information memoranda with annexes, published by the company at least in the past 5 years;

I.Z.1.6. information on the dates of corporate events leading to the acquisition or limitation of rights of a shareholder, information on the dates of publication of financial reports and other events relevant to investors (within a timeframe enabling investors to make investment decisions);

I.Z.1.7. information materials published by the company concerning the company's strategy and its financial results;

I.Z.1.8. selected financial data of the company for the past 5 years of business in a format enabling the recipient to process such data;

I.Z.1.9. information about the planned dividend and the dividends paid out by the company in the past 5 financial years, including the dividend record date, the dividend payment date and the dividend amount, in aggregate and per share;

I.Z.1.10. financial projections, if the company has decided to publish them (published at least in the past 5 years, including information about the degree of their implementation);

I.Z.1.11. information about the content of the company's internal rule for changing the company authorised to audit financial statements, or information about the absence of such rule;

I.Z.1.12. a statement on compliance with the corporate governance principles

contained in the last published annual report;

I.Z.1.13. a statement on the company's compliance with the corporate governance recommendations and principles contained herein, consistent with the information that the company should report under the applicable legislation;

I.Z.1.14. materials provided to the general meeting, including assessments, reports and positions referred to in principle II.Z.10, tabled to the general meeting by the supervisory board;

I.Z.1.15. information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, and professional experience. It should also specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish an explanation of the decision behind the lack of such drafting and implementation on its website;

I.Z.1.16. information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting;

I.Z.1.17. a justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to, or may give rise to doubts among, shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with an adequate understanding;

I.Z.1.18. information about the reasons for the cancellation of a general meeting, a change in its date or agenda, and information about breaks in a general meeting and the grounds for those breaks;

I.Z.1.19. shareholders' questions put to the management board pursuant to Article 428 § 1 or § 6 of the Commer-

cial Companies Code together with the answers of the management board to those questions, or a detailed explanation of the reasons why no answer was provided, pursuant to principle IV.Z.13;

I.Z.1.20. an audio or video recording of a general meeting;

I.Z.1.21. contact details of the company's investor relations officers including the full name and e-mail addresses or telephone numbers.

I.Z.2. A company whose shares participate in the stock exchange index WIG20 or mWIG40 should ensure that its website is also available in English, at least to the extent described in principle I.Z.1. This principle should also be followed by companies not participating in these indices if so required by the structure of their shareholders or the nature and scope of their activity.

II. MANAGEMENT BOARD, SUPERVISORY BOARD

A listed company is managed by its management board, whose members act in the interest of the company and are responsible for its activity. The management board is responsible among other matters for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring its efficiency and safety.

A company is supervised by an effective and competent supervisory board. Supervisory Board members act in the interest of the company and follow their independent opinions and judgement. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

Explanation: The Company complies with the majority of corporate governance recommendations and principles in section II, with the exception of the following.

Principle II.Z.3. At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4. Currently, there is only one independent member on the Supervisory Board. However, the Company does not exclude that in the future the number of independent members will increase further.

Principle II.Z.8. The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4. Currently, the chair of the audit committee does not meet the independence criteria.

Principle Recommendations

II.R.1. To ensure the management board and the supervisory board of a company meet the highest standards in the efficient fulfilment of their obligations, the management board and the supervisory board should have members who represent high qualifications and experience.

II.R.2. Decisions to elect members of the management board or the supervisory board of a company should ensure that the compositions of these bodies are comprehensive and diverse in terms of gender, education, age and professional experience, among other aspects.

II.R.3. Functions of the management board of a company should be the main area of the professional activity of management board members. Additional professional activities of management board members must not require so much time and effort that they could adversely affect the proper performance of functions for the company. In particular, management board members should not be members of the governing bodies of other entities if the time devoted to functions at such other entities would prevent their proper performance at the company.

II.R.4. Supervisory board members must be able to devote the time necessary to perform their duties.

II.R.5. If a supervisory board member resigns or is unable to perform his or

her functions, the company should immediately take steps necessary to ensure a substitution or replacement on the supervisory board

II.R.6. Being aware of the pending expiration of the term of office of management board members and their plans in terms of their further performance of functions on the management board, the supervisory board should take steps in advance to ensure the efficient operation of the company's management board.

II.R.7. A company should allow its supervisory board to use the professional and independent advisory services necessary for the supervisory board to exercise effective supervision over the company. In its selection of the advisory service provider, the supervisory board should take into account the financial standing of the company.

Detailed principles

II.Z.1. The internal division of responsibilities for individual areas of the company's activities among management board members should be clear and transparent, and a chart describing that division should be available on the company's website. II.Z.2. A company's management board members may sit on the management boards or supervisory boards of companies other than members of its group subject to the approval of the supervisory board.

II.Z.3. At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.

II.Z.4. Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members.

Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidi-

ary or affiliate, or who has entered into a similar agreement with any of these entities, cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total votes in the company.

II.Z.5. Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

II.Z.6. The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilments of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2.

II.Z.7. Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.

II.Z.8. The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4.

II.Z.9. To enable the supervisory board to perform its duties, the company's management board should give the supervisory board access to information on matters concerning the company.

II.Z.10. In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year the following:

II.Z.10.1. an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such an assessment should cover all significant controls, in particular financial reporting and operational controls;

II.Z.10.2. a report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilments of the independence criteria;
- the number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board;

II.Z.10.3. an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities;

II.Z.10.4. an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.

II.Z.11. The supervisory board should review and issue opinions on matters to be decided in resolutions of the general meeting.

III. INTERNAL SYSTEMS AND FUNCTIONS

Listed companies should maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activities.

Explanation: The Company complies with all corporate governance recommendations and principles in section III. The Company had not implemented the internal audit function as of the date of this report.

Recommendations

III.R.1. The company's structure should include separate units responsible for the performance of tasks in individual systems or functions, unless the separation of such units is not justified by the size or type of the company's activities.

Detailed principles

III.Z.1. The company's management board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and the internal audit function.

III.Z.2. Subject to principle III.Z.3, persons responsible for risk management, the internal audit and compliance should report directly to the president or other member of the management board and should be allowed to report directly to the supervisory board or the audit committee.

III.Z.3. The independence rules defined in the generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.

III.Z.4. The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and they should table a relevant report.

III.Z.5. The supervisory board should monitor the efficiency of the systems and functions referred to in principle III.Z.1, among others, on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and

make an annual assessment of the efficiency of such systems and functions according to principle II.Z.10.1. Where the company has an audit committee, it should monitor the efficiency of the systems and functions referred to in principle III.Z.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

III.Z.6. Where the company has no separate internal audit function in its organisation, the audit committee (or the supervisory board if it is tasked with performing the functions of the audit committee) should review on an annual basis whether this function needs to be separated.

IV. GENERAL MEETING, SHAREHOLDER RELATIONS

The management board and the supervisory board of a listed company should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting.

The general meeting should proceed by respecting the rights of shareholders and ensuring that passed resolutions do not infringe on the reasonable interests of the different groups of shareholders.

Shareholders who participate in a general meeting should exercise their rights in accordance with the rules of good conduct.

Explanation: The Company complies with the majority of the corporate governance recommendations and principles in section IV. with the exception of the following:

In terms of Principle IV.R.2. – according to which a company should enable its shareholders to participate in a General Meeting using electronic communication means through: 1) a real-life broadcast of the General Meeting; 2) a real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General

Meeting – the Company has not enabled such participation in its General Meeting as stipulated under 1) and 2). The Company does not exclude that in the future an electronic General Meeting will be established if requested by shareholders.

Recommendations

IV.R.1. Companies should strive to hold an ordinary general meeting as soon as possible after the publication of an annual report and set the date in keeping with the applicable legislation.

IV.R.2. If justified by the shareholder structure or the expectations of shareholders as notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

1. a real-life broadcast of the general meeting;
2. a real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
3. the exercising of the right to vote during a general meeting either in person or through a plenipotentiary.

IV.R.3. Where securities issued by a company are traded in different countries (or on different markets) and within different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where the securities are traded.

Detailed principles

IV.Z.1. Companies should set the place and date of a general meeting so as to enable the participation of the highest possible number of shareholders.

IV.Z.2. If justified by the shareholder structure, companies should ensure publicly available real-time broadcasts of general meetings.

IV.Z.3. The presence of representatives of the media should be allowed at general meetings.

IV.Z.4. If the management board becomes aware of a general meeting being convened pursuant to Article 399 § 2-4 of the Commercial Companies Code, the management board should immediately take steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under the authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

IV.Z.5. The general meeting rules and the method of conducting the meeting and adopting resolutions must not restrict the participation of shareholders in the general meeting or the exercising of their rights. Amendments of the rules of the general meeting should take effect as of the next general meeting at the earliest.

IV.Z.6. Companies should strive to ensure that the cancellation of a general meeting, the changing of its date or a break in its proceedings do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

IV.Z.7. A break in the proceedings of the general meeting may only take place in a special case, always to be defined on each occasion in the justification of the resolution announcing the break, drafted on the basis of reasons provided by the shareholder requesting the break.

IV.Z.8. A resolution of the general meeting announcing a break should clearly set the date and time when the proceedings are to recommence, and such date and time must not be a barrier to most shareholders, including minority shareholders, when it comes to participating in the continuation of the proceedings.

Best player

8.7 mil
EUR



Amounts Staked

Tomáš Berdych was in 2015 among the individual athletes on whom people placed most bets with Fortuna. Amounts Staked attributed to him reached EUR 8.7 million. Polish tennis player Agnieszka Radwanska (EUR 7.5 million) and Slovak tennis player Dominika Cibulková (EUR 2.6 million) had similar success. The data go to show that when a country discovers it has a successful sports representative, it can lead to a national surge in betting.



IV.Z.9. Companies should strive to ensure that draft resolutions of the general meeting contain a justification if that would help shareholders pass a resolution with adequate understanding. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or the chair of the general meeting should request the presentation of the justification of the proposed resolution. In important matters and matters which may give rise to any doubt among shareholders, the company should provide a justification, unless it otherwise provides the shareholders with information necessary to pass a resolution with adequate understanding.

IV.Z.10. Any exercising of the rights of shareholders or way in which the shareholders exercise their rights must not hinder the proper functioning of the governing bodies of the company.

IV.Z.11. Members of the management board and the supervisory board should participate in a general meeting as necessary to answer questions asked at the general meeting.

IV.Z.12. The management board should present to participants of an ordinary general meeting the financial results of the company and other relevant information contained in the financial statements to be approved by the general meeting.

IV.Z.13. If a shareholder requests information about the company, the management board of the company should provide an answer to the shareholder's request within 30 days or inform the shareholder of its refusal to provide such information where the management board has made such a decision pursuant to Article 428 § 2 or § 3 of the Commercial Companies Code.

IV.Z.14. Resolutions of the general meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of the determination of the rights of shareholders pursuant to such events.

IV.Z.15. A resolution of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the record date of the subscription right within a timeframe required for investors to make decisions.

IV.Z.16. The dividend record date and the dividend payment date should be set so as to ensure that the period between them is not longer than 15 business days. A longer period between these dates requires a justification.

IV.Z.17. A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions the potential fulfilment of which takes place before the dividend record date.

IV.Z.18. A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50, a level which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.

V. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

For the purpose of this Section, 'related party' is defined under the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies should have in place transparent procedures for preventing conflicts of interest and related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify, disclose and manage such cases.

Explanation: The Company complies with the majority of the corporate governance

recommendations and principles in section V. with the exception of the followings:

In regard to Principle V.Z.1. according to which no shareholder should have preference over other shareholders in transactions concluded by the company with shareholders or their related parties: Since representatives of the majority shareholder are present on the Supervisory Board, the preference given to the majority shareholder may happen from time to time.

Recommendations

V.R.1. Members of the management board and the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the company, and where a conflict of interest arises, they should immediately disclose it.

Detailed principles

V.Z.1. No shareholder should have preference over other shareholders in transactions concluded by the company with shareholders or their related parties.

V.Z.2. Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case.

V.Z.3. Members of the management board or the supervisory board must not accept any benefits which might affect their impartiality and objectivity in making decisions or which might reflect unfavourably on the assessment of the independence of their opinions or judgments.

V.Z.4. Where a member of the management board or the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest

of the company, he or she may request that the minutes of the management board or the supervisory board meeting show his or her position.

V.Z.5. Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total votes in the company or with a related party, the management board should request the supervisory board's approval of the transaction. Before giving its approval, the supervisory board should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's length made as part of the company's operations between the company and members of its group.

If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made.

V.Z.6. In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should, among other things, provide for ways to prevent, identify and resolve conflicts of interest, as well as the rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

VI. REMUNERATION

A company should have a remuneration policy at least applicable to members of the company's governing bodies and key managers. The remuneration policy should in particular determine the form, structure, and method of determining the remuneration of members of the company's governing bodies and key managers.

Explanation: The Company complies with all the corporate governance recommendations and principles in section VI. with the exception of the followings: The Company currently has not established a remuneration committee and has not implemented any option plan or motivation element linked to shares as of the date of this report.

Recommendations

VI.R.1. The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

VI.R.2. The remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.

VI.R.3. If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

VI.R.4. The remuneration levels of members of the management board and the supervisory board and key managers should be sufficient to attract, retain and motivate persons with the skills necessary for the proper management and supervision of the company. Remuneration should be adequate in terms of the scope of tasks delegated to individuals, taking into account additional functions, for instance on supervisory board committees.

Detailed principles

VI.Z.1. Incentive schemes should be constructed in a way necessary among things to tie the level of the remuneration of members of the company's management board and key managers to the actual long-term financial standing of the company and long-term shareholder value creation, as well as to the company's stability.

VI.Z.2. To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the

incentive scheme and their exercisability should be no less than two years.

VI.Z.3. The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.

VI.Z.4. In the activity report, the company should report on the remuneration policy. The report should at least include the following:

1. general information about the company's remuneration system;
2. information about the conditions and amounts of remuneration applicable to each management board member, broken down by the fixed and variable remuneration components, including the key parameters for setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on the termination of the employment, contract or other similar legal relationship, separately for the company and each member of its group;
3. information about non-financial remuneration components due to each management board member and key manager;
4. significant amendments of the remuneration policy in the past financial year or information about their absence;
5. an assessment of the implementation of the remuneration policy in terms of the achievement of its goals, in particular long-term shareholder value creation and the company's stability.

7.4.3 Management Statement

The Company's Management Board members hereby declare in accordance with Financial Supervision Act Section 2,

sub c, 5.25c that, to the best of their knowledge:

1. the financial statements for the financial year 2015 included in this Annual Report give a true and fair view of the assets, liabilities, financial position,

and profit and loss of the Company and its consolidated entities;

2. the Directors' Report gives a true and fair view of the company and its related entities, the financial information of which has been consolidated

in the financial statements as of the balance sheet date 31 December 2015 and the state of affairs during the financial year 2015; and

3. the Annual Report describes the material risks that the Company faces.

7.5 / Supervisory Board Report

The Supervisory Board has reviewed the Annual Report of Fortuna Entertainment Group N.V. ("FEG" or "the Company") for the financial year 2015, as prepared by the Management Board.

GENERAL

The Supervisory Board supervises and advises the Management Board in performing its management tasks and setting FEG's strategy.

The Company has a two-tier board structure with one independent, non-executive member serving on the Supervisory Board. Currently, there is only one independent member on the Supervisory Board. However, the Company does not exclude that the number of independent members will increase. It is rather unlikely that the recommendation that the majority of Supervisory Board members should be independent will be complied with as long as Penta Investments Limited or one of its subsidiaries is entitled to the majority of votes.

The Company acknowledges that members of the Supervisory Board related to Penta Investments Limited or one of its subsidiaries may be conflicted from time to time. To the extent possible, the Company shall apply the principles regarding a conflict of interest as set forth in the Code, unless the participation of conflicted Supervisory Board members is deemed crucial for the decision-making

process of the Company. If such a situation occurs, the Company shall provide for proper disclosures as set forth in best practice provisions II.3.4 or II.6.3.

The Supervisory Board, acting in the interests of FEG, its business and shareholders, supervises and advises the Management Board. Major management decisions, such as FEG's strategy, major investments and budget, require the approval of the Supervisory Board. The Supervisory Board also supervises the structure and management of systems, including the internal control and risk management systems, and the financial reporting process. The Supervisory Board selects and appoints new Management Board members, prepares the remuneration policy for the Management Board, and decides on the remuneration for the individual members of the Management Board. In addition, the Supervisory Board is the body that nominates new Supervisory Board candidates for appointment to the Annual General Meeting of Shareholders ("AGM"), and submits proposals for the remuneration of the Supervisory Board members.

The Supervisory Board closely follows the developments in the area of corporate governance and the application of the relevant corporate governance rules within the Company. In 2011, the Supervisory Board adopted an internal corporate governance rule in order to comply to the extent possible with the Dutch Corporate Governance Code. For a more detailed description on corporate governance, please refer to Corporate Governance, Chapter 8.4 of the Annual Report.

MEETINGS AND ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board held 5 meetings in 2015, where all 5 meetings were physical meetings and none of them was held in a conference call form or per rollam ("by letter"). Supervisory Board members attended all the meetings. Some of the meetings of the Supervisory Board were attended by members of the Management Board. Moreover, the Supervisory Board audit committee regularly meets without the members of the Management Board.

The Company has a two-tier board structure with one independent, non-executive member serving on the Supervisory Board.

During the various meetings, the Supervisory Board discussed FEG's strategy, expansion plans, financial situation, business risks, investor relations, budget and corporate targets, among other matters. In addition to the scheduled meetings and the conference call, the members of the Supervisory Board interacted intensively with the Management Board, with its individual members and members of executive senior management, through one-on-one meetings, telephone calls and regular reports. Also, several informal meetings and telephone calls took place among Supervisory Board members for consultations with each other with respect to various topics.

In 2015, the Supervisory Board spent a considerable period of time discussing FEG's corporate and market strategy, new strategy in relation to investments in the new betting & gaming platform, the abolishment of the handling fee in Slovakia and its impacts, the development of the online business, the lottery project in the Czech Republic, changes in taxation and gaming regulation in the Czech Republic and regulatory changes in Poland.

As is common practice each year, an evaluation was performed in 2015 with respect to the functioning of the Supervisory Board, its committee, and individual members. Several suggestions resulting from that evaluation were implemented, such as more in-depth and more extensive discussions on important topics for FEG and, as a result thereof, extended Supervisory Board meetings.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

Effective as of 3 April 2015, Václav Brož resigned from his position as the Chairman and member of the Supervisory Board of the Company.

The General Meeting decided to appoint Marek Šmrha as a new Member of the Supervisory Board, effective as of 28 May 2015. Mr. Šmrha was appointed as a member of the audit committee by the Supervisory Board. Marek

The General Meeting decided to appoint Marek Šmrha as a new Member of the Supervisory Board, effective as of 28 May 2015.

Rendek's membership of the Supervisory Board was terminated at the General Meeting on 28 May 2015.

For further details on the activities and responsibilities of the Supervisory Board, see the Corporate Governance Chapter 8.4 of this Annual Report.

SUPERVISORY BOARD COMMITTEE

While retaining overall responsibility, the Supervisory Board assigns certain of its tasks to its audit committee. Members of this committee are appointed from among the Supervisory Board members.

The Company decided to only establish an audit committee. In the future, the Supervisory Board may decide to establish additional committees.

Decisions and recommendations of the audit committee meetings are reviewed in plenary meetings of the Supervisory Board. In general, the audit committee annually evaluates its composition and functioning. The annual evaluations ensure a continuous focus on the quality of the activities of the committee, its composition and its functioning.

For a further description of the activities and responsibilities of the Supervisory Board audit committee, refer to Corporate Governance, Chapter 8.4 of this report.

AUDIT COMMITTEE

The current members of FEG's audit committee are Michal Horáček and Marek Šmrha. Marek Šmrha, Chairman of the Supervisory Board, was appointed Chairman of the audit committee. Prior to his appointment, Václav Brož served as a member of the audit committee until 3 April 2015. The Company believes that

it is in the best interest of the Company and FEG to maintain Marek Šmrha as Chairman of the audit committee due to his extensive financial knowledge of the Group. The Company believes that he meets the description of a financial expert as outlined in the Dutch Corporate Governance Code and the Dutch Act on the Supervision of Audit Organisations.

In 2015, the audit committee met once for the purpose of the discussion of the annual financial results. External auditors of the Company participated in the meeting.

The audit committee focuses strongly on the review of FEG's interim and annual results and announcements. It also continuously monitors the activities of FEG's internal controls and risk management systems, including the internal controls over financial reporting. Other activities of the audit committee were: a discussion of, and approval of, the internal and external audit plan and related external audit fees; a review of i) the audit and non-audit fees paid to the Company's external auditor; ii) the audit activities of the Company's internal and external auditor; and iii) the external auditor's letter.

REMUNERATION OF THE SUPERVISORY BOARD

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. The AGM held in 2013 adopted a resolution according to which all members of the Supervisory Board waive their right to receive annual remuneration. The annual remuneration of each member of the Supervisory Board in 2015 was therefore zero. The Supervisory Board remuneration is not linked to the financial performance of the Company.

No member of the Supervisory Board personally maintains a business relationship with the Company other than as a member of the Supervisory Board, apart from the relationship with Penta Investments Limited and its subsidiaries as described above in this report.

No member of the Supervisory Board owned shares or options on shares issued by the Company.

The Company has not granted any loans to, or granted any guarantees in favour of, any of the members of the Supervisory Board.

COMPOSITION OF THE MANAGEMENT BOARD

For further details and biographies of the members of the Management Board, see Chapter 8.2 of the Annual Report.

REMUNERATION OF THE MANAGEMENT BOARD

General

The Supervisory Board reviews and proposes the general compensation and benefit programmes for the Management Board, as well as the remuneration

for the individual members of the Management Board.

Amount and Composition

The current compensation and benefits levels are benchmarked against relevant companies. External compensation survey data and, where necessary, external personnel and remuneration consultants, are used to benchmark our remuneration levels and structures.

The Supervisory Board further evaluates the performance of members of the Management Board in view of these goals and objectives, and makes recommendations on the compensation levels of the members of the Management Board based on the evaluation.

Outline 2015 Remuneration Report

The outline of the remuneration report of the Supervisory Board for the financial year 2015 concerning the remuneration policy of the Company is as follows:

Members of the Management Board received a fixed annual fee for the performance of their duties which is not part of any incentive or performance-based

remuneration. Per Widerström is entitled to a) a basic salary and benefits and b) performance-based remuneration based on his simultaneous position as CEO of the Company. The remuneration principles for Per Widerström are in line with the adopted remuneration principles for the Senior Management.

The remuneration of the members of the Management Board and Senior Management is described in Section 8.3 of the Annual Report. The remuneration of the Management Board in the year 2015 was in accordance with the Remuneration Policy adopted by the General Meeting of Shareholders.

GRATITUDE TO FEG EMPLOYEES

The Supervisory Board would like to thank and recognise all the FEG employees who have been able to achieve so much this past challenging year, with many new projects. The Supervisory Board wishes to express its gratitude to the members of the Management Board and senior management and all FEG employees for their dedication and contributions to the results in 2015.

7.6 / Risk Section

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

7.6.1

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 be 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 public 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 synergy 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 to 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 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 will be increased from 20% to 23% starting 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

The Group conducts activities that are highly regulated. Licences or permissions are required to organise sports betting or to provide gaming products.

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.

7.6.2 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 and 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.

**The Group
may consider
growing through
acquisitions in the
near future.**

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.

7.6.3 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

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.

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.

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

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 business in 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.

**7.6.4
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, as 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 euro 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 euro 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 Al-icela, 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.

7.6.5 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 year ending 31 December 2015.

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

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:

The Group cooperates with a team of 49 experienced bookmakers who are responsible for determining fixed odds.

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

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,

The Group has implemented internal procedures to ensure proper cash management.

a bookmaker can ask a more highly qualified bookmaker with bigger 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 non-standard 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.

IMPROVEMENTS TO THE EXISTING RISK MANAGEMENT SYSTEM

In 2015, the Group improved its odds monitoring system for easily comparing odds for the pre-match products of all major competitors across the industry including betting exchange aiming to increase the Gross Win margin.

7.6.6

Risks and uncertainties that had a significant impact during the past financial year and the consequences thereof

SLOVAKIA ONLINE HANDLING FEE ABOLISHMENT

The abolishment of the handling fee on online betting in Slovakia at the end February 2015 resulted in a decline of betting

commissions in Slovakia by 55% yoy and impacted on the Gross Win generated from Slovakia. In contrast, the betting volumes (Amounts Staked) increased in Slovakia due to the faster migration of bettors to LIVE betting, which has, however, lower margins. The scrapping of the online handling fee in Slovakia was driven by a similar move of one of the major competitors which Fortuna had to follow immediately. If it had not done so, it could have faced a substantial loss of its market share in Slovakia.

VOLATILITY OF SPORTS BETTING RESULTS IN 2015

There was an absence of major sports events in the year 2015. Such events are typically attractive to customers. We believe that the absence may have impacted on overall betting volumes and margins. The Company's operating margins (the Gross Win margin) were affected during the year 2015 by favourable out-

comes of customers' betting on sports events, particularly where the five big European football leagues and top ice-hockey leagues were concerned. As a result, Q1 2015 recorded below-average margins and Q3 and Q4 2015 recorded margins which were above the normalised average.

IMPLEMENTATION OF NEW BETTING & GAMING PLATFORM

In 2015, the management of Fortuna decided to invest in operational excellence and building scalability and in a new sports betting and gaming platform. The investments resulted in higher capital expenditures and operating costs.

KEY PERSONNEL CHANGES

At the end of 2014 and during 2015, the Company experienced changes in top management positions including the positions of CEO, CFO, Chief Marketing

Officer and Chief Sports Betting Director. The personnel changes affected the Company's existing and future business strategies.

7.6.7 Risk appetite with respect to significant risks and uncertainties and control measures taken

Fortuna accepts risk in the normal course of business and aims to deliver sustainable returns on risk-based capital in excess of the cost of capital.

Fortuna's risk appetite sets the ranges and limits of the acceptable risk taking for the Group as a whole. The Company expresses the overall attitude to risk using the following statements and measures:

Risk area	Risk	Risk appetite	Risk control measure taken
Competition/ Strategic	Irrational marketing spend and price wars Product innovation by competitors	Medium	Fortuna monitors activities of its competitors on a regular basis. Strategy reviews are performed at least annually.
Operational	Gross Win margin volatility	Low (on annual basis, yet volatility of Gross Win margin on short-term basis due to single-event losses of sports betting events is inevitable and arises from the nature of Company's core business)	Fortuna manages the volatility of its Gross Win margin by implementing an enhanced and tight risk management system of sports betting odds. Fortuna limits the maximum win per ticket, performs duplicity-ticket checks and manually checks and verifies stakes over certain thresholds (both per selection and cumulative stake). Fortuna further actively manages stake / potential loss alerts.
Operational	Crime, Fraud & Security Risks	Zero tolerance	Fortuna continuously strives to strengthen the integrity and security of its betting and gaming operations by improving its compliance functions and anti-money laundering procedures. There is a mechanism in place to identify suspicious matches and to not accept bets on fixed sporting events. Fortuna also cooperates with international and local sport associations in this respect.

Risk area	Risk	Risk appetite	Risk control measure taken
Operational	Risk of Disruption in IT services	Zero tolerance	Fortuna continuously invests in IT solutions to be able to prevent any disruption of its IT services.
Financial	Credit Risk – this refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to Fortuna.	Low	<p>The Group's exposure to credit risk is limited since the vast majority of sales are carried out on the basis of prepayments made by customers. With respect to trade receivables related to other sales, risk control assesses the credit quality of customers, taking into account the financial position, past experience and other factors.</p> <p>The Group's exposure to credit risk through loans granted is limited since any third party lending is very rare.</p>
Financial	Interest Rate Risk –Fortuna is exposed to interest rate risk on interest bearing loans and borrowings and on cash and cash equivalents.	Low	Fortuna manages interest rate risk by having a portfolio of fixed and variable rate loans. The Group policy is to maintain a minimum of 25% of its borrowings at fixed interest rates. To manage this, the Group enters into interest rate swaps.
Financial	FX Risk – Fortuna carries out operations through foreign subsidiaries. The day to day transactions of those subsidiaries are carried out in local currencies.	Low	Fortuna seeks to mitigate the effect of its structural currency exposure arising from the translation of foreign currency assets through bank loans in the same currencies. The FX risk is kept at an acceptable level since the majority of operations are carried out within operating companies and hence any movements of FX rates of their functional currencies against each other and the euro does not result in significant exchange rate risk.
Financial	Liquidity Risk	Low	<p>The Group policy on liquidity is to ensure that there are sufficient medium-term and long-term committed borrowing facilities to meet the medium-term funding requirements.</p> <p>The Company monitors the level of cash on a daily basis and draws bank cash when and if needed.</p>
Laws, rules and regulations	Risk of Adverse Changes in the Regulatory Environment and Taxation	Medium	In order to mitigate this risk, Fortuna is actively engaged in public discussions on proposed regulatory and taxation changes in the respective countries of operations and participates in the creation of legal acts and amendments.

7.6.8

The expected impact of significant risks on Fortuna's results and/or financial position if the risks or uncertainties were to materialise

GROSS WIN MARGIN VOLATILITY

Fortuna Group estimates that a change in the Gross Win margin by +/- 10 bps has an impact of +/-€ 1 million on Group EBITDA.

RISK OF ADVERSE CHANGES IN THE REGULATORY ENVIRONMENT AND TAXATION

In the Czech Republic, a change of the taxation levied on betting and gaming came into force on 1 January 2016. It will finally result in an increase of the Gross Win tax applied to both sports betting and lottery from the current 20% to 23%. Fortuna Group estimates that the change in taxation will have a negative impact on full-year 2016 EBITDA of approximately € 2 million.

INTEREST RATE RISK

The following table demonstrates the sensitivity to a change in interest rates seen as reasonably possible, with all other variables held constant, of Fortuna Group's profit before tax and equity (through the impact on floating rate borrowings):

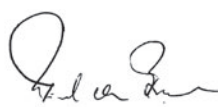
	Increase/(decrease) in interest rate by	Effect on profit before tax € 000	Effect on other comprehensive income € 000
CZK	1% / (1%)	(93) / 93	76 / (76)
EUR	1% / (1%)	(101) / 101	54 / (54)
PLN	1% / (1%)	–	–
		(194) / 194	130 / (130)

Amsterdam, 8 April 2016



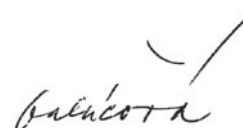
Per Widerström

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.



Marek Šmrha

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



Michal Horáček

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

8

Independent Auditor's Report

To: The shareholders and Supervisory Board of Fortuna Entertainment Group N.V.

Report on the audit of the financial statements 2015

OUR OPINION

We have audited the financial statements 2015 of Fortuna Entertainment Group N.V. (the company), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Fortuna Entertainment Group N.V. as at 31 December 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of Fortuna Entertainment Group N.V. as at 31 December 2015, and of its result for 2015 in accordance

with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2015;
- the following statements for 2015: consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2015;
- the company statement of profit or loss for the year ended 31 December 2015; and

- the notes comprising a summary of the significant accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Fortuna Entertainment Group N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

Materiality	€ 3.116.000 (2014: € 2.300.000)
Benchmark used	5% of pre-tax income adjusted for betting taxes and levies
Additional explanation	We have chosen for adjusted pre-tax income since this represents the most important key performance indicator for Fortuna Entertainment Group and its stakeholders.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 118,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Fortuna Entertainment Group N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Fortuna Entertainment Group N.V.

Our group audit mainly focused on significant group entities in Czech Republic, Poland and Slovakia. These entities represent 100% of total revenue, 100% of pre-tax income and 95% of total assets.

We have sent detailed instructions to component auditors in the Czech Republic, Poland and Slovakia, covering the significant areas that should be covered and set out the information required to be reported to us. Based on our risk assessment, we visited component locations in the Czech Republic and Slovakia. At these visits, we reviewed the component auditors' files, discussed the outcome of their work and their reports thereon.

For goodwill we have applied a centralized audit approach with specified audit procedures.

By performing the procedures at components, combined with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence regarding the group's financial information to provide an opinion on the financial statements.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk**Our audit response****IT and revenue recognition**

We refer to note 9.3.4 of the consolidated financial statements as part of the summary of the significant accounting policies

The appropriate recognition of revenue is dependent on IT systems correctly calculating commission revenues and appropriate wins and losses and controls accurately reporting on and reconciling these transactions.

Revenue streams for the vast majority of the Group's products are computed on highly complex IT systems, with a number of different bases for calculating revenue. There are in excess of 0.5 billion transactions each year, all requiring a correct IT outcome. There is a risk that each system is not configured correctly from the outset such that commissions or winning and losing bets are calculated incorrectly, that the systems do not interface correctly from the customer facing systems through to the financial information systems and that unauthorized changes are made to any of these systems, which may result in the misstatement of revenue.

Our audit procedures included, among others, the use of IT audit experts throughout the audit process. We critically assessed the design and operating effectiveness of IT controls and tested that the systems are configured appropriately. We tested the configuration of the system which monitors the information transfer between each IT system and evaluated whether it was operating effectively. We have further tested the application controls, IT – dependent manual controls, manual prevent and manual detect controls over the two main revenue streams being betting and lottery.

The tests of controls mainly concentrated on whether only the winning ticket is paid and the result is calculated correctly by the operational systems including that all winning prices paid are supported by a ticket and the ticket is reviewed and stored at headquarters. Additionally it was tested whether the related commission, which is calculated automatically by the system, is correctly recognized in the accounting records. Assurance obtained through the tests of controls was supported by detailed analytical procedures.

Revenue recognition over the scratch tickets revenue stream was tested by performing substantive procedures concentrating mainly on whether the correct pay-out ratio is maintained and the respective accruals are calculated and accounted for correctly.

We also tested controls related to access to programs and data, program change and development and computer operations by evaluating account set-up and termination for users, password restrictions, access reviews, users with super-user access, program change and development process controls and integration monitoring, and tested whether any unauthorized changes had been made to the system. The overall IT environment was critically assessed, including security policies and procedures, IT organizational structure, strategy and reporting, disaster recovery and back-up testing.

Valuation of goodwill

We refer to note 9.3.1 of the consolidated financial statements as part of the summary of the significant accounting policies and note 9.14 to the financial statements

Under EU-IFRS, Fortuna Entertainment Group N.V. is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions, particularly those in the Czech Republic.

As a result, our audit procedures included, among others, using a valuation expert to assist us in evaluating the assumptions and methodologies used by the entity. We in particular paid attention to the assumptions relating to the discount rate, the forecasted revenue growth and profit margins.

We also focused on the adequacy of Fortuna Entertainment Group N.V.'s disclosures, about these assumptions to which the outcome of the impairment test is most sensitive. This means, those assumptions that have the most significant effect on the determination of the realizable value of goodwill. Included in our procedures, we assessed whether the aforementioned disclosures are sufficient and provide sufficient insight in the selection of the assumptions and the sensitivity of the assumptions for the valuation.

Risk**Our audit response****Capital expenditure as part of the new sports betting and gaming platform**

We refer to note 9.3.6 and 9.3.7 of the consolidated financial statements as part of the summary of the significant accounting policies and note 9.15 and 9.16 to the financial statements

The assessment and timing of whether assets meet the capitalization criteria set out in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets requires judgment, as well as the selection of appropriate useful economic lives.

We considered this as a key audit matter because Fortuna Entertainment Group N.V. is developing a new sports betting and gaming platform.

In addition determining whether there is any indication of impairment of the carrying value of assets also requires judgment.

An impairment charge of € 0,4 million is recorded in the profit and loss account.

We tested capital expenditures relating to the new sports betting and gaming platform and examined management's assessment as to whether the project spend met the recognition criteria. Our procedures included understanding the business case for each project, challenging key assumptions or estimates, verifying capital project authorization especially relating to internal hours, tracing project costs to third party evidence and assessing the useful economic life attributed to the asset.

In addition, we considered whether any indicators of impairment were present by understanding the business rationale for each project performing independent reviews for indicators of impairment, as well as testing management's controls to identify impairment of assets.

Recognition and measurement of deferred tax asset in Poland

We refer to note 9.3.18 of the consolidated financial statements as part of the summary of the significant accounting policies and note 9.12 to the financial statements

Deferred tax assets are recognized by the company to the extent that it is probable that future taxable profits are available against which the deferred tax asset can be utilized. We considered this as a key audit matter because of the degree of estimation uncertainty about the future taxable profits.

We have verified the proper calculation of the difference between the carrying amounts of assets and liabilities and the corresponding tax basis in Poland. We furthermore evaluated the Company's assumptions and estimates used for determining its future taxable income and assessed whether these estimates are reasonable and whether they allow the deferred tax assets to be (partially) recognized. These reviews and assessments were carried out with the support from our tax specialists.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent

of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

REPORT ON THE MANAGEMENT BOARD REPORT AND THE OTHER INFORMATION

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board report, to the

extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.

- We report that the management board report, to the extent we can assess, is consistent with the financial statements.

ENGAGEMENT

We were engaged by the Supervisory Board as auditor of Fortuna Entertainment Group N.V., as of the audit for the year 2009 and have operated as statutory auditor ever since that date.

Amsterdam, 8 April 2016

Ernst & Young Accountants LLP
A. A. van Eimeren

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Consolidated Financial Statements of Fortuna Entertainment Group N.V.

As at 31 December 2015

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Consolidated statement of financial position as at 31 December 2015

€ 000	Notes	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Goodwill	9.14	47,102	45,913
Intangible assets	9.15	12,964	8,253
Property, plant and equipment	9.16	7,975	8,150
Deferred tax assets	9.12	4,767	935
Restricted cash	9.19	4,820	4,718
Other non-current assets	9.18	2,045	2,007
Total non-current assets		79,673	69,976
Current assets			
Current receivables	9.17	3,250	1,949
Income tax receivable		955	98
Other current assets	9.18	2,995	2,380
Cash and cash equivalents	9.20	28,144	15,926
Total current assets		35,344	20,353
TOTAL ASSETS		115,017	90,329

€ 000	Notes	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Share capital	9.22	520	520
Share premium	9.22	8,262	8,262
Statutory reserve	9.22	67	797
Foreign currency translation reserve	9.22	(2,007)	(3,486)
Hedge reserve	9.22	(132)	(304)
Retained earnings	9.22	44,307	24,072
Equity attributable to equity holders of the parent		51,017	29,861
Non-controlling interest		226	219
Total Equity		51,243	30,080
Non-current liabilities			
Deferred tax liability	9.12	35	31
Provisions	9.25	2,033	591
Long-term bank loans	9.26	30,139	35,182
Other non-current liabilities		352	35
Total non-current liabilities		32,559	35,839
Current liabilities			
Trade and other payables	9.27	21,344	15,700
Income tax payable		883	1,058
Provisions	9.25	2,837	1,366
Current portion of long-term bank loans	9.26	5,523	5,453
Derivatives	9.21	169	384
Other current financial liabilities		459	449
Total current liabilities		31,215	24,410
EQUITY AND LIABILITIES		115,017	90,329

Consolidated statement of profit or loss for the year ended 31 December 2015

€ 000	Notes	2015	2014 Restated ¹
Amounts staked	9.6	847,695	672,429
Revenue		102,796	96,965
Personnel expenses	9.7	(31,354)	(28,282)
Depreciation and amortisation	9.6	(4,184)	(4,338)
Impairment of PPE and intangible assets		(429)	–
Other operating income	9.8	1,393	985
Other operating expenses	9.9	(45,652)	(41,889)
Operating profit		22,570	23,441
Finance income	9.10	213	124
Finance cost	9.10	(2,193)	(2,251)
Profit before tax		20,590	21,314
Income tax expense	9.12	(1,078)	(5,386)
Net profit for the year		19,512	15,928
Attributable to:			
Equity holders of the parent		19,505	15,983
Non-controlling interest		7	(55)
Earnings per share / €			
Weighted average number of ordinary shares for basic and diluted earnings per share	9.13	52,000,000	52,000,000
Basic and diluted profits for the year attributable to ordinary equity holders of the parent		0.375	0.307

¹ Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made; refer to note 9.3.25.

Consolidated statement of other comprehensive income for the year ended 31 December 2015

€ 000	Notes	2015	2014
Profit for the year		19,512	15,928
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net movement on cash flow hedges	9.11	216	70
Income tax effect	9.11	(44)	(15)
		172	55
Exchange differences on translation of foreign operations	9.11	1,479	(499)
Income tax effect		–	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		1,651	(444)
Other comprehensive income for the year, net of tax		1,651	(444)
Total comprehensive income for the year, net of tax		21,163	15,484
Attributable to:			
Equity holders of the parent		21,156	15,539
Non-controlling interest		7	(55)

Consolidated statement of cash flows for the year ended 31 December 2015

	Notes	2015 € 000	2014 € 000
Cash flows from operating activities			
Profit before tax		20,590	21,314
Adjustments for:			
Depreciation, amortisation and impairment	9.6	4,613	4,338
Changes in provisions		2,811	637
(Gain) / Loss on disposal of property, plant and equipment	9.8	(5)	(24)
Interest expenses and income		1,168	1,384
Other non cash items		25	106
Operating cash flow before working capital changes		29,202	27,755
(Increase) / Decrease in other current assets		(575)	(293)
(Increase) / Decrease in receivables		(1,255)	2,393
(Decrease) / Increase in payables and other liabilities		5,911	559
(Increase) / Decrease in restricted cash		–	–
Cash generated from operating activities		33,283	30,414
Corporate income tax paid		(6,043)	(6,167)
Net cash flows provided by / (used in) operating activities		27,240	24,247
Cash flows from investing activities			
Interest received		70	66
Acquisitions of subsidiary, net of cash acquired	9.5	–	(4,917)
Earn-out payment for acquisition		(232)	(118)
Purchase of buildings, equipment and intangible assets		(8,840)	(3,108)
Proceeds from sale of buildings and equipment		15	35
Net cash flows provided by / (used in) investing activities		(8,987)	(8,042)

	Notes	2015 € 000	2014 € 000
Cash flows from financing activities:			
Net proceeds from / (Repayments of) long term borrowings		(5,618)	(4,179)
Net proceeds from / (Repayments of) short-term borrowings		–	1,276
Incurred transaction costs capitalised		–	(55)
Dividends paid	9.23	–	(11,440)
Receivable waived and additional withholding tax paid		–	(999)
Interest paid		(1,129)	(1,353)
Net cash flows provided by / (used in) financing activities		(6,747)	(16,750)
Net effect of currency translation in cash		712	(183)
Net increase / (decrease) in cash and cash equivalents		12,218	(728)
Cash and cash equivalents at the beginning of the year		15,926	16,654
Cash and cash equivalents at the end of the year	9.20	28,144	15,926

Consolidated statement of changes in equity for the year ended 31 December 2015

	Notes	Attributable to the equity holders of the parent							Non-controlling interest	Total
		Share capital	Share premium	Statutory reserves	Retained earnings	Hedge reserve	Foreign currency translation reserve	Total		
		€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
1 January 2015		520	8,262	797	24,072	(304)	(3,486)	29,861	219	30,080
Profit for the year		-	-	-	19,505	-	-	19,505	7	19,512
Other comprehensive income		-	-	-	-	172	1,479	1,651	-	1,651
Total comprehensive income		-	-	-	19,505	172	1,479	21,156	7	21,163
Dividend 2014 paid out to shareholders	9.23	-	-	-	-	-	-	-	-	-
Transfer of statutory reserves ¹		-	-	(730)	730	-	-	-	-	-
31 December 2015		520	8,262	67	44,307	(132)	(2,007)	51,017	226	51,243

¹ In 2015 FORTUNA GAME a.s. released its reserve fund as companies in the Czech Republic are no longer required to maintain one.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2014

	Notes	Attributable to the equity holders of the parent							Non-controlling interest	Total
		Share capital	Share premium	Statutory reserves	Retained earnings	Hedge reserve	Foreign currency translation reserve	Total		
		€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
1 January 2014		520	8,262	5,414	15,911	(359)	(2,987)	26,761	274	27,035
Profit for the year		-	-	-	15,983	-	-	15,983	(55)	15,928
Other comprehensive income		-	-	-	-	55	(499)	(444)	-	(444)
Total comprehensive income		-	-	-	15,983	55	(499)	15,539	(55)	15,484
Dividend 2013 paid out to shareholders	9.23	-	-	-	(11,440)	-	-	(11,440)	-	(11,440)
Receivable waived and additional withholding tax paid ¹	9.23	-	-	-	(999)	-	-	(999)	-	(999)
Transfer of statutory reserves ²		-	-	(4,617)	4,617	-	-	-	-	-
31 December 2014		520	8,262	797	24,072	(304)	(3,486)	29,861	219	30,080

1 In 2014 FEGNV settled withholding tax in respect of the dividend for 2012 paid in 2013. As a consequence thereof, the Company recorded a receivable of € 851 thousand from its shareholders. In November 2014, the Management Board decided to fully waive the receivable from its shareholders. From the fiscal standpoint, waiving the receivable is viewed as a dividend. Therefore an additional dividend filing was made and an additional withholding tax of € 148 thousand was paid by the Company. The amount of the waived receivable from shareholders and the additional withholding tax, in total € 999 thousand, was deducted from retained earnings.

2 In 2014 Alcela and Riverhill distributed reserve funds as legislation in the Czech Republic had been changed. Companies are no longer required to maintain a reserve fund.

Notes to the consolidated financial statements as at 31 December 2015

9.1 / Corporate information

The consolidated financial statements for the year ended 31 December 2015 of Fortuna Entertainment Group N.V. ("FEGNV" or "the Parent Company") comprise of the consolidated statements of financial positions as at 31 December 2015 and 31 December 2014, respectively, the consolidated statements of profit or loss, the consolidated statements of other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended 31 December 2015 and 31 December 2014, respectively, and a summary of significant accounting policies and other explanatory notes.

The consolidated financial statements of FEGNV for the year ended 31 December 2015 were authorised for issuance on 8 April 2016 in accordance with a resolution of the directors. The Annual General Meeting to approve the financial statements will take place in May 2016.

The Parent Company has its registered office at Strawinskylaan 809, Amsterdam, the Netherlands. An amount of 67.26% of the shares of the Company are held by Fortbet Holdings Limited (formerly AIFELMONA HOLDINGS LIMITED), hav-

ing its registered office at Agias Fylaxeos & Polygnostou 212, C&I Center, 2nd floor, 3082 Limassol, Cyprus. The remaining 32.74% of the shares are publicly traded on the Polish stock exchange in Warsaw and the Czech stock exchange in Prague.

DESCRIPTION OF BUSINESS

Fortuna Entertainment Group ("Fortuna Group" or "the Group") operates in the betting industry under local licences in the Czech Republic, Slovakia and Poland. 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 in the Czech Republic, Slovakia and Poland and via online websites in the Czech Republic, Slovakia and, since January 2012, also in Poland.

In May 2011 Fortuna Group commenced with commercial sales of scratch cards and in July 2011 the company launched numerical lottery games within the territory of the Czech Republic.

FEGNV had the following members of its Management and Supervisory Board as at 31 December 2015:

Management Board

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

Supervisory Board

Chairman:	Marek Šmrha
Member:	Michal Horáček

Václav Brož resigned as a Member of, and as the Chairman of, the Supervisory Board, effective 28 May 2015. Marek Šmrha was appointed as a new Member of the Supervisory Board, effective 28 May 2015.

Marek Rendek resigned as a Member of the Supervisory Board, effective 28 May 2015, and the Supervisory Board was reduced to two members.

Marek Šmrha was appointed as the Chairman of the Supervisory Board, effective 7 August 2015.

9.2 / Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with Title 9, Book 2 of the Dutch Civil Code. IFRS as adopted by the European Union comprise of standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

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

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

9.2.1 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

As of the date of these consolidated financial statements, FEGNV is the legal parent of legal entities operating in the betting and lottery industry which are ultimately owned by Penta Investments Limited. The consolidated financial statements were prepared by FEGNV, as the reporting entity, as at 31 December 2015 and include the following entities (together "Fortuna 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.¹
- FortunaWin Ltd.
- FORTUNA SK, a.s.
- FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.
- FORTUNA Services Sp. z o.o., s.k.a.²
- FORTUNA Services Sp. z o.o.²

All entities except for FORTUNA sázky a.s. are 100%-owned by FEGNV, either directly or indirectly. In July 2013, an 8% share in FORTUNA sázky a.s. was sold to the company E-INVEST, a.s.

1 Effective 1 July 2014, FORTUNA GAME a.s. acquired 100% of the shares in Intralot Czech s.r.o. In August 2014, Intralot Czech s.r.o. changed its name to FORTUNA technology s.r.o.

2 In 2015 FORTUNA Online Zakłady Bukmacherskie Sp. z o.o. (FORTUNA online) acquired two companies which were thereafter renamed FORTUNA Services Sp. z o.o., s.k.a. and FORTUNA Services Sp. z o.o. Part of FORTUNA online operations were transferred to FORTUNA Services Sp. z o.o., s.k.a. in order to improve the management of trademarks and increase their recognition within Poland.

9.3 / Summary of significant accounting policies

The accounting policies used in preparing the consolidated financial statements for the years ended 31 December 2015 and 31 December 2014, respectively, are set out below.

9.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within

equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

9.3.2 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

9.3.3 Fair value measurement

The Group measures financial instruments, such as, derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that

is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

9.3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following Specific recognition criteria must also be met before revenue is recognised:

FIXED-ODDS BETTING REVENUE

Amounts staked comprises of the gross takings received from customers in respect of the betting activities and does not represent Fortuna Group's revenue.

Revenue is recognised as the net win or loss on an event, net of betting tax. Open betting positions, which are accounted for as derivative financial instruments, are carried at fair value and gains and losses arising on these positions are recognised in revenue.

LOTTERY

Scratch cards are not distinguished as derivatives as set out in IAS 39. Revenue (and expenses) are recognised as soon as the scratch cards are sold. Open betting positions are recorded as a liability given the fact that the profit margins are fixed.

Open betting positions for numerical games are accounted for as derivative financial instruments and are carried at fair value and gains and losses arising on these positions are recognised in revenue.

CUSTOMER LOYALTY PROGRAMME AND CLIENT BONUSES

Fortuna Group operates a loyalty programme enabling customers to accumulate awarded credits for gaming Spends. A portion of the gaming Spend, equal to the fair value of the awarded credits earned, is treated as deferred revenue. Revenue from the awarded credits is recognised when the credits are redeemed. The credits expire at the end of the financial year and are not redeemable afterwards.

Fortuna Group provides its clients also with acquisition and retention bonuses if they meet certain conditions based on Fortuna regulations. In accordance with IFRIC 13, acquisition and retention bonuses are deducted from the revenue from the bets that were entitled to receive the bonus.

INTEREST INCOME / EXPENSE

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective

interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts based on the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income/expense is included in finance income/costs in the statement of profit or loss.

9.3.5 Cash dividend

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Netherlands, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

9.3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and those acquired as part of a business combination are recognised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other internally generated intangible assets are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Following initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and accumulated impairment losses. Where amortisation is charged on assets with finite lives, this expense is taken to the statement of profit or loss through the "depreciation and amortisation" line

item. Useful lives are reviewed on an annual basis.

A summary of the policies applied to Fortuna Group's intangible assets is as follows:

The straight-line amortisation method is used.

Useful life	
Software	3 years

Intangible assets with indefinite useful lives (brand names) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Annual impairment tests are performed also for the intangible assets not yet in use.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and they are adjusted prospectively, if appropriate.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

DEVELOPMENT COSTS

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit or loss in the depreciation and amortisation line item.

During the period of development, the asset is tested for impairment annually.

9.3.7 Property, plant and equipment

Land is stated at cost less any impairment in value. Buildings, plant and equipment and other fixed assets are stated at cost less accumulated depreciation and any impairment in value. Assets not yet in use are carried at cost and are not depreciated. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated on a straight-line basis over the estimated useful life of an asset as follows:

Useful life	
Buildings	15 years
Plant and equipment	2-6 years
Cars	4-6 years

The buildings also include leasehold improvements.

Impairment is recognised when the carrying amount of an item of property, plant, or equipment exceeds its recoverable amount. The recoverable amount is the higher value of an asset's fair value less the costs of disposal and its value in use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and they are adjusted prospectively, if appropriate.

9.3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date.

Leases, which transfer to Fortuna Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessee does not obtain substantially all the benefits and risks of ownership of the asset are classified as operating leases. Operating lease payments, other than contingent rentals, are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and they are adjusted prospectively, if appropriate.

9.3.9 Recoverable amount of non-current assets

The carrying values of non-current assets with finite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated at each balance sheet date.

The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks Specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the statement of income in the depreciation and amortisation line item. Assets and any significant part initially recognised is

derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and they are adjusted prospectively, if appropriate.

9.3.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

9.3.11 Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

For the purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss

- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

LOANS AND RECEIVABLES

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to note 17.

HELD-TO-MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. The amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2015 and 2014, respectively.

AVAILABLE-FOR-SALE (AFS) FINANCIAL INVESTMENTS

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method. The Group did not have any AFS financial investments during the years

ended 31 December 2015 and 2014, respectively.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss.

9.3.12 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, or as payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank loans, derivative financial instruments and payables from open bets (included in other current financial liabilities in the consolidated statement of financial position).

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

LOANS AND BORROWINGS

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans. For more information refer to Note 26.

9.3.13 Derecognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- Fortuna Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) Fortuna Group has transferred substantially all the risks and rewards of the asset, or (b) Fortuna Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When Fortuna Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Fortuna Group's continuing involvement in the asset. In that case, Fortuna Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Fortuna Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Fortuna Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

9.3.14 Derivative financial instruments and hedge accounting

Fortuna Group uses derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item

or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

In relation to cash flow hedges that meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and presented within equity in the hedge reserve. The ineffective portion is recognised in the statement of profit or loss. For all other cash flow hedges, the gains or losses that are recognised in other comprehensive income are transferred to the statement of income in the same period in which the hedged cash flow affects the statement of profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument presented in the hedge reserve is kept in the hedge reserve until the forecasted transaction affects profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss is transferred from the hedge reserve to the statement of profit or loss for the period.

In relation to net investment hedges, the post-tax gains or losses on the translation at the Spot exchange rate of the hedged instrument are recognised in other comprehensive income. The portion of the post-tax gains or losses on the hedging instrument that is determined to be an effective hedge is recognised through other comprehensive income

and presented within equity in the hedge reserve. The ineffective portion is recognised in the statement of profit or loss. The interest element of the fair value of the hedged item is recognised in the statement of profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the statement of profit or loss.

Open betting positions for Sports betting and lottery are accounted for as derivative financial instruments and are carried at their fair value with gains and losses recognised in revenues. As these financial instruments are not quoted on an active market and 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. Open bets are paid out within a short time-frame after the year-end. Payables from open bets at the year-end are recorded based on historical pay-out ratios and are included in other current financial liabilities in the consolidated statement of financial position. The difference between the fair value of these financial instruments as of the year-end and the actual pay-out is deemed immaterial.

9.3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to prepare for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

9.3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

9.3.17 Foreign currency translation

The presentation currency of Fortuna Group is EUR ("€"). The functional currency of FEGNV is EUR, and those of its subsidiaries are Czech crowns ("CZK"), Polish zlotys ("PLN") and EUR.

Transactions in foreign currencies are initially recorded in the functional currency at the foreign currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of the exchange ruling at the balance sheet date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In the consolidated financial statements the assets and liabilities of the consolidated entities are translated into the presentation currency of Fortuna Group at the rate of the exchange ruling at the balance sheet date with the statement of profit or loss items translated at the weighted average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity recorded via other comprehensive income.

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation and translated at the closing rate.

9.3.18 Taxation

CURRENT INCOME TAX

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DEFERRED TAX

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profits and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be realised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same

taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

TAXES ON BETTING

Czech Republic

According to Czech regulations, a unified 20% tax rate (2014: 20%) is applied on the Gross Win of the Company. Revenue is stated net of this tax.

Slovakia

According to Slovak regulations, the Company is obliged to pay a gaming tax of 6% (2014: 6%) of total amounts staked, of which 0.5% is paid to municipalities. Revenue is stated net of this tax.

Poland

According to Polish regulations the Company is obliged to pay a gaming tax of 12% (2014: 12%) of total amounts staked. The amount paid by customers is deducted by 12% and only the remaining 88% of ticket amounts is used to calculate the potential winning prize (the potential winning prize = 88% of the ticket (paid) amount * betting rate). Revenue is stated net of this tax.

9.3.19 Employee benefit plan

PENSION PLAN

In the normal course of business, the companies within Fortuna Group pay statutory social insurance on behalf of their employees in accordance with the legal requirements of the respective countries. Fortuna Group does not operate any other pension plan or post-retirement benefit plan, and, consequently, has no legal or constructive obligation in this respect.

BONUS PLANS

A liability for employee benefits in the form of bonus plans is recognised under provisions; the bonus is paid following the performance evaluation in the year concerned.

Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

9.3.20 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

9.3.21 Segment Disclosure

For management purposes, Fortuna Group is divided into operating segments based on geographical areas and revenue streams (sports betting or lottery). Fortuna Group follows criteria set out by IFRS 8 Operating Segments to determine the number and type of reportable segments. At the level of the accounting unit as a whole, Fortuna Group discloses information on revenues to external customers for major products and services, respectively groups of similar products and services, and on non-current assets by geographical segment locations.

9.3.22 Contingencies

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognised in the consolidated financial statements but are disclosed in the notes, unless the possibility of an outflow of economic resources is remote.

9.3.23 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as at 1 January 2015:

IFRIC 21 LEVIES

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the Specified minimum threshold is reached. Retrospective application is required. This interpretation did not have any impact on the Group's financial position and performance as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years. The interpretation became effective for financial years beginning on or after 17 June 2014.

ANNUAL IMPROVEMENTS 2010-2012 CYCLE

These improvements are effective from 1 February 2015 and do not have a material impact on the Group. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

ANNUAL IMPROVEMENTS 2011-2013 CYCLE

These improvements are effective from 1 January 2015 and do not have a material impact on the Group. They include:

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

9.3.24 Future accounting developments

Standards relevant to the Group which were issued but are not yet effective up to the date of the issuance of the Group's financial statements are listed below. This listing outlines standards and interpretations issued that the Group reasonably expects to be applicable at a future date. Fortuna Group intends to adopt these standards when they become effective.

IFRS 9 FINANCIAL INSTRUMENTS

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The group plans to adopt the new standard on the required effective date and expects no significant impact on its balance sheet and equity.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. These amendments are not expected to have any impact on the Group.

IFRS 16 LEASES

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17 with recognition exemp-

tions for leases of 'low-value' assets and short-term leases. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. Reassessment of certain key considerations (e.g. the lease term, variable rents based on an index or rate, the discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. The new standard is effective for financial years beginning on or after 1 January 2019, with certain transition reliefs permitted. Early application is permitted, but not before an entity applies IFRS 15 Revenue from Contract with Customers. Entities that are lessees are allowed to choose either a full retrospective or a modified retrospective transition approach. The Group is assessing the impact of IFRS 16.

AMENDMENTS TO IFRS 11 JOINT ARRANGEMENTS: ACCOUNTING FOR ACQUISITIONS OF INTERESTS

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to Specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint

operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

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

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is 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 are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current 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. For first-time adopters of IFRS electing to use the equity method in the separate financial statements, they 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. The Group does not intend to use the equity method to account for investments in subsidiaries in its separate financial statements.

AMENDMENTS TO IFRS 10 AND IAS 28: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

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, rather it is 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 continuing involvement in a financial asset.

An entity must assess the nature of the fee and the arrangement against the guidance for 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 condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, 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-reference 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 are not expected to have any impact on the Group.

AMENDMENTS TO IAS 1 DISCLOSURE INITIATIVE

The amendments to IAS 1 Presentation of Financial Statements 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 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 using 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 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 are not expected to 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. 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 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 are not expected to have any impact on the Group.

9.3.25 Change in reporting of the Czech betting tax and the cost of fees for customer online accounts top-ups

Since 2015 FEGNV has changed the reporting of the Czech betting tax in the

statement of profit or loss. Previously, the betting tax payable on Gross Win in the Czech Republic was deducted as an expense below the Revenue item, while in Slovakia and Poland, the withholding betting tax (payable on amounts staked) was included in the Revenue item and Revenue was already reported net of the withholding tax. In order to show more transparency in the financial reporting, the Group decided to unify the reporting of all betting taxes. Reported Revenue is therefore net of all betting taxes.

Governmental taxes and levies of € 12,652 ths presented below Revenue in 2014 are now included in Revenue for the year ended 31 December 2014.

Further, since 2015 FEGNV has changed reporting of the cost of fees for customer online accounts top-ups

(iKONTO). Previously, the fees paid for the account top-ups were reported as part of the finance cost below operating profit. Currently, these costs are reported in Other operating expenses along with the comparatives for the prior year.

Fees of € 610 thousand were part of the finance cost in 2014 whereas now they are included in Other operating expenses for the year ended 31 December 2014.

Both changes present a reclassification of expense categories between lines in the statement of profit or loss and there is no impact on equity, net profit or basic and diluted earnings per share (EPS).

9.4 / Use of Accounting judgements, estimates and assumptions

JUDGMENTS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Recognition of gross versus net revenues

The Group is subject to various governmental taxes and levies. The regulations differ significantly from one country to another. Revenue includes the inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value-added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they should be excluded from revenue. The management makes its own judgment as to whether the entity is acting as principal or agent in collecting the tax based on various indicators as well as changing circumstances in each of the

countries where the Group operates. Further details are given in notes 9.3.18 and 9.6.

ESTIMATES

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Indefinite life intangible assets and goodwill

The Group determines at least on an annual basis whether indefinite life intangible assets and goodwill are impaired. This requires an estimate of an asset's recoverable amount which is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and it is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 9.3.1, 9.3.6, 9.14 and 9.15.

Betting transactions

Betting transactions are measured at the fair value of the consideration received or paid. This is usually the nominal amount of the consideration; however, in relation to unresolved bets for Sports betting and lottery the fair value is estimated in accordance with IAS 39 using valuation and probability techniques, taking into account the probability of the future win. Further details are given in notes 9.3.4 and 9.6. Scratch cards are not distinguished as derivatives as set out in IAS 39. Revenue (and expenses) are recognised as soon as the scratch cards are sold. Open betting positions are recorded as a liability given the fact that the profit margins are fixed.

Deferred tax

Deferred tax assets are recognised for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which

the deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in notes 9.3.18 and 9.12.

Recoverable amount of receivables

Where there are indicators that any receivable is impaired at a balance sheet date, management makes an estimate of the asset's recoverable amount. Further details are given in note 9.3.11 and 9.17.

Provisions

Provisions take into account an expected expense, showing it as a liability on the balance sheet. Created provisions represent the best management estimate of the future outflow of the economic benefits. Further details are given in notes 9.3.16 and 9.25.

9.5 / Business combinations

ACQUISITIONS IN 2015

FORTUNA Online Zakłady Bukmacherskie Sp. z o.o. (FORTUNA online) acquired in 2015 two companies which were thereafter renamed to FORTUNA Services Sp. z o.o., s.k.a. and FORTUNA Services Sp. z o.o. Part of FORTUNA online operations were transferred to FORTUNA Services Sp. z o.o., s.k.a. in order to improve the management of trademarks and increase their recognition within Poland. As a result a deferred tax asset of

EUR 3.5 million was recognised in the consolidated statement of financial position (see note 9.12).

ACQUISITIONS IN 2014

Acquisition of Intralot Czech

Effective 1 July 2014, the Group acquired 100% of the shares of its supplier Intralot Czech s.r.o. in order to gain ownership control over its lottery terminals. In August, Intralot Czech s.r.o. changed its name to FORTUNA tech-

nology s.r.o. The Group continues in its cooperation with the former parent company Intralot in the area of software and applications development for the lottery business.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair values of the identifiable assets and liabilities acquired as at the date of the acquisition were:

€ 000	Fair value recognised on acquisition
Assets	
Intangible assets (note 15)	54
Property, plant and equipment (note 16)	4,231
Current receivables	715
Cash and cash equivalents	52
Liabilities	
Deferred Tax Liability	18
Trade and other payables	65
Total identifiable net assets at fair value	4,969
Goodwill arising on acquisition	–
Purchase consideration transferred	4,969

Property, plant and equipment acquired is the most important asset and includes mostly lottery terminals. The fair value was established using an income approach. The Group will continue to depreciate property, plant and equipment acquired over its remaining useful life.

Current receivables include mostly receivables from FORTUNA sázky. The fair value of the receivables amounts to € 715 thousand. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

From the date of acquisition, FORTUNA technology s.r.o. has contributed € 0 of revenue and € 233 thousand to profit before tax of the Group. If the combination had taken place at the beginning of the year, Group profit before tax would have been € 21,547 thousand.

Cash flows on acquisition

The Group co-financed the acquisition with a bank debt. Cash transferred net of cash and cash equivalents acquired is included in the statement of cash flows for the year ended 31 December 2014 in

the line Acquisitions of subsidiary, net of cash acquired.

During the measurement period no new information was obtained about facts and circumstances that existed as of the acquisition date which affected the measurement of the amounts recognised as of the acquisition date

9.6 / Segment information

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

- Czech Republic sports betting
- Czech Republic lottery

- Slovakia
- Poland
- Other countries

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 years 2015 and 2014, respectively:

Year ended 31 December 2015	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL Operating segments
Revenue	46,472	7,050	53,522	27,897	21,373	4	102,796
Depreciation, amortisation and impairment of PPE and intangible assets	2,453	780	3,233	806	527	47	4,613
Operating profit/(loss)	11,960	103	12,063	9,707	1,430	(630)	22,570
Capital expenditure	7,297	99	7,396	720	724	–	8,840
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

Year ended 31 December 2014 ¹	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Other countries	TOTAL Operating segments
Revenue ¹	43,005	5,961	48,966	28,689	19,333	(23)	96,965
Depreciation and amortisation	2,382	656	3,038	708	527	65	4,338
Operating profit/(loss) ¹	10,211	(299)	9,912	12,168	2,455	(1,094)	23,441
Capital expenditure	1,558	37	1,595	757	756	–	3,108
Non-current assets	9,660	4,326	13,986	1,185	1,200	32	16,403
Operating segment assets	17,746	9,160	26,906	9,857	7,419	234	44,416
Operating segment liabilities	9,522	2,701	12,223	3,229	3,442	336	19,230

¹ Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 9.3.25.

Segment results for each operating segment exclude net finance costs of € 1,980 thousand and € 2,127 thousand for 2015 and 2014 and income tax expense of € 1,078 thousand and € 5,386 thousand for 2015 and 2014, respectively.

In 2014, operating profit for Poland includes also the income of € 531 thousand and expenses of € 95 thousand relating to a legal dispute won in Warsaw regarding a VAT overpayment (note 8).

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

Segment assets exclude goodwill of € 47,102 thousand and € 45,913 thousand as at 31 December 2015 and 31 December 2014, respectively, as these assets are managed on a group basis.

Segment liabilities excludes bank loans of € 35,662 thousand and € 40,635 thousand as at 31 December 2015 and 31 December 2014, respectively, and derivatives of € 169 thousand and € 384 thousand as at 31 December 2015 and 31 December 2014, 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.

Year ended 31 December 2015	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Malta	TOTAL
Total amounts staked	462,122	19,692	481,814	259,926	105,768	187	847,695
– of which: Sports betting – Bets	458,764	–	458,764	255,646	93,078	187	807,675
– of which: Sports betting – Commissions	3,358	–	3,358	4,280	12,690	–	20,328
– of which: Lottery – Scratch cards – Bets	–	14,304	14,304	–	–	–	14,304
– of which: Lottery – Numerical games – Bets	–	5,388	5,388	–	–	–	5,388
Paid out prizes	(402,565)	(10,972)	(413,537)	(215,571)	(70,984)	(175)	(700,267)
Gross win	59,557	8,720	68,277	44,355	34,784	12	147,428
– of which: Sports betting – Online	43,875	–	43,875	28,011	12,802	12	84,700
– of which: Sports betting – Retail	15,682	–	15,682	16,344	21,982	–	54,008
– of which: Lottery – Scratch cards	–	6,457	6,457	–	–	–	6,457
– of which: Lottery – Numerical games	–	2,263	2,263	–	–	–	2,263
Withholding tax paid	(11,912)	(1,789)	(13,701)	(15,340)	(12,689)	(5)	(41,735)
Other revenues	(1,173)	119	(1,054)	(1,118)	(722)	(3)	(2,897)
Revenue	46,472	7,050	53,522	27,897	21,373	4	102,796

Year ended 31 December 2014 ¹	€ 000						
	Czech Republic sports betting	Czech Republic lottery	Czech Republic total	Slovakia	Poland	Malta	TOTAL
Total amounts staked	397,670	16,716	414,386	167,730	87,571	2,742	672,429
– of which: Sports betting – Bets	393,526	–	393,526	158,231	77,060	2,742	631,559
– of which: Sports betting – Commissions	4,144	–	4,144	9,499	10,511	–	24,154
– of which: Lottery – Scratch cards – Bets	–	12,830	12,830	–	–	–	12,830
– of which: Lottery – Numerical games – Bets	–	3,886	3,886	–	–	–	3,886
Paid out prizes	(342,372)	(9,168)	(351,540)	(128,374)	(57,192)	(2,717)	(539,823)
Gross win	55,298	7,548	62,846	39,356	30,379	25	132,606
– of which: Sports betting – Online	36,745	–	36,745	21,491	8,750	25	67,011
– of which: Sports betting – Retail	18,553	–	18,553	17,865	21,629	–	58,047
– of which: Lottery – Scratch cards	–	5,821	5,821	–	–	–	5,821
– of which: Lottery – Numerical games	–	1,727	1,727	–	–	–	1,727
Withholding tax paid ¹	(11,060)	(1,592)	(12,652)	(9,494)	(10,511)	(25)	(32,682)
Other revenues	(1,232)	5	(1,227)	(1,174)	(535)	(23)	(2,959)
Revenue¹	43,006	5,961	48,967	28,688	19,333	(23)	96,965

¹ Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 9.3.25.

9.7 / Personnel expenses

€ 000	2015	2014
Wages and salaries	24,596	21,475
Social security costs	6,058	6,103
Directors' remuneration	23	32
Other payroll costs	677	672
Total	31,354	28,282

Number of employees in the period:

Average number of employees	2,428	2,514
Key managers	6	7
Staff	2,422	2,507

Remuneration of key management personnel of Fortuna Group

Wages and salaries	1,268	730
Social security costs	180	194
Termination benefits	–	704
Total remuneration	1,448	1,628

Key management includes country managing directors and group top management.

9.8 / Other operating income

€ 000	2015	2014
Gain on sale of fixed assets	5	24
Revenues from rental of real estate	451	190
Other income	937	771
Total	1,393	985

Other income in 2015 includes € 751 thousand which relate to rendered services and trademark lease to Romania. Other income in 2014 includes € 531 thousand which relate to a legal dispute

won in Warsaw regarding a VAT overpayment for the period 2005-2008.

Other operating income in 2015 includes income from related parties of

€ 1,165 thousand (for more information refer to note 28). In 2014 there was no other operating income from related parties.

9.9 / Other operating expenses

€ 000	2015	2014 ¹
Operating lease expense (note 9.29)	12,418	12,047
Materials and office supplies	2,776	2,515
Marketing and advertising	9,084	8,111
Telecommunication costs	1,614	1,848
Energy and utilities	1,288	1,365
Repairs and maintenance	542	562
Taxes and fees to authorities	945	820
Bad debt expense	44	176
IT services	3,927	2,867
Third party services (legal, professional etc.)	10,255	8,370 ¹
Travelling and entertainment cost	802	774
Others	1,957	2,434 ¹
Total	45,652	41,889¹

¹ Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 9.3.25.

Expenses of the Czech, Slovak and Polish companies are charged to the statement of profit or loss including VAT, as VAT cannot be claimed on the input side.

9.10 / Finance costs and income

€ 000	2015	2014 ¹
Interest on bank loans	1,238	1,411
Interest on other debts and borrowings	–	39
Other finance costs	320	309 ¹
Financial assets and liabilities at FV through P&L (contingent consideration transferred)	11	218
Foreign exchange losses	624	274
Total finance costs	2,193	2,251¹
Interest on bank deposits	70	66
Other finance income	–	5
Financial assets and liabilities at FV through P&L	–	39
Foreign exchange gains	143	14
Total finance income	213	124
Total finance costs, net	1,980	2,127¹

¹ Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to note 9.3.25.

9.11 / Components of other comprehensive income

€ 000	2015	2014
MOVEMENTS OF OTHER COMPREHENSIVE INCOME BEFORE TAX		
Cash flow hedges		
<i>Gains/(losses) arising during the year</i>		
Interest rate swap contracts		
Reclassification during the year to profit or loss	385	454
Net gain/(loss) during the year of the not-yet matured contracts	(169)	(384)
Exchange differences on translation of foreign operations		
<i>Gains/(losses) arising during the year</i>	1,479	(499)
Total effect on other comprehensive income (before tax)	1,695	(429)
TAX EFFECT OF COMPONENTS OF OTHER COMPREHENSIVE INCOME		
Cash flow hedges		
<i>Gains/(losses) arising during the year</i>		
Interest rate swap contracts		
	(44)	(15)
Total tax effect on other comprehensive income	(44)	(15)

Exchange differences on translation of foreign operations include translation gains and losses from the consolidation of the subsidiaries reporting in foreign currency, especially Czech entities.

The closing FX rate in 2015 changed from 27.725 CZK/EUR as at 31 December 2014 to 27.025 CZK/EUR as at 31 December 2015 and the average FX rate changed from 27.533 CZK/EUR in 2014 to 27.283 CZK/EUR in 2015.

The closing FX rate in 2014 changed from 27.425 CZK/EUR as at 31 December 2013 to 27.725 CZK/EUR as at 31 December 2014 and the average FX rate changed from 25.974 CZK/EUR in 2013 to 27.533 CZK/EUR in 2014.

9.12 / Income tax

The major components of income tax expense are:

€ 000	2015	2014
Current income tax:		
Current income tax charge	5,042	5,372
Prior year adjustments	(58)	(92)
Deferred tax:		
Relating to origination and reversal of temporary differences	(3,906)	106
Income tax expense reported in the statement of profit or loss	1,078	5,386

Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at Fortuna Group's effective income tax rate for the years ended 31 December 2015 and 2014, respectively, is as follows:

€ 000	2015	2014
Accounting profit before income tax	20,590	21,314
At Dutch statutory income tax rate of 25% (2014: 25%)	5,148	5,329
Effect of permanent and other differences	(64)	(32)
Effect of trademark recognition in Poland	(3,539)	-
Unrecognised tax asset from the tax losses incurred	104	46
Tax non-deductible expenses	617	1,371
Non-taxable betting revenues	-	(9)
Non-taxable other income	(170)	(265)
Adjustments in respect to current income tax of previous years	(58)	(92)
Effect of higher/lower tax rates in other countries	(960)	(962)
At the effective income tax rate of 5.2% (2014: 25%)	1,078	5,386
Income tax expense reported in the consolidated income statement	1,078	5,386
Total	1,078	5,386

DEFERRED TAX

Deferred tax relates to the following:

€ 000	Consolidated statement of financial position			Consolidated statement of profit or loss	
	31 December 2015	31 December 2014	1 January 2014	2015	2014
Difference between carrying amounts of property, plant and equipment for accounting and tax purposes	32	(5)	1	26	12
Impairment adjustments and provisions	1,168	593	532	565	70
Tax losses carried forward	–	235	438	(240)	(188)
Difference between carrying amounts of trademarks for accounting and tax purposes	3,472	–	–	3,539	–
Other	60	81	95	16	–
Deferred tax income / (expense)				3,906	(106)
Deferred tax asset / (liability)	4,732	904	1,066		
Reflected in the statement of financial position as follows:					
Deferred tax asset	4,767	935	1,066		
Deferred tax liability	(35)	(31)	–		
Deferred tax asset, net	4,732	904	1,066		

Unused tax losses for which no deferred tax asset is recognised in the consolidated statement of financial position are € 846 thousand (2014: € 201 thousand) and they expire in 2020.

Reconciliation of deferred tax asset:

€ 000	2015	2014
Opening balance as at 1 January	935	1,066
Tax income (expense) during the period recognised in profit or loss	3,910	(93)
Tax income (expense) during the period recognised in equity	(44)	(15)
Currency translation	(34)	(23)
Closing balance 31 December	4,767	935

Reconciliation of deferred tax liability:

€ 000	2015	2014
Opening balance as at 1 January	31	–
Deferred tax liability acquired as part of subsidiary	–	18
Tax income (expense) during the period recognised in profit or loss	4	13
Closing balance 31 December	35	31

9.13 / Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to the equity holders of the parent by the weighted average number of

ordinary shares in FEGNV outstanding during the year.

There were no dilutive potential ordinary shares as at 31 December 2015

and 2014, respectively. Basic and diluted earnings per share were the same. The following reflects the income and share data used in the basic and diluted earnings per share computations:

€ 000	2015	2014
Net profit attributable to ordinary equity holders of the parent for earnings per share calculation	19,505	15,983
Weighted average number of ordinary shares for earnings per share calculation	52,000,000	52,000,000

Statement of profit or loss / €	2015	2014
Basic and diluted earnings per share	0.375	0.307

No other transactions involving ordinary shares or potential ordinary shares took place between the reporting date and the date of completion of these consolidated financial statements.

9.14 / Goodwill

	€ 000
1 January 2015	45,913
Reduction in goodwill	–
Additions arising on acquisition of subsidiaries	–
Disposal of subsidiaries	–
Currency translation	1,189
31 December 2015	47,102

	€ 000
1 January 2014	46,415
Reduction in goodwill	–
Additions arising on acquisition of subsidiaries	–
Disposal of subsidiaries	–
Currency translation	(502)
31 December 2014	45,913

Goodwill arising from a business combination is allocated upon an acquisition to each of Fortuna Group's cash generating units (CGUs) expected to benefit from the synergies of the business combination.

The recoverable amounts of the CGUs are determined from the higher value in use calculations and fair values of the related CGUs. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in revenue and direct costs incurred during the year.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks Specific to the CGUs.

The current goodwill relates only to acquisitions of Czech companies operating in the Sports betting industry.

The cash flow projection covers a period of four years (2014: 5 years) and is discounted using the pre-tax discount rate of 9.30% (2014: 11.41%) for the Czech Republic. The valuation model used an av-

erage annual operating cash-flow growth rate of 3% (2014: 3%) for the next five years and growth of 3% (2014: 3%) per annum in subsequent years, which is currently the estimated growth for the betting business.

As at 31 December 2015 and 2014 respectively, Fortuna Group has not identified any impairment indicators of the recognised goodwill.

The carrying amount of goodwill has been allocated as follows:

Carrying amount of goodwill allocated to segments

€ 000	31. 12. 2015	31. 12. 2014
Czech Republic – Sports betting	47,102	45,913
Total	47,102	45,913

Fortuna Group annually tests goodwill for impairment or more frequently if there are indications that goodwill might be impaired.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value-in-use, management believes that no

reasonably possible change in any of the above key assumptions would cause the carrying amount of goodwill to materially exceed its recoverable amount.

9.15 / Intangible assets

€ 000	Software	Brand name	Other intangible fixed assets	Assets not yet in use	Total
Cost:					
1 January 2015	6,246	5,899	907	-	13,052
Additions	1,605	-	150	4,405	6,160
Disposals	(105)	-	(296)	-	(401)
Transfers	-	-	-	-	-
Currency translation	121	153	24	40	338
31 December 2015	7,867	6,052	785	4,445	19,149
Accumulated amortisation:					
1 January 2015	4,483	-	316	-	4,799
Amortisation for the year	1,151	-	127	-	1,278
Disposals	-	-	(3)	-	(3)
Transfers	-	-	-	-	-
Currency translation	99	-	12	-	111
31 December 2015	5,733	-	452	-	6,185
Carrying amount 31 December 2015	2,134	6,052	333	4,445	12,964
Carrying amount 1 January 2015	1,763	5,899	591	-	8,253

Assets not yet in use as at 31 December 2015 include investment in the new sports betting and gaming platform.

€ 000	Software	Brand name	Other intangible fixed assets	Total
Cost:				
1 January 2014	5,607	5,963	695	12,265
Additions	658	–	222	880
Disposals	(12)	–	(2)	(14)
Additions arising on acquisition of subsidiaries	54	–	–	54
Disposals arising on disposal of subsidiaries	–	–	–	–
Transfers	–	–	–	–
Currency translation	(61)	(64)	(8)	(133)
31 December 2014	6,246	5,899	907	13,052
Accumulated amortisation:				
1 January 2014	3,243	–	172	3,415
Amortisation for the year	1,296	–	150	1,446
Disposals	(14)	–	(3)	(17)
Transfers	–	–	–	–
Disposals arising on disposal of subsidiaries	–	–	–	–
Currency translation	(42)	–	(3)	(45)
31 December 2014	4,483	–	316	4,799
Carrying amount 31 December 2014	1,763	5,899	591	8,253
Carrying amount 1 January 2014	2,364	5,963	523	8,850

Upon the acquisition of the subsidiary FORTUNA sázková kancelář a.s. (merged with FORTUNA GAME, a.s., effective 1 January 2012), the Consolidated Group recognised the intangible brand name "FORTUNA" which was assessed as having an indefinite useful life, as there is no foreseeable limit to the period over which it is expected to generate net cash inflows, given the strength and durability of the brand and the level of marketing support. The brand has been on the market in the Czech Republic since 1990.

The intangible is not amortised and is tested for impairment at year-end. The

carrying amount of the intangible asset was € 6,052 thousand as at 31 December 2015 (2014: € 5,899 thousand). The movement in the carrying amount represents a foreign exchange loss due to the depreciation of the Czech crown against the euro. The brand name was pledged as a security for bank loans (note 9.26).

The intangible asset does not generate largely independent cash inflows and is allocated to the Czech operations as the lowest level of cash generating unit. The Czech operation was tested for impairment by applying the discounted cash

flow technique and using projected financial results.

The cash flow projection covers a period of four years (2014: five years) and is discounted using the pre-tax discount rate of 9.30% (2014: 11.41%) for the Czech Republic. The valuation model used an average annual operating cash-flow growth rate of 3% (2014: 3%) for the next five years and growth of 3% (2014: 3%) per annum in subsequent years, which is currently the estimated growth for the betting business.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value-in-use management believes that no

reasonably possible change in any of the above key assumptions would cause the carrying amount of the unit to materially exceed its recoverable amount.

9.16 / Property, plant and equipment

€ 000	Land and buildings	Plant and equipment	Other assets	Assets not yet in use	Total
Cost:					
1 January 2015	2,147	20,641	-	572	23,360
Additions	-	503	-	2,178	2,681
Disposals	(9)	(1,753)	-	(79)	(1,841)
Transfers	207	1,320	-	(1,527)	-
Currency translation	42	322	-	11	375
31 December 2015	2,387	21,033	-	1,155	24,575
Accumulated depreciation:					
1 January 2015	1,447	13,763	-	-	15,210
Depreciation charge for the year	155	2,751	-	-	2,906
Disposals	(9)	(1,736)	-	-	(1,745)
Transfers	-	-	-	-	-
Currency translation	29	200	-	-	229
31 December 2015	1,622	14,978	-	-	16,600
Carrying amount 31 December 2015	765	6,055	-	1,155	7,975
Carrying amount 1 January 2015	700	6,878	-	572	8,150

€ 000	Land and buildings	Plant and equipment	Other assets	Assets not yet in use	Total
Cost:					
At 1 January 2014	2,235	15,722	-	384	18,341
Additions	-	231	-	1,997	2,228
Disposals	(114)	(1,031)	-	(6)	(1,151)
Additions arising on acquisition of subsidiaries	-	4,231	-	-	4,231
Disposals arising on disposal of subsidiaries	-	-	-	-	-
Transfers	53	1,742	-	(1,795)	-
Currency translation	(27)	(254)	-	(8)	(289)
31 December 2014	2,147	20,641	-	572	23,360
Accumulated depreciation:					
1 January 2014	1,401	12,167	-	-	13,568
Depreciation charge for the year	175	2,717	-	-	2,892
Disposals	(114)	(963)	-	-	(1,077)
Transfers	-	-	-	-	-
Disposals arising on disposal of subsidiaries	-	-	-	-	-
Currency translation	(15)	(158)	-	-	(173)
31 December 2014	1,447	13,763	-	-	15,210
Carrying amount 31 December 2014	700	6,878	-	572	8,150
Carrying amount 1 January 2014	834	3,555	-	384	4,773

Fortuna Group has pledged its lottery terminals (part of Plant and equipment) as security for bank loans.

9.17 / Current receivables

€ 000	31. 12. 2015	31. 12. 2014
Current receivables		
Receivables from related parties	663	50
Advance payments and deposits	891	563
Other receivables (current)	1,696	1,336
Total	3,250	1,949

For terms and conditions relating to related party receivables, refer to note 9.28.

Other receivables include receivables from the sale of lottery products of € 1,424 thousand in 2015 (2014: € 1,171 thousand) and receivables for cash short-

ages from former or current employees of € 49 thousand in 2015 (2014: € 68 thousand).

As at 31 December 2015, the provision for impairment of trade receivables (excluding receivables from employees men-

tioned above) amounted to € 23 thousand (2014: € 35 thousand). See the table below for the movements in the provision for impairment of receivables.

Movement in the provision for impairment of trade receivables	Individually impaired € 000
1 January 2015	35
Amount written off during the year	(9)
Amounts recovered during the year	(11)
Charge for the year	7
Currency translation	1
31 December 2015	23
1 January 2014	45
Amount written off during the year	(2)
Amounts recovered during the year	(13)
Charge for the year	5
Currency translation	-
31 December 2014	35

The following table relates to the ageing of current receivables. As at 31 December 2015 and 2014, respectively, most of the receivables were neither past due nor impaired.

€ 000	Neither past due nor impaired	Past due but not impaired					Total
		<30 days	31-60 days	61-90 days	91-180 days	> 181 days	
31 December 2015	3,190	16	1	–	3	40	3,250
31 December 2014	1,772	33	6	–	13	125	1,949

In the consolidated statement of financial position of the Company there are no other financial assets that are past due but not impaired.

9.18 / Other assets

Other non-current assets	31. 12. 2015 € 000	31. 12. 2014 € 000
Advance payments and security deposits – related parties	328	35
Advance payments and security deposits	1,537	1,772
Other	180	200
Total	2,045	2,007

Advance payments and security deposits consist mostly of rental deposits paid for rent on Fortuna branches.

Other current assets	31. 12. 2015 € 000	31. 12. 2014 € 000
Goods for sale	89	86
Other inventory	45	37
Prepayments – related parties	126	–
Prepayments	2,735	2,257
Total	2,995	2,380

Prepayments consist mostly of prepaid rent on Fortuna branches.

9.19 / Restricted cash

€ 000	31. 12. 2015	31. 12. 2014
Restricted cash	4,820	4,718

Fortuna Group has limited access to the above mentioned cash deposits made with banks. The funds are blocked in accordance with the Gaming regulations of Slovakia and the Czech Republic.

According to Czech and Slovak legislation, a betting company has to deposit certain amounts of cash as security for potential liabilities to the state and bettors to a special bank account. The

Company can only withdraw the security upon receiving an approval from the state authorities once the gaming activity terminates.

9.20 / Cash and cash equivalents

€ 000	31. 12. 2015	31. 12. 2014
Cash at bank	25,869	13,167
Cash in hand and in transit	2,275	2,759
Cash and cash equivalents	28,144	15,926

Cash at banks bears interest at floating rates based on daily bank deposit rates. Short-term deposits are classified as a cash equivalent only if they have terms to maturity of three months or less.

Fortuna Group has pledged € 21,674 thousand of its cash in bank deposits as security for bank loans (2014: € 12,666 thousand).

9.21 / Derivatives

As at 31 December 2015, Fortuna Group held interest rate swaps with a notional amount of € 16,400 thousand which are designated as cash flow hedges (2014: € 18,314 thousand). These swaps fix the 3-month PRIBOR/EURIBOR variable interest rates.

Interest rate swaps	31. 12. 2015 € 000 Liabilities	31. 12. 2014 € 000 Liabilities
Cash flow hedge	169	384
Total	169	384

9.22 / Issued capital and reserves

Authorised shares

	2015 # of shares	2014 # of shares
Ordinary shares of € 0.01 each	250,000	250,000
	250,000	250,000

Ordinary shares issued and fully paid

	# of shares thousands	Par value per share €	Share capital € 000
31 December 2015	52,000	0.01	520
31 December 2014	52,000	0.01	520

STATUTORY RESERVE

In accordance with the commercial law in the Czech Republic (until 31 December 2013) and Slovakia, companies have been required to form an undistributable statutory reserve for contingencies against possible future losses and other events.

Until 31 December 2013, in the Czech Republic, contributions were at least 20% of after-tax profit in the first year in which profits were made and 5% of after-tax profit for each subsequent year, unless the fund reached at least 20% of share capital. The fund could only be used to offset losses. Since 2014, with

the new legislation in place, this obligation was cancelled. As a consequence, ALICELA a.s. and RIVERHILL a.s. transferred statutory reserves to the retained earnings in 2014 and FORTUNA GAME a.s. in 2015.

In Slovakia, contributions must be at least 10% of the share capital upon the foundation of the company and at least 10% of after-tax profit for each subsequent year, until the fund reaches at least 20% of share capital. The fund can only be used to offset losses.

The reserve represents the amount of the undistributable funds, which cannot be

transferred to the parent company in the form of dividends. The dividend capacity of FEGNV is not affected as the distribution to FEGNV shareholders is determined only by the corporate equity of FEGNV.

HEDGE RESERVE

The net loss on cash flow hedges recognised in equity was € 169 thousand, net of tax effect of € 37 thousand, i.e. € 132 thou-

sand (2014: € 384 thousand, net of tax effect of € 80 thousand, i.e. € 304 thousand).

NATURE AND PURPOSE OF RESERVES

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial information of foreign subsidiaries.

9.23 / Dividends paid and proposed

The Annual General Meeting (AGM) of shareholders of Fortuna Entertainment Group N.V. held on 6 June 2015 in Amsterdam approved the Management Board's proposal not to pay any dividend for the financial year 2014.

The Annual General Meeting (AGM) of shareholders of Fortuna Entertainment Group N.V. held on 6 June 2014 in Amsterdam approved the Management Board's proposal to pay out a gross dividend of € 0.22 in cash per share for the fi-

nancial year 2013. The actual payment of the dividend occurred on 26 June 2014. The paid dividend represented approximately 73.5% of the net profit (consolidated accounts) of 2013.

Declared and paid during the year:	2015 € 000	2014 € 000
Dividend for 2013 paid in 2014	–	11 440
Dividend for 2014 paid in 2015	–	–
Total	–	11,440

Distributable funds are based on the corporate financial statements of FEGNV.

9.24 / Fair values

FAIR VALUE HIERARCHY

As at 31 December 2015 and 2014, respectively, Fortuna Group had derivative contracts (interest rate swaps) measured at a fair value of € 169 thousand (liability), and € 384 thousand (liability) respectively, and open bets, which are also regarded as derivative contracts, at

a fair value of € 459 thousand (liability), and € 444 thousand (liability), respectively.

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 at 31 December 2015, the Group held the following financial instruments measured at fair value:

Financial instruments	31 December 2015 € 000	Level 1 € 000	Level 2 € 000	Level 3 € 000
Interest rate swaps	(169)	–	(169)	–
Open bets	(459)	–	–	(459)
Jackpot provision	(586)	–	–	(586)

No change in the classification of the derivatives has occurred 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 inputs 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 duality of counterparties and interest rate curves.

Open bets are regarded as derivative financial instruments which are not quoted on an active market and no observable data is available; the fair value of these financial instruments is not determined by reference to published price quotations or 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 (note 9.25).

Set out below is a comparison by class between the carrying amounts and fair values of Fortuna Group's financial instruments as disclosed in the financial statements.

31 December 2015	Carrying amount € 000	Fair value € 000
Assets		
Restricted cash	4,820	4,820
Other non-current assets	2,045	2,045
Current receivables	3,250	3,250
Other current assets	2,995	2,995
Cash and cash equivalents	28,144	28,144
Liabilities		
Long-term bank loans	30,139	30,139
Other non-current liabilities	352	352
Trade and other payables	21,344	21,344
Current portion of long-term bank loans	5,523	5,523
Derivatives	169	169
Other current financial liabilities (open bets)	459	459

31 December 2014	Carrying amount € 000	Fair value € 000
Assets		
Restricted cash	4,718	4,718
Other non-current assets	2,007	2,007
Current receivables	1,949	1,949
Other current assets	2,380	2,380
Cash and cash equivalents	15,926	15,926
Liabilities		
Long-term bank loans	35,182	35,182
Other non-current liabilities	35	35
Trade and other payables	15,700	15,700
Current portion of long-term bank loans	5,453	5,453
Derivatives	384	384
Other current financial liabilities (includes open bets)	449	449

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, current receivables, trade payables, and other current liabilities approximate their car-

rying amounts largely due to the short-term maturities of these instruments.

Long-term fixed-rate and variable-rate receivables and borrowings are evaluated by Fortuna Group based on parameters such as interest rates, Specific country risk factors, the individual creditworthiness of customers and risk characteristics of the financed project. Based on this evaluation, provisions are formed for the expected losses of these receivables. As at 31 December 2015 and 2014, re-

spectively, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The fair value of loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

9.25 / Provisions

€ 000	Employee bonuses	Jackpot	Other provisions	Total
1 January 2015	1,413	523	21	1,957
Arising during the year	3,613	49	450	4,112
Utilised	(1,224)	–	(28)	(1,252)
Discount rate adjustment	–	–	–	–
Currency translation	38	14	1	53
31 December 2015	3,840	586	444	4,870
Short-term part of the provision	2,408	–	429	2,837
Long-term part of the provision	1,432	586	15	2,033
31 December 2015	3,840	586	444	4,870

€ 000	Employee bonuses	Jackpot	Other provisions	Total
1 January 2014	865	447	29	1,341
Arising during the year	1,546	82	19	1,647
Utilised	(982)	–	(27)	(1,009)
Discount rate adjustment	–	–	–	–
Acquisition of a subsidiary	–	–	–	–
Disposal of a subsidiary	–	–	–	–
Currency translation	(16)	(6)	–	(22)
31 December 2014	1,413	523	21	1,957
Short-term part of the provision	1,347	–	19	1,366
Long-term part of the provision	66	523	2	591
31 December 2014	1,413	523	21	1,957

EMPLOYEE BONUSES

The Company has formed a provision for employee bonuses which relates to both the long-term incentive plan as well as annual bonuses. The long-term incentive plan represents a motivation plan for key management for the period of 3 to 5 years. The exact amount is uncertain

as it represents management's best estimate.

PROVISION FOR JACKPOT

Jackpot provision is accounted for at fair value as derivative. As this financial instrument is not quoted on an active market and no observable data is available,

the fair value of this financial instrument is not determined by reference to published price quotations or estimated by using a valuation technique based on assumptions supported by prices from observable current market transactions. It is accrued at each draw taking into account the long-term pay-out ratio.

9.26 / 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	2015 € 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 Zakłady Bukmacherskie Sp. z o.o.; pledge on bank accounts of FORTUNA GAME a.s., FORTUNA SK, a.s. and FORTUNA Online Zakłady Bukmacherskie Sp. z o.o., brand name FORTUNA, registered trademarks, FORTUNA GAME and ALICELA 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

Long-term bank loans	Currency	Effective interest rate	Security	Maturity	2014 € 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 Zakłady Bukmacherskie Sp. z o.o.; pledge on bank accounts of FORTUNA GAME a.s., FORTUNA SK, a.s. and FORTUNA Online Zakłady Bukmacherskie Sp. z o.o., brand name FORTUNA, registered trademarks, FORTUNA GAME and ALICELA enterprises, lottery terminals	June 2018	10,729
Facility A2	EUR	3M EURIBOR + 2.00%		June 2018	4,350
Facility A	EUR	3M EURIBOR + 2.00%		June 2018	6,538
Facility B	CZK	3M PRIBOR + 2.25%		June 2019	10,098
Facility B	EUR	3M EURIBOR + 2.25%		June 2019	8,920
of which current portion					5,453
Total long-term loans					35,182

As at 31 December 2015, Fortuna Group had undrawn committed borrowing facilities of € 5,000 thousand (2014: € 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 at 31 December 2015 and 31 December 2014, Fortuna Group was in compliance with all bank loan covenants.

9.27 / Trade and other payables (current)

€ 000	31. 12. 2015	31. 12. 2014
Trade and other payables (current)		
Trade accounts and notes payable	3,549	1,395
Payables to related parties	303	36
Earn-out liability	251	462
Wages and salaries payable	2,034	2,270
Social security and health contributions payable	829	796
Betting tax and other tax payable	6,628	3,887
Unpaid wins	3,218	2,805
Accrued expenses	3,924	3,566
Received deposits	3	3
Other payables and estimated accounts payable	605	480
Total	21,344	15,700

Unpaid wins are paid out within a short time-frame after the year-end and present actual amounts won by the clients.

9.28 / Related party disclosures

The consolidated financial statements include the following companies:

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 technology s.r.o.	Czech Republic	Lottery
FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.	Poland	Sports betting
FORTUNA Services Sp. z o.o.	Poland	Sports betting
FORTUNA Services Sp. z o.o., s.k.a.	Poland	Sports betting
FORTUNA SK, a.s.	Slovakia	Sports betting
FortunaWin Ltd.	Malta	Sports betting

The following table lists the total amounts relating to transactions entered into with related parties for the relevant financial year:

Consolidated statement of financial position	31. 12. 2015 € 000	31. 12. 2014 € 000
Other non-current assets		
Digital Park Einsteinova, a. s.	35	35
Development Florentinum s.r.o.	293	–
Total other non-current assets – related parties	328	35
Receivables from related parties		
Digital Park Einsteinova, a. s.	48	50
Bet zone srl	171	–
Bet active concept srl	184	–
Penta Investments Limited	50	–
Development Florentinum s.r.o.	210	–
Total receivables from related parties	663	50
Other current assets		
Development Florentinum s.r.o.	126	–
Total other current assets – related parties	126	–
Payables to related parties		
DÔVERA zdravotná poisťovňa, a.s..	24	19
AB Facility, s.r.o.	–	1
Avis Accounting BV	3	2
Development Florentinum s.r.o.	262	–
Penta Investments Limited	14	14
Total payables to related parties	303	36
Cash in related parties		
Privatbanka, a.s.	7,503	1,911
Total cash in related parties	7,503	1,911

The payables to DÔVERA zdravotná poisťovňa, a.s. relate to health insurance payments.

Consolidated statement of profit or loss	2015 € 000	2014 € 000
Other operating income from related parties		
Bet zone srl	567	–
Bet active concept srl	184	–
Development Florentinum s.r.o.	373	–
Penta Investments Limited	41	–
Total other operating income from related parties	1,165	–
Financial income from related parties		
Privatbanka, a.s.	5	11
Total financial income from related parties	5	11
Financial expense from related parties		
Privatbanka, a.s.	2	1
Total financial expense from related parties	2	1
Purchases from related parties		
DÔVERA zdravotná poisťovňa, a.s.	175	161
Digital Park Einsteinova, a.s.	98	128
Development Florentinum s.r.o.	766	–
AB Facility, s.r.o.	8	8
Avis Accounting BV	21	26
Predict Performance Improvement Ltd	–	74
Total purchases from related parties	1,068	397

All the above-mentioned companies are part of Penta Group and the sales to and purchases from related parties are conducted at normal market prices. Outstanding balances at the year-end are unsecured, and interest-free, with the settlement being in cash. No guarantees have been provided or received for any related party receivables or payables. For the years ended 31 December 2015 and 2014, respectively, Fortuna Group has not recorded any impairment of receivables relating to amounts owed by

related parties. This assessment is made each financial year by examining financial position of the related party and the market in which the related party operates.

Other operating income from Bet zone srl and Bet active concept srl relates to reinvoiced expenses on services and trademark lease.

Financial income and expense from Privatbanka a.s. relates to bank fees and interest on bank account balances.

Purchases from DÔVERA zdravotná poisťovňa, a.s. represent health insurance payments. Purchases from Digital Park Einsteinova, a.s. and Development Florentinum s.r.o. relate to the rent on office premises.

SHARES HELD BY THE MANAGEMENT

As at 31 December 2015, Directors and Members of the Management Board did not hold any shares or stock options issued by the Company.

As at 31 December 2015, Directors and Members of the Supervisory Board did not hold any shares or stock options issued by the Company.

As at 31 December 2015, members of the management of the Group did not hold any shares or stock options issued by the Company.

As at 31 December 2014, Members of the Supervisory Board held 5,253 shares, representing 0.01% of the aggregate voting rights.

9.29 / Commitments and contingencies

OPERATING LEASE COMMITMENTS – THE GROUP AS LESSEE

Operating leases mainly relate to buildings with lease terms of between three to 10 years. All operating lease contracts

contain market review clauses for a case in which Fortuna Group exercises its option to renew. The Company does not have an option to purchase the leased assets upon the expiry of the lease period.

Future minimum rental payments payable under non-cancellable operating leases as at 31 December are as follows:

€ 000	2015	2014
Instalments due within one year	5,112	5,024
Instalments due between two and five years	8,092	7,988
Instalments due after more than five years	2,154	3,008
Operating lease expense (note 9.9)	12,418	12,047

Some of the contracts also include variable payments dependent on amounts staked. These payments have not been included in the table above as they are not part of the minimum rental payments.

9.30 / Financial risk management objectives and policies

Fortuna Group's principal financial instruments, other than derivatives, comprise of bank loans, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for Fortuna Group's operations. Fortuna Group has various other financial instruments

such as current receivables, trade and other payables that arise directly from its operations.

Fortuna Group also enters into derivative transactions, such as interest rate swaps. The purpose of these transac-

tions is to assist in the management of Fortuna Group's financial risk and to generate the desired effective interest rate profile.

Fortuna Group is exposed to market risk, credit risk and liquidity risk.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of three types of risk: interest rate risk, currency risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, cash and cash equivalents, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the positions as at 31 December 2015 and 2014, respectively.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant, and on the basis of the hedge designations in place as of 31 December 2015 and 2014, respectively.

The following assumptions have been made in calculating the sensitivity analyses:

- The statement of financial position sensitivity relates to derivatives
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of 31 December 2015 and 2014, respectively, including the effect of hedge accounting

It is, and has been throughout the year under review, the policy of the Fortuna Group that no trading in financial instruments shall be undertaken other than betting and gaming transactions.

INTEREST RATE RISK

Fortuna Group is exposed to interest rate risk on interest bearing loans and borrowings and on cash and cash equivalents.

Fortuna Group manages interest rate risk by having a portfolio of fixed and variable rate loans. Fortuna Group's policy for the year ended 31 December 2015 was to maintain a minimum of 25% of its borrowings at fixed interest rates. To manage this, Fortuna Group enters into interest rate swaps, in which Fortuna Group agrees to exchange, at Specified intervals, the difference between fixed and variable rate interest amounts calculated by referring to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. As at 31 December 2015, after taking into account the effect of the interest rate swaps eligible for hedge accounting, 46% (2014: 45%) of Fortuna Group's borrowings were at a fixed rate of interest.

FOREIGN CURRENCY RISK

Fortuna Group carries out operations through a number of foreign enterprises. The day to day transactions of foreign subsidiaries are carried out in local currencies. Fortuna Group's exposure to currency risk at the transactional level is monitored and reviewed regularly.

Fortuna Group seeks to mitigate the effect of its structural currency exposure arising from the translation of foreign currency assets through bank loan drawings in the same currencies. However there are bank loans drawn in CZK within the Polish entities (note 9.26) which constitute currency exposure.

The exchange rate risk is kept at an acceptable level since the majority of operations are carried out within operating companies and hence any movements of currency rates of their functional currencies against each other and the euro (e.g. Czech Korunas, Polish Zloty) does not give rise to significant exchange rate risk.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Fortuna Group. Credit risk arises from cash and cash equivalents, trade receivables and loans.

In relation to its core business substance, Fortuna Group's exposure to credit risk is limited since the vast majority of its sales are carried out on the basis of prepayments made by customers. A marginal part of the pre-payments is executed with the use of credit cards, where management adopts monitoring and credit control policy which minimises any credit risk exposure.

With respect to trade receivables related to other sales, Fortuna Group ensures that products and services are provided to customers with an appropriate credit-worthy history. Risk control assesses the credit quality of customers, taking into account financial position, past experience and other factors.

Fortuna Group's exposure to credit risk through the loans granted is limited since there are only intra-group loans and any third party lending is very rare.

LIQUIDITY RISK

Fortuna Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of borrowings with a range of maturities.

Fortuna Group's policy on liquidity is to ensure that there are sufficient medium-term and long-term committed borrowing facilities to meet the medium-term funding requirements. As at 31 December 2015, there were undrawn committed borrowing facilities of € 5,000 thousand (2014: € 5,000 thousand). Total committed facilities had an average maturity of 3 years in 2015 (2014: 4 years).

Prudent liquidity risk management implies maintaining sufficient cash and other liquid assets, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding.

The Company monitors the level of cash on a daily basis and draws bank cash when and if needed.

LIQUIDITY RISK PROFILE

The table below summarises the maturity profile of Fortuna Group's financial liabilities as at 31 December 2015 and 2014, respectively, based on contractual undiscounted payments:

31 December 2015	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Trade and other payables	21,344	–	–	–	21,344
Bank loans (including swaps)	6,526	11,950	19,635	–	38,111
Other non-current liabilities	459	–	–	–	459
	28,329	11,950	19,635	–	59,914

31 December 2014	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Trade and other payables	15,700	–	–	–	15,700
Bank loans (including swaps)	6,716	12,773	25,096	–	44,585
Other non-current liabilities	449	–	–	–	449
	22,865	12,773	25,096	–	60,734

INTEREST RATE SENSITIVITY

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of Fortuna Group's profit before tax and equity (through the impact on floating rate borrowings):

	Increase/(decrease) in interest rate by	Effect on profit before tax € 000	Effect on other comprehensive income € 000
2015			
CZK	1% / (1%)	(93) / 93	76 / (76)
EUR	1% / (1%)	(101) / 101	54 / (54)
		(194) / 194	130 / (130)
2014			
CZK	1% / (1%)	(104) / 104	85 / (85)
EUR	1% / (1%)	(121) / 121	61 / (61)
		(225) / 225	146 / (146)

FOREIGN CURRENCY RISK SENSITIVITY

The following table demonstrates the sensitivity to a change in foreign exchange rates, with all other variables held constant, of Fortuna Group's equity arising from the translation of the foreign operations:

Increase/decrease in exchange rate by 1%	(Decrease)/increase in equity € 000
As at 31 December 2015:	
CZK/EUR	(36) / 36
PLN/EUR	(55) / 55
As at 31 December 2014:	
CZK/EUR	(224) / 224
PLN/EUR	(6) / 6

The impact of changes in exchange rates on the profit or loss statement is immaterial.

CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent.

The primary objective of Fortuna Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support

the business and maximise shareholder value.

Fortuna Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, Fortuna Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Fortuna Group monitors capital using a gearing ratio defined as net debt divided by EBITDA.

Fortuna Group includes interest bearing short-term and long-term loans and borrowings less cash and cash equivalents in net debt. The Company defines EBITDA as net profit after tax before non-controlling interest, income tax, net financial costs, depreciation and amortisation and goodwill impairment.

€ 000	31. 12. 2015	31. 12. 2014
Interest bearing loans and borrowings:		
Long-term loans	30,139	35,182
Current portion of long-term loans	5,523	5,453
Short-term loans	–	–
	35,662	40,635
Less cash and cash equivalents	28,144	15,926
Net debt	7,518	24,709

€ 000	2015	2014
Profit before taxation from continuing operations	20,590	21,314
Finance costs, net	1,980	2,737
Goodwill impairment	–	–
Depreciation and amortisation	4,613	4,338
EBITDA	27,183	28,390
Gearing ratio	0.28	0.87

9.31 / Events after the balance sheet date

In February 2016, the Company convened an Extraordinary General Meeting of Shareholders of the Company (the "EGM") to be held at the registered office of the Company at the address Strawinskylaan 809 WTC T.A/L 8, 1077

XX AMSTERDAM, Amsterdam, The Netherlands, on 8 April 2016, commencing at 11.00 AM (CET). It is proposed to the General Meeting to appoint Iain Child as a Member of the Supervisory Board in accordance with the articles of associa-

tion of the Company for a new term of office. This appointment shall be effective as at 8 April 2016. Further information can be found in the EGM convening notice which is available on the Company website.

Amsterdam, 8 April 2016



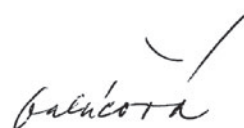
Per Widerström

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.



Marek Šmrha

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



Michal Horáček

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

10

Corporate Financial Statements of Fortuna Entertainment Group N.V.

As at 31 December 2015

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Statement of financial position as at 31 December 2015

€ 000	Notes	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Intangible assets	10.5	17	29
Property, plant and equipment	10.6	–	2
Investments in subsidiaries	10.7	179,007	179,007
Other non-current assets	10.8	3	3
Total non-current assets		179,027	179,041
Current assets			
Current assets			
Receivables from related parties	10.20	10,385	13,583
Prepayments and other current assets	10.9	17	40
Cash and cash equivalents	10.10	2,070	65
Total current assets		12,472	13,688
TOTAL ASSETS		191,499	192,729
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	10.11	520	520
Share premium		115,705	115,705
Legal reserve		4,214	–
Retained earnings		27,656	13,611
Profits for the year		19,343	18,259
Total Equity		167,438	148,095
Non-current liabilities			
Loans from Group companies	10.12, 10.20	5,086	16,432
Total non-current liabilities		5,086	16,432
Current liabilities			
Creditors	10.13	21	15
Loans from Group companies	10.12, 10.20	18,542	27,801
Payables to related parties	10.20	336	326
Accruals and other current liabilities	10.14	76	60
Total current liabilities		18,975	28,202
EQUITY AND LIABILITIES		191,499	192,729

Statement of comprehensive income for the year ended 31 December 2015

€ 000	Notes	2015	2014
Dividend income	10.15	20,952	22,561
Net royalty income		4	3
Revenues		20,956	22,564
Personnel expenses	10.16	(49)	(54)
Depreciation and amortisation	10.5, 10.6	(14)	(61)
Other operating expenses	10.17	(342)	(2,983)
Operating profit		20,551	19,466
Finance income	10.18	281	176
Finance cost	10.19	(1,489)	(1,383)
Profit before tax		19,343	18,259
Income tax expense		-	-
Net profits for the year		19,343	18,259
Other comprehensive income for the year		-	-
Total comprehensive income for the year		19,343	18,259

Statement of cash flows for the year ended 31 December 2015

€ 000	Notes	2015	2014
Cash flows from operating activities			
Profit before tax		19,343	18,259
Adjustments for:			
Depreciation and amortisation		14	61
Impairment of investment in subsidiary		–	2,446
Non-cash items		544	(172)
Interest expense		942	1,379
Operating cash flow before working capital changes		20,843	21,973
(Increase) / Decrease in other current assets		23	60
(Increase) / Decrease in receivables		3,198	(4,459)
(Decrease) / Increase in payables and other liabilities		33	(77)
Cash generated from operating activities		24,097	17,497
Corporate income tax paid		–	–
Net cash flows provided by / (used in) operating activities		24,097	17,497
Cash flows from investing activities			
Purchase of equipment and intangible fixed assets		–	–
Proceeds / (Acquisition) of financial fixed assets		–	(254)
Net cash flows provided by / (used in) investing activities		–	(254)
Cash flows from financing activities:			
Net proceeds from / (Repayments of) borrowings	10.12	(20,110)	(3,977)
Interest paid	10.12	(1,982)	(772)
Dividend paid		–	(11,440)
Additional withholding tax paid		–	(999)
Net cash flows (used in)/provided by financing activities		(22,092)	(17,188)
Net increase / (decrease) in cash and cash equivalents		2,005	55
Cash and cash equivalents at the beginning of the year		65	10
Cash and cash equivalents at the end of the year		2,070	65

In 2015 FEGNV received dividends of € 24,388 thousand and in 2014 dividends of € 18,125 thousand.

Statement of changes in equity for the year ended 31 December 2015

€ 000	Share capital	Share premium	Legal Reserve	Profit for the year	Retained earnings	Total
At 31 December 2013	520	115,705	-	17,421	8,629	142,275
Appropriation of net result	-	-	-	(17,421)	17,421	-
Dividend paid	-	-	-	-	(11,440)	(11,440)
Receivable waived and additional withholding tax paid ¹	-	-	-	-	(999)	(999)
Profits for the year	-	-	-	18,259	-	18,259
At 31 December 2014	520	115,705	-	18,259	13,611	148,095
Appropriation of net result	-	-	-	(18,259)	18,259	-
Legal reserve on development cost	-	-	4,214	-	(4,214)	-
Profits for the year	-	-	-	19,343	-	19,343
At 31 December 2015	520	115,705	4,214	19,343	27,656	167,438

¹ In 2014 FEGNV settled withholding tax in respect of the dividend for 2012 paid in 2013. As a consequence thereof, the Company recorded a receivable of € 851 thousand from its shareholders. In November 2014, the Management Board decided to fully waive the receivable from its shareholders. From the fiscal standpoint, waiving the receivable is viewed as a dividend. Therefore an additional dividend filing was made and additional withholding tax of € 148 thousand was paid by the Company. The amount of the waived receivable from shareholders and additional withholding tax, a total of € 999 thousand, was deducted from retained earnings.

Notes to the financial statements as at 31 December 2015

10.1 / Corporate information

The statutory financial statements for the year ended 31 December 2015 of Fortuna Entertainment Group N.V. ("FEGNV"), comprise of the statements of financial position as at 31 December 2015 and 31 December 2014, respectively, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the years ended 31 December 2015 and 31 December 2014, respectively, as well as of a summary of significant accounting policies and other explanatory notes.

The financial statements of FEGNV for the year ended 31 December 2015 were authorised for issuance in accordance with a resolution of the Directors on 8 April 2016. The Annual General Meeting to approve the financial statements will take place in May 2016.

The Parent Company has its registered office at Strawinskylaan 809, Amsterdam, the Netherlands. A total of 67.26% of the shares of the Company are held by Fortbet Holdings Limited, having its registered office at Agias Fylaxeos & Polygnostou 212, C&I Center, 2nd floor, 3082

Limassol, Cyprus. The remaining 32.74% of shares are publicly traded on the Polish stock exchange in Warsaw and the Czech stock exchange in Prague.

DESCRIPTION OF BUSINESS

Fortuna Entertainment Group N.V. operates in the betting industry under local licences in the Czech Republic, Slovakia and in Poland. Sports betting is the key product of FEGNV with the most popular betting events being football, ice hockey and basketball. The odds are distributed to customers via retail chains in the Czech Republic, Slovakia and Poland and via online websites in the Czech Republic, Slovakia and, since January 2012, also in Poland.

FEGNV had the following members of its Management and Supervisory Boards as at 31 December 2015:

Management Board

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

Supervisory Board

Chairman:	Marek Šmrha
Member:	Michal Horáček

Václav Brož resigned as a Member of, and as the Chairman of, the Supervisory Board, effective 28 May 2015. Marek Šmrha was appointed as a new Member of the Supervisory Board, effective 28 May 2015.

Marek Rendek resigned as a Member of the Supervisory Board, effective 28 May 2015 and the Supervisory Board was reduced to two members.

Marek Šmrha was appointed as the Chairman of the Supervisory Board, effective 7 August 2015.

10.2 / Basis of preparation

These statutory financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the

European Union and in accordance with Title 9, Book 2 of the Dutch Civil Code. IFRS comprise standards and interpretations approved by the Inter-

national Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The statutory financial statements have been prepared on a historical cost basis unless disclosed otherwise.

The statutory financial statements are presented in Euros and all values are rounded to the nearest thou-

sand (€000) except when otherwise indicated.

10.3 / Summary of significant accounting policies

The accounting policies used in preparing the statutory financial statements for the year ended 31 December 2015 are set out below.

10.3.1 Intangible assets

Intangible assets acquired separately are measured at cost and those acquired as part of a business combination are recognised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other internally generated intangible assets are not capitalised and expenditure is charged against profit in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The straight-line amortisation method is used.

Useful life	
Software	5 years

10.3.2 Property, plant and equipment

Property, plant and equipment and other fixed assets are stated at cost less accumulated depreciation and any impair-

ment in value. Assets not yet in use are carried at cost and are not depreciated. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated on a straight-line basis over the estimated useful life of an asset as follows:

Useful life	
Office furniture and equipment	5 years

Impairment is recognised when the carrying amount of an item of property, plant, or equipment exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and are adjusted prospectively, if appropriate.

10.3.3 Recoverable amount of non-current assets

The carrying values of non-current assets with finite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated at each balance sheet date.

The recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks Specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the statement of profit or loss in the depreciation line item. Assets and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on

derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and they are adjusted prospectively, if appropriate.

10.3.4 Cash at bank

Cash and cash equivalents in the statement of financial position represent bank balances and are carried at face value.

10.3.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost less a provision for impairment, if any.

10.3.6 Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. FEGNV determines the classification of its financial assets on initial recognition.

Trade receivables are generally accounted for at amortised cost. FEGNV reviews indicators of impairment on an ongoing basis and, where indicators exist, FEGNV makes an estimate of the assets' recoverable amounts.

10.3.7 Financial liabilities

Financial liabilities comprise interest bearing loans and borrowings. On initial recognition, financial liabilities are

measured at fair value less transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Except for derivative financial instruments, FEGNV has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the statement of profit or loss. Subsequently, the fair values are re-measured and gains and losses from changes therein are recognised in the statement of profit or loss.

10.3.8 De-recognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- FEGNV has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) FEGNV has transferred substantially all the risks and rewards of the asset, or (b) FEGNV has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When FEGNV has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of FEGNV's continuing involvement in the asset. In that case,

FEGNV also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that FEGNV has retained.

Continuing involvement, which takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that FEGNV could be required to repay.

10.3.9 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs.

10.3.10 Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

The amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

10.3.11 Foreign currency translation

The presentation and functional currency of FEGNV is the Euro ("EUR" or "€").

Transactions in foreign currencies are initially recorded in the functional currency at the foreign currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange prevailing at the balance sheet date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

10.3.12 Expenses

Costs and expenses are allocated to the year to which they relate. Losses are recognised in the year in which they are identified.

10.3.13 Contingencies

Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes unless

the possibility of an outflow of resources embodying economic benefits is remote.

10.3.14 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as at 1 January 2015:

ANNUAL IMPROVEMENTS 2010-2012 CYCLE

These improvements are effective from 1 July 2014 and do not have a material impact on FEGNV. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the

gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

ANNUAL IMPROVEMENTS 2011-2013 CYCLE

These improvements are effective from 1 July 2014 and do not have a material impact on FEGNV. They include:

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

10.3.15 Future accounting developments

Standards relevant for FEGNV which were issued but are not yet effective up to the date of the issuance of the FEGNV's financial statements are listed below. This listing outlines standards and interpretations issued that FEGNV reasonably expects to be applicable at a future date. FEGNV intends to adopt these standards when they become effective.

IFRS 9 FINANCIAL INSTRUMENTS

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: clas-

sification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

FEGNV plans to adopt the new standard on the required effective date and expects no significant impact on its balance sheet and equity.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring good or service. Revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.

AMENDMENTS TO IFRS 11 JOINT ARRANGEMENTS: ACCOUNTING FOR ACQUISITIONS OF INTERESTS

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to Specify that the amendments do not apply when the parties sharing joint control, including the reporting en-

tity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on FEGNV.

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

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is 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 are not expected to have any impact on FEGNV given that FEGNV has not used a revenue-based method to depreciate its non-current 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. For first-time adopters of IFRS electing to use the equity method in separate financial statements, they 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. FEGNV does not intend to use the equity method to account for investments in subsidiaries in its separate financial statements.

AMENDMENTS TO IFRS 10 AND IAS 28: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on FEGNV.

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 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 condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, 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 are not expected to have any impact on FEGNV.

AMENDMENTS TO IAS 1 DISCLOSURE INITIATIVE

The amendments to IAS 1 Presentation of Financial Statements 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 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 using the equity method must be presented in aggregate as a single-line item, and be 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 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 are not expected to have any impact on FEGNV.

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. 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 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 are not expected to have any impact on FEGNV.

10.4 / Use of accounting judgements, estimates and assumptions

JUDGEMENTS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result

in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

ESTIMATES

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a mate-

rial adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Recoverable amounts of receivables

Where there are indicators that any receivable is impaired at a balance sheet date, management makes an estimate of the asset's recoverable amount.

10.5 / Intangible assets

€ 000	Software	Total
Cost:		
1 January 2015	303	303
Additions	–	–
Disposals	–	–
31 December 2015	303	303
Accumulated amortisation:		
1 January 2015	274	274
Additions	12	12
31 December 2015	286	286
Carrying amount 31 December 2015	17	17
Carrying amount 1 January 2015	29	29

€ 000	Software	Total
Cost:		
1 January 2014	303	303
Additions	–	–
Disposals	–	–
31 December 2014	303	303
Accumulated amortisation:		
1 January 2014	215	215
Additions	59	59
31 December 2014	274	274
Carrying amount 31 December 2014	29	29
Carrying amount 1 January 2014	88	88

The Company entered into a contract with Virtual Racing Systems Limited in 2009, a supplier of software. The contract has a duration of 5 years, resulting in an amortisation rate of 20%.

10.6 / Property, plant and equipment

€ 000	Plant and equipment	Other assets	Total
Cost:			
1 January 2015	–	9	9
31 December 2015	–	9	9
Accumulated amortisation:			
1 January 2015	–	7	7
Additions	–	2	2
Disposals	–	–	–
31 December 2015	–	9	9
Carrying amount 31 December 2015	–	–	–
Carrying amount 1 January 2015	–	2	2

€ 000	Plant and equipment	Other assets	Total
Cost:			
1 January 2014	-	9	9
31 December 2014	-	9	9
Accumulated amortisation:			
1 January 2014	-	5	5
Additions	-	2	2
Disposals	-	-	-
31 December 2014	-	7	7
Carrying amount 31 December 2014	-	2	2
Carrying amount 1 January 2014	-	4	4

Depreciation started in 2011; the depreciation rate of office furniture and equipment is set to 20%.

10.7 / Investments in subsidiaries

FEGNV held the following subsidiaries as at 31 December 2015:

Entity name	Country of incorporation	Percentage held 31. 12. 2015	Principal Activity	Historic cost € 000	Carrying amount 31. 12. 2015 € 000
(i) FortunaWin Ltd	Malta	100%	Entertainment	3,756	-
(ii) RIVERHILL a.s.	Czech Republic	100%	Holding	105,977	105,977
(iii) FORTUNA SK, a.s.	Slovak Republic	100%	Entertainment	70,000	70,000
(iv) FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.	Poland	33.33%	Entertainment	3,030	3,030
				182,763	179,007

MOVEMENTS IN INVESTMENTS IN SUBSIDIARIES

Movements 2015	1. 1. 2015 € 000	Acquisition share capital € 000	Additions share premium € 000	Impairment € 000	31. 12. 2015 € 000
Cost:					
(i) FortunaWin Ltd	–	–	–	–	–
(ii) RIVERHILL a.s.	105,977	–	–	–	105,977
(iii) FORTUNA SK, a.s.	70,000	–	–	–	70,000
(iv) FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.	3,030	–	–	–	3,030
31 December 2015	179,007	–	–	–	179,007

Movements 2014	1. 1. 2014 € 000	Acquisition share capital € 000	Additions share premium € 000	Impairment € 000	31. 12. 2014 € 000
Cost:					
(i) FortunaWin Ltd	2,186	–	260	(2,446)	–
(ii) RIVERHILL a.s.	105,977	–	–	–	105,977
(iii) FORTUNA SK, a.s.	70,000	–	–	–	70,000
(iv) FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.	3,030	–	–	–	3,030
31 December 2014	181,193	–	260	(2,446)	179,007

(i) FortunaWin Limited

On 4 December 2009, the Company founded FortunaWin Ltd, based in Malta. In 2010, the company obtained three letters of intent (temporary licences), entitling it to organise betting and also to

host and manage two Microgaming platforms. In June 2010, the company started its online operations. In 2011, after meeting necessary conditions, FortunaWin Ltd applied for a permanent betting and gaming licence in Malta. The licence was

awarded, effective May 25, 2011, for a period of 5 years.

As at 31 December 2015 and 31 December 2014 the shares were divided as follows:

Shareholder	% held	# of shares	Nominal value per share €	Total €
FEG N.V.	100%	20,000	10	200,000
Total	100%	20,000		200,000

In 2014, basing its decision on the continuous losses of FortunaWin Limited, the management decided to impair the investment to zero. In 2015, FortunaWin Limited ceased its activity.

(ii) RIVERHILL a.s.

On 17 December 2009, the Company acquired 100% of the registered capital of RIVERHILL a.s. (hereinafter "Riverhill"), based in Prague, the Czech Republic, from a related party Gratio Holdings Ltd, based in Cyprus. The purchase price amounted to € 64,359 thousand and was

in compliance with an evaluation made by an independent expert. Riverhill acts as a holding company for companies active in the Czech betting industry.

In January 2011, Fortuna Entertainment Group N.V. ("FEGNV") increased the share capital in its subsidiary RIV-

ERHILL a.s. by CZK 1,025,000 thousand (€ 41,618 thousand) with a non-monetary contribution of a receivable from ALICELA a.s.

As at 31 December 2015 and 31 December 2014 the shares were divided as follows:

Type of shares	Series	% held	# of shares	Nominal value per share CZK 000	Total CZK 000	Total € 000
Certificated Bearer	Shares 1	100%	10	200	2,000	72
Ordinary cert. Bearer	Shares 2	100%	25	10,000	250,000	9,017
Ordinary cert. Bearer	Shares 3	100%	102	10,000	1,020,000	36,791
Ordinary cert. Bearer	Shares 3	100%	1	4,500	4,500	.162
Ordinary cert. Bearer	Shares 3	100%	1	500	500	18
			139		1,277,000	46,060

All shares held by the Company are pledged to Czech bank Česká Spořitelna, a.s.

The net asset value of Riverhill as at 31 December 2015 amounted to CZK 1,280,192 thousand (€ 47,371 thousand) based on its financial statements prepared in accordance with Czech Accounting Standards.

(iii) FORTUNA SK, a.s.

On 27 January 2010, the Company acquired 100% of the registered capital of Fortuna SK (hereinafter "FSK"), a.s., based in Bratislava, Slovakia, from the principal shareholder Penta Investments Limited, based in Jersey. The purchase price amounted to € 70,000 thousand and was in compliance with an evaluation

made by an independent expert. FSK is active as a company in the gaming industry.

As at 31 December 2015 and 31 December 2014 the shares were divided as follows:

Type of shares	Series	% held	# of shares	Nominal value per share €	Nominal value Total € 000	Acquisition price € 000
Book-entered, common	A	100%	18	332	6	1,260
Book-entered, common	B	100%	20	34	1	143
Book-entered, common	C	100%	98	3,320	325	68,597
			136		332	70,000

The net asset value of FSK as at 31 December 2015 amounted to € 7,612 thousand based on its financial statements prepared in accordance with Slovak Accounting Standards.

All shares held by the Company are pledged to Czech bank Česká Spořitelna, a.s.

(iv) FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.

Pursuant to a Share Purchase Agreement dated 12 May 2010 between Penta Investments Limited, Massarosa Hold-

ings Limited and Lunga Enterprises Limited (the “sellers”) and FEGNV and its subsidiaries FORTUNA sázková kancelář a.s. and FORTUNA GAME a.s. on the other side (the “Buyers”), 100% of the outstanding shares in the Polish-based company Fortuna Zakłady Bukmacherskie Sp

z o.o. (hereinafter “FZB”), consisting of 26,400 ordinary shares with a nominal value of PLN 90, were acquired by the FEG Group. FEGNV acquired the shares held by Penta Investments Limited representing 33.3% of the shares in FZB. Together with Polish stamp duty of PLN

119,700 (€ 30,189), the total acquisition price of the FEGNV shares amounted to € 3,030,189.

As at 31 December 2015 and 31 December 2014 the shares were divided and held as follows:

Company	Nominal value		# of shares	% held
	per share PLN	Total PLN		
Fortuna Entertainment Group N.V.	90	792,000	8,800	33%
ALICELA, a. s.	90	792,000	8,800	33%
FORTUNA GAME a.s.	90	792,000	8,800	33%
		2,376,000	26,400	100%

The net asset value of FZB as at 31 December 2015 amounted to PLN 22,961 thousand (€ 5,386 thousand) based on

its financial statements prepared in accordance with Polish Accounting Standards.

All shares held by the Company are pledged to the Czech bank Česká Spořitelna, a.s.

10.8 / Other non-current assets

€ 000	2015	2014
1 January	3	9
Prepaid IPO insurance	–	(6)
31 December	3	3

The balance of € 3 thousand relates to a long-term deposit for office rent.

10.9 / Prepayments and other current assets

These consist of the following:

€ 000	2015	2014
Polish VAT receivable	–	20
Dutch VAT receivable	8	2
Prepaid office rent	1	–
Prepaid IPO insurance	–	6
Listing fee	–	11
Other	8	1
31 December	17	40

10.10 / Cash and cash equivalents

€ 000	2015	2014
Cash at banks	2,070	65
31 December	2,070	65

The total amount of cash at banks includes an amount of € 2,015 thousand (2014: € 44 thousand) outstanding at Privatbanka, a.s., a related company.

10.11 / Shareholders' equity

AUTHORISED SHARES

	2015 # of shares thousands	2014 # of shares thousands
Ordinary shares of € 0.01 each	250,000	250,000
31 December	250,000	250,000

ORDINARY SHARES ISSUED AND FULLY PAID

	# of shares thousand	Par value per share €	Share capital € 000
31 December 2015	52,000	0.01	520
31 December 2014	52,000	0.01	520

SHAREHOLDERS' EQUITY AND CURRENT YEAR RESULTS

The difference between equity reported in the consolidated financial statements and equity reported in the corporate financial statements results from valuing

the investments at cost in the corporate financial statements, whereas in the consolidated financial statements the results of the subsidiaries are fully reflected. The below schedules provide an overview of the differences.

Movements in the difference between the corporate and the consolidated equity and profit in the financial year 2015 are as follows:

€ 000	Share premium	Legal reserve	Statutory reserve	Retained earnings	Hedge reserve	Foreign exchange translation reserve	Non- controlling interest	Total
1 January 2015	107,443	-	(797)	7,798	304	3,486	(219)	118,015
Profits for the year	-	-	-	(162)	-	-	(7)	(169)
Other comprehensive income	-	-	-	-	(172)	(1,479)	-	(1,651)
Statutory reserve movement	-	-	730	(730)	-	-	-	-
Legal reserve movement	-	4,214	-	(4,214)	-	-	-	-
31 December 2015	107,443	4,214	(67)	2,692	132	2,007	(226)	116,195

Difference in equity:

	€ 000
Equity according to consolidated financial statements	51,243
Continuing operations impact:	
Opening net assets of participants as at 1/1/2007	5,290
Capital contribution to Riverhill in 2007 by Penta group (Slovenské investičné družstvo)	(9,003)
Dividend paid to Penta Investments Limited in 2008-2009	2,010
Acquisition of subsidiaries by FEGNV	143,556
Results from participants in 2007-2009, attributable to combined entities shareholder	(41,660)
Results from participants in 2010	(17,159)
Results from participants (continuing operations) including IFRS adjustments in 2011 included in consolidation	(12,942)
Results from participants (continuing operations) including IFRS adjustments in 2012 included in consolidation	(13,517)
Results from participants including IFRS adjustments in 2013 included in consolidation	(16,096)
Results from participants including IFRS adjustments in 2014 included in consolidation	(16,638)
Results from participants including IFRS adjustments in 2015 included in consolidation	(20,247)
Other comprehensive income	1,518
Net intragroup income of FEGNV eliminated in consolidated financial statements 2010	22,155
Net intragroup income of FEGNV eliminated in consolidated financial statements 2011	15,617
Net intragroup income of FEGNV eliminated in consolidated financial statements 2012	16,638
Net intragroup income of FEGNV eliminated in consolidated financial statements 2013	17,944
Net intragroup income of FEGNV eliminated in consolidated financial statements 2014	18,969
Net intragroup income of FEGNV eliminated in consolidated financial statements 2015	20,078
Transfer of shares to non-controlling interest	(318)
Difference in equity attributable to continuing operations	116,195
Equity according to corporate financial statements	167,438

Difference in profit:

	€ 000
Profit according to consolidated financial statements	19,512
Results from participants	(20,247)
Net intragroup income of FEGNV eliminated in consolidated financial statements	20,078
Profit according to corporate financial statements	19,343

10.12 / Loans from group companies

FEENV received loans from the following subsidiaries:

- FORTUNA SK, a.s. (hereinafter "FSK")
- FORTUNA Online Zakłady Bukmacher-
skie Sp. z o.o. (hereinafter "FZB")
- FORTUNA GAME a.s. (hereinafter "FG")
- RIVERHILL a.s. (hereinafter "River-
hill")

The following facilities were obtained:

Company	Facility € 000	Facility CZK 000	Starting date	Expiration date	Effective average interest %
FSK	8,439		22 Mar. 10	31 Dec. 16	3.024% ¹
FG		183,753	24 Mar. 10	31 Dec. 16	3.313% ²
FG		15,088	24 Mar. 10	31 Dec. 16	3.313% ²
FZB		115,199	18 Jun. 13	31 Dec. 19	3.31% ²
FSK	4,465		19 Jun. 13	31 Dec. 19	3.024% ¹
Total facilities	12,904	314,040			

1 The facility bears an interest of 3 month EURIBOR + 300 points.

2 The facility bears an interest of 3 month PRIBOR + 300 points.

Movements in the loan facilities during 2015:

€ 000	FORTUNA SK	FORTUNA GAME	Fortuna ZB	Riverhill	Total
1 January 2015	19,026	17,626	4,231	3,350	44,233
Additions	–	144	–	–	144
Interest	447	386	75	34	942
Repayments	(4,500)	(10,454)	(3,838)	(3,444)	(22,236)
Currency translation	–	410	75	60	545
31 December 2015	14,973	8,112	543	–	23,628
Of which current portion	10,430	8,112	–	–	18,542

Movements in the loan facilities during 2014:

€ 000	FORTUNA SK	FORTUNA GAME	Fortuna ZB	Riverhill	Total
1 January 2014	19,060	19,141	5,021	3,297	46,519
Additions	–	486	–	–	486
Interest	561	569	154	78	1,362
Repayments	(595)	(2,450)	(914)	–	(3,959)
Currency translation	–	(120)	(30)	(25)	(175)
31 December 2014	19,026	17,626	4,231	3,350	44,233
Of which current portion	10,175	17,626	–	–	27,801

Movements in the loans during 2015 in originating currencies:

€ 000	Fortuna SK	Fortuna Game CZK 000	Fortuna ZB CZK 000	Riverhill CZK 000
1 January 2015	19,026	488,680	117,301	92,881
Additions	–	4,001	–	–
Interest	447	10,547	2,064	942
Repayments	(4,500)	(284,000)	(104,708)	(93,823)
31 December 2015	14,973	219,228	14,657	–
Of which current portion	10,430	219,228	–	–

Movements in the loans during 2014 in originating currencies:

€ 000	Fortuna SK	Fortuna Game CZK 000	Fortuna ZB CZK 000	Riverhill CZK 000	Fortuna ZB € 000
1 January 2014	19,060	526,789	129,198	90,736	326
Additions	–	13,500	–	–	–
Interest	561	15,651	4,103	2,145	4
Repayments	(595)	(67,260)	(16,000)	–	(330)
31 December 2014	19,026	488,680	117,301	92,881	–
Of which current portion	10,175	488,680	–	–	–

10.13 / Creditors

€ 000	31. 12. 2015	31. 12. 2014
Third party creditors	21	15
	21	15

As at 31 December 2015 the creditors were denominated in the following currencies:

	Local currency 000	Equivalent in € 000
EUR	16	16
CZK	108	4
GBP	1	1

10.14 / Accruals and other current liabilities

These consist of the following:

€ 000	2015	2014
Salary withholding taxes	3	3
Salary	20	–
Accrual, audit expenses	38	40
Accrual, other consultancy and administrative expenses	14	16
Vacation benefits	1	1
31 December	76	60

10.15 / Dividend income

In 2015 FEGNV recorded the following dividend income from subsidiaries:

Company	Resolution date	Relating to year/period	Local currency amount 000		Total € 000
FORTUNA SK, a.s.	22. 5. 2015	2014	€	9,634	9,634
FORTUNA Online Zakłady Bukmacherskie Sp. z o.o	5. 6. 2015	2014	PLN	5,532	1,320
RIVERHILL a.s.	21. 12. 2015	2014/2015	CZK	270,200	9,998
					20,952

In 2014 FEGNV recorded the following dividend income from subsidiaries:

Company	Resolution date	Relating to year/period	Local currency amount 000		Total € 000
FORTUNA SK, a.s.	24. 4. 2014	2013	€	9,268	9,268
FORTUNA Online Zakłady Bukmacherskie Sp. z o.o	20. 5. 2014	2013	PLN	2,940	711
RIVERHILL a.s.	9. 12. 2014	2013/2014	CZK	348,842	12,582
					22,561

10.16 / Personnel expenses

The personnel expenses in 2015 were as follows:

€ 000	Staff	Directors	Total
Salaries/wages	17	23	40
Social security charges	8	(5)	3
Other personnel expenses	6	–	6
	31	18	49

The personnel expenses in 2014 were as follows:

€ 000	Staff	Directors	Total
Salaries/wages	17	32	49
Social security charges	1	1	2
Other personnel expenses	3	–	3
	31	33	54

In 2015 and 2014, a full-time equivalent of 1 person was employed by FEGNV. As at 31 December 2015, the Company employed 3 part-time Managing Directors (2014: 3) and 2 Supervisory Directors (2014: 3).

10.17 / Other operating expenses

These consist of the following:

€ 000	2015	2014
Consultancy expenses	125	212
External auditor expenses	123	159
Other expenses	94	166
Impairment subsidiary expenses	–	2,446
	342	2,983

10.18 / Finance income

These consist of the following:

€ 000	2015	2014
Exchange rate gains on CZK loans from subsidiaries	–	172
Exchange rate gains, other	281	4
	281	176

10.19 / Finance cost

These consist of the following:

€ 000		2015	2014
Interest expenses, loans from subsidiaries	(note 10.20)	942	1,379
Exchange rate losses, banks and other		545	2
Banking expenses		2	2
		1,489	1,383

10.20 / Related party disclosures

As at 31 December 2015, the FEG Group consisted of the following entities, which were held as follows:

Fortuna Entertainment Group N.V.			
	FORTUNA SK, a. s.		100%
	FORTUNA Online Zakłady Bukmacherskie Sp. z o.o		33.33%
	FORTUNA Services Sp. z o.o.		100%
	FORTUNA Services Sp. z o.o., s.k.a.		100%
	FortunaWin Ltd		100%
	RIVERHILL a.s.		100%
	ALICELA a. s.		100%
	FORTUNA GAME a.s.		100%
	FORTUNA RENT s. r. o.		100%
	FORTUNA sázky a.s.		92%
	FORTUNA technology s. r. o.		100%
	FORTUNA Online Zakłady Bukmacherskie Sp. z o.o		33.33%
	FORTUNA Online Zakłady Bukmacherskie Sp. z o.o		33.33%

Effective 1 January 2014, a part of the company FORTUNA GAME a.s. which related to numerical and instant lottery games in the Czech Republic as well as pre-paid mobile top-ups, was contributed to the company FORTUNA sázky a.s., a 100% subsidiary of FORTUNA GAME a.s. FORTUNA sázky a.s. was previously a dormant company.

Effective 1 July 2014, FORTUNA GAME a.s. acquired 100% of the shares in Intralot

Czech s.r.o., a supplier of lottery technology to the Group. In August 2014 Intralot Czech s.r.o. changed its name to FORTUNA technology s.r.o.

In 2015, FORTUNA Online Zakłady Bukmacherskie Sp. z o.o. (FORTUNA online) acquired two companies which were thereafter renamed to FORTUNA Services Sp. z o.o., s.k.a. and FORTUNA Services Sp. z o.o. Part of FORTU-

NA's online operations was transferred to FORTUNA Services Sp. z o.o., s.k.a. in order to improve the management of its trademarks and increase their recognition within Poland.

The following table lists the total amounts relating to transactions entered into with Group companies and other related parties for the relevant financial year:

€ 000	31. 12. 2015	31. 12. 2014
Receivables from related parties		
RIVERHILL a.s. (dividend receivable)	10,385	13,578
FORTUNA GAME a.s.	1	1
FORTUNA SK, a.s.	7	4
	10,393	13,583
Cash in related parties		
Privatbanka, a.s.	2,015	44
	2,015	44
Payables to related parties and current (portion of) loans received from related parties		
FORTUNA GAME a.s. (loan received)	8,112	17,626
FORTUNA SK, a.s. (loan received)	10,430	10,175
Penta Investments Limited	14	14
FORTUNA GAME a.s.	303	292
Avis Business Services BV	3	2
FORTUNA sázky a.s.	18	18
31 December	18,880	28,127
Loans received from related parties (non-current part)		
FORTUNA SK, a.s.	4,543	8,851
RIVERHILL a.s.	–	3,350
FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.	543	4,231
	5,086	16,432

€ 000	2015	2014
Share premium donations to related parties		
FortunaWin Ltd	–	260
	–	260
Other income from related parties		
FORTUNA SK, a.s. (royalty income)	66	53
FORTUNA GAME a.s. (royalty income)	8	6
	74	59
Dividend from related parties		
FORTUNA SK, a.s.	9,634	9,268
FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.	1,320	711
RIVERHILL a.s.	9,998	12,582
	20,952	22,561
Other expenses-related parties		
Predict Performance Improvement Ltd	–	74
Avis Business Services BV	21	26
FORTUNA GAME, a.s.	6	7
Privatbanka, a.s.	1	1
	28	108
Interest expense-related parties		
FORTUNA SK, a.s.	447	563
FORTUNA Online Zakłady Bukmacherskie Sp. z o.o.	75	154
RIVERHILL a.s.	34	584
FORTUNA GAME a.s.	386	78
	942	1,379

Directors' Remuneration

Management Board € 000	Board remuneration	Salaries and other similar income	Management Bonus	LTIP	Termination benefit	TOTAL
Wilfred Thomas Walsh						
2015	–	–	–	–	–	–
2014	9	74	–	–	–	83
Richard van Bruchem						
2015	16	–	–	–	–	16
2014	16	–	–	–	–	16
Janka Galáčová						
2015	7	–	–	–	–	7
2014	7	–	–	–	–	7
Radim Haluza						
2015	–	–	–	–	–	–
2014	–	134	67	–	259	460
Per Widerström						
2015	–	538	440	1,078	–	2,056
TOTAL 2015	23	538	440	1,078	–	2,079
TOTAL 2014	32	208	67	–	259	566

Supervisory Board € 000	Board remuneration	Salaries and other similar income	Management Bonus	Other	TOTAL
Václav Brož					
2015	-	-	-	-	-
2014	-	-	-	-	-
Michal Horáček					
2015	-	-	-	-	-
2014	-	-	-	-	-
Marek Rendeck					
2015	-	-	-	-	-
2014	-	-	-	-	-
Marek Šmrha					
2015	-	-	-	-	-
2014	-	-	-	-	-
TOTAL 2015	-	-	-	-	-
TOTAL 2014	-	-	-	-	-

In 2015, € 538 thousand of the Supervisory Board and the Management Board remuneration was paid by other Group companies and € 1,530 thousand was expensed by other Group companies as it represents accrual on management bonuses and the

long-term incentive plan (LTIP). LTIP will be paid out over a 3-5-year period depending on the fulfilment of defined targets.

In 2014, € 460 thousand of the Supervisory Board and the Management Board

remuneration was paid by other Group companies.

Expenses of Fortuna Group related to external auditor's services in the year 2015:

€ 000	EY Netherlands	EY other entities	Non EY	Total
Audit of financial statements	117	149	5	271
Tax services	-	14	-	14
TOTAL	117	163	5	285

10.21 / Contingent liabilities

All shares of RIVERHILL a.s., FORTUNA SK, a.s. and FORTUNA Online Zakłady Bukmacherskie Sp. z o.o. held by the Company are pledged to Czech bank Česká Spořitelna, a.s.

10.22 / Financial risk management objectives and policies

FEGNV's principal financial instruments comprise of cash, receivables from group companies and loans drawn from group companies.

FEGNV is exposed to market risk, credit risk and liquidity risk.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes

in market prices. Market prices comprise of three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. FEG-

NV's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and affected borrowings. With all other variables held constant, FEGNV's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/(decrease) in interest rate by	Effect on profit before tax € 000
2015		
CZK	1% / (1%)	(87) / 87
EUR	1% / (1%)	(150) / 150
		(237) / 237
2014		
CZK	1% / (1%)	(254) / 254
EUR	1% / (1%)	(190) / 190
		(444) / 444

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. FEGNV's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities (when revenue or expense is denominated in a foreign currency) and its net investments in foreign subsidiaries.

FEGNV does not manage its foreign currency risk.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to FEGNV. Credit risk arises from cash and cash equivalents, trade receivables and loans.

FEGNV's exposure to credit risk through the trade receivables and loans granted is limited since there are only intra-group loans and any third party lending is very rare.

LIQUIDITY RISK

As FEGNV is a holding company and does not generate autonomous income, the primary source of liquidity will continue to be cash generated from its operating entities as well as existing cash.

The table below summarises the maturity profile of FEGNV's financial liabilities as at 31 December 2015 and 2014 based on contractual undiscounted payments (€ 000):

As at 31 December 2015	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Trade and other payables	357	–	–	–	357
Loans from group companies	18,913	–	5,692	–	24,605
Other current liabilities	76	–	–	–	76
	19,346	–	5,692	–	25,038

As at 31 December 2014	< 1 year	1 to 3 years	3 to 5 years	> 5 years	Total
Trade and other payables	341	–	–	–	341
Loans from group companies	28,394	–	18,844	–	47,238
Other current liabilities	60	–	–	–	60
	28,795	–	18,844	–	47,639

CAPITAL MANAGEMENT

The primary objective of FEGNV capital management is to ensure the maintaining of a strong credit rating and healthy

capital ratios in order to support the business and maximise shareholder value.

FEGNV manages its capital structure and makes adjustments to it in light

of changes in economic conditions. To maintain or adjust the capital structure, FEGNV may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

10.23 / Other Information

APPROPRIATION OF RESULT ACCORDING TO THE ARTICLES OF ASSOCIATION

The profit of the year is at the disposal of the General Meeting of Shareholders. The profit is available for distribution as far as the shareholders' equity exceeds the issued part of the paid-in share capital plus the legal reserves.

POST BALANCE SHEET EVENTS

In February 2016, the Company convened an Extraordinary General Meeting of Shareholders of the Company (the "EGM") to be held at the registered office of the Company at the address Strawinskylaan 809 WTC T.A/L 8, 1077 XX AMSTERDAM, Amsterdam, The Netherlands, on 8 April 2016, starting 11.00 AM (CET).

It is proposed to the General Meeting to appoint Iain Child as a Member of the Supervisory Board in accordance with the articles of association of the Company for a new term of office. This appointment shall be effective as at 8 April 2016. Further information can be found in the EGM convening notice which is available on the Company website.

Amsterdam, 8 April 2016



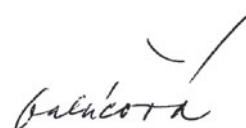
Per Widerström

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.



Marek Šmrha

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



Michal Horáček

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

Defined Terms

"Alicela"	ALICELA a.s., a joint stock company (akciová společnost), having its registered office at Prague 10, Na Výsluní 201/13, 100 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 společnost), having its registered office at Prague 1, Vodičkova 699/30, 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-Biala, VIII Commercial Division of the National Court Register, under number 0000002455
"Fortuna REAL"	FORTUNA Real, s.r.o., a limited liability company (spoločnosť s ručením obmedzeným), having its registered office at Digital park II, Einsteinova 23, 851 01, Bratislava 5, Slovak Republic and registered in the Commercial Register of the District Court of Bratislava I in Section Sro, under number 40783/B
"Fortuna RENT"	FORTUNA RENT, s.r.o., a limited liability company (společnost s ručením omezeným) with its registered office at Prague 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 společnost), having its registered office at Prague 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 společnost), with its registered office at Prague 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 Prague 7 – Holešovice, Jankovcova 1596/14a, 170 00, Czech Republic, and registered with the Commercial Register maintained by the Regional Court in Prague, Section C, under number 181328

"Fortuna SW"

FORTUNA software s.r.o. (formerly NAVI PRO, s.r.o.), a limited liability company (společnost s ručením omezeným) with its registered office at Prague 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 103552. Effective 1 January 2014 FORTUNA software s.r.o. merged into FORTUNA GAME a.s.

"Riverhill"

RIVERHILL a.s., a joint stock company (akciová společnost), having its registered office at Prague 10, Na Výsluní 201/13, 100 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

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